



TRAFFIC International

Trustees' report and financial
statements for the year ended
30 June 2018

TRAFFIC, the wildlife trade monitoring network, is a leading non-governmental organisation working globally on trade in wild animals and plants in the context of both biodiversity conservation and sustainable development.

TRAFFIC's mission is to ensure that trade in wild plants and animals is not a threat to the conservation of nature.

TRAFFIC's vision is of a world where wildlife trade is: managed in a way that maintains healthy wildlife populations and ecosystems; contributes to meeting human needs; supports local and national economies; and helps motivate commitments to conserve wild species and habitats.

TRAFFIC International is a UK Registered Charity No. 1076722, Registered Limited Company No. 3785518

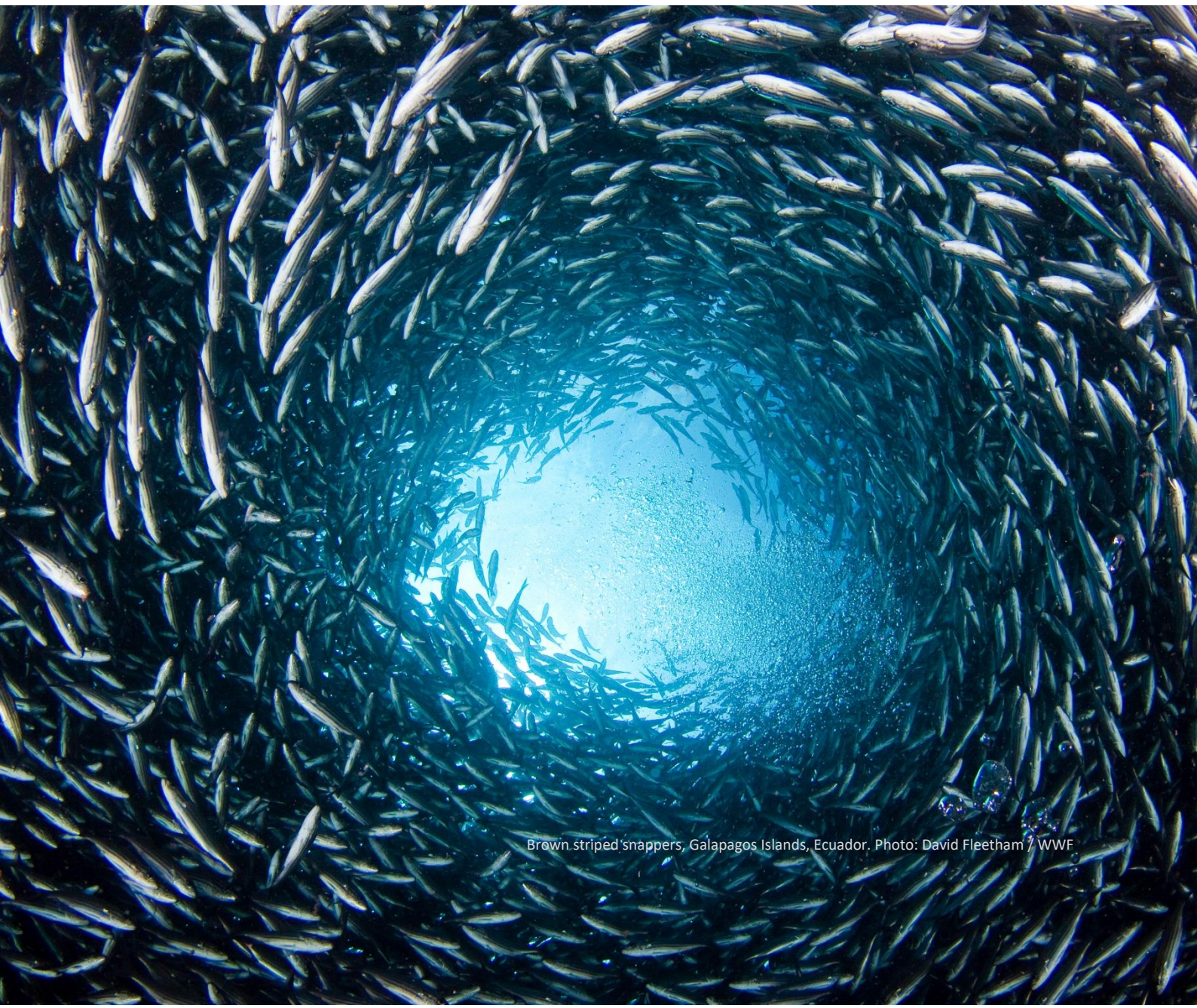
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TRAFFIC
the wildlife trade monitoring network

TRAFFIC International Trustees' report and financial statements for the year ended 30 June 2018

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Brown striped snappers, Galapagos Islands, Ecuador. Photo: David Fleetham / WWF

Trustees' report: year ended 30 June 2018

The Trustees, who are also directors of the charitable company, present their annual report (including the strategic report) on the affairs of the Charity, together with the financial statements and auditor's report for the year ended 30 June 2018.

Introduction

The commercial use of wild animal and plant resources, more simply "wildlife trade", is an issue at the very heart of the tension between biodiversity conservation and human development. Human beings around the world directly depend on wild species as sources of food, medicines, construction materials and many other items. Although history paints a justifiably negative picture of the impact of this trade on the status and security of species and ecosystems, there is no ignoring the critical contribution that trade in wild species has made – and still makes – to human wellbeing.

TRAFFIC, the wildlife trade monitoring network, is a leading non-governmental organization working globally to address biodiversity conservation and sustainable development priorities linked to the trade in wild species. We were established in 1976 by IUCN and WWF to respond to the growing threats posed by illegal wildlife trade and overexploitation. We have maintained our unique role as a global wildlife trade specialist, combining original research, sound and impartial analysis, and collaboration with a wide range of partners toward ensuring that wildlife trade is not a threat to the conservation of nature. TRAFFIC works closely with our founding organisations, WWF and IUCN, making a critical contribution to achievement of their conservation goals through a unique partnership that complements and engages the considerable strengths of each of these two major global conservation organisations.

TRAFFIC delivered its work through staff and offices in Asia, Africa, Europe and the USA, and TRAFFIC International, which provided global leadership, technical expertise and support functions to the organisation as a whole. TRAFFIC International, hereafter TRAFFIC, had a team of approximately 50 staff in FY18. These staff both delivered projects and coordinated delivery of TRAFFIC's wider network activities. Our long-standing expertise, combined with an evidence-based and flexible approach to problem-solving, has given TRAFFIC a strong and respected reputation in an often contentious and fractious field, allowing us to have an influence disproportionate to our size.

This report presents TRAFFIC's financial accounts and highlights some of our achievements during the past year. Our combination of original and in-depth research, targeted communications and capacity building is helping governments, businesses, other Non-Governmental Organizations (NGOs) and individuals around the world to ensure that wildlife trade is not a threat to the conservation of nature. To find out more about TRAFFIC's work and the difference we are making, please visit our website at www.traffic.org.

Programme objectives and focus

The Charity's objectives, as recorded in its Memorandum and Articles of Association, are to promote the conservation and protection of nature and natural resources worldwide through helping to ensure that trade in wild animals and plants is at sustainable levels and in accordance with domestic and international laws and agreements.

TRAFFIC's **mission** is to **ensure that trade in wild plants and animals is not a threat to the conservation of nature**. This mission is linked to a wider **vision** of a world where wildlife trade is managed in a way that maintains healthy wildlife populations and ecosystems; contributes to meeting human needs; supports local and national economies; and helps motivate commitments to conserve wild species and habitats.

In furtherance of its mission and Charity objectives, TRAFFIC supports implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and other international agreements,

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national level wildlife trade controls, and wider efforts to promote sustainable management and trade of fisheries, timber and other wild-sourced commodities in trade.

TRAFFIC informs, promotes, facilitates and otherwise supports action to address wildlife trade issues in key wildlife trade "hotspots" around the world, including producer, trading and consumer countries. TRAFFIC's work is based on a multi-pronged approach to achieving its mission and wider vision, designed to inform and strengthen the capacity of people and institutions responsible for defining and implementing international, regional and national policies and regulations. This focus is balanced with work to inform and influence the behaviour of businesses and individual consumers as these relate to trade in wild animals and plants.

TRAFFIC's FY18 work plan focused around two priority workstreams: Approaches and action to enhance responses to wildlife crime and illegal trade; and Approaches and action to enhance systems for sustainable, legal wildlife trade.



The design and delivery of these two workstreams were underpinned and informed by a broader programme of strategic research and analysis to produce guidance on a wide range of wildlife trade issues, achieving influence through targeted communications, tools and training.



Programme delivery - activities and highlights

TRAFFIC continued to play a unique and leading role as a global wildlife trade specialist. TRAFFIC staff around the world carried out research, investigations and analysis to compile evidence used to catalyse action by governments, businesses and individuals. TRAFFIC's team worked in and connected across some of the world's most critical wildlife trade hotspots to identify and help address both biodiversity conservation and sustainable development challenges and opportunities linked to trade in wild species.

Effective collaboration was fundamental to TRAFFIC's programme delivery. TRAFFIC partnered with a wide range of organizations and individuals, enhancing the quality, traction and reach of our work. In addition to our founding

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partners IUCN and WWF, TRAFFIC worked with a wide range of other institutions from conservation, development and other sectors. This included a diverse spread of government agencies in source, transit and consumer countries, and inter-governmental organizations such as CITES and the World Customs Organisation. TRAFFIC also worked with a wide range of businesses who are engaged in wildlife trade in some way, from those sourcing, using and selling wildlife products, such as medicinal and herbal product companies, to those facilitating wildlife trade such as e-commerce and transport companies.

TRAFFIC's Conservation Programme covers the period 2017 to 2020. Highlights of delivery against the Conservation Programme during FY18 are provided below.

Approaches and action to enhance responses to wildlife crime and illegal trade: The trafficking of wildlife products such as elephant ivory, rhino horn, pangolin scales and rare tortoises is causing unprecedented declines in some of the world's most charismatic, as well as some lesser-known, wildlife species. TRAFFIC remained at the forefront of efforts to strengthen action on illegal trade, working in collaboration with a wide range of other NGO, government and private sector partners.

Examples of achievements to which TRAFFIC contributed during the year include:

Creating internet alliances to combat wildlife trade cybercrime: China internet giants Baidu, Alibaba and Tencent, joined by a further eight China-based companies, formed an internet alliance to combat illegal wildlife trade online. The alliance, which was announced in November 2017, evolved out of successful dialogue and cooperation between TRAFFIC, Baidu, Alibaba and Tencent over several years. Alliance members have committed to increased efforts to detect and remove ads for illegal products; expanded collaboration with each other and the logistics industry to combat illegal wildlife trade; working with government agencies to support investigation and prosecution of suspected crime; and advocating for "Green Consumption" via their platforms. TRAFFIC's China Office was asked to serve as the alliance's Secretariat.

March 2018 saw the launch of the first global coalition to eliminate wildlife cybercrime – the [Global Coalition to End Wildlife Trafficking Online](#). The Coalition includes 21 of the world's largest eCommerce companies, including Alibaba, Baidu, eBay, Facebook, Google, Instagram, Mall for Africa, Microsoft, Ruby Lane and Tencent, in partnership with TRAFFIC, WWF and the International Fund for Animal Welfare (IFAW). Members pledged to work together to reduce wildlife trafficking online by 80% by 2020.

Making wildlife smuggling by air more difficult: Collaboration with air transport associations and individual air transport companies supported development and delivery of tools and training to combat wildlife trafficking. Work delivered through the TRAFFIC-coordinated ROUTES (Reducing Opportunities for Unlawful Transport of Endangered Species) Partnership supported training of over 600 airline and airport staff in procedures to detect and stop wildlife trafficking in Kenya, Malawi, Mozambique, Turkey, Malaysia and Singapore. Post training assessments were extremely positive, demonstrating both the quality of the training and the enthusiasm of the trainees to help prevent illegal traders from having access to transport carriers and routes. Additional e-modules to widen access to training were also co-developed with airlines, and interactive displays used to broaden awareness still further.

Supporting action to close down domestic ivory markets: In what was arguably the most important single policy action for elephants in recent years, the Government of China banned domestic ivory trade effective 31 December 2017. The ban, strongly supported by TRAFFIC, came at a critical time for African Elephants. Although 2016 data indicate the number of elephants killed each year had declined, illegal ivory trade had yet to follow: TRAFFIC's analysis for CITES showed illegal ivory trade at an all-time high in 2016, the most recent year for which comprehensive data were available. Demand from consumers in Asia, particularly China, remains the main driver of this trade.

