

TRAFFIC

TRAFFIC FY21

**TRUSTEES'
REPORT AND
FINANCIAL
STATEMENTS**



MESSAGE FROM THE CHAIR OF TRUSTEES AND EXECUTIVE DIRECTOR

TRAFFIC's year to the end of June 2021, covered by this report, was marked by programmatic and operational success, despite continued uncertainties in the external environment, resulting especially from the Covid-19 pandemic.

As reported last year, the pandemic caused postponement or modification of activities normally at the heart of TRAFFIC's work and this situation carried over into this reporting period. However, the organisation continued to adapt well. Programmatically, it achieved strong, targeted engagement in international events and processes, for example maintaining significant involvement and influence in development of new targets for biodiversity conservation being elaborated by governments worldwide. Moreover, TRAFFIC continued to build its own Covid-focussed work, collaborating with zoonotic disease experts in order to help determine the right responses to health risks from wildlife trade. New opportunities to partner on projects, policy approaches and funding proposals emerged from this.

As noted in this report, the Board of Trustees decided to extend the validity of the overarching framework for TRAFFIC's work, its Programme Strategy, until the end of June 2022, given the extraordinary circumstances of the pandemic. This has allowed time for well-prepared design of TRAFFIC's strategy to 2030. Planning for this next organisational strategy started during the first half of 2021, and under the leadership of the new Executive Director

from June.

Operationally, the organisation continued to manage effectively a large and diverse project portfolio during this reporting period, resulting in satisfactory financial performance overall and growth in income and staff numbers projected. Progress was made with registration for TRAFFIC offices in Tanzania and Belgium, such that both entities are likely formally to be registered by the end of 2021. Particularly important in the context of operational expansion, careful attention has been paid to curating and communicating organisational policies and procedures, as exemplified by the launch in January 2021 of a cohesive environmental sustainability policy.

The achievements referred to in this report reflect the hard work and commitment of TRAFFIC staff, government partners and intergovernmental organisations, and other stakeholders who support the implementation of our work. We extend our gratitude to them and likewise thank the Trustees for their oversight and guidance, and our founding partners IUCN and WWF. We also thank the many organisations and partners who have helped to fund TRAFFIC's work during this year and support our long-term goal to ensure that trade in wild plants and animals is not a threat to the conservation of nature. Finally, we thank Steven Broad for his leadership of TRAFFIC for the past 25 years, during which he built the organisation from a relatively small unit into a cutting-edge force in this critical area of conservation.



MARK HALLE
Chair of the Board



RICHARD SCOBEY
Executive Director





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 2021.

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, as well as for income. 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 the trade in wild species has made—and continues to make—to human wellbeing.

TRAFFIC International (hereafter referred to as TRAFFIC) is a leading non-governmental organisation working globally to address biodiversity conservation and sustainable development priorities linked to the trade in wild species. TRAFFIC was 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 to reduce illegal wildlife trade and enhance benefits from sustainable, legal trade in wildlife resources.

TRAFFIC delivered its work through a team of approximately 160 staff based in Asia, Africa, and Europe. Global leadership, technical expertise and support functions to the organisation as a whole were delivered through TRAFFIC's global office, which is based in Cambridge, UK. 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 achieve an influence disproportionate to our size. This report presents TRAFFIC's financial accounts

and highlights some of our achievements during FY21 (July 2020 – June 2021). Our combination of original and in-depth research, targeted communications and capacity building, helped governments, businesses, other non-governmental organisations (NGOs) and individuals around the world to take action in line with TRAFFIC's mission to ensure that wildlife trade is not a threat to the conservation of nature. Achievements during this time were particularly notable given the travel, meeting and other restrictions posed by the COVID-19 pandemic, and increased attention on wildlife trade and disease risks given speculation about whether there could be links between the COVID-19 outbreak and a market in China where wildlife was being sold.

To find out more about TRAFFIC's work and the difference we make, please visit our website at www.traffic.org.

PROGRAMME OBJECTIVES AND FOCUS

The Charity's objects, set out in its 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 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 objects, TRAFFIC supports implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and other international agreements and national level wildlife trade controls. TRAFFIC also supports wider public and private sector efforts to eliminate illegal wildlife

trade and promote sustainable management and trade of fisheries, timber, non-timber forest products, and other wild-sourced commodities.

TRAFFIC informs, promotes, facilitates and otherwise supports action to address wildlife trade issues in 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 designing 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 and related products.

TRAFFIC's FY21 work plan focused on 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. Many projects combined elements of work under both workstreams, reflecting the

importance of reducing illegal trade in order to achieve sustainable, legal trade in wildlife resources and the potential for sustainable incomes from legal trade to dissuade illegal activities. A third element was added to the FY21 work plan that focused on exploring and responding to potential links between wildlife trade and zoonotic disease risks to human health in response to potential risks brought to light by the COVID-19 pandemic.

The design and delivery of work under these two workstreams and on responses to the COVID-19 pandemic were underpinned by a broader programme of strategic research and analysis to produce guidance on a range of wildlife trade issues. Targeted communications, tools and training were used to inform, engage and support positive actions by stakeholders.

WORKSTREAMS

ACTION TO ENHANCE SYSTEMS FOR SUSTAINABLE, LEGAL WILDLIFE TRADE

Work is focused on enhancing benefits from sustainable and legal trade in wildlife resources by increasing incentives and pathways for

businesses, communities and consumers to engage in responsible trade practices

ENHANCING RESPONSES TO WILDLIFE CRIME AND ILLEGAL TRADE

Our work is focused on achieving a sustained reduction in illegal wildlife trade by increasing the risks and reducing the rewards associated with trading in wildlife contraband, thereby

reducing the criminal motivation and engagement in the illicit trade that is driving the poaching crisis.

EVIDENCE TO INFLUENCE APPROACH

RESEARCH

Market monitoring
Legislative reviews
Behavioural insights
Investigations

01

ANALYSIS

Data mapping
Information systems
Applying context
Academic insights

02

GUIDANCE

Early warning
Threat assessments
Setting standards
Regulatory design

03

ENGAGEMENT

Enforcement support
Policy advice
Communications
Training

04

PROGRAMME DELIVERY - ACTIVITIES AND HIGHLIGHTS

The calendar year 2020 was anticipated as a “super year” for shaping and driving forward conservation policy and action on behalf of people and the planet. Governments were set to agree on the post-2020 Global Biodiversity Framework (GBF) during the 15th meeting of the Conference of Parties to the Convention on Biological Diversity (CBD) planned for October 2020, setting out the scope and ambition for the global biodiversity agenda for the next 30 years. Many of the international meetings and events initially planned for the second half of 2020 were postponed to 2021. The pandemic was a major topic on the agendas of those that went ahead and was also the subject of specific events to consider the impacts and responses to COVID-19 in the context of biodiversity, sustainable development, trade, and associated risks.

Instead, 2020 became the year of COVID-19, impacting individuals and institutions the world over, TRAFFIC included. International events were postponed or moved online, physical market monitoring was largely impossible, in-person meetings and workshops were suspended, and staff worked from home.

These conditions persisted in 2021 in many locations where TRAFFIC worked, requiring ongoing adaptive management of project activities and working environments. Although some work had to be postponed, many activities that could not go forward as planned, e.g. in-person workshops, were modified to take place online. The pandemic had particular relevance for TRAFFIC’s work: speculation about a potential link between the COVID-19 outbreak and wildlife sold at a market in Wuhan, China threw a spotlight on wildlife trade and its potential as a route for zoonotic disease transmission to humans.

A selection of programme highlights during FY21 are provided below, including COVID-19 specific work and achievements delivered as originally planned. Work was typically delivered in partnership with other organisations including government agencies, intergovernmental and civil society organisations, and businesses, and in many cases built on efforts that have been gaining momentum and growing in impact over multiple years.

ENHANCING RESPONSES TO WILDLIFE CRIME AND ILLEGAL TRADE

Government and private sector efforts to eliminate illegal trade in ivory, rhino horn, timber, wild birds and a vast array of other wildlife and wildlife products have grown in scale and sophistication over the past decade. Unfortunately, wildlife traffickers continually adopt new techniques to avoid detection; requiring governments, international agencies, businesses and consumers around the world to redouble individual and collective efforts to

tackle wildlife crime. TRAFFIC remained at the forefront of these efforts, focusing on providing leadership, insights and tools supporting and strengthening co-operative action by public and private sector stakeholders.

Examples of achievements to which TRAFFIC contributed during the year are summarised on the following page.

INCREASING OBSTACLES TO SHIPPING WILDLIFE CONTRABAND BY SEA



Illegal timber, ivory and other types of wildlife contraband are often concealed in shipping containers and smuggled by sea for offloading and sale in foreign ports. The sheer scale of maritime shipping – approximately 800 million containers are shipped worldwide each year - gives traffickers an advantage in circumventing Customs, CITES and other trade controls.

TRAFFIC worked with other institutions to organise a series of multi-stakeholder events to increase awareness and action to reduce wildlife trafficking by sea. In partnership with the International Maritime Organization (IMO), United for Wildlife, UN Development Programme, and WWF, TRAFFIC convened a Webinar “Accelerating action against Wildlife Trafficking in international maritime supply chains” (September 2020). The virtual event, attended by over 200 participants, demonstrated the scale of wildlife trafficking in international maritime transport and introduced a proposal by the Kenya Government for IMO to develop “Guidelines for the prevention and suppression of the smuggling of wildlife

on ships engaged in international maritime traffic.” TRAFFIC, WWF and the United for Wildlife Transport Taskforce then collaborated again to spread the message in Asia, co-convening the (virtual) Panel discussion “Asia Dialogue on Responses to Wildlife Trafficking in Maritime Transport” (February 2021). Over 150 participants from a wide range of agencies and organisations attended, including Customs agencies and the World Customs Organization, CITES Management Authorities and the CITES Secretariat, freight and logistics companies, and NGOs. Leaders from the shipping industry, TRAFFIC and other NGOs and government stakeholders shared their perspectives on upcoming developments and responses to wildlife trafficking in maritime transport affecting the region.