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With so much at stake, helping ensure the trade ban was effective was a top TRAFFIC priority for the year. TRAFFIC worked with government, private sector and NGO counterparts to prepare for, support and monitor implementation of the ban. This included collaborating with WWF to increase understanding of China's ivory markets and ivory consumption in advance of the ban's implementation. Although the amount and price of ivory openly offered for sale fell in 2017, research commissioned in November - two months before the ban was due to take effect - revealed many consumers in China either didn't know about the ban and/or planned to continue to buy ivory regardless. TRAFFIC and WWF responded by stepping up advertising about the ban in major cities and transport hubs and putting out public service announcements across major communications outlets, reaching hundreds of thousands of people. Collaboration with internet and social media companies such as Weibo and Baidu also helped get the news out.

Spot checks in Bangkok markets did not identify significant quantities of ivory, demonstrating the effectiveness of some of the legislative and enforcement measures put in place by Thailand linked to their National Ivory Action Plan. By contrast, initial analysis of surveys undertaken in Viet Nam indicate that ivory remains widely available.

TRAFFIC's analysis of ivory trade in Central Africa documents the growing influence of buyers from Asia, particularly China, Malaysia and Viet Nam, on local trade dynamics. Open trade in local carvings has largely been replaced by underground trade in raw tusks to Asian buyers for onward processing and/or export. The role of organised crime, poor governance and corruption in shaping this trade are highlighted in the report *Ivory Markets in Central Africa – Market Surveys in Cameroon, Central African Republic, Congo, Democratic Republic of the Congo and Gabon: 2007, 2009, 2014/2015*.

However, there were points of hope, for example the recent crackdown on ivory trade in Kinshasa, and the continued commitment of African governments to act together through the African Union, COMIFAC and other bodies to fight illegal trade. Nevertheless, given local governance challenges, it is clear that increased engagement and action within China and other countries whose nationals are implicated in ivory trafficking will be needed if Central Africa's remaining elephant populations are to be saved.

Exposing changing modus operandi in the illegal rhino horn trade: African rhino poaching numbers remained at perilously high levels in 2017 despite ongoing efforts to increase enforcement in range, transit and consumer countries, and to reduce demand. Although large numbers of horns are being seized, many horns likely to be in circulation are not being detected by enforcement officials. TRAFFIC's ground-breaking report *Pendants, Powder and Pathways: A rapid assessment of smuggling routes and techniques used in the illicit trade in African rhino horn* identifies a key factor thwarting enforcement efforts, which are typically geared to detecting whole horns.

The report revealed disturbing new evidence that some criminal networks of Chinese origin operating in southern Africa are processing rhino horn in small home workshops into beads, bracelets, bangles and powder to evade detection and provide ready-made products to consumers in Asia, mainly in Viet Nam and China. It also provided a detailed assessment of smuggling routes, airport hotspots and smuggling methods used by criminal networks trafficking rhino horn. TRAFFIC's findings were discussed at high-level law enforcement, government and airport security briefings with a view to addressing the threat, and widely circulated among law enforcement officials at senior levels in South Africa, Namibia and Mozambique.

Helping governments tackle illegal wildlife trade at national, regional and global levels: TRAFFIC worked closely with EU agencies and member States to support implementation of the EU Wildlife Trade Regulations, EU Action Plan Against Wildlife Trafficking, and other measures. A central component of this support was management of EU-TWIX (EU-Trade in Wildlife Information eXchange), a unique government-only communications platform and seizures database. EU-TWIX membership grew by 150 during the year, with approximately 1,050 officials connected as of the end of June 2018 and able to exchange information; over 300 enforcement related messages were exchanged over the TWIX mailing list during the year. The related EU-TWIX database of wildlife seizures was used by Europol to shape enforcement priorities, shared with UNODC to help them prepare their wildlife crime report, and analyses used to inform discussions by the EC Enforcement Group. EU-TWIX served as a model for a

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similar system managed by TRAFFIC in Central Africa (AFRICA-TWIX, with over 100 members) and a TWIX being developed to support enforcement collaboration in southern Africa.

In the UK, TRAFFIC continued to provide information and advice to the UK's National Wildlife Crime Unit and coordinated the UK Partnership for Action Against Wildlife Crime (PAW) Forensic Working Group. TRAFFIC also advised staff within Department of Environment, Food & Rural Affairs (Defra) and the Foreign and Commonwealth Office on preparations for the London Conference on Illegal Wildlife Trade (as a Friend of the Chair) taking place in October 2018.

TRAFFIC used its market monitoring and wider research to help inform and support government enforcement actions. This included publication of reports drawing attention to species in illegal trade, associated trade routes and markets, e.g. for rhino horn as noted above as well as ivory, pangolins, caviar, live birds and tortoises. TRAFFIC also provided actionable information to government agencies to support their efforts to crack down on wildlife crime in multiple countries.

Government personnel were also provided training in a variety of topics including species and wildlife product identification, crime scene management and forensics, document inspection and verification, and data analysis. In at least two cases (abalone and traditional medicines), training was followed almost immediately by successful enforcement actions.

Engaging consumers and driving down demand for illegal wildlife products: TRAFFIC's work to drive down demand for rhino horn in Viet Nam delivered positive results, with surveys of the general public in Hanoi and Ho Chi Minh City (HCMC) in late 2017/early 2018 showing a decline in the number of members of the general public who reported buying/using rhino horn in the past three from 5% in 2012/2013 to 2% in 2017. The reported frequency of rhino horn use also declined. In 2012/2013, 60% of users said that they used rhino horn two to four times per month; in 2017, 95% said they used rhino horn one to two times per year. However, additional research indicated that rhino horn demand in Viet Nam was shifting, with a need to modify behaviour change approaches such as the Chi initiative, which has received further funding support, to continue the downward trend. TRAFFIC also worked with partners in China to increase awareness of China's ivory ban among Chinese citizens at home, at key entry and exit points, and abroad, including tourists. Research undertaken towards the end of FY18 will be analysed to assess the effectiveness of messaging thus far, and to modify behaviour change and awareness efforts going forward.

Priority areas for work during FY19 will be focused around:

- Engaging and supporting preventative action by transport, internet, traditional medicine, finance and other companies
- Developing and delivering tools and approaches that help undermine corruption in the natural resource sector
- Motivating, informing and supporting strengthened legislation and regulatory approaches
- Motivating, informing and supporting enforcement and prosecutions
- Informing, catalysing and supporting social and behavioural change interventions in the marketplace
- Informing and motivating inter-governmental policy interventions, evaluate progress and ensure accountability

Strengthening systems for sustainable, legal trade in wildlife resources

Although illegal wildlife trade gets most of the headlines, the majority of wildlife products in trade are from legal sources. This includes a wide variety of items used in households around the world, including timber and other wood products, fisheries products, a wide variety of herbs and spices, shells, coral, reptile skins and other decorative and fashion items, and live plants and animals.

TRAFFIC's work during the year focused on improving and promoting systems to ensure that trade in these and other wildlife products was maintained within sustainable levels and adhered to national and international trade rules. Work also continued to increase awareness of the importance of wild plant harvest and trade to local communities, and to strengthen benefit flows to producers of medicinal and aromatic plants in particular.

Examples of achievements to which TRAFFIC contributed during FY18 include:

Facilitating trade in sustainably sourced, fairly traded wild plants in Asia: China is the world's largest producer, user and exporter of wild-harvested ingredients: raw material exports of medicinal and aromatic plants in 2013 topped one million tonnes, worth nearly USD5billion, involving hundreds of different species and relying on harvest by tens if not hundreds of thousands of rural households. Efforts to link China's wild plant trade to improved conservation and rural development outcomes took a major step forward during the year with the accreditation of China's first FairWild Standard certification body - China Standard Conformity Assessment Co., Ltd.. Producers in and buyers from China now have an independent system for ensuring and demonstrating that goods purchased meet best practice environmental and social criteria. Several international companies are currently moving forward with establishing trading deals to purchase FairWild-certified Schisandra berries and other materials.

A three-year project to enhance management and benefit flows in Viet Nam's wild medicinal products trade was concluded successfully. In all over 1,000 local wild plant harvesters in Viet Nam's northern Bac Kan province received training on sustainable harvesting techniques and equitable trading practices following the FairWild Standard principles. Project partners supported the establishment of 16 formal collector groups and registered collector co-operatives and helped secure processing equipment, such as herb cutting and drying machines, to help improve the shelf-life of the products. Local co-operatives and groups reported a 20% increase in their Jiaogulan *Gynostemma pentaphyllum* harvest in the final year of the project over the previous year, all within the established sustainable harvesting limits. Sales of medicinal and aromatic plants from collector cooperatives and groups reached almost six tonnes over 2017–2018, with both harvesting activity and sales becoming more consistent. The project was also successful in securing a trade contract with a national corporation for purchase prices 5% above market rates.

Increasing business and consumer appreciation of the trade in wild plant ingredients: TRAFFIC teamed up with the FairWild Foundation and industry partners to create and launch "FairWild Week" to increase awareness of wild plant ingredients in everyday use and the need to ensure that related trade is sustainable, legal and equitable. Running from 21-27 August, the first FairWild week included content on partner websites, videos, Facebook updates and Twitter feeds. Outreach materials included videos created by Pukka Herbs and narrated by Joanna Lumley, Hugh Fearnley Whittingstall and George Monbiot, which were viewed over 100,000 times. The cornerstone of communications efforts for the second FairWild Week (June 25- July 1) was the report *Wild at Home; Exploring the global harvest, trade and use of wild plant ingredients*. The report highlighted the many wild species hidden in plain sight in food, healthcare and beauty products. Social media outreach encouraged consumers to spot the wild products on their shelves, and to contact product manufacturers and retailers to ask about their wild plant sourcing policies. Businesses were encouraged to investigate the sourcing of ingredients they used, and to ensure traceability, sustainability, and fair benefit flows to harvesters. Messaging was translated into German, Chinese, Japanese and Vietnamese, extending the reach to a wider range of major consumer markets.

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Improving management and reducing illegal trade in European Eels: Like many other high value fisheries products, sustainable management of stocks of the Critically Endangered European Eel are being undermined by illegal trade – in this case of the juvenile “glass eels.” TRAFFIC’s work focused on markets in Asia as well as source countries. TRAFFIC met with Hong Kong’s Agriculture, Fisheries and Conservation Department to discuss trade in European Eels, including in relation to CITES implementation for this CITES Appendix II species. Closer to the source, TRAFFIC provided further advice to EU member States on managing trade and reducing illegal exports, including through a briefing paper European Eel trade from 2014-2017 for the European Commission. A similar “source to market” approach to addressing management and trade issues was also moved forward for trade in South African abalone.

Building the foundation for more effective governance of Cameroon’s timber trade: Despite membership of international agreements such as CITES and signature of a Voluntary Partnership Agreement (VPA) Forest Law Enforcement Governance and Trade (FLEGT), illegal and unsustainable logging remains a significant issue in Cameroon. Challenges related to Cameroon’s timber trade governance were analysed by TRAFFIC and presented in detail in a set of six publications launched at the 17th Meeting of Partners of the Congo Basin Forest Partnership in October 2017. Representatives from Cameroon’s Ministry of Forestry and Wildlife, IUCN, WWF, CIFOR and the Governments of Germany and the USA participated in the launch of the publications, which included a report on the *Evaluation of the monitoring of forest law enforcement in Cameroon* and a study on *Timber trade routes and flows*. As a step towards addressing these challenges, TRAFFIC also produced a training manual on forest legislation and controls that included modules on the Cameroon’s forest law, forest operations control, support of other services in implementing the forest law, and managing judiciary processes in the case of timber trade disputes. In December, TRAFFIC introduced and providing training in the use of a new guide to help Cameroon’s frontline Customs officers verify the legality of timber in trade. The guide, which was produced in collaboration with the World Customs Organization, provides information on illegal timber flows; gives guidance on how to carry out risk profiling; explains which harmonised Customs codes to use for timber and timber products (and how to identify them); and legislation relevant to timber trade and forest certification schemes. TRAFFIC and partners also organised an exchange visit to Cameroon for Chinese timber industry representatives, including meetings with local civil society organisations producing timber for community forests.

Highlighting links between trade, communities and sustainable development in policy discussions: TRAFFIC provided technical input in the lead up to and during discussions at the 21st meeting of the Convention on Biological Diversity (CBD) Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA-21, Montreal). TRAFFIC’s work informed SBSTTA Recommendation XXI/2 Sustainable Wildlife Management: Guidance for a sustainable wild meat sector and Recommendation XXI/3 on Health and Biodiversity. TRAFFIC also participated in the CBD-World Health Organisation Regional Capacity Building Workshop on Biodiversity and Health for the European Region (Helsinki).

Priority areas for work during FY19 will be focused around:

- Developing and supporting management and regulation systems that facilitate responsible trade
- Supporting the development of good business practices and voluntary standards and certification systems
- Engaging and supporting responsible wildlife sourcing and trade practices by businesses
- Informing the design of, catalysing and supporting market behaviour change interventions
- Informing and motivating inter-governmental policy interventions that facilitate responsible trade

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Integrated approaches to stop trafficking and support legal trade

Many wildlife products in trade that are available from legal, sustainable sources are also harvested and traded illegally. Illegal harvest and trade of species for which some trade is allowed undermines sustainable management practices and robs local communities and national governments of wildlife resources and associated revenue. TRAFFIC's work during the year was therefore also focused on increasing access to information, tools and systems designed to reduce opportunities for illegal trade while simultaneously improving systems in place to facilitate legal, sustainable trade.

Examples of achievements to which TRAFFIC contributed during FY18 include:

Putting Customs data to work to reduce IUU fisheries: International trade controls rely on access to accurate trade data. In the case of CITES species, this includes information on imports and exports provided by CITES Parties every year, which can then be analysed and compared. However, the majority of species in international trade are not CITES-listed, with trade analyses therefore relying on other data sources. To help governments (and others, e.g. NGOs) rapidly assess trade in fisheries products, **TRAFFIC, WWF and Hewlett Packard Enterprise, launched DETECT IT: Fish** – a web-based application allowing instant comparative analysis of UN COMTRADE data on fisheries products in international trade (<https://detect.trade/#>). This analysis not only shows trade volumes reported by individual countries but can also show discrepancies in the Customs data of importing and exporting countries. Such discrepancies can provide a pointer to seafood commodities that may be sourced from illegal, unreported and unregulated (IUU) fisheries, and prompt further review and action.

Broadening behaviour change best practice: TRAFFIC championed an evidenced-based approach to designing and delivering campaigns to change consumer behaviour, encouraging conservationists to look beyond their own belief systems in designing messaging. Use of the related Wildlife Consumer Behaviour Change Toolkit (www.changewildlifeconsumers.org) was high, averaging 20,000 visits per month and 7,000 unique visitors between April and June. TRAFFIC also launched *Social and Behavioural Change Communications (SBCC) Monitoring and Evaluation Good Practice Guidelines*. Although currently most of the work is focused on reducing demand for species that are threatened by illegal and/or unsustainable trade, the principles underlying this work are applicable to increasing demand for species demonstrated as coming from legal, sustainable sources.



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Programme co-ordination and leadership

As TRAFFIC's headquarters office, TRAFFIC International's main activities fall within the following areas: strategic direction and leadership; programme development and evaluation; funding development; programme delivery (covered in the preceding section); communications; and operations management.

Strategic direction and leadership

TRAFFIC's leadership team supervised and coordinated finalization of TRAFFIC's planning and monitoring frameworks, helping ensure a strategic focus within and across different elements of the programme and workplans. This included organising a Global Programme Meeting in April, where key elements of TRAFFIC's strategic direction were discussed in more detail.

Members of the leadership team also advised on and/or coordinated inputs into international meetings and policy processes including the CITES Animals, Plants and Standing Committee meetings and CBD SBSTTA. Staff also provided guidance on preparations for meetings taking place in FY19, particularly the London Conference on Illegal Wildlife Trade as well as CITES Committee meetings (the final meetings taking place before CITES CoP 18 in May 2019).

Leadership and guidance was also provided for management of existing partnerships such as ROUTES (Reducing Opportunities for Unlawful Transport of Endangered Species), and entering into new collaborations with organisations such as the European Association of Zoos and Aquaria. Strategic guidance was similarly provided with regard to engagement with the private sector, including growing collaboration with the e-commerce, social media and transport sectors, ongoing collaboration with the herbal product sector, and new collaborations with the finance and logistics sectors.



Material distributed to representatives of Airport Council International under the ROUTES Partnership during a workshop in 2018

TRAFFIC's Executive Director served on, and for half the year Chaired, the Council of the Cambridge Conservation Initiative (CCI), a unique collaboration between the University of Cambridge and nine leading internationally focused biodiversity conservation organizations clustered in and around Cambridge. TRAFFIC also supported CCI activities in other ways, giving a lecture on CITES to students pursuing the CCI-affiliated MPhil in Conservation Leadership and providing direct experience to one of the students, who chose to do her Master's placement with TRAFFIC.

Programme development and evaluation

TRAFFIC's Programme Strategy to 2020 was finalized and approved by TRAFFIC's Board of Trustees in October 2017. The strategy builds on four decades of specialized knowledge and experience while emphasizing new learning, innovation and expanded partnerships. It is designed to drive positive change in wildlife trade management in a rapidly evolving world of globalized commerce, connectivity and geo-political change. A monitoring and evaluation framework was developed for use in assessing progress against the Strategy at the outcome level.

TRAFFIC's work during FY18 was developed and delivered in line with its FY18 work plan, which was organised according to the two "workstreams" mentioned above (one focused on enhancing responses to wildlife crime and illegal trade, and the other on enhancing systems for sustainable, legal wildlife trade). Performance and outcomes were assessed at six-monthly intervals, with a particular emphasis on identifying TRAFFIC's contributions to changes in wildlife trade policy and practice by governments and the private sector. Areas of work that excelled, for example efforts to engage the e-commerce and transport sectors in the fight against wildlife trafficking, were noted and used as a platform for scaling up successful approaches. Areas of programme delivery that fell short of the ambition expressed in the FY18 work plan were also noted. In most cases delivery gaps related to a gap in funding availability, e.g. funds to develop a practical traceability system for shark products in trade were not secured in FY18 as had been anticipated, and funding to move forward with work on the timber trade in Central Africa and China delayed. In these and other cases TRAFFIC used an 'adaptive management' approach to work planning and delivery, speaking regularly with partners and relevant stakeholder groups to maintain the positive environment and momentum for taking work forward when resources are secured.

Funding development

Staff in TRAFFIC led and/or supported the development of approximately 60 wildlife-trade related funding proposals during the year. The majority of these proposals were developed in response to government calls for proposals such as the UK Illegal Wildlife Trade Challenge Fund and Darwin Initiative, notices of funding opportunities issued by the US Bureau of International Narcotics and Law Enforcement Affairs and US Fish and Wildlife Service, and the European Commission. A relatively large number of US government funding opportunities for work on wildlife trafficking issues were issued relative to previous years. These additional opportunities were welcomed but responding to them understandably placed an additional load on development, programme and operations staff. In many cases this load was shared with partners, with an emphasis placed on looking for complementarity and/or synergies in donor approaches.

Linked to the above, significant funding was raised to deliver specific programmatic priorities, particularly government funding for work to address illegal wildlife trade. Several significant grants were also secured to take forward work to improve conditions for legal trade in timber and medicinal plants. Nevertheless, work to strengthen conditions for legal trade remained less-well funded than did work on wildlife trafficking, with a need to strengthen identification of and approaches to new funding sources for this area of work going forward.

In view of declines in unrestricted income, TRAFFIC contracted a specialist consulting firm to advise on a future fundraising strategy with the aim of increasing unrestricted and softly restricted (flexible) income. The consultant's report was shared with TRAFFIC's leadership team, with the recommendations to be acted upon in FY19. Among these was encouragement for TRAFFIC to make better use of the new website and other communications channels to encourage and enable individuals who support TRAFFIC's work to more easily contribute towards it.

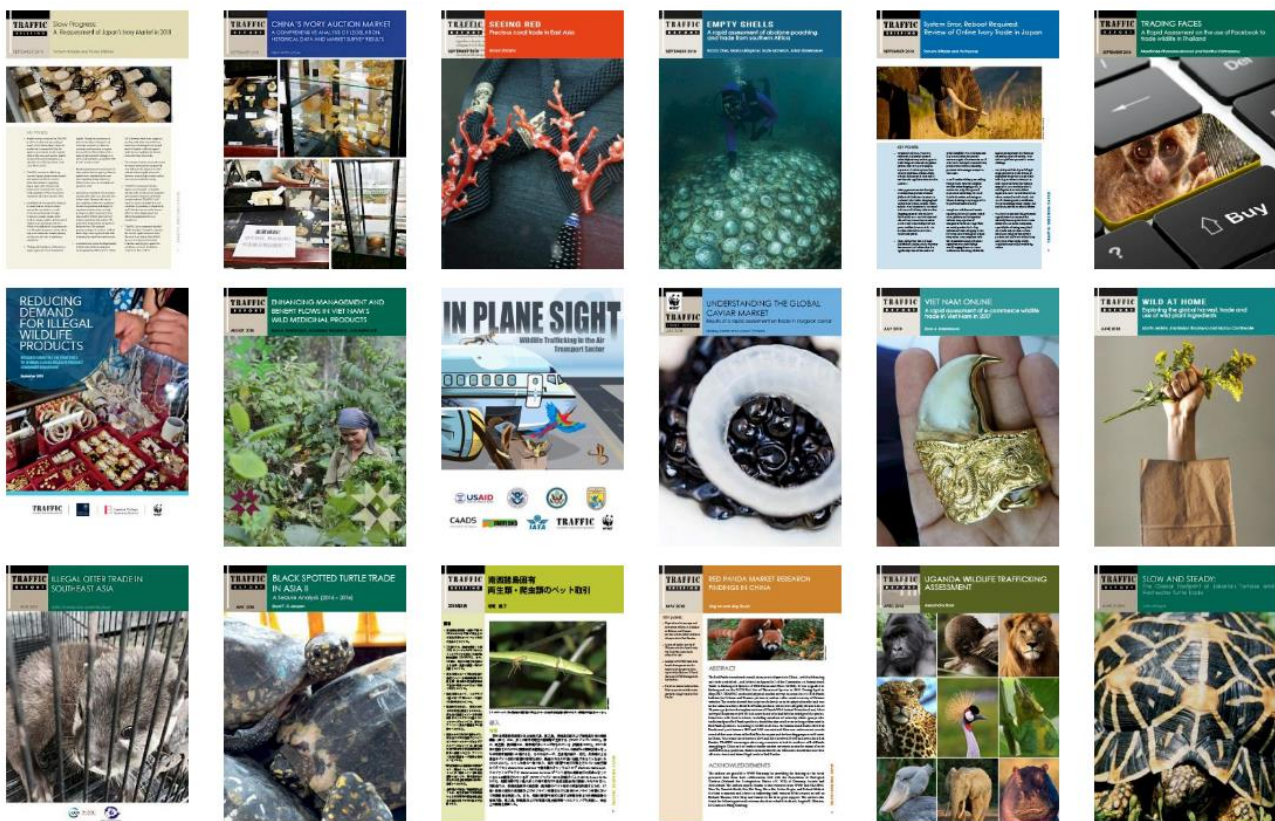
Communications

Effectively communicating evidence-led, targeted and reliable research, analysis and insight on myriad issues concerning wildlife trade and sustainable development is at the heart of TRAFFIC's work. During FY18 TRAFFIC produced a wide range of publications and other information materials to inform and support wildlife-trade related discussions and actions by governments, businesses and civil society.

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Over 40 reports, briefing papers and studies were published during the year, all of which were made freely available for downloading from TRAFFIC's website along with previously published materials. TRAFFIC's publications provided in depth insights on high profile wildlife trade issues such as illegal trade in ivory and rhino horn, and also brought to light little-known issues, for example the widespread use and importance of wild-harvested plant ingredients in everyday products. TRAFFIC's communications team regularly engaged with members of the public and the press. Two issues of the *TRAFFIC Bulletin*, the only journal dedicated to wildlife trade issues, were published, featuring in depth trade analyses, e.g. of Cambodia's role in the ivory and rhino horn trade, as well as shorter news pieces on issues such as sustainable wildlife management. The regular "Seizures and Prosecutions section" highlighted examples of successful action on wildlife crime.

TRAFFIC's work was also communicated via its website, with over 120 news items produced during the year drawing attention to research findings, policy events, successful wildlife actions, and other wildlife trade news. TRAFFIC's news items were frequently cited by national and international media outlets such as the BBC, The Guardian, and the South China Morning Post.