TRAFFIC, WWF, the UN Office on Drugs and Crime (UNODC), EIA and FIATA co-convened the event “Private sector collaboration to counter IWT in maritime containerised shipping” during the 30th Session of the UN Commission on Crime Prevention and Criminal Justice UN-CCPCJ (May 2021). The event

set the stage for more detailed discussions during a two-day Global Shipping Roundtable. The roundtable, the first of its kind, included representatives from nearly 40 private shipping lines, freight forwarding companies, and port operators, over 15 government agencies, international organisations including the World Customs Organization and International Maritime Organization and NGOs. Participants agreed that more effective use of digital technology to identify suspect shipments,

capacity building and stronger government-industry collaboration were critical to reducing wildlife trafficking by sea. Guidance provided in Red flag indicators for wildlife and timber trafficking in containerised sea cargo, co-developed by TRAFFIC and WWF, will also help frontline staff identify suspicious cargo and detect illegal wildlife trade. This guidance, shared during the Roundtable event, was subsequently made available via TRAFFIC's website.

INCREASING OBSTACLES TO SHIPPING WILDLIFE CONTRABAND BY SEA



Despite major declines in air transport during the year, airline and airport associations, as well as individual companies, took important steps to reduce wildlife trafficking. Among achievements under the USAID Reducing Opportunities for Unlawful Transport of Endangered Species (ROUTES) Partnership was the launch of a handbook for Airports Council International (ACI) member airports to take action to combat wildlife trafficking. It became one of the top five downloaded publications on the ACI website in June

2021 within three days. ACI also included wildlife trafficking prevention in training under their Security Management Program, which is available to all ACI members. As of the end of June 2021, 13 airlines had committed to implement the illegal wildlife trade module of the International Air Transport Association's (IATA's) Environmental Assessment (IEnvA), with four passing the assessment so far, thereby demonstrating their delivery of the United for Wildlife Transport Taskforce Buckingham Palace

Declaration (BPD) commitments. IATA also adapted the assessment to be available to all 290+ IATA members, enabling non-IEEnvA airlines to also demonstrate their fulfilment of the BPD commitments. Approximately 45 airline and airport representatives helped test a new mobile phone application for reporting wildlife trafficking at airports, co-

developed by TRAFFIC, ROUTES partners, and CrimeStoppers International. The App is scheduled for launch in October 2021. Targeted outreach to aviation stakeholders in Latin America and the Caribbean in early 2021 led several Brazilian airlines to establish a Working Group to discuss wildlife trafficking prevention actions.

EXPANDING ACTION AGAINST WILDLIFE CYBERCRIME IN ASIA AND AROUND THE WORLD



“ We are proud to work closely with TRAFFIC Southeast Asia on disrupting local trafficking activities in the Philippines and Indonesia. [TRAFFIC] SEA provides our team with valuable insights that help fuel our fight against online illicit wildlife trade and we look forward to continuing our collaboration in the region and beyond.

– Jan Edward Lim, Public Policy Associate Manager at Facebook

Three of the world’s largest social media companies - TikTok, Douyin and Huya - joined the Coalition to End Wildlife Trafficking Online in early 2021, representing approximately two billion users. These additions expanded Coalition membership to 42 companies, with a collective reach of more than 11 billion user accounts globally. The Coalition is convened

by a partnership of TRAFFIC, WWF and the International Fund for Animal Welfare (IFAW). The Coalition celebrated its third anniversary in March 2021 with an online event for US and Europe-based members and identified opportunities for future collaboration. Coalition member Facebook removed nearly 2000 groups linked to prohibited wildlife sales

operating in the Philippines and Indonesia based on near real-time monitoring data provided by TRAFFIC. Groups typically had from a few hundred to tens of thousands of members, with their removal having a considerable reach and effectively disrupting traders' communications channels.

In China, TRAFFIC, IFAW and China Wildlife Conservation Association (CWCA) convened


two online meetings to increase awareness of illegal online wildlife trade, improve communications and strengthen relations between tech companies and China's National Forestry and Grassland Administration. Coalition members attending included Alibaba, Baidu, Tencent, and 16 other companies. Information provided by TRAFFIC also supported efforts by Coalition members in China to remove listings of prohibited wildlife.

HELPING TAKE THE PROFIT OUT OF WILDLIFE CRIMES

TRAFFIC ramped up action targeting money laundering and other financial crimes associated with illegal wildlife trade. TRAFFIC's success with working with the financial sector continues to grow, e.g. engagement with the Association of Certified Anti-Money Laundering Specialists (ACAMS), and delivery of capacity-building sessions through the United for Wildlife partnership on the role of financial intelligence in combating wildlife trafficking.

Publication of a comprehensive Case Digest- An Initial Analysis of the Financial Flows and Payment Mechanisms Behind Wildlife and Forest Crime provided a thorough examination of financial data from more than 40 wildlife crime cases from across the globe, including 11 detailed case studies. The report was a product of years of unprecedented collaboration between participating government agencies, financial intelligence units, non-governmental organizations and

other sector experts. This was followed by release of The Illegal Wildlife Trade and the Banking Sector in China: The Need for a Zero-Tolerance Approach, providing banks in China, Vietnam and Lao PDR with practical guidance on systems and processes needed to manage business risks associated with illegal wildlife trade. A companion Briefing Note for Institutional Investors - The Illegal Wildlife Trade and the Chinese Banking Sector: The need for a zero-tolerance approach set out the steps that investors can play in encouraging banks to take effective action on illegal wildlife trade. TRAFFIC's success with working with the financial sector continues to grow, e.g. engagement with the Association of Certified Anti-Money Laundering Specialists, and delivery of capacity-building sessions through the United for Wildlife partnership on the role of financial intelligence in combating wildlife trafficking.

 *This book is very welcome, as it starts to demystify how financial crime linked to wildlife and forest operates. It is a useful tool to assist countries and we hope that it serves as a basis for pursuing financial investigations to detect and deter organized criminal groups from engaging in these crimes. We look forward to further publications on similar themes as the extent of knowledge around the world in this vital subject increases.*

— **Jorge Rios, Chief of UNODC's Global Programme for Combating Wildlife and Forest Crime**

EXPANDING THE USE OF “BEHAVIOUR CHANGE” APPROACHES TO TACKLE WILDLIFE TRADE CHALLENGES



TRAFFIC’s global leadership and targeted approaches in major consumer markets, maintained momentum for professionalising demand reduction and other behaviour change initiatives.

Draft CITES Guidance on Demand Reduction, developed by TRAFFIC for CITES Parties, was shared via the CITES website and discussed during a subsequent ‘Consultation Workshop’ convened by the CITES Secretariat. Feedback on the guidance from the nearly 100 workshop participants, including representatives from 23 CITES Parties, several IGOs, and other observers, was positive, with no substantive changes suggested. Feedback on the workshop was also positive: everyone completing the event evaluation survey assessed it as ‘good’, ‘very good’ or ‘excellent’, with most also indicating that the workshop had strengthened their capacity, knowledge, and skills around behaviour change and demand reduction. The CITES Secretariat had high praise for both the Guidance and the

workshop during the event debrief. TRAFFIC also produced a companion/complementary document, A Briefing Paper on Research Methods to Identify the Drivers and Dynamics of Demand and DR Impact Measurement. This user-friendly document sets out the basic principles for conducting research aimed at informing demand reduction efforts.

Contributions to wider calls for using behavioural science to achieve conservation objectives included co-authorship of two ‘nudging for nature’ papers, Biodiversity conservation as a promising frontier for behavioural science (in Nature) and ‘Making more effective use of behavioural science in conservation interventions’ (in Biological Conservation). Membership in the UN Consumer Information Programme on Biodiversity Communications provided a further platform to promote effective behaviour change communications, as well as to elevate wildlife trade in the UN Sustainable Development Goals/Sustainable Consumption

and Production agendas. This complements the recent publication of Guidance Note on Behavioural Science by the UN Secretary General (here), and a call for all UN Agencies to embed behavioural science more thoroughly in their work.

Global guidance on applying Social and Behavioural Change Communication (SBCC) approaches was adapted to take into account specific cultural considerations and practical needs for application in China. The online SBCC Toolkit and Training for Chinese Government Officials set out the strategic case for SBCC and provided step-by-step guidance on how to use SBCC approaches to achieve conservation impact. A quiz was included in the toolkit to assess learning by toolkit users. TRAFFIC and the China Wildlife Conservation Association (CWCA) introduced the toolkit during workshop focused on using SBCC approaches to increase understanding of national policies and laws among potential wildlife consumers.

Phase III of the Chi Initiative, a social marketing programme initiated in 2014 to reduce rhino horn consumption among affluent, urban businessmen in Viet Nam, was concluded in June 2021. Consumer surveys showed lower intentions to buy rhino horn and perceptions that such purchases were socially acceptable among individuals exposed to Chi messaging. New funding was secured, and work expanded to include other species. On International Tiger Day, the Enterprises Development Foundation, Vietnam Chamber of Commerce and Industry disseminated Traditional Medicine (TM)-oriented SBCC messaging to discourage

purchase, use, and gifting of Tiger and similar products. Five TM universities and 25 TM clinics displayed TRAFFIC messaging to discourage the prescription and consumption of rhino horn and other illegal wildlife products. Work to understand and explore ways to reduce motivations for keeping songbirds was presented in Calling for compassion: countering Vietnam's songbird demand with Buddhist philosophy. After listening to regular dharma talks by the Venerable Thich Thanh Huan, 60% of bird keepers no longer wanted to purchase songbirds. Their motivations included avoiding bad karma for confining birds; many said they would advise others against collecting songbirds.

TRAFFIC research drew attention to the need to expand SBCC-based approaches to understanding and reducing involvement in poaching and IWT. The People Beyond the Poaching: Interviews with convicted offenders in South Africa, released in September 2020, detailed the motivations, pathways to criminality and behavioural drivers of people trafficking rhino, abalone and cycad products. This was followed two months later by Insights from the Incarcerated: An assessment of the illicit supply chain in South Africa, which used the social insights arising from the offenders' study to illuminate IWT supply chains and modus operandi. A parallel study in Namibia Trading Years for Wildlife: An investigation into wildlife crime from the perspectives of offenders in Namibia, released in January 2021, provided a complementary analysis for wildlife criminals convicted in the Kavango Zambezi region and incarcerated in Namibia.

FACILITATING INTERNATIONAL ENFORCEMENT COMMUNICATIONS



Trade in Wildlife Information eXchanges (TWIX) are regional multi-government platforms enabling government personnel to share information on wildlife seizures, smuggling routes, modus operandi and other IWT-relevant information over a secure mailing list. A seizures database and an accompanying website, also secure, provide access to related resources, e.g. contact lists to facilitate direct communications (e.g. for sharing case-specific information), identification tools, and other references. TRAFFIC manages and supports the TWIX systems and individual users, including through sharing news, facilitating communications, and undertaking seizure data analyses to illuminate trade patterns.

The idea originated, and the first TWIX was developed in Europe by TRAFFIC and Belgian government agencies in 2005. As of June 2021, EU-TWIX had approximately 1300 users from 39 different European countries. A user survey conducted in late 2020 demonstrated the importance of EU-TWIX to

European enforcement personnel, with 90% of respondents noting that EU-TWIX is useful to their work, and 36% knowing of instances where EU-TWIX had assisted with one or more wildlife investigations/cases. EU-TWIX data also supported analyses published in An overview of seizures of CITES-listed Wildlife in the EU in 2019.

Following the success in Europe, TWIX systems have been replicated in Central, Southern and Eastern Africa. Participation in AFRICA-TWIX stood at eight Central African countries, with approximately 300 users from enforcement and other government agencies and inter-governmental organisations. Workshops co-organised for AFRICA-TWIX users strengthened use of this and other tools to support action against illegal wildlife trade in and around the Congo Basin. SADC-TWIX connected nearly 500 users from 12 southern African countries. Unfortunately, ongoing travel restrictions postponed planned scoping missions to Seychelles and Comoros in the

hopes of securing their participation. Support from government members remained strong, and in the case of Namibia, became embedded in national policy, with SADC-TWIX referenced in Namibia's Revised National Strategy on Wildlife Protection and Law Enforcement 2021-2025. The newest member of the TWIX

family, Eastern Africa TWIX, was launched during a web-based event for governments in August 2020. Approximately 200 government personnel from Kenya, Uganda and Tanzania were connected by the end of June 2021.

SUPPORTING UK ENFORCEMENT COLLABORATIONS

In the UK, TRAFFIC continued to provide information and advice to the UK's National Wildlife Crime Unit (NWCU) and co-ordinated the UK Partnership for Action Against Wildlife Crime Forensic Working Group (FWG). TRAFFIC organised and co-ordinated FWG meetings (two in FY21). TRAFFIC also

participated in the NWCU's Cyber Enabled Wildlife Crime Priority Delivery Group, which facilitates collaboration between government, NGOs and civil society organisations to deliver a cohesive, pro-active approach to identifying and tackling cyber-enabled wildlife crime.

BROADENING THE USE OF AND ACCESS TO ILLEGAL WILDLIFE TRADE INFORMATION

Tools developed by TRAFFIC to support our and others' research and enforcement support efforts continued to gain ground. TRAFFIC's Wildlife Trade Portal, a repository of open-access information on wildlife crimes, had nearly 20,000 records and over 700 users as of the end of June 2021. TRAFFIC developed and launched an Android application (App) for wildlife crime prosecutors and investigators to easily access information in Rapid Reference

Guides (RRG) developed for wildlife crime prosecutors and investigators. The first App, for Botswana, was demonstrated to 14 criminal justice staff, with a similar App under development for prosecutors in Namibia. ETIS Online, the online system for CITES Parties to report and access their ivory trade data, gained traction, with nearly 50 data providers from 40 countries making more than 200 data submissions since the November 2020 launch.

PRIORITY AREAS FOR WORK DURING FY22 WILL BE FOCUSED AROUND

- Engaging and supporting preventative action by transport, logistics, e-commerce, social media, finance, and other companies
- Supporting uptake of 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 actions and prosecutions
- Informing, catalysing and supporting social and behavioural change interventions in the marketplace
- Informing and motivating inter-governmental policy interventions, evaluating progress and ensuring accountability

STRENGTHENING SYSTEMS FOR SUSTAINABLE, LEGAL TRADE IN WILDLIFE RESOURCES

Although illegal wildlife trade gets most of the headlines, in terms of the number of items in trade and sheer volumes, the majority of wildlife products in trade are from legal sources. This includes many common food products and household items, including timber and other wood products, fisheries products, many herbs and spices, shells, reptile skins and other decorative and fashion items, and live plants and animals. Major industries, e.g. the pharmaceutical and food and beverage industries, rely on wild-sourced ingredients, including gums, resins and unique plant compounds with pharmacological properties. However, some products in legal trade are also

harvested and traded illegally. This undermines sustainable management practices and robs local communities and national governments of wildlife resources and associated revenue. TRAFFIC projects, therefore, focused on increasing access to information, tools and mechanisms designed to improve systems in place to facilitate legal, sustainable trade while simultaneously reducing opportunities for illegal trade.

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

KEEPING SUSTAINABILITY ON THE (POLICY) FRONT BURNER

Concerns regarding illegal wildlife trade, including in relation to potential disease risks, threatened to overshadow policy discussions focusing on legal, sustainable wildlife trade and its role in sustainable development. TRAFFIC's work and contributions to various policy processes helped raise the visibility of these issues.

The revised draft CBD Post-2020 Global Biodiversity Framework (GBF) produced following the CBD's Thematic Consultation on Sustainable Use (July 2020, web-based) strengthened proposed 2030 targets on wildlife trade and sustainable use, including ensuring trade is "safe" as recommended by TRAFFIC. TRAFFIC called for the strengthening of the GBF monitoring mechanism, with robust

indicators on wildlife trade and sustainable use during the subsequent Special Virtual Session of the CBD's Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA) (September 2020, web-based). TRAFFIC also advocated for attention to the GBF within CITES processes, drawing the CITES Standing Committee's attention to the draft GBF targets directly addressing wildlife trade, and calling for the development of ambitious but realistic indicators consistent with those to be used by CITES. The Standing Committee requested the CITES Secretariat to engage in GBF negotiations on behalf of CITES Parties, noting the importance of ensuring that CITES aims are reflected in the post-2020 Global Biodiversity Framework due to be agreed at COP15 in April/May 2022.

HELPING NEW FAIRWILD BUSINESSES AND PRODUCTS HEAD TO MARKET



Working in close partnership with the FairWild Foundation, TRAFFIC helped expand industry and consumer awareness of wild sourcing and opportunities to improve outcomes for both plant species and producers. Business interest in FairWild-certified ingredients grew steadily, with the number of FairWild certified/licensed companies rising to 38 as of the end of June 2021, including 13 wild-collection operations and 14 traders. FairWild certification of two of Nepal's most commercially important medicinal species, Jatamansi *Nardostachys jatamansi* and Kutki *Neopicrorhiza scrophulariiflora*, brought the number of FairWild-certified species to 25. Demand for FairWild-certified liquorice remained high, with the report *Sweet Dreams: assessing opportunities and threats in Kazakhstan's wild liquorice root trade* highlighting the importance and opportunities for improved management of harvest and trade in this species. Baobab products from Ecodées SAS and a new tea from Pukka Herbs joined the family of 67 products containing FairWild-certified ingredients. FairWild-labelled products are now sold in 68 countries and on every continent, except Antarctica (although we speculate that some are enjoyed there!).

The pandemic meant that online conferencing remained the primary vehicle for business outreach. FairWild's virtual exhibit at BioFach, the world's largest organic trade fair, led to 19 1:1 meetings with potential prospects and additional leads. A 'Meet the Producers' webinar connected FairWild producers directly with buyers, with NGOs and other interested stakeholders attending as well. Eight companies engaged with the #WeUseWild challenge during FairWild Week 2021, and four spoke about responsible sourcing challenges and opportunities during the FairWild Week Webinar "Wild Plants are our Business" co-hosted with FAO and the US-based Sustainable Herbs Program.

FairWild Week communications also reached wider audiences, with media pickup from TRAFFIC press releases having a potential reach of millions of viewers. Social media posts by FairWild, TRAFFIC, and FairWild partners and supporters (including businesses, producers, and other organisations) had a potential audience estimated in the hundreds of thousands and triggered thousands of 'engagements' (reposts, likes, shares).