Another central focus of work during the year was improving the accessibility of TRAFFIC's information resources to a wider audience through the re-design of TRAFFIC's website, planned for launch in early FY19. Although the previous iteration of TRAFFIC's website at www.traffic.org served conservation purposes well for just over a decade, it was in need of an overhaul. TRAFFIC worked to create a new website with a contemporary design and incorporating recent technological advances to facilitate the location and retrieval of information by multiple user groups. The new design will also enable the website to be accessible via a variety of electronic devices, e.g. smartphones and tablets, as well as via computers. Significant staff resources were invested developing new content to more fully describe TRAFFIC's work and to transfer archived news stories, reports and associated pages, as well as to redirect thousands of web links (URLs).

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Network operations management

A major focus during the financial year was supporting TRAFFIC's governance transition involving the formation of the new Board of Trustees and their Operations Committee, and including meetings in October, November and December 2017 as well as March, May and June 2018.

A significant area of work during the year was the undertaking on behalf of the Board of due diligence reviews for overseas offices being considered for consolidation into the UK charity. This involved a combination of desk reviews and site visits resulting in reports to Operations Committee which in turn formulated a set of recommendations to the TRAFFIC Board at its June 2018 meeting.

Other significant activities included:

- Ensuring compliance with the EU's General Data Protection Regulation (GDPR) introduced in 2018;
- Updating a series of policy documents including the Guidelines for the Operation of TRAFFIC: A Staff Handbook, the Financial Policies and Procedures Manual, and IT policy;
- Reviewing TRAFFIC's existing safe-guarding policies and procedures;
- Implementing TRAFFIC's VAT registration effective from January 2018 so new systems were introduced and reporting initiated;
- Expanding project support capacity in response to increased volume in TRAFFIC's project portfolio;
- Organising and delivering training seminars to project partners on US government funding, EC funding, US government proposal development and on cost recovery principles;
- Regular meetings and updates from the network's risk management committee feeding into senior management and board meetings;
- Overseeing the arrival of 28 new staff members throughout the network and conducting of 11 exit interviews during the year.

Thirty-two new projects were contracted during the financial year and 26 completed bringing the number of active projects (including network core projects) administered via TRAFFIC International to 45. A total of 34 financial and 17 technical reports submitted to donors as part of the year-end process.

Eleven volunteers contributed approximately 2,500 hours of work in the TRAFFIC office. Volunteers provided communications support, support to the human resources staff, and support to programmatic work, particularly data entry and trade data analysis support.

TRAFFIC works toward being an environmentally responsible organisation through various mechanisms including through its procurement policies, particularly related to IT, waste and energy management, and carbon emissions. In FY18, TRAFFIC contributed to a Climate Care project in Kalimantan as part of its carbon offset commitment.

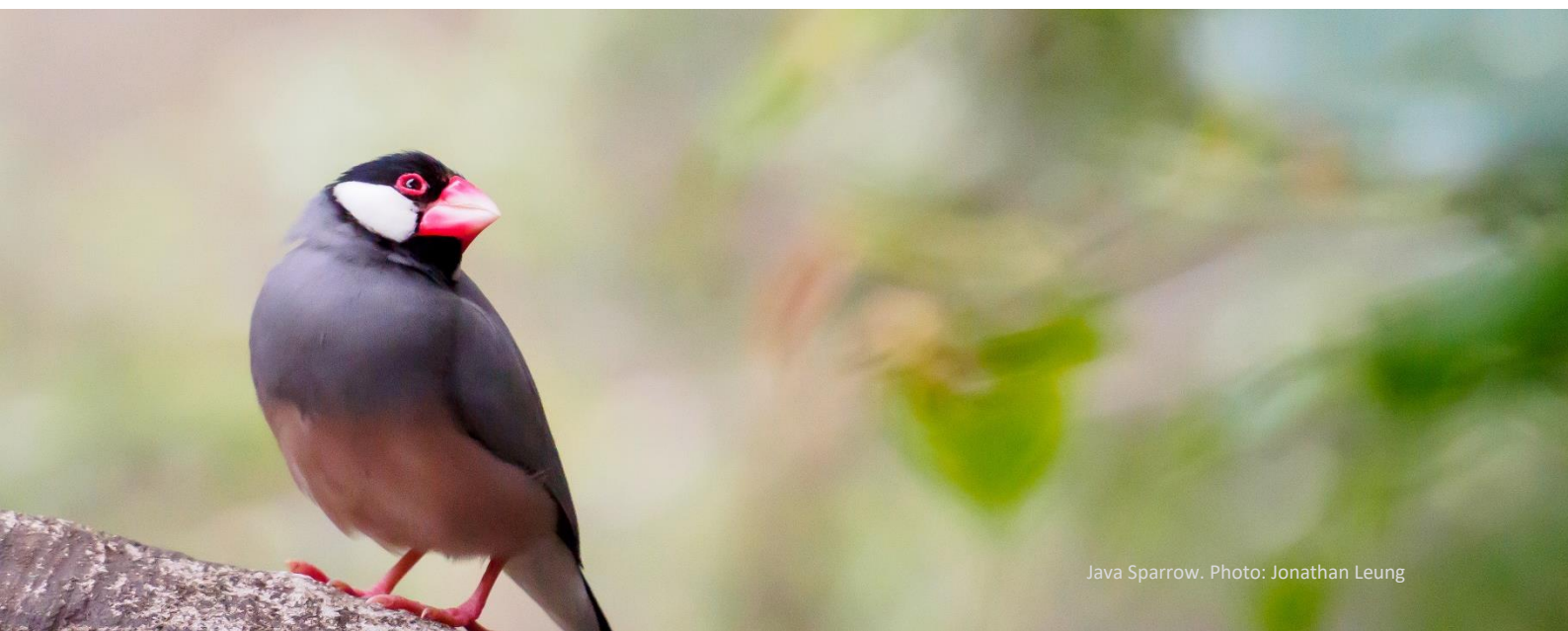
Plans for the year ahead

As of 1 July 2018, TRAFFIC programme offices in Cameroon, Malaysia, South Africa, Tanzania, and Viet Nam became branches of the UK Charity so in FY19 will be consolidated into TRAFFIC International's statutory accounts. Preparing these offices for annual statutory audit and ensuring local compliance with UK statutory requirements will be a major focus throughout the year. Other planned activities include:

- Working with new external IT consultant to arrange migration of TRAFFIC servers to a new hosting site;

Trustees' report: year ended 30 June 2018

- Launch of a Project Online! Database accessible across the organisation together with training of programme office staff;
- Compilation of comprehensive staff reference manuals on HR, Project Management and Administration, and Sensitive Data Collection and Handling; and
- Establishment of a 'Business and Resources Team' to champion business considerations underpinning TRAFFIC's effective delivery of its conservation programme.



Java Sparrow. Photo: Jonathan Leung

Financial review

TRAFFIC has seen both its income and expenditure increase during the year. The year has seen a continuation in the rise of the amount of income being received from governments as well as an increase in income received from charitable foundations.

Income

During the year, TRAFFIC received income totalling £9.16m, an increase of £1.11m compared to the previous year. The percentage of income that originates from Charitable Activities has continued to rise, constituting 85% of total income this year compared with 81% in the previous year.

Unrestricted income for the year totalled £1.11m compared to £1.23m in FY17, a decrease of £125k. The main reason for this was a decrease in general funding contributions from WWF offices. Most other unrestricted income streams remained relatively constant during the year.

Restricted income in FY18 increased by £1.24m (+18% from FY17) to £8.05m. The most significant increase in a single project was the Reducing Opportunities for Unlawful Transport of Endangered Species (ROUTES) project, a USAID-funded project, with income up from the previous year by £816k to a total of £1.43m.

The profile of income sources has continued to move towards an increased amount of Government Agency funding with income received directly from governments rising to 39% of total income (compared to 32% in the previous year and an increase of £989k) and combined income from governments received directly and via a third

Trustees' report: year ended 30 June 2018

party being 61% of total income (compared to 66% in the previous year). This is a continuation of a strategy over recent years to focus on Government Agency funding sources (with TRAFFIC both as the prime recipient and as a sub-recipient) as these grants tend to be larger and multi-year. In addition, this year saw an increase in income received from foundations and also corporations.

This is further illustrated when considering that, of the 69 projects that brought in income during the year, two government-funded projects contributed 35% of the total project income: Wildlife TRAPs, a USAID-funded project (subcontracted to TRAFFIC by IUCN) and Reducing Opportunities for Unlawful Transport of Endangered Species (ROUTES), also a USAID-funded project (contracted directly with TRAFFIC). These projects are described in more detail in Note 13 of the accounts.

One of TRAFFIC's management KPIs (Key Performance Indicators) for financial performance is that no single donor contributes more than 25% of total income. During the year, one donor (USAID) contributed 36% of total project income, across five projects. These projects are embedded in different funding streams within USAID which lowers the overall risk factor. To further mitigate potential risks, TRAFFIC commits to expenditure related to these grants for one-year periods only and has regular meetings with USAID to discuss future funding projections.

Expenditure

Expenditure during FY18 rose by £3.19m compared to FY17 to £10.26m, due largely to an increase in restricted expenditure. Of the FY18 expenditure, 98% related to expenditure on Charitable Activities and 2% on raising funds.

Unrestricted expenditure increased by £49k compared to FY17. This was largely due to an increase in core foreign exchange costs of £49k. Other unrestricted costs have remained largely constant.

Restricted fund expenditure increased by £3.14m to £9.05m due to an increased number of subcontractor commitments being in place at the year-end. This increase was in some part due to subcontractor commitments not being made in FY17 and therefore being recognised in FY18 instead. It is also due to TRAFFIC being the prime recipient on an increasing number of projects and therefore needing to issue more subcontracts.

Funds

The net movement in funds for the year was a deficit of £1.10m; this is compared to a surplus of £985k in the previous year.

The net movement in unrestricted funds was a deficit of £93k. This is mainly due to a decrease in unrestricted funds received and a cost of foreign exchange rate movements of £37k. Unrestricted funds held at the year-end were £965k.

The net movement in restricted funds was a deficit of £1.0m due to project income being received in the previous financial year (FY17) being spent during the year as the level of project implementation increased.

Risk management

The Trustees recognise their role in the management and administration of the Charity and that directorship carries legal responsibilities and duties including a responsibility to assess potential risks facing the Charity. The Trustees note that the major potential risks in the areas of governance and management, operations, and finance are reviewed on a periodic basis and that systems have been put in place to minimise these risks both in the UK and overseas.

The nature of TRAFFIC's conservation programme means that the bulk of funding dispersed through TRAFFIC is subcontracted to other TRAFFIC network offices to implement conservation activities overseas. TRAFFIC has well-established guidelines on financial policies and procedures which are followed by TRAFFIC offices globally, including regular review of budgets, financial performance, and related financial management. In addition,

Trustees' report: year ended 30 June 2018

TRAFFIC has an established monitoring and evaluation system in place which looks at overall programme delivery and individual project implementation against contracted project budgets and deliverables.

Key risks and uncertainties

TRAFFIC's risk framework focuses on the following key risk areas:

- Strategic risks which influence TRAFFIC's long-term strategic objectives, including governance issues, partner relations, and stakeholders including donors and the public. The Senior Leadership Team meets on a bi-weekly basis to discuss such issues and the wider management have an annual week-long meeting covering areas of risk as well as the topic of risk management itself;
- Operational risks which arise from day-to-day issues that TRAFFIC faces as it delivers its conservation programme. These include areas such as project management, office facilities, and human resource management. To minimise these risks, Finance and Operations manuals have been produced, project steering groups are set up for major projects, staff undergo an induction process and appropriate training, and regular team meetings are held;
- Financial risks related to TRAFFIC's effective management and control of its finances including internal controls, monitoring of funding development, and the effects of external factors such as foreign exchange rates. TRAFFIC produces and reviews quarterly financial reports, as well as annual budgets and quarterly reforecasts, to allow potential financial risks to be identified on a timely basis. There is an up-to-date Finance Manual subject to regular review. Monies are kept in major donor currencies to minimise the effects of any exchange rate fluctuations;
- Knowledge management risks related to TRAFFIC's effective management and control of its knowledge resources, including communications materials, intellectual property rights, and system malfunctions. To minimise these risks, some controls include protocols for handling sensitive data, communications policies and regular backups of data;
- Compliance with laws and regulations related to issues such as health & safety, data protection, employment practices and other regulatory issues. As well as employing appropriately professionally qualified staff we hold regular meetings with professional advisors;
- External risks which may be beyond TRAFFIC's ability to influence, including changes in the physical environment, and in the global economic or political environment. To minimise the effects of these risks, staff attend external training seminars to ensure knowledge in the Charity of possible external risks.