PROVIDING INFORMATION AND TOOLS FOR SUSTAINABLE TRADE IN CITES-LISTED PLANT SPECIES



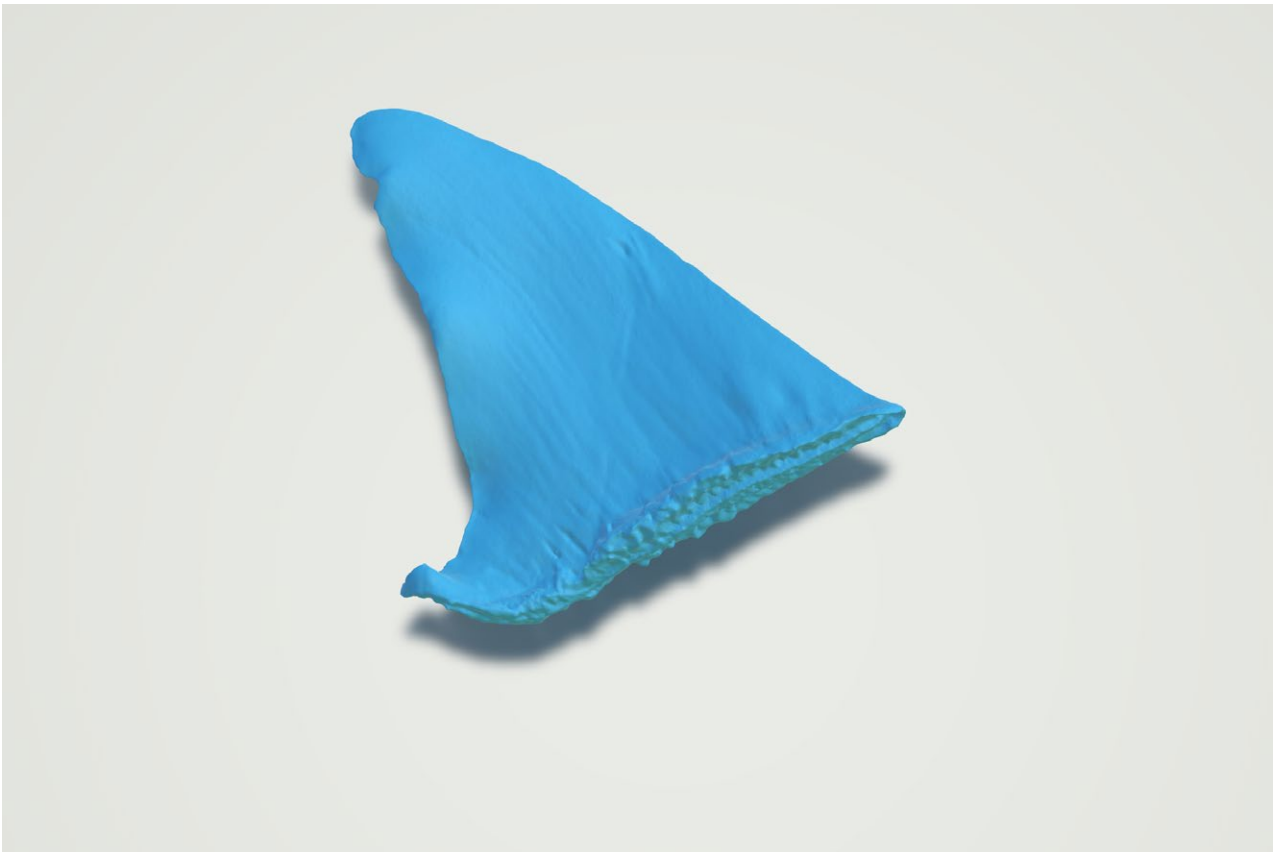
TRAFFIC continued to work to improve the sustainable management of CITES-listed species despite significant constraints on travel and field activities.

Significant progress was made for timber and other perennial plants listed in the CITES appendices. Governments worldwide now have 24/7 access to information and tools for determining sustainable trade levels for timber and other CITES-listed plant species. In collaboration with Germany's Federal Agency for Nature Conservation, TRAFFIC developed two e-learning courses providing step-by-step guidance on making CITES 'non-detriment' (NDF) findings for perennial plants and timber exports. The courses and related information and tools are hosted on a purpose-designed website launched to coincide with the CITES

Plants Committee meeting. The website attracted over 350 unique visitors from 53 countries within the first five weeks of going live.

TRAFFIC advised on the development of South Africa's Biodiversity Management Plan (BMP) and CITES non-detriment (sustainability) finding (NDF) for Bitter Aloe *Aloe ferox* (CITES Appendix II), the extract of which is traded to European markets in large volumes for use in drinks, medicines, gels and creams. Of note is that TRAFFIC's 2006 report on *Aloe ferox* trade remains a critical reference for the BMP. In Nepal, TRAFFIC supported local teams liaising with the national government to establish the harvest quota for Jatamansi (CITES Appendix II) for the 2020 harvest season.

IMPROVING MANAGEMENT OF SHARK FISHERIES AND TRADEMARKET



Identifying CITES-listed and other protected shark species purely from their fins is enormously challenging. Until now, hands-on ID training was largely impossible, owing to the difficulties of accessing, storing and using real fins. Thanks to TRAFFIC's novel creation, government agencies such as Customs, conservation NGOs and others can produce three-dimensional replica fins for Great Hammerhead, Oceanic Whitetip, Silky and nine other commonly-traded shark species. Instructions (in English, French and Chinese) and templates for 3D printing and painting the fin sets can be downloaded free of charge from TRAFFIC's website. The response has been extremely positive, as has collaborations to get fin sets into the hands of government agencies: UNODC provided funding for two fin sets for Sri Lanka's Customs authority, Oceana Peru was planning to provide several sets to Peru's Customs authority, and WCS to make a set for Customs in Mozambique. Related files have been downloaded from TRAFFIC's website by government agencies and many other actors including universities, tech companies and aquaria.

The CITES Animals Committee agreed numerous recommendations and draft decisions aimed at improving trade monitoring, fisheries management and cooperation with FAO and other inter-governmental organisations. Conservation, Fisheries, Trade and Management Status of CITES-listed Sharks, co-authored by TRAFFIC and tabled during the meeting by Germany, drew attention to opportunities for conserving shark populations, including through harmonising CITES and Regional Fisheries Management Organisation (RFMO) measures.

Important progress was also made at the national level. The Republic of the Congo's General Directorate of Fisheries and Aquaculture committed to developing a National Plan of Action for the conservation and management of sharks (NPOA-Sharks) and implementing CITES requirements. These commitments were a direct response to the findings and recommendations of TRAFFIC research presented in Artisanal Shark Trade in the Republic of the Congo and an

accompanying video released in August 2020 (French and English). TRAFFIC's analysis found that overcapacity and illegal fishing threatens sharks, including the Critically Endangered Scalloped Hammerhead, as well as of the livelihoods of local fishing communities. Although Hong Kong data show the import of over 130 t of dried shark fins from the Republic of Congo from 2005 – 2015, there are no records of trade in Congo's CITES, Customs or fisheries data. The General Directorate welcomed TRAFFIC's collaboration

in moving forward, and related funding has been secured. New fisheries regulations introduced in Mozambique established protective measures for shark and ray species, including Whale Sharks and Manta rays. These regulations respond to work by TRAFFIC, in collaboration with WWF and WCS, over several years to catalyse increased action for sharks in Mozambique, including support for NPOA development.

PRIORITY AREAS FOR WORK DURING FY22 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

SUPPORTING INFORMED RESPONSES TO WILDLIFE TRADE AND DISEASE RISKS IN THE WAKE OF COVID-19

Although the origin of the COVID-19 outbreak remains unknown, concerns regarding potential risks to human health associated with wildlife markets and trade remained high throughout the year. TRAFFIC responded by forging partnerships with the health, veterinary science and other sectors to develop a comprehensive approach to understanding and reducing potential risks. A central focus of this work was finding common ground among different disciplines and exploring and identifying potential solutions and approaches.

As a member of the Collaborative Partnership on Sustainable Wildlife Management (CPW), TRAFFIC contributed to the joint statement on The COVID-19 challenge: Zoonotic diseases and wildlife. The 14 CPW members, which also include the UN Food and Agriculture Organization (FAO), the World Organization for Animal Health (OIE), and the CBD and CITES Secretariats, proposed four principles to guide decision makers and practitioners, focused on reducing the risk of future pandemics originating from wild animals while simultaneously strengthening conservation of wildlife, and respecting livelihoods, food security and cultural diversity.

TRAFFIC was among 20 leading conservation groups - the so-called Wildlife Conservation 20 - issuing a joint declaration to the G20 Leaders Summit in November 2020 calling for urgent action to invest in nature to protect biodiversity and reduce the risk of future pandemics. The declaration focused on opportunities to build long-lasting action to conserve planetary health and reset human interactions with nature into COVID-19 economic recovery plans. TRAFFIC provided input into the negotiation process that led to the G7 Carbis Bay Health Declaration and the G7 2030 Nature Compact adopted in June

2021. Two of the four summit themes were particularly relevant: Building Back Better and leading the global recovery from coronavirus while strengthening resilience against future pandemics; and tackling climate change and preserving the planet's biodiversity. TRAFFIC's interventions highlighted the need for close links between work under these two tracks and urged the adoption of high-level political commitments to address the links between zoonotic disease outbreaks and use and trade in biodiversity.

TRAFFIC was one of only a few organisations to draw attention to the importance of monitoring and responding to the impacts of the pandemic on trade in wild plant ingredients, topics discussed during an FAO-TRAFFIC workshop on "Sustainable health care, well-being and nutrition" (September 2020). Attention was also drawn to the importance of careful stewardship of other critical wild ingredients, including shark squalene (used in vaccine production).

Additional contributions included a TRAFFIC-led Targeting Natural Resource Corruption panel discussion on "The COVID-19 pandemic, corruption, and the socio-economic impacts on local communities" (December 2020). Panellists drew attention to the long-term socio-economic and governance crises faced by local communities and the importance of addressing governance issues, including corruption, in COVID recovery plans.

Priority areas for work to respond to potential disease risks associated with wildlife trade during FY22 have been incorporated within priorities for work under the 'Red' and 'Green' workstreams.

PROGRAMME CO-ORDINATION AND LEADERSHIP

The main activities of TRAFFIC's global office, based in Cambridge, fell 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 Senior Leadership Team (SLT) supervised and co-ordinated TRAFFIC's programme delivery and related fundraising, monitoring and evaluation functions. This helped maintain the strategic focus within and across different elements of the programme and workplan. The SLT was responsible for oversight of the Programme Coordination Team (PCT), which brought together staff leading and co-ordinating work under TRAFFIC's two workstreams with staff leading cross-programme research, policy, behaviour change and communications efforts. The PCT regularly reviewed programme delivery, advised on programme direction, organised regular Programme Forum meetings with colleagues around the world, and oversaw the development of TRAFFIC's FY22 work plan.

SLT and PCT members advised on TRAFFIC's programmatic responses to the pandemic, including the expansion of existing work priorities and the development of policy responses. Guidance was also provided on management of major partnerships, including ROUTES and the Coalition to End Wildlife Trafficking Online, and on work with businesses connected to wildlife trade chains, for example in the finance, tech and herbal product sectors.

The Business Resources Team promoted connectivity between TRAFFIC's programme

strategy, organisational development plan, and business model, ensuring the integration of business considerations into TRAFFIC decision-making at every level. This included supporting the work of other teams, e.g. guiding adaptive management of TRAFFIC's working practices and programme delivery.

TRAFFIC's Executive Director served on the Council of the Cambridge Conservation Initiative (CCI), a unique collaboration between the University of Cambridge and nine leading internationally focused biodiversity conservation organisations clustered in and around Cambridge. TRAFFIC also supported CCI activities in other ways, for example giving a lecture on CITES to students pursuing the CCI-affiliated MPhil in Conservation Leadership and hosting a placement student.

Work during the second half of the year also focused on facilitating a smooth transition as Steven Broad, TRAFFIC's Executive Director for 25 years, moved on from TRAFFIC at the end of May 2021. Richard Scobey assumed the Executive Director position on 1 June 2021. SLT members and other staff worked with both the outgoing and incoming Executive Directors to support the transition process and ensure that programmatic delivery remained on track.

PROGRAMME DEVELOPMENT AND EVALUATION

TRAFFIC's current Programme Strategy was finalised and approved by TRAFFIC's Board of Trustees in October 2017. The strategy builds on four decades of specialised knowledge and experience while emphasising new learning, innovation and expanded partnerships. It is designed to drive positive change in wildlife trade management in a rapidly evolving world of globalised commerce, connectivity and geopolitical change. A monitoring and evaluation framework is used as the basis for assessing progress against the Strategy at the outcome (Results) level. Given the extraordinary circumstances of the COVID-19 pandemic, the Board of Trustees decided to extend the strategy for a further year, to the end of June 2022.

TRAFFIC's Programme Strategy provided the overarching framework for TRAFFIC's work, with a more detailed annual work plan identifying priorities for the year. The work plan 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). The FY21 work plan also included an additional element framing TRAFFIC's programme response to the COVID-19 pandemic.

The lack of certainty and the variability of rules and guidance on working practices, travel and other operational issues around the world meant ongoing adaptive management of project activities and liaison with donors and partners. At the practical level, offices in some countries were allowed to re-open on a partial basis, enabling some staff to work alongside their colleagues for the first time

in a year. However, changing COVID-19 case levels meant that restrictions were frequently reimposed, often at short notice. Restrictions on local, national and international travel continued to fluctuate, as did rules regarding in-person meetings and events. TRAFFIC staff combined flexibility and creativity to adapt to the ever-changing situation, typically having not only a Plan B, but a Plan C in place in case things changed. The majority of TRAFFIC-organised events continued to be held online. In-person events such as a prosecutor training workshop in Angola required additional planning to ensure the health and safety of participants.

Performance and outcomes were assessed at six-monthly intervals, with the year-end assessment reviewing overall progress as initially set out in the FY21 work plan. Delivery of work under TRAFFIC's FY21 work plan remained largely on track despite the ongoing challenges presented by the COVID-19 pandemic, including bans on in-person meetings and travel. This included new areas of work added to the workplan in response to the COVID-19 pandemic, as well as work that had been foreseen in TRAFFIC's original programme design. Less progress was made than anticipated to move forward management and regulations supporting responsible trade, with travel restrictions frustrating some activities, e.g. trialling a new traceability system for shark products, and work on timber trade flows between Central Africa and Asia. Funding secured in the latter part of FY21 will enable prioritised activities to move forward in FY22.

FUNDING DEVELOPMENT

TRAFFIC staff led and/or supported the development of over 60 wildlife trade-related funding proposals during FY21. The majority of proposals were submitted in partnership with one or more other organisations with a view to increasing the effectiveness and impact of funded projects and expanding cross-institutional synergies.

The majority 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 (INL), the US Agency for International Development, US Fish and Wildlife Service and German government aid agencies.

Of particular note were large-scale funding opportunities issued by INL for work to combat illegal wildlife trade, for which TRAFFIC led on five proposals (three of which were successful) and partnered on a further three (two successful, one decision pending). Fewer large-scale funding opportunities were identified relevant to strengthen conditions for legal, sustainable trade, with this area remaining a priority for expanded donor research and

fundraising activity. Significant funding was raised to deliver specific programmatic priorities expanding TRAFFIC's geographic reach such as in West Africa (including expansion of the Trade in Wildlife Information Exchange platform - TWIX) and Central Asia (capacity building for law enforcement).

A focus was also placed on securing funding to support innovative solutions to wildlife trade challenges such as automated X-ray scanner detection in airports. Funding was secured to continue pioneering work to tackle corruption linked to wildlife crime, including for work in China and Madagascar. Several foundation donors renewed their investment in TRAFFIC's wider research, policy and communications work.

Investment to enhance TRAFFIC's proposal development process included regular support to Programme Offices to review and strengthen funding proposals and develop concepts to support outreach for new areas of work. Work to expand outreach to new sources of funding included a Marketing Review and establishment of a process for improving identification and communications with potential new donors.

COMMUNICATIONS

Communication of evidence-based, targeted research, analysis and insight into a wide variety of issues concerning wildlife trade is at the heart of TRAFFIC's work. During FY21 TRAFFIC produced numerous publications and other materials to inform and support wildlife-trade related discussions and actions by governments, businesses and individuals.

TRAFFIC published more than 30 research reports during the year, covering topics ranging from why people turn to wildlife trafficking and the financial flows within wildlife crime to publications on Japan's online ivory trade and the songbird trade in Southeast Asia.

One issue of the TRAFFIC Bulletin was published, which featured coverage on COVID-19 and zoonoses, bird singing competitions and the online amphibian trade.

Digital copies were distributed to more than 1,000 online subscribers in Europe, Asia, Africa, Oceania, and the Americas.

TRAFFIC's website is responsible for publicising news and publications with more than 110 news items, including report launches, posted on the site throughout the year. These publications drew attention to an array of wildlife trade developments, including successful wildlife enforcement actions. Meanwhile, our website hosts a dedicated COVID-19 resource section to house the various related publications produced by TRAFFIC. Emphasis has also been placed on improving the amount of Vietnamese and Chinese translated content available on our website in relation to the countries' various roles with wildlife trade.

All of TRAFFIC's outputs were made freely available for download from TRAFFIC's website with more than 10,000 downloads of our reports during the year.

Many national and international news outlets covered TRAFFIC's research, with outlets including The Independent, BBC Radio

4, Forbes, Al Jazeera, CNN and National Geographic, among others. TRAFFIC's communications team also routinely responded to media enquiries regarding an array of wildlife trade issues.

OPERATIONS MANAGEMENT

TRAFFIC's global structure continues to evolve as the organisation grows. As previously reported, the UK charity incorporated six field offices as branches or subsidiaries in the FY19-FY20 period. This structure was maintained in FY21 and, with Board approval, TRAFFIC began the process of registering national entities in Belgium and Tanzania during the financial year, with applications to be submitted in early FY22. Offices in China and Malaysia successfully fulfilled their statutory obligations during their first year of operation and continued to strengthen their institutional presences.

Other significant activities during FY21 included:

- Support to staff with potential Covid implications, focusing on staff welfare, legal obligations, flexible working support,

and return-to-the office procedures where appropriate.

- Support to various governance structures including the Board, the Operations Committee, the Senior Leadership Team, the International Management Team, the Business and Resources Team, the Programme Coordination Team, and various task teams.
- Support to senior management transitions including of the Executive Director and Regional Director – Asia
- A review and revision of organisational KPIs carried out by the Business and Resources Team.
- Roll-out of Multi-Factor Authentication (MFA) to all staff accounts in all offices as part of the organisation's strengthened cybersecurity measures.

PROJECT PORTFOLIO

During the financial year, a total of 94 projects were active, with 32 new contracts added and 40 projects completed during the year. As of 30 June 2021, TRAFFIC had 62 active projects. Sixty-nine funding proposals were submitted to various donors during the year and, at the time of reporting, thirty-five of the proposals submitted subsequently were confirmed or contracted.

TRAFFIC continued to adaptively manage its project portfolio and to deliver high-

quality outputs and outcomes despite the challenges of the ongoing pandemic. However, adaptive responses to COVID also resulted in delays in project implementation. Workplan changes and project extensions during the period required extensive discussions with donors, impacting expenditure and making forecasting challenging. TRAFFIC appreciates the collaborative approach to developing effective responses to the current operating environment adopted by the majority of its donors.

HUMAN RESOURCES

Human Resources (HR) directly supported 41 recruitments across the organisation during the year with 33 new starters in the organisation and 21 leavers processed during the period. This brings the average

number of staff employed by the charity to 153 Individuals. Four volunteers contributed approximately 889 hours of work in the TRAFFIC Global office.

PLANS FOR THE YEAR AHEAD

Ongoing responses to the coronavirus pandemic will continue to be a major focus for FY22, particularly the implementation of safe and effective approaches to return-to-office plans across the organisation's various locations. The Operations team will continue efforts to ensure branch office compliance both with UK and local statutory requirements, with these efforts set to expand with successful registration of legal TRAFFIC entities in Belgium and Tanzania. The Operations team will actively support

TRAFFIC's strategic planning process with an emphasis on improving its business model, and refining internal management systems. The team will lead the updating of several key policies including risk management and IT as well as introducing more comprehensive organisation-wide HR policies. The emphasis on safeguarding will continue with the formal establishment of a Risk and Compliance position and an expanded organisational action plan.