Any "high" risks identified, and the actions taken to mitigate them, are brought to the attention of the Board of Trustees. The Board's Operations Committee review the risk register on a bi-annual basis and the Board of Trustees on an annual basis.

Investment policy

Under the Articles of Association, the Charity has the power to make any investment the Trustees see fit. The investment policy, as approved by the Trustees on 16 February 2005, is that funds will be invested in cash, bank current accounts, and bank deposits. The Charity currently holds no investments aside from its cash holdings. The Trustees will consider possible amendments to this investment policy on a periodic basis.

Reserves policy

The Trustees recognise the importance of establishing reserves to allow the Charity to respond to future opportunities and current global economic challenges, particularly for an organisation with levels of restricted funding significantly higher than unrestricted. The Trustees have set TRAFFIC's general reserve fund target, to be achieved over time, at the equivalent of six months of the Charity's core expenditure.

Trustees' report: year ended 30 June 2018

At the year-end, the Charity had free reserves (being unrestricted funds excluding those represented by fixed assets) of £866k, equivalent to four months of FY18 core expenditure. To reach the reserves target set, the Trustees have agreed to budget, where possible, for increases to general reserves in coming financial years. Free reserves are defined as unrestricted reserves less fixed assets.

The level of free reserves held is a KPI monitored by the Charity.

Fundraising

TRAFFIC does not actively fundraise from the public, although there is the facility to donate on the TRAFFIC website. TRAFFIC does not engage in face to face fundraising, telephone fundraising, or direct mail campaigns. There were no licensed street collections in the reporting period. We do not use commercial participators.

All Trustees are aware of the CC20 guidance from the Charity Commission and any future fundraising will be conducted in line with CC20. TRAFFIC contributed to the Fundraising Regulator during the year in support of the Fundraising Code of Conduct.

There have been no formal complaints concerning our fundraising practice during the reporting period.

Statement of Trustees' responsibilities

The Trustees (who are also directors of TRAFFIC International for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trustees' report: year ended 30 June 2018

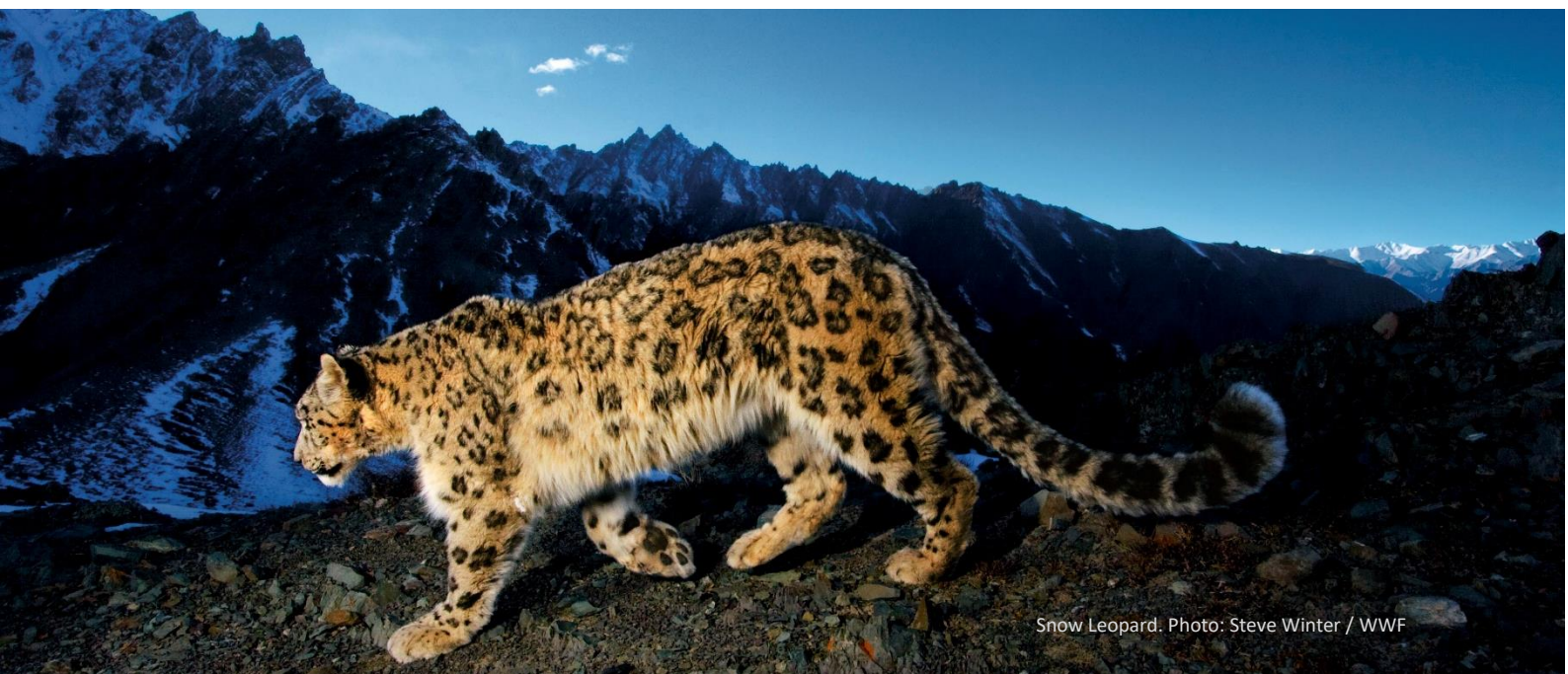
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Each of the Trustees at the date of approval of this report confirms that:

- So far as the Trustee is aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- The Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.



Snow Leopard. Photo: Steve Winter / WWF

Structure, governance and management

TRAFFIC International was established in the UK and registered with the Charity Commission on 23 July 1999. During the reporting period, TRAFFIC International co-ordinated the work of six regional offices (in Central Africa and East/Southern Africa, East/South Asia and Southeast Asia, Europe and the USA), which, with the global team, together form the TRAFFIC network. TRAFFIC International also implemented a wide range of projects in its own right. As part of its co-ordinating function, key areas of focus include **network governance, management, institutional development and communications**.

TRAFFIC was established in 1976 by the Species Survival Commission of IUCN (the International Union for the Conservation of Nature), largely to support the implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). CITES is an international agreement between 183 governments that aims to ensure international trade in specimens of wild animals and plants does not threaten their survival. Throughout the 1980s, the conservation organisation WWF played a vital role in expanding TRAFFIC's work and reach. This led to a restructuring of TRAFFIC in 1990 as a joint conservation programme of

Trustees' report: year ended 30 June 2018

WWF and IUCN, and, in 1999, to the establishment of TRAFFIC International as a Registered Charity in the UK to lead and co-ordinate the work of the TRAFFIC network.

At the end of FY17, a decision was made to begin a process to consolidate governance through the UK Charity, under new Articles of Association (adopted 22 June 2017) providing for an increased number of nine Trustees; up to three each appointed by WWF and IUCN as founder members, and up to another three independent Trustees. One of the first major undertakings of the newly expanded Board of Trustees was to review the existing relationship between the UK Charity and overseas TRAFFIC offices hosted by WWF and IUCN over the course of FY18. After an extensive due diligence process, at a meeting of the Board held in June 2018, the Trustees agreed to merge six overseas offices into the UK charity as hosted branches from 1 July 2018 which will represent a significant structural change to the organization in its next financial year.

The Board delegates day-to-day management of the Charity to Steven Broad, Executive Director and Chief Executive Officer, who appoints the Senior Leadership Team, who, for the purposes of regulatory reporting, are collectively the Key Management Personnel along with the Trustees. The Senior Leadership Team develops strategies and plans for the Board to scrutinise and approve. It subsequently monitors and reports on performance against targets.

Trustees

The Trustees who served during the year, unless otherwise stated, were as follows:

- **Mark Halle, Chair** (appointed 22 August 2017)
- **Chris Hails, Chair** (resigned 4 July 2017)
- **Jeremy Eppel** (appointed 22 August 2017)
- **Joshua Ginsberg** (appointed 22 August 2017)
- **Ginette Hemley**
- **Margaret Kinnaird**
- **Lin Li** (resigned 25 October 2018)
- **Aimé Nianogo**
- **Jon Paul Rodriguez**
- **Jane Smart**

Members of the Board of Trustees are directors for the purpose of company law and Trustees for the purpose of charity law. The company is limited by guarantee. Therefore, no Trustee had any beneficial interest.

Appointment of Trustees

The role of the Trustees is collectively, as a board, to ensure delivery of the Charity's objectives, set its strategic direction, and uphold its values. Trustees have a fundamental and legal obligation to act in the best interests of the Charity, and in accordance with the Charity's governing documents. The Trustees oversee the management and operation of the Charity subject to the provisions of the relevant acts (Charities Act 2011; Companies Act 2006 and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in January 2015) and the Memorandum and Articles of Association, and any directions given by special resolution. TRAFFIC's Trustees are drawn from within the broad umbrella of its partner organisations as well as the wider conservation community and bring together an extensive range of expertise in terms of programmatic, technical, financial and administrative skills. Terms of reference for the Board of Trustees (Directors) (2006) describe the responsibilities of the board and the role of key officers.

TRAFFIC's conflict of interest policy (2006) notes that Trustees have a fundamental and legal obligation to act in the best interests of the Charity, and in accordance with the Charity's governing documents. Trustees who are employees of WWF and IUCN are further bound by the undertaking dated 17 September 1999 made on behalf of the two founding members of the Charity. This document, addressed to the Charity Commission, states on behalf of both organisations that TRAFFIC will function as an autonomous body and that neither WWF or IUCN will be

Trustees' report: year ended 30 June 2018

able to define or restrict the activities of the Charity. Legally and professionally, Trustees therefore serve in a personal and voluntary capacity and not as representatives of their organisations.

Trustees' induction and training

When an individual accepts an invitation to become a Trustee, as part of the induction process, he or she receives an initial induction pack and meets with a senior manager of TRAFFIC to review the contents of the induction pack and supplementary materials; review responsibilities of Trustees; review current financial situation and general funding sources; review TRAFFIC's organizational chart, and the Charity's role in the larger TRAFFIC network; and review planned future projects and activities. They are regularly provided with financial and programmatic information as well as updates on relevant developments in the UK charity sector.

With the establishment of an expanded Board at the start of FY18, an extended induction session was provided to all Trustees at their first meeting in October 2017. The induction involved senior TRAFFIC staff as well as representatives from TRAFFIC's statutory auditors and solicitors. Key documents were provided through a comprehensive governance manual.

Remuneration of key management personnel

The Trustees consider the Board of Trustees and the Senior Leadership Team comprise the Key Management Personnel of the Charity in charge of directing, controlling, and operating the Charity on a day-to-day basis. All Trustees give their time freely and no Trustee received remuneration in either year. Details of Trustees' expenses and related party transactions are disclosed in Note 6 to the accounts. The Charity benchmarks remuneration of its Senior Leadership Team against comparable roles in other charities of a similar size and complexity, within a specified pay band. Each member of the Senior Leadership Team receives an annual cost of living salary increase, which takes into account inflation, changes in national average earnings and pay awards elsewhere in the charity or public sector. The award is made subject to affordability and is paid at the same rate as applied to all other eligible staff in the Charity. Increases to the Executive Director's salary that are above the annual cost-of-living salary increase are reviewed and approved by the Board of Trustees.

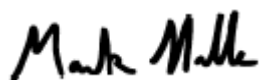
Public benefit

TRAFFIC is a wildlife conservation charity whose vision is of a world where wildlife trade is managed in a way that maintains healthy wildlife populations and ecosystems; contributes to meeting human needs; supports local and national economies; and helps motivate commitments to conserve wild species and habitats.

The organisation's efforts are therefore focused not only on conserving biological diversity, but also on protecting and maintaining the many "ecosystem goods and services" that are or may be threatened by unsustainable or illegal wildlife trade.

In reviewing TRAFFIC's charitable objects and as part of planning and implementing our programme of work, the Trustees, have taken account of the Charity Commission's guidance on public benefit. The Trustees have considered how TRAFFIC's work will consistently contribute to the Charity's aims and objectives. TRAFFIC's main areas of charitable activity are detailed throughout this report.

The Trustees' report was approved by the board on 17 December 2018 and signed on its behalf by:



Mark Halle
Chair

Administrative information

Trustees:	Ginette Hemley Margaret Kinnaird Jon Paul Rodriguez Aimé Nianogo Jeremy Eppel Joshua Ginsberg Mark Halle Jane Smart	Registered office:	David Attenborough Building Pembroke Street Cambridge CB2 3QZ United Kingdom
Company Secretary:	Mr S R Broad	Solicitors:	Mills and Reeve Botanic House 98–100 Hills Rd Cambridge CB2 1PH
Executive Director:	Mr S R Broad	Statutory auditor:	Deloitte LLP 1 Station Square Cambridge CB1 2GA
Company registered number:	3785518	Bankers:	Barclays Bank Bene't Street Cambridge CB2 3PZ
Charity registered number:	1076722		

Independent auditor's report to the members of TRAFFIC International: year ended 30 June 2018

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Traffic International (the 'charitable company'):

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of financial activities;
- the balance sheet
- the cash flow statement; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the trustees' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the

Independent auditor's report to the members of TRAFFIC International: year ended 30 June 2018

financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of TRAFFIC International: year ended 30 June 2018

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report included within the trustees' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Sarah Anderson FCCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom
20 December 2018

TRAFFIC International
Financial Statements:
year ended 30 June 2018

Statement of financial activities

Incorporating an income and expenditure account: year ended 30 June 2018

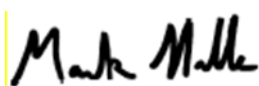
	Notes	Unrestricted Funds £	Restricted Funds £	2018 Total £	2017 Total £
Income from:					
Donations		921,485	436,295	1,357,780	1,560,953
Charitable activities		177,200	7,615,140	7,792,340	6,487,814
Investments		7,362	2,859	10,221	1,072
Other		670	-	670	300
Total	3	1,106,717	8,054,294	9,161,011	8,050,139
Expenditure on:					
Raising funds – grant and contract proposal development		198,235	-	198,235	181,478
Charitable activities					
Addressing wildlife crime & illegal trade		666,085	6,073,572	6,739,657	4,749,630
Sustainable legal trade		69,591	634,552	704,143	344,176
Mixed		272,035	2,343,355	2,615,390	1,789,716
Total charitable activity expenditure		1,007,711	9,051,479	10,059,190	6,883,522
Total	4	1,205,946	9,051,479	10,257,425	7,065,000
Net (expenditure)/income		(99,229)	(997,185)	(1,096,414)	985,139
Transfers between funds		6,382	(6,382)	-	-
Net movement in funds		(92,847)	(1,003,567)	(1,096,414)	985,139
Reconciliation of funds:					
Total funds brought forward		1,057,782	1,536,530	2,594,312	1,609,173
Total funds carried forward		964,935	532,963	1,497,898	2,594,312

All activities in both years arise from continuing activities. There were no other recognised gains or losses other than those shown in the statement above and the net income for the year. The notes on pages 29 to 47 form an integral part of these financial statements.

Balance sheet: as at 30 June 2018

	Notes	Unrestricted Funds £	Restricted Funds £	2018 Total £	2017 Total £
Fixed Assets					
Intangible fixed assets	8	29,298	-	29,298	31,406
Tangible fixed assets	9	69,611	-	69,611	18,127
		98,909	-	98,909	49,533
Current Assets					
Debtors	10	180,426	2,607,962	2,788,388	2,194,515
Cash at bank and in hand		1,035,893	2,233,097	3,268,990	2,462,579
		1,216,319	4,841,059	6,057,378	4,657,094
Liabilities					
Creditors: amounts falling due within one year	11	350,293	4,308,096	4,658,389	2,112,315
Net current assets		866,026	532,963	1,398,989	2,544,779
Total assets less current liabilities being net assets		964,935	532,963	1,497,898	2,594,312
The funds of the Charity					
Restricted funds		-	532,963	532,963	1,536,530
Unrestricted		964,935	-	964,935	1,057,782
Total Charity funds		964,935	532,963	1,497,898	2,594,312

The financial statements on pages 26 to 47 were approved by the Board of Trustees and authorised for issue on 17 December 2018 and signed on its behalf by:



Mark Halle
Chair

The notes on pages 29 to 47 form an integral part of these financial statements.

Cash Flow Statement: year ended 30 June 2018

	2018 Total £	2017 Total £
Cash flows from operating activities:		
Net cash flows from operating activities	876,185	854,022
Cash flows from investing activities:		
Dividends, interest and rents from investments	10,221	1,072
Purchase of fixed assets	(79,995)	(51,887)
Net cash outflow from investing activities	<u>(69,774)</u>	<u>(50,815)</u>
Net increase in cash and cash equivalents	<u>806,411</u>	<u>803,207</u>
Cash and cash equivalents at 1 July 2017	2,462,579	1,659,372
Cash and cash equivalents at 30 June 2018	<u>3,268,990</u>	<u>2,462,579</u>
Reconciliation of net cash flows from operating activities:		
Net (expenditure)/income	(1,096,414)	985,139
Depreciation	28,510	17,281
Investment income	(10,221)	(1,072)
Increase in debtors	(593,873)	(164,259)
Increase in creditors	2,548,183	16,933
Net cash flows from operating activities	<u>876,185</u>	<u>854,022</u>

The notes on pages 29 to 47 form an integral part of these financial statements.
Cash and cash equivalents are represented by cash at bank and in hand.

Notes to the Accounts: year ended 30 June 2018

1. Accounting Policies

TRAFFIC International is a company limited by guarantee (3785518), not having a share capital, and as a Registered Charity (1076722). The Charity is not liable to corporation tax on its charitable activities and further details are shown above within the Reference and Administrative details on page 21.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Charity's financial statements.

a) **Accounting conventions**

The financial statements are prepared under the historical cost convention, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2015)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2016; and the Companies Act 2006. The Charity meets the definition of a public benefit entity under FRS 102.

b) **Going concern**

The Trustees have a reasonable expectation that the Charity will continue in operational existence for the foreseeable future and the Charity is well placed to manage its business risks successfully. TRAFFIC regularly monitors its pipeline of projects to ensure its conservation objectives and operational needs are met. The Charity has significant cash resources and a significant level of net assets. Accordingly, the Trustees continue to adopt the going concern basis.

c) **Income**

Income is recognised and included in the statement of financial activities when the Charity has entitlement to the income, it is probable that the income will be received and the amount can be reliably measured. Income received relating to future accounting periods is deferred and recognised as a creditor within the balance sheet.

d) **Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. VAT cannot be recovered and is reported as part of the expenditure to which it relates.

Costs of raising funds:

These represent costs of a full-time fundraiser and internal allocations for staff involvement in implementation of the Charity's funding strategy, donor liaisons and assistance with proposal development and submission. During the year the fundraiser position was vacant.

Charitable activities:

This includes expenditure incurred in the fulfilment of the objectives of the charitable company including allocated overheads.

Support costs:

Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. Support costs are allocated on a pro-rata basis according to the total cost of activities undertaken directly and grant funding of activities.

Notes to the Accounts: year ended 30 June 2018

Governance costs:

This includes expenditure incurred in the general running and administering of the charitable company. These costs include external audit, legal advice for Trustees and costs associated with constitutional and statutory requirements.

e) Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation. Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful lives of three years on a straight-line basis. The current capitalisation policy is £400.

Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

f) Intangible fixed assets

Intangible assets are shown at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis to allocate the assets value evenly over a three-year period. The current capitalisation threshold is £400.

Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

g) Funds

The Charity records two categories of income—unrestricted and restricted funds.

Unrestricted funds

Unrestricted funds can be used for any purpose approved by the Trustees within the objects of the Charity. Funds that are received without external restriction, and for use in any of the Charity's activities including operational and establishment costs are treated as unrestricted funds and may be designated by the Trustees for particular purposes as deemed appropriate.

Restricted funds

Resources are allocated to restricted funds according to the limitations on their use specified by the donors or other providers.

Restricted funds are allocated to specific activities and outputs usually under the terms of a project contract accompanying the grant. Detailed accounts are maintained for restricted projects including income, expenditure and fund balances by donor. The majority of projects are short-term in nature with grants being expended between one and five years. Deficits within restricted project funds which occur when income is not entitled to be recognised in the current financial period are carried forward to the next period. Where further funding is not anticipated, a transfer is made from unrestricted funds to cover the deficit.

The Charity does not have any endowment funds.

h) Cash and cash equivalents

Cash at bank and in hand includes interest and non-interest-bearing accounts which are highly liquid.

i) Employee benefits – Pensions

The Charity operates a defined contribution scheme, the assets of which are held separately from those of the Charity. The Charity's contributions are charged to expenditure in the year they are incurred.

Notes to the Accounts: year ended 30 June 2018

j) Foreign exchange

Transactions denominated in foreign currencies are recorded at the daily rate of exchange. Assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the year end. Gains and losses on re-translation are dealt with as part of the deficit or surplus on ordinary activities for the financial year.

k) Hire purchase agreements

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Statement of Financial Activities over the period of the lease.

l) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

m) Financial instruments

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

3. Income

All of TRAFFIC International's activity relates to ensuring that trade in wild plants and animals is not a threat to the conservation of nature.

Notes to the Accounts: year ended 30 June 2018

	Unrestricted £	Restricted £	2018 Total £
Donations			
IUCN, WWF & other TRAFFIC entities	913,176	-	913,176
Corporate and Individuals	8,309	2,039	10,348
Pass through income	-	434,257	434,257
	<u>921,485</u>	<u>436,296</u>	<u>1,357,781</u>
Charitable activities			
IUCN, WWF & other TRAFFIC entities	174,610	2,675,304	2,849,914
Governments	-	3,534,678	3,534,678
Multilaterals	1,790	363,871	365,661
Foundations and charities	-	493,885	493,885
Corporate and Individuals	800	547,401	548,201
	<u>177,200</u>	<u>7,615,139</u>	<u>7,792,339</u>
Other income	670	-	670
Bank interest	7,362	2,859	10,221
	<u>1,106,717</u>	<u>8,054,294</u>	<u>9,161,011</u>

Pass through income are funds received from WWF offices that are to be passed onto other offices in the TRAFFIC network.

	Unrestricted £	Restricted £	2017 Total £
Donations			
IUCN, WWF & other TRAFFIC entities	1,039,954	-	1,039,954
Corporate and Individuals	25,002	50	25,052
Pass through income	-	495,947	495,947
	<u>1,064,956</u>	<u>495,997</u>	<u>1,560,953</u>
Charitable activities			
IUCN, WWF & other TRAFFIC entities	165,151	2,736,519	2,901,670
Governments	-	2,547,766	2,547,766
Multilaterals	-	78,648	78,648
Foundations and charities	-	753,619	753,619
Corporate and Individuals	1,200	204,911	206,111
	<u>166,351</u>	<u>6,321,463</u>	<u>6,487,814</u>
Other income	300	-	300
Bank interest	55	1,017	1,072
	<u>1,231,662</u>	<u>6,818,477</u>	<u>8,050,139</u>

Notes to the Accounts: year ended 30 June 2018

Government grants have been received from the UK and other governments to fund TRAFFIC International's conservation projects. Details of large grants received from governments are included in note 13.

	2018	2017
	£	£
Belgium - Ministry of Environment	17,354	10,409
Belgium - CITES Management Authority	41,589	125,232
Croatia - Ministry of Environment and Energy	2,645	-
European Union	224,339	107,099
Finland - Ministry of Environment	2,633	-
Germany - BfN	49,560	9,577
Germany – BMU	-	7,935
Germany - GIZ	422,123	569,951
Latvia – Ministry of Environmental Protection and Regional Development	-	9,074
Netherlands - Ministry of Economic Affairs	26,713	(2,743)
Poland - Ministry of Environment	1,509	-
Spain - Secretaría de Estado de Comercio	3,947	3,835
Swiss CITES MA (FSVO) Federal Food Safety and Veterinary Office	7,384	-
Taiwan – Council of Agriculture	-	30,088
UK - DEFRA (formerly DETR)	229,544	239,481
UK – DfID	393,018	450,207
US - International Narcotics and Law Enforcement Affairs	585,197	281,013
US - USAID	1,483,107	610,619
US - USFWS	44,016	95,989
	<u>3,534,678</u>	<u>2,547,766</u>

4. Expenditure

All of TRAFFIC International's activity relates to ensuring that trade in wild plants and animals is not a threat to the conservation of nature.