FINANCIAL REVIEW

TRAFFIC has seen its income increase during the year whilst expenditure remained constant. Group income saw an increase from £9.4m to £10.1m as a result of an increase in Government Agency Funding of £656k. There were reductions in some other sources of

project income. Group expenditure remained constant at £9.6m. TRAFFIC's free reserves were £2.1m, a decrease of £214k compared to the previous financial year as a result of foreign exchange losses.

INCOME

During the year, TRAFFIC received income totalling £10.1m, an increase of £729k compared to the previous year. The percentage of income from Charitable Activities remained stable and constituted 88% of total income.

Unrestricted income for the year stayed consistent at £1.2m, with the main movement being a £26k decrease in income from partners WWF and IUCN.

Restricted income in FY21 increased by £746k to £9.0m from £8.2m in the previous year. The increase was mainly due to a rise in income for projects funded via Government Agencies and Multilateral Agencies of £656k and £464k respectively. Income from WWF and IUCN also increased as the second TRAPs project commenced, a USAID project funded via IUCN. Overall, the number of projects increased by 14% and those that contributed more than £250k in the financial year rose from 9 to 13. In addition, the proportion of total income sources has continued to shift marginally towards an increased amount of Government Agency funding with income received directly from governments rising by £656K and constituting 47% of total income, compared to 44% (excluding transfers) 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.

There were 103 projects that brought in income during the year, an increase of 13 since the previous year. Despite the increased number of projects the reliance on two government-funded projects; Wildlife TRAPs and ROUTES, both USAID-funded projects, has remained constant having contributed just over 21% (2020: 22%) to restricted income. These projects are described in more detail in Note 15 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) directly and indirectly contributed 34% of total project income, across ten projects. This is an increase compared to last year where 31% of income was received directly and indirectly from USAID. These projects are embedded in different funding streams within USAID which lowers the overall risk factor. To mitigate potential risks further, TRAFFIC commits to expenditure related to these grants for one-year periods only.

EXPENDITURE

Expenditure during FY21 was £9.6m, consistent with FY20. Of the FY21 expenditure, 97% related to expenditure on Charitable Activities and 3% on raising funds.

Unrestricted expenditure rose by £421k compared to FY20. This represents a 37%

rise and is attributable to foreign exchange losses. FY21 saw unrestricted foreign exchange losses, largely due to revaluations of foreign currency bank accounts held in the UK, of £373k; whereas in FY20 there was a £54k unrestricted foreign exchange gain. The majority of TRAFFIC's income is received in

foreign currencies, namely US Dollar, Euro and Swiss Franc, and where those funds are yet to be expended the balances are held in foreign currency bank accounts. The revaluation of these accounts during fluctuations in currency rates during FY21, particularly in USD, largely caused the foreign exchange loss. TRAFFIC regularly reviews its foreign currency management to mitigate foreign exchange risk where possible and considered foreign

exchange risk when setting its reserve policy.

Restricted fund expenditure fell by £441k to £8.0m. Expenditure under the TRAPs project fell by £1.0m as the project moved from the first to second phase, whereas ROUTES expenditure increased by £485k as additional subcontractor commitments were made in the final phase of the project..

FUNDS

The net movement in group funds for the year was a surplus of £565k compared to a deficit of £185k in the previous year.

The net movement in unrestricted group funds was a deficit of £252k, as a result of

the aforementioned foreign exchange losses. Unrestricted funds held at the year-end were £2.2m. The net movement in group restricted funds was a surplus of £816k and restricted funds held at the year- end were £2.7m.

RISK MANAGEMENT

The Trustees recognise their role in the management and administration of the Group and that directorship carries legal responsibilities and duties including a responsibility to assess potential risks facing the Group. 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's UK office is subcontracted to TRAFFIC branch 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, 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,

safeguarding, and other regulatory issues. As well as employing appropriately professionally qualified staff we hold regular meetings with professional advisors both in the UK and in locations where we have offices overseas;

- 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.
- Risks posed by COVID-19 are cross-cutting ranging from the impact on the global economy, donor priorities, day-to-day operations, and most importantly individual staff welfare. TRAFFIC has established a COVID Working Group which meets regularly and carries out short and medium-term reviews of the impact of COVID on its programmatic and operational activities.

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.

SAFEGUARDING

TRAFFIC International takes very seriously its responsibility to protect people, including our staff, volunteers, partners, consultants, contractors, trustees and others affected by our work, from any harm that may result from coming into contact with our organisation.

As a wildlife conservation charity primarily involved in researching legal and illegal wildlife trade globally, and encouraging necessary action by governments, businesses, and others, TRAFFIC does not usually work directly with children or with adults who could be seen as at risk, nor do we carry out aid-funded relief work. Nevertheless, TRAFFIC employs around 150 staff globally and cooperates with a wide range of public and private sector partner organisations to carry out work related to people and their use of natural resources.

We recognise the importance of ensuring that our work does not have adverse social or environmental impacts at any level, and the need to incorporate these considerations both into the design and implementation of our activities and into the conduct of our staff and implementing partners.

TRAFFIC is aware that it is bound by the laws of the UK in respect of conduct both at home and abroad. We are committed to acting professionally, fairly, and with integrity in our business dealings and relationships wherever we operate. This includes implementing and enforcing effective systems through a framework of policies including professional conduct, sensitive activity management, anti-bribery, and whistleblowing. TRAFFIC's safeguarding statement can be found on our website.

ENVIRONMENTAL SUSTAINABILITY

TRAFFIC operates in 15 locations across five continents, managed from the global office in Cambridge, UK. TRAFFIC staff work under a variety of conditions in these strategic locations, from single individuals to larger groups, often hosted within an external host's premises. TRAFFIC's global office is part of the Cambridge Conservation Initiative based in the David Attenborough Building (DAB), a member of the DAB's Sustainability Working Group, and a partner in its Sustainability Action Plan. Using the DAB framework as a base, in January 2021, TRAFFIC launched a comprehensive sustainability policy that could be extended to its overseas offices, and which covers the following elements: carbon reduction and energy efficiency; purchasing and procurement; travel and transport; waste management; biodiversity and ecology; water use; and host collaboration and reporting. The focus in the second half of FY21 was on developing internal mechanisms for capturing and consolidating consumption data from TRAFFIC offices in different countries to establish base-line data, a process that will continue in FY22 as part of a step-by-step rollout beyond the UK. Targets will be reviewed and updated regularly in line with best practice guidelines.

TRAFFIC has a well-established carbon-offset programme through which it currently supports an organisation called Carbon Tanzania as part of its carbon offset commitment. In FY21, TRAFFIC recorded only £30 in carbon offset, representing 2.8 tonnes of carbon compared to £2,832 (365 tonnes) in FY20 and £3,403 (439 tonnes) in FY19.

As illustrated above, the coronavirus pandemic has had a significant impact on international and regional travel and has also disrupted working practices with most staff working from home for extended periods. This has delayed a number of planned sustainability activities aimed at the office setting and has also impacted the available data, which does not represent normal levels of consumption. In FY22, circumstances allowing, TRAFFIC will resume office-oriented activities and also look to expand its carbon offset programme beyond air travel to encompass other areas of its carbon footprint. TRAFFIC will continue to develop methods of working, including the use of new technologies, to promote lower impact activities and reduce its impact on the natural environment.

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 16th 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

TRAFFIC'S 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 based on the following range: the equivalent of four months of the Charity's planned annual Core expenditure to be maintained at all times and a maximum amount equivalent to six months of the

Charity's planned annual core expenditure.

During the year TRAFFIC modelled various scenarios to help evaluate the level of reserves that should be put aside to protect against risks such as drops in income, unexpected increases in costs, or, more positively, to allow the organisation to take advantage of new opportunities. This was compared to the reserves policy of four to six months of forecasted core expenditure to ensure the target level is sufficient. The Trustees having

reviewed the scenarios agreed that the target is still appropriate.

At the year-end, the group had free reserves of £2.1m, equivalent to over four months of planned FY22 core expenditure, before allocations to restricted projects. Free reserves

are defined as unrestricted reserves less fixed assets. The target, based on the FY22 budget, is £1.9 - £2.9m.

Both the amount of free reserves held and the target itself are reviewed on a regular basis.

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 the group and of the surplus or deficit of the charitable company and group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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. Over its first two decades of operation, TRAFFIC developed as a network of offices supported by IUCN WWF and operated as a joint conservation programme of these two international conservation organisations. TRAFFIC International was established in the UK and registered with the Charity Commission on 23 July 1999 to provide a base for TRAFFIC's global coordinating office.

In 2017, a decision was made by WWF, IUCN and TRAFFIC International to consolidate governance and management of TRAFFIC operations worldwide under the UK Charity, New Articles of Association were adopted in 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. Subsequently, in June 2018, the Trustees agreed to merge five overseas offices into the UK charity as branches from 1 July 2018.

Since FY19, the TRAFFIC International accounts thus have incorporated Central Africa, East Africa, Southern Africa, Southeast Asia, and Viet Nam as branches. During FY19, the Trustees approved proposals to register TRAFFIC representative offices in China and Malaysia (the latter as a company registered by guarantee). These registrations both were approved in the country of residence in December 2019 and were operationalized in the second half of FY2020. TRAFFIC's China representative office is now included in the TRAFFIC International accounts as a branch; the Malaysian company is treated as a subsidiary in line with SORP guidance. Affiliated offices in China, India, Japan, and the USA continue to operate as internal divisions of their respective WWF hosts and are not incorporated into the charity in a legal sense.

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.

As provided for under TRAFFIC International's Articles of Association, the Board has established an Operations Committee chaired by a Trustee with the delegated responsibility to review information on budgets, financial

performance, organisational development and business risk and to provide advice and recommendations to TRAFFIC management and the Board of Trustees.

TRUSTEES

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

- Mark Halle, Chair
- Jeremy Eppel
- Joshua Ginsberg
- Ginette Hemley
- Margaret Kinnaird
- Aimé Nianogo (resigned May 2020)
- Jon Paul Rodriguez
- Jane Smart
- Heather Sohl
- Aban Marker Kabraji (appointed August 2020)

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" second edition issued in January 2019) 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 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. Key documents are 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.

are or may be threatened by unsustainable or illegal wildlife trade.

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

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 (which incorporates the requirements of the Strategic Report) was approved by the board on 14 January 2022 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
Heather Sohl

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

COMPANY REGISTERED NUMBER:

3785518

STATUTORY AUDITOR:

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

CHARITY REGISTERED NUMBER:

1076722

BANKERS:

Barclays Bank
Bene't Street
Cambridge
CB2 3PZ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFFIC INTERNATIONAL: YEAR ENDED 30 JUNE 2021

OPINION

We have audited the financial statements of TRAFFIC International for the year ended 30 June 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 30 June 2021 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;

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).

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 group in accordance with the ethical requirements

that are relevant to our audit of the financial statements in the UK, including 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

the [group/charitable company]'s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the 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 this regard.

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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS

As explained more fully in the trustees' responsibilities statement set out on page 21, the trustees (who are also the directors of the charitable company for the purposes 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 group's and the parent 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 group or the parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the regulatory requirements of the Charities Act, and overseas branches and subsidiaries complying with local legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements

such as the Companies Act 2006, the Charities Act 2011, payroll taxes, and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and the manipulation of accounting judgements and estimates, including the recognition of income at the year-end. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Reviewing minutes of Trustee meetings during the year;
- Identifying and testing journals, in particular journal entries posted around the year-end; and
- Challenging assumptions and judgements made by management in their critical accounting e

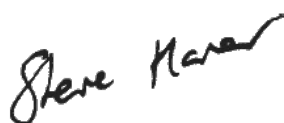
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Steven Harper (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP,
Statutory Auditors



Date: 24 January 2022

10 Queen Street Place
London
EC4R 1AG

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT:
YEAR ENDED 30 JUNE 2021**

	Notes	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Income from:					
Donations		1,135,562	22,500	1,158,062	1,184,004
Charitable activities		10,701	8,940,413	8,951,114	8,181,151
Investments		2,920	(1,097)	1,823	271
Other		5,751	567	6,318	23,018
Total	5	<u>1,154,934</u>	<u>8,962,383</u>	<u>10,117,317</u>	<u>9,388,444</u>
Expenditure on:					
Raising funds – grant and contract proposal development		264,844	-	264,844	248,224
Charitable activities					
Red stream		811,081	5,064,943	5,876,024	7,129,533
Green stream		119,521	746,373	865,894	614,047
Mixed		351,425	2,194,534	2,545,959	1,581,221
Total charitable activity expenditure		<u>1,282,027</u>	<u>8,005,850</u>	<u>9,287,877</u>	<u>9,324,801</u>
Total	6	<u>1,546,871</u>	<u>8,005,850</u>	<u>9,552,721</u>	<u>9,573,025</u>
Net income/(expenditure)		(391,937)	956,533	564,596	(184,581)
Transfers between funds		140,232	(140,232)	-	-
Net movement in funds		<u>(251,705)</u>	<u>816,301</u>	<u>564,596</u>	<u>(184,581)</u>
Reconciliation of funds:					
Total funds brought forward		2,435,496	1,917,100	4,352,596	4,537,177
Total funds carried forward		<u>2,183,791</u>	<u>2,733,401</u>	<u>4,917,192</u>	<u>4,352,596</u>

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 34 to 64 form an integral part of these financial statements.

Full comparative figures for the year ended 30 June 2020 are shown in note 20.

BALANCE SHEETS: AS AT 30 JUNE 2021

	Notes	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Fixed Assets					
Intangible fixed assets	10	9,724	9,458	23,114	22,703
Tangible fixed assets	11	52,112	44,100	76,063	67,722
		<u>61,836</u>	<u>53,558</u>	<u>99,177</u>	<u>90,425</u>
Current Assets					
Debtors	12	4,469,180	4,421,261	4,306,070	4,287,465
Cash at bank and in hand		2,901,180	2,820,803	3,240,159	2,985,862
		<u>7,370,360</u>	<u>7,242,064</u>	<u>7,546,229</u>	<u>7,273,327</u>
Liabilities					
Creditors: amounts falling due within one year	13	2,515,004	2,478,302	3,292,810	3,305,572
		<u>4,855,356</u>	<u>4,763,762</u>	<u>4,253,419</u>	<u>3,967,755</u>
Net current assets					
		<u>4,917,192</u>	<u>4,817,320</u>	<u>4,352,596</u>	<u>4,058,180</u>
Total assets less current liabilities being net assets					
The funds of the Charity					
Restricted funds		2,733,401	2,381,026	1,917,100	1,824,319
Unrestricted		2,183,791	2,436,294	2,435,496	2,233,861
		<u>4,917,192</u>	<u>4,817,320</u>	<u>4,352,596</u>	<u>4,058,180</u>
Total Charity funds	16	<u>4,917,192</u>	<u>4,817,320</u>	<u>4,352,596</u>	<u>4,058,180</u>

The surplus of the Charity before consolidation was £759,140 (2020: £478,997). Further details are presented in note 3.

The financial statements of TRAFFIC International (company number 3785518) were approved by the Board of Trustees and authorised for issue on **14 January 2022** and signed on its behalf by:



Mark Halle
Chair

The notes on pages 34 to 64 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT: YEAR ENDED 30 JUNE 2021

	2021 Total £	2020 Total £
Cash flows from operating activities:		
Net cash flows from operating activities	(313,959)	502,193
Cash flows from investing activities:		
Dividends, interest and rents from investments	1,823	7,002
Transfer of assets	-	(69,288)
Purchase of fixed assets	(26,843)	(52,188)
Net cash outflow from investing activities	<u>(25,020)</u>	<u>(114,474)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(338,979)</u>	<u>387,719</u>
Cash and cash equivalents at 1 July 2020	3,240,159	3,268,990
Cash and cash equivalents at 30 June 2021	<u>2,901,180</u>	<u>3,656,709</u>
Reconciliation of net cash flows from operating activities:		
Net income	564,596	3,039,279
Depreciation and amortisation	64,184	87,027
Investment income	(1,823)	(7,002)
(Increase)/decrease in debtors	(163,110)	(2,799,010)
Increase/(decrease) in creditors	(777,806)	181,899
Net cash flows from operating activities	<u>(313,959)</u>	<u>502,193</u>

The notes on pages 34 to 64 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 2021

1. Accounting Policies

TRAFFIC International is a company limited by guarantee and registered in England and Wales (3785518), not having a share capital, and as a Registered Charity with the Charity Commission for England and Wales (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 26.

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 (Second Edition effective 1 January 2020)" 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 2019; and the Companies Act 2006. The Charity meets the definition of a public benefit entity under FRS 102. The financial statements are prepared in Pounds Sterling rounded to the nearest Pound.

b) **Going concern**

The Trustees have a reasonable expectation that the Group will continue in operational existence for the foreseeable future and the Group 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 Group has significant cash resources and a significant level of net assets. Accordingly, the Trustees continue to adopt the going concern basis. In carrying out this assessment, the Group has also considered the impact of the Covid-19 pandemic on its activities.

c) **Consolidation**

These financial statements consolidate the results of TRAFFIC International Southeast Asia on a line-by-line basis. TRAFFIC International Southeast Asia is incorporated in Malaysia. Transactions and balances between charitable company and its subsidiary have been eliminated from the consolidated financial statements. There are no significant differences between the accounting policies of the parent charitable company and its subsidiary. In addition to the subsidiary undertaking, the charitable company has a number of branches which are treated as being part of the results of the charitable company in line with section 25 of the Statement of Recommended Practice. As permitted by Section 408 of Companies Act 2006, no separate Statement of Financial Activities for the Charity has been presented however the results of the Charity before consolidation are summarised in note 3.

d) **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.

e) **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 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.

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.

f) 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.

g) 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.

h) 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.

i) **Cash and cash equivalents**

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

j) **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.

k) **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.

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. Result of the charity

	2021 £	2020 £
Income		
Donations	1,101,829	1,184,004
Charitable activities	8,838,625	7,797,264
Other income	3,071	14,906
	9,943,525	8,996,174
Expenditure		
Charitable activities and raising funds	9,184,385	9,231,289
Funds transferred to subsidiary undertaking	-	243,882
	9,184,385	9,475,171
Net income	759,140	(478,997)
Funds brought forward	4,058,180	4,537,177
Funds carried forward	4,817,320	4,058,180

4. Result of subsidiary undertaking

TRAFFIC International Southeast Asia is a company incorporated in Malaysia and is a wholly owned subsidiary of TRAFFIC International. It was incorporated in January 2021 and carries out the activities of the charity in the region. Prior to incorporation, the activities in the region were run as a branch of TRAFFIC International. On 1 February 2021, the activities and net assets of the branch were transferred to the new company. The results have been included in these financial statements from that date, a summary of which is provided below.

	2021 £	2020 £
Income		
Funds transferred from parent undertaking	-	243,882
Charitable activities	564,921	395,480
	564,921	639,362
Expenditure		
Charitable activities	773,854	344,946
	773,854	344,946
Net income	(208,933)	294,416
Funds brought forward	294,417	-
Funds carried forward	85,484	294,416
Funds		
Total assets	109,697	341,208
Total liabilities	(24,212)	(46,792)
	85,484	294,416

5. 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.