Notes to the Accounts: year ended 30 June 2018

	Direct costs £	Support costs £	2018 Total £
Costs of raising funds	-	198,235	198,235
Charitable activities			
Addressing Wildlife crime & illegal trade	6,073,572	666,085	6,739,657
Sustainable legal trade	634,552	69,591	704,143
Mixed stream	2,356,909	258,481	2,615,390
	<u>9,065,033</u>	<u>994,157</u>	<u>10,059,190</u>
	<u>9,065,033</u>	<u>1,192,392</u>	<u>10,257,425</u>

	Direct costs £	Support costs £	2017 Total £
Costs of raising funds	9,761	171,717	181,478
Charitable activities			
Addressing Wildlife crime & illegal trade	4,117,713	631,917	4,749,630
Sustainable legal trade	298,385	45,791	344,176
Mixed stream	1,551,602	238,114	1,789,716
	<u>5,967,700</u>	<u>915,822</u>	<u>6,883,522</u>
	<u>5,977,461</u>	<u>1,087,539</u>	<u>7,065,000</u>

Notes to the Accounts: year ended 30 June 2018

Analysis of expenditure:

	Unrestricted £	Restricted £	2018 Total £
Costs of raising funds			
Staff costs	129,322	-	129,322
Operational	6,656	-	6,656
Establishment	7,163	-	7,163
Travel	18,854	-	18,854
Depreciation	4,648	-	4,648
Foreign exchange loss	5,582	-	5,582
Governance	26,010	-	26,010
	<u>198,235</u>	<u>-</u>	<u>198,235</u>
Charitable activities			
Staff costs	623,311	1,753,919	2,377,230
Operational	32,080	715,634	747,714
Establishment	34,527	256,190	290,717
Professional fees	-	64	64
Project sub-contracts	28,732	5,604,672	5,633,404
Transfer to network offices	-	434,288	434,288
Travel	90,873	244,342	335,215
Depreciation	25,968	-	25,968
Foreign exchange loss	26,903	42,370	69,273
Governance	145,317	-	145,317
	<u>1,007,711</u>	<u>9,051,479</u>	<u>10,059,190</u>
Total expenditure	<u>1,205,946</u>	<u>9,051,479</u>	<u>10,257,425</u>

Notes to the Accounts: year ended 30 June 2018

Analysis of expenditure:

	Unrestricted £	Restricted £	2017 Total £
Costs of raising funds			
Staff costs	126,031	-	126,031
Operational	10,396	-	10,396
Establishment	9,580	-	9,580
Travel	15,637	-	15,637
Depreciation	2,592	-	2,592
Foreign exchange gain	(1,780)	-	(1,780)
Governance	19,022	-	19,022
	<u>181,478</u>	<u>-</u>	<u>181,478</u>
Charitable activities			
Staff costs	672,167	1,655,510	2,327,677
Operational	55,444	637,061	692,505
Establishment	51,096	298,547	349,643
Professional fees	-	8,399	8,399
Project sub-contracts	-	2,578,896	2,578,896
Transfer to network offices	-	495,947	495,947
Travel	83,398	223,128	306,526
Depreciation	14,690	-	14,690
Foreign exchange (gain)/loss	(9,494)	10,943	1,449
Governance	107,790	-	107,790
	<u>975,091</u>	<u>5,908,431</u>	<u>6,883,522</u>
Total expenditure	<u>1,156,569</u>	<u>5,908,431</u>	<u>7,065,000</u>

5. Support costs

	Support £	Governance £	2018 £
Professional fees	-	18,946	18,946
Statutory audit	-	23,820	23,820
Staff costs	686,653	99,213	785,866
Operational	-	5,106	5,106
Establishment costs	224,684	5,496	230,180
Travel	109,728	14,464	124,192
Foreign exchange loss	-	4,282	4,282
	<u>1,021,065</u>	<u>171,327</u>	<u>1,192,392</u>

Notes to the Accounts: year ended 30 June 2018

	Support £	Governance £	2017 £
Professional fees	-	47,154	47,154
Statutory audit	-	26,370	26,370
Staff costs	622,766	42,010	664,776
Operational	-	3,465	3,465
Establishment costs	238,926	3,193	242,119
Travel	99,036	5,212	104,248
Foreign exchange gain	-	(593)	(593)
	<u>960,728</u>	<u>126,811</u>	<u>1,087,539</u>

Support costs are allocated on a pro-rata basis according to the total cost of activities undertaken directly and grant funding of activities.

6. Employee and Trustee Information

	2018 £	2017 £
a) Staff costs:		
Wages and salaries	1,998,433	1,953,670
Social security costs	226,207	212,915
Pension costs	288,469	254,015
Other benefits	25,536	24,515
Other staff costs	30,690	50,604
	<u>2,569,335</u>	<u>2,495,719</u>

Other staff costs include an accrual for untaken annual leave outstanding at the year end, in line with the requirements for FRS102.

	2018	2017
b) The average number of persons, employed during the year was:		
Management and Administration	29	29
Programme and Research	21	21
	<u>50</u>	<u>50</u>

The above numbers do not include Trustees who are not permitted to receive remuneration for their duties. The Trustees received payments for expenses during 2018 of £13,435 (2017 – £nil).

	2018	2017
c) Employees with emoluments (emoluments include salaries and taxable benefits, but not employer pension costs or employer's national insurance) over £60,000 were:		
£70,001 – £80,000	2	4
£80,001 – £90,000	2	1
£90,001 – £100,000	1	-
£100,001 – £110,000	1	2
	<u>6</u>	<u>7</u>

Notes to the Accounts: year ended 30 June 2018

- d) Senior leadership team
Total remuneration of the Key Management Personnel (the Trustees with the Senior Leadership Team comprising the Executive Director and other Directors), including pension contributions excluding social security costs, was £459,250 (2017: £453,750). No Trustees received nor waived any remuneration.

7. Employee benefits - Pension costs

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund and amounted to £288,469 (2017: £254,015).

8. Intangible fixed assets

	Computer Software £
Cost:	
At 1 July 2017	49,665
Additions	12,090
At 30 June 2018	<u>61,755</u>
Depreciation:	
At 1 July 2017	18,259
Charge for year	14,198
At 30 June 2018	<u>32,457</u>
Net book value:	
At 30 June 2018	<u>29,298</u>
At 30 June 2017	<u>31,406</u>

9. Tangible fixed assets

	Fixtures & Fittings £	Computer Equipment £	Total £
Cost:			
At 1 July 2017	1,068	50,183	51,251
Additions	673	67,231	67,904
At 30 June 2018	<u>1,741</u>	<u>117,414</u>	<u>119,155</u>
Depreciation:			
At 1 July 2017	243	32,881	33,124
Charge for year	307	16,113	16,420
At 30 June 2018	<u>550</u>	<u>48,994</u>	<u>49,544</u>
Net book value:			
At 30 June 2018	<u>1,191</u>	<u>68,420</u>	<u>69,611</u>
At 30 June 2017	<u>825</u>	<u>17,302</u>	<u>18,127</u>

Notes to the Accounts: year ended 30 June 2018

10. Debtors: amounts falling within one year

	Unrestricted	Restricted	2018 Total
	£	£	£
Trade debtors	22,576	2,424,122	2,446,698
Other debtors	90,390	157,255	247,645
Prepayments	44,918	-	44,918
Accrued income	22,542	26,585	49,127
	<u>180,426</u>	<u>2,607,962</u>	<u>2,788,388</u>

	Unrestricted	Restricted	2017 Total
	£	£	£
Trade debtors	51,766	367,996	419,762
Other debtors	55,181	12,704	67,885
Prepayments	35,826	1,113	36,939
Accrued income	17,551	1,652,378	1,669,929
	<u>160,324</u>	<u>2,034,191</u>	<u>2,194,515</u>

11. Creditors: falling due within one year

	Unrestricted	Restricted	2018 Total
	£	£	£
Trade creditors	99,250	505,378	604,628
Other creditors	129,639	-	129,639
Accruals	121,404	2,861,551	2,982,955
Deferred income	-	941,167	941,167
	<u>350,293</u>	<u>4,308,096</u>	<u>4,658,389</u>

	Unrestricted	Restricted	2017 Total
	£	£	£
Trade creditors	140,531	-	140,531
Other creditors	81,903	-	81,903
Accruals	127,397	1,362,999	1,490,396
Deferred income	-	399,485	399,485
	<u>349,831</u>	<u>1,762,484</u>	<u>2,112,315</u>

Notes to the Accounts: year ended 30 June 2018

12. Deferred income

	Unrestricted	Restricted	2018 Total	2017 Total
	£	£	£	£
Balance at the beginning of the year	-	399,485	399,485	151,937
Amount released to income in the year	-	(399,485)	(399,485)	(151,937)
Amount deferred in the year	-	941,167	941,167	399,485
Balance at the end of the year	-	941,167	941,167	399,485

Deferred income represents income received from donors in advance of contracted activity.

13. Analysis of charitable funds

	1 July 2017	Income	Expenditure	Transfers	30 June 2018
	£	£	£	£	£
Unrestricted funds	1,057,782	1,106,717	(1,205,946)	6,382	964,935
Restricted funds					
Major projects:					
Wildlife Trafficking, Response, Assessment and Priority setting	222,254	1,387,147	(1,691,040)	-	(81,639)
Wildlife Crime Initiative	257,916	-	(257,343)	-	573
Cutting Wildlife Trafficking Off at the Source	436,081	81,898	(253,723)	-	264,256
ROUTES	38,690	1,429,688	(1,823,998)	-	(355,620)
Reduce illegal timber in supply chains Cameroon to China	(4,741)	393,018	(387,392)	-	885
Reducing Trade threats in Africa's wild species and ecosystem	288,519	572,151	(355,784)	-	504,886
The Combating Wildlife Crime Project	(1,398)	444,462	(59,038)	-	384,026
Combatting global wildlife cybercrime	35,536	155,276	(214,505)	-	(23,693)
Indonesia from Market to Courtroom	-	225,838	(167,712)	-	58,126
Wildlife DNA Forensics and Seizure Training	-	277,725	(351,865)	-	(74,140)
Partnership against Poaching and Illegal Wildlife Trade	-	447,512	(591,701)	-	(144,189)
China's Champions of Change	-	121,274	(336,050)	-	(214,776)
	1,272,857	5,535,989	(6,490,151)	-	318,695
Pass-through funds	-	434,257	(434,288)	-	(31)
Other projects	263,673	2,084,048	(2,127,040)	(6,382)	214,299
	1,536,530	8,054,294	(9,051,479)	(6,382)	532,963
Total funds	2,594,312	9,161,011	(10,257,425)	-	1,497,898



Wildlife Trafficking, Response, Assessment and Priority Setting (Wildlife TRAPS) Project

Funded by USAID (United States Agency for International Development) via IUCN

TRAFFIC, in collaboration with IUCN, has devised the Wildlife TRAPS (Wildlife Trafficking, Response, Assessment, and Priority Setting Project) to develop and deliver a suite of ground-breaking partnerships and pioneering approaches to tackle wildlife crime between Africa and Asia. Wildlife TRAPS is building a collective understanding of the true character and scale of the response required through a series of targeted trade assessments looking at specific species and geographic regions.

Wildlife Crime Initiative (WCI)

Funded via WWF International

TRAFFIC and WWF have designed an ambitious joint initiative focusing on urgent and sustainable solutions to combat wildlife crime. The Wildlife Crime Initiative (WCI) works with partners to drive three parallel pillars as part of an integrated strategy: Stop the Poaching; Stop the Trafficking; and Stop the Demand. Delivery of the Stop the Trafficking and Stop the Demand strategies and implementation plans is the responsibility of TRAFFIC.

Cutting Wildlife Trafficking Off at the Source: Strengthening Capacity to Investigate and Combat Trans-national Wildlife Crime in and from South Africa

Funded by the U.S. Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL)

This project aims to strengthen the capacity of senior and junior wildlife investigators to address illegal wildlife trade within and from South Africa and to provide essential investigation tools proactively to target illicit wildlife trade networks and support related prosecutions. In combination with complementary initiatives and in collaboration with the South African government, this project will contribute towards achieving the goal of reducing trafficking of rhino horn, elephant ivory and other endangered species products in and from South Africa, and, ultimately, a decline in associated poaching.

ROUTES (Reducing Opportunities for Unlawful Transport of Endangered Species)

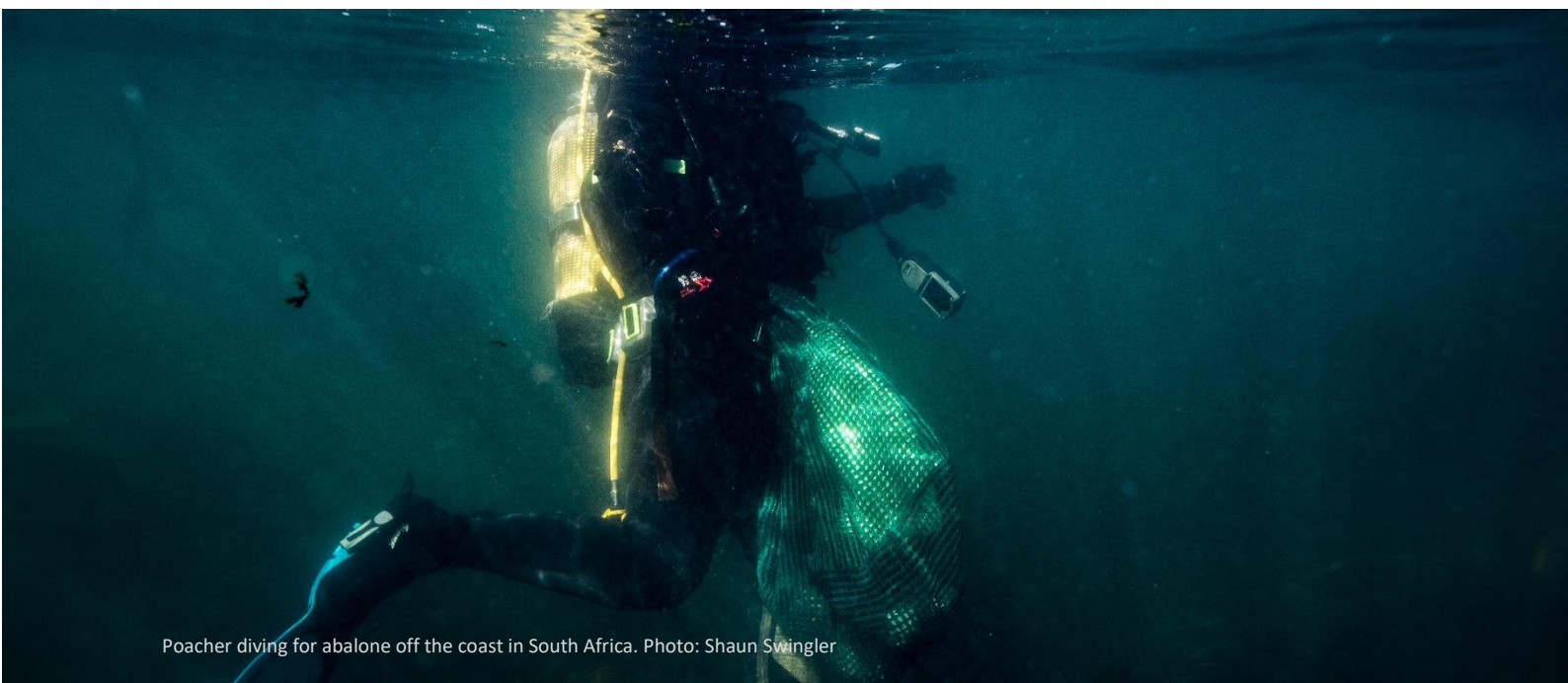
Funded by USAID (United States Agency for International Development)

ROUTES is an innovative and transformational partnership that brings together international conservation organizations, donors, government, and the transportation and logistics industry for a multi-year collaborative programme to combat illegal wildlife trafficking internationally. Core Team members include the U.S. Agency for International Development, Center for Advanced Defense Studies, Freeland, International Air Transport Association, TRAFFIC, U.S. Department of Homeland Security, U.S. Department of State, U.S. Fish and Wildlife Service and WWF.

Reduce illegal timber in supply chains originating from Cameroon to China

Funded by DFID (Department for International Development) via KPMG

This project has been designed to achieve increased compliance with timber harvest and trade controls along the supply chain from Cameroon to China and the EU. It aims to harness the growing interest within government and private sectors to demonstrate compliance with timber trade controls and reinforce Voluntary Partnership Agreements and related processes for timber in Cameroon.



Poacher diving for abalone off the coast in South Africa. Photo: Shaun Swingler

Reducing Trade threats in Africa's wild species and ecosystem

Funded by the ARCADIA Foundation

The purpose of the project is to strengthen actions to conserve and protect wildlife populations, areas of high biodiversity, and communities in Africa threatened by illegal and unsustainable wildlife trade, with a focus on trade to Asia. The funds are being used to strengthen the global knowledge base underpinning work to reduce illegal and unsustainable trade. It is also supporting innovation and scaling up of successful approaches and strengthening synergies between the work of TRAFFIC and that of others pursuing similar outcomes.

The Combating Wildlife Crime Project (CWCP)

Funded by USAID (United States Agency for International Development)

This project seeks to counter growing threats from transnational wildlife crime to globally important populations of rhino and elephant found in Angola, Botswana, Namibia, Zambia and Zimbabwe. CWCP is a multi-country, multi-partner initiative being implemented by a Consortium of 14 organisations, with WWF in Namibia providing the lead management and co-ordination role. The project is fostering improved knowledge on wildlife crime dynamics and

Notes to the Accounts: year ended 30 June 2018

impacts, and enhanced sharing of related information and data among law enforcement agencies, civil society, and the private sector within and among countries.

Combatting global wildlife cybercrime: building on success in China funded by Department for Environment Food and Rural Affairs (DEFRA)

Funded by DEFRA (Department for Environment, Food and Rural Affairs)

This project aims to reduce threats to wild species and rural livelihoods posed by growing wildlife cybercrime. By equipping social media/e-commerce/courier/logistics companies and law enforcement agencies with tools to break links between illegal wildlife buyers and sellers and increasing enforcement and industry capacity in China, Viet Nam, Cameroon and Tanzania. The project will increase detection and action against cybercrime, thereby reducing associated threats to people and wildlife.

Indonesia from Market to Courtroom

Funded by the U.S. Department of State

Through this Project, TRAFFIC will target law enforcement agencies at provincial and national levels to tackle illegal trade in terrestrial vertebrates in Indonesia, focusing on provinces in Kalimantan and Sumatra, as well as Jakarta as the major national trade node. The project aims to support and improve the capacity of Indonesian law enforcement and judicial sector authorities to improve the multi-agency effectiveness of efforts to combat wildlife trafficking at all stages of the supply chain and enforcement: from source to domestic markets and points of export, targeting investigations, arrests and the case preparation necessary to achieve successful prosecutions.



Sampling ivory during a wildlife forensics training workshop in 2018 Photo: TRACE Network

Wildlife DNA Forensics and Seizure Training

Funded by the U.S. Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL)

TRAFFIC, in collaboration with TRACE, are working together on this project to ensure that enforcement and scientific communities more effectively realize the potential of wildlife DNA forensics. The project aims to maximize the capacity of national agencies to collect, analyse and report on wildlife DNA evidence, either in-country or through facilitated international service provision to obtain relevant intelligence to investigations in such a way that evidence is admissible in court.

DETER Phase IV - Partnership against Poaching and Illegal Wildlife Trade (Ivory and Rhino-Horn) in Africa and Asia *Funded by GIZ (Gesellschaft für Internationale Zusammenarbeit)*

This project aims to combat poaching and illegal wildlife trade through demand reduction in Asia and law enforcement in Africa. In China, TRAFFIC are working with the Chinese Government and private sector to implement efforts to combat illegal wildlife trade (IWT) through the reduction of supply and demand for illegal wildlife products in China and Africa, by: engaging targeted business and opinion leaders in China; raising awareness of Chinese citizens living and working in, or visiting Africa about IWT; and supporting China–Africa co-operation against IWT. In Africa, the reduction of illegal wildlife trade is supported through improved information-sharing by law enforcement through the Trade in Wildlife Information eXchange (TWIX) systems and supporting national, regional and international policy fora of IWT relevance.

China's Champions of Change: Addressing the Demand for Illegal Wildlife Products

Funded by the European Commission

Implemented by TRAFFIC in China, WWF and ZSL, this project supports the action of China to reduce demand for endangered species products linked to Chinese consumers, particularly pangolin, and promotes responsible consumption of endangered species, especially rosewood species, thereby contributing to reduced trafficking and implementation of the EU Action Plan against Wildlife trafficking.

Notes to the Accounts: year ended 30 June 2018

Analysis of charitable funds for the year ended 30 June 2017:

	1 July 2016 £	Income £	Expenditure £	Transfers £	30 June 2017 £
Unrestricted funds	982,102	1,231,662	(1,156,569)	587	1,057,782
Restricted funds					
Major projects:					
Ending Tiger Trade between South Asia and China	1	146,012	(144,432)	-	1,581
Wildlife Trafficking, Response, Assessment and Priority setting	(152,236)	1,348,398	(973,908)	-	222,254
Changing behaviour to reduce demand for rhino products	26,283	135,256	(111,701)	-	49,838
Wildlife Crime Initiative	152,361	375,526	(269,971)	-	257,916
"Info to Action"	75,500	102,452	(177,441)	(511)	-
Enhancing management and benefit flows Viet Nam's wild medicinal products	1,468	113,855	(116,215)	1,332	440
Reducing Demand for Rhino Horn in Vietnam	26,770	105,602	(231,580)	-	(99,208)
Cutting Wildlife Trafficking Off at the Source	256,955	281,013	(101,887)	-	436,081
Analysis of Proposals for CoP17	(53,511)	153,367	(96,074)	-	3,782
WWF France Africa TWIX	33,865	100,918	(135,314)	-	(531)
Reducing Trade Threats in Africa's wild species and ecosystem	-	461,173	(172,654)	-	288,519
USAID Saving Species	-	135,084	(37,469)	-	97,615
Elephant Trade Information System MIKES	21,504	125,232	(104,509)	4,778	47,005
DETER phase II	32,257	565,591	(572,562)	-	25,286
ROUTES	(302,955)	613,611	(271,966)	-	38,690
Reduce illegal timber in supply chains Cameroon to China	-	450,467	(455,208)	-	(4,741)
	118,262	5,213,557	(3,972,891)	5,599	1,364,527
Pass-through funds	-	495,947	(495,947)	-	-
Other projects	508,809	1,108,973	(1,439,593)	(6,186)	172,003
	627,071	6,818,477	(5,908,431)	(587)	1,536,530
Total funds	1,609,173	8,050,139	(7,065,000)	-	2,594,312

Notes to the Accounts: year ended 30 June 2018

14. Operating leases

At 30 June 2018 the Charity had total commitments under non-cancellable operating leases as set out below:

	2018 £	2017 £
	Land & Buildings	Land & Buildings
Payment due:		
Within one year	34,660	34,660
Within two to five years	139,521	139,174
After five years	86,058	121,064
	<u>260,239</u>	<u>294,898</u>

15. Related party transactions

In accordance with FRS 102, there are no related party transaction to disclose for 2018 (2017: none).

16. Taxation

The Charity is exempt from corporation tax as all of its income is charitable and is applied for charitable purposes.

17. Comparative balance sheet

	Notes	Unrestricted Funds £	Restricted Funds £	2017 Total £
Fixed Assets				
Intangible fixed assets	8	31,406	-	31,406
Tangible fixed assets	9	18,127	-	18,127
		<u>49,533</u>		<u>49,533</u>
Current Assets				
Debtors	10	160,324	2,034,191	2,194,515
Cash at bank and in hand		1,197,756	1,264,823	2,462,579
		<u>1,358,080</u>	<u>3,299,014</u>	<u>4,657,094</u>
Liabilities				
Creditors: amounts falling due within one year	11	349,831	1,762,484	2,112,315
		<u>1,008,249</u>	<u>1,536,530</u>	<u>2,544,779</u>
Net current assets		<u>1,008,249</u>	<u>1,536,530</u>	<u>2,544,779</u>
Total assets less current liabilities being net assets		<u>1,057,782</u>	<u>1,536,530</u>	<u>2,594,312</u>
The funds of the Charity				
Restricted funds		-	1,536,530	1,536,530
Unrestricted		1,057,782	-	1,057,782
Total Charity funds		<u>1,057,782</u>	<u>1,536,530</u>	<u>2,594,312</u>

Notes to the Accounts: year ended 30 June 2018

18. Post balance sheet events

As of 1 July 2018, TRAFFIC programme offices in Cameroon, Malaysia, South Africa, Tanzania, and Viet Nam became branches of the UK Charity so in FY19 will be consolidated into TRAFFIC International's statutory accounts. There was no cash consideration for any of the offices. The consolidation of the programme offices into TRAFFIC International will not impact on the going concern of the organisation

Options for registration of a TRAFFIC representative office in China are also being explored.

TRAFFIC, the wildlife trade monitoring network, is a leading non-governmental organisation working globally on trade in wild animals and plants in the context of both biodiversity conservation and sustainable development.

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TRAFFIC
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