	Unrestricted £	Restricted £	2021 Total £
Donations			
IUCN, WWF & other TRAFFIC entities	1,109,129	-	1,109,129
Corporate and Individuals	26,433	22,500	48,933
	<u>1,135,562</u>	<u>22,500</u>	<u>1,158,062</u>
Charitable activities			
IUCN, WWF & other TRAFFIC entities	6,233	1,262,465	1,268,698
Governments	886	5,362,357	5,363,343
Multilaterals	-	551,124	551,124
Foundations and charities	3,317	1,620,482	1,623,799
Corporate and Individuals	265	143,985	144,250
	<u>10,701</u>	<u>8,940,413</u>	<u>8,951,114</u>
Other income	5,751	567	6,318
Bank interest	2,920	(1,097)	1,823
	<u>1,154,934</u>	<u>8,962,383</u>	<u>10,117,317</u>

2020 Comparative

	Unrestricted £	Restricted £	2020 Total £
Donations			
IUCN and WWF	1,134,913	-	1,134,913
Corporate and Individuals	11,487	37,604	49,091
	<u>1,146,400</u>	<u>37,604</u>	<u>1,184,004</u>
Charitable activities			
IUCN and WWF	6,983	1,714,833	1,721,816
Governments	-	4,149,167	4,149,167
Multilaterals	-	87,177	87,177
Foundations and charities	-	1,591,897	1,591,897
Corporate and Individuals	-	631,094	631,094
	<u>6,983</u>	<u>8,174,168</u>	<u>8,181,151</u>
Other income	18,690	4,328	23,018
Bank interest	271	-	271
	<u>1,172,344</u>	<u>8,216,100</u>	<u>9,388,444</u>

6. 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.

	Direct costs £	Support costs £	2021 Total £
Costs of raising funds	-	264,844	264,844
Charitable activities			
Addressing Wildlife crime & illegal trade	5,015,159	860,864	5,876,023
Sustainable legal trade	739,037	126,857	865,894
Mixed stream	2,172,965	372,995	2,545,960
	<u>7,927,161</u>	<u>1,360,716</u>	<u>9,287,877</u>
	<u>7,927,161</u>	<u>1,625,560</u>	<u>9,552,721</u>

2020 Comparative

	Direct costs £	Support costs £	2020 Total £
Costs of raising funds	-	248,224	248,224
Charitable activities			
Addressing Wildlife crime & illegal trade	6,047,061	1,082,472	7,129,533
Sustainable legal trade	520,817	93,230	614,047
Mixed stream	1,341,145	240,076	1,581,220
	<u>7,909,023</u>	<u>1,415,778</u>	<u>9,324,800</u>
	<u>7,909,023</u>	<u>1,664,002</u>	<u>9,573,025</u>

Analysis of expenditure:

	Unrestricted £	Restricted £	2021 Total £
Costs of raising funds			
Travel	1,657	-	1,657
Depreciation and amortisation	2,471	-	2,471
Foreign exchange (gain)/loss	15,313	-	15,313
Governance	8,362	-	8,362
	<u>264,844</u>	<u>-</u>	<u>264,844</u>
Charitable activities			
Staff costs	447,432	4,681,175	5,128,607
Operational	155,373	1,344,506	1,499,879
Establishment	494,907	271,515	766,422
Professional fees	0	17,668	17,668
Project sub-contracts	0	895,736	895,736
Travel	40,402	244,007	284,409
Depreciation and amortisation	61,713	0	61,713
Transfer of costs to projects	(499,962)	499,962	0
Foreign exchange loss/(gain)	373,331	51,281	424,612
Governance	208,831	0	208,831
	<u>1,282,027</u>	<u>8,005,850</u>	<u>9,287,877</u>
Total expenditure	<u>1,546,871</u>	<u>8,005,850</u>	<u>9,552,721</u>

2020 Comparative

Analysis of expenditure:

	Unrestricted £	Restricted £	2020 Total £
Costs of raising funds			
Staff costs	207,328	-	207,328
Operational	6,934	-	6,934
Establishment	21,419	-	21,419
Travel	3,534	-	3,534
Depreciation and amortisation	3,466	-	3,466
Foreign exchange gain	(2,220)	-	(2,220)
Governance	7,763	-	7,763
	<u>248,224</u>	<u>-</u>	<u>248,224</u>
Charitable activities			
Staff costs	290,773	4,763,722	5,054,495
Operational	169,053	1,714,460	1,883,513
Establishment	522,177	172,870	695,047
Professional fees	-	17,025	17,025
Project sub-contracts	15,034	772,241	787,275
Travel	86,156	492,426	578,582
Depreciation and amortisation	86,570	-	86,570
Transfer of costs to projects	(432,242)	432,242	-
Foreign exchange gain	(54,114)	82,530	28,416
Governance	193,878	-	193,878
	<u>877,285</u>	<u>8,447,516</u>	<u>9,324,801</u>
Total expenditure	<u>1,125,509</u>	<u>8,447,516</u>	<u>9,573,025</u>

7. Support costs

	Support £	Governance £	2021 £
Professional fees	-	36,641	36,641
Auditor's remuneration	-	14,308	14,308
Other audits	-	15,157	15,157
Staff costs	1,229,988	125,128	1,355,116
Operational	-	3,791	3,791
Establishment costs	167,848	12,075	179,923
Travel	10,529	986	11,515
Foreign exchange gain	-	9,109	9,109
Total	1,408,365	217,195	1,625,560

2020 Comparative

	Support £	Governance £	2020 £
Professional fees	-	29,617	29,617
Auditor's remuneration	-	15,900	15,900
Other audits	-	15,157	15,157
Staff costs	1,295,323	123,320	1,418,643
Operational	-	4,125	4,125
Establishment costs	145,465	12,740	158,205
Travel	21,574	2,102	23,676
Foreign exchange gain	-	(1,320)	(1,320)
Total	1,462,361	201,641	1,664,002

Support costs are allocated on a pro-rata basis according to the total cost of activities undertaken directly and grant funding of activities. Fees payable to the Charity's auditor are for the audit of the charity's annual financial statements.

8. Employee and Trustee Information

	2021	2020
	£	£
a) Staff costs:		
Wages and salaries	4,331,590	4,268,659
Social security costs	512,482	447,412
Pension costs	468,050	474,775
Other benefits	63,774	58,689
Other staff costs	88,208	135,607
	<u>5,464,104</u>	<u>5,385,142</u>

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

	2021	2020
b) The average number of persons, employed during the year was:		
Management and Administration	63	53
Programme and Research	90	72
	<u>153</u>	<u>125</u>

The above numbers do not include Trustees who are not permitted to receive remuneration for their duties. No Trustees received payments for expenses during 2021 (2020 – £4,838 to eight Trustees).

	2021	2020
c) Employees with emoluments (emoluments include salaries and taxable benefits, but not employer pension costs or employer's national insurance) over £60,000 were:		
£60,001 – £70,000	3	3
£70,001 – £80,000	4	3
£80,001 – £90,000	1	1
£90,001 – £100,000	-	1
£110,001 – £120,000	1	1
	<u>9</u>	<u>9</u>

- d) Senior leadership team
Total remuneration of the Key Management Personnel (the Trustees with the Senior Leadership Team comprising the Executive Director and other senior managers), including pension contributions excluding social security costs, was £666,990 (2020: £590,724) for ten (2020: seven) staff members. No Trustees received nor waived any remuneration.

9. Employee benefits - Pension costs

The Charity contributes to twelve defined contribution pension schemes. The assets of the schemes are held separately from those of the Charity in independently administered funds. The pension cost charge represents contributions payable by the Charity to the fund and amounted to £468,051 (2020: £474,775).

10. Intangible fixed assets

GROUP	Computer Software £
Cost:	
At 1 July 2020	94,624
Additions	-
At 30 June 2021	<u>94,624</u>
Amortisation:	
At 1 July 2020	71,510
Additions	13,390
At 30 June 2021	<u>84,900</u>
Net book value:	
At 30 June 2021	<u>9,724</u>
At 30 June 2020	<u>23,114</u>
CHARITY	Computer Software £
Cost:	
At 1 July 2020	94,175
Additions	-
At 30 June 2021	<u>94,175</u>
Amortisation:	
At 1 July 2020	71,472
Charge for year	13,245
At 30 June 2021	<u>84,717</u>
Net book value:	
At 30 June 2021	<u>9,458</u>
At 30 June 2020	<u>22,703</u>

11. Tangible fixed assets

GROUP	Leasehold improvements £	Fixtures & Fittings £	Vehicles £	Computer Equipment £	Total £
Cost:					
At 1 July 2020	10,861	48,037	55,208	154,548	268,654
Additions	-	3,516	-	23,327	26,843
At 30 June 2021	10,861	51,553	55,208	177,875	295,497
Depreciation:					
At 1 July 2020	6,525	36,676	45,382	104,008	192,591
Charge for year	1,768	4,572	6,360	38,094	50,794
At 30 June 2021	8,293	41,248	51,742	142,102	243,385
Net book value:					
At 30 June 2021	2,568	10,305	3,466	35,773	52,112
At 30 June 2020	4,336	11,361	9,826	50,540	76,063
CHARITY					
Cost:					
At 1 July 2020	-	27,325	55,208	148,681	231,214
Additions	-	3,516	-	19,142	22,658
At 30 June 2021	-	30,841	55,208	167,823	253,872
Depreciation:					
At 1 July 2020	-	17,127	45,382	100,983	163,492
Charge for year	-	4,144	6,360	35,776	46,280
At 30 June 2021	-	21,271	51,742	136,759	209,772
Net book value:					
At 30 June 2021	-	9,570	3,466	31,064	44,100
At 30 June 2020	-	10,198	9,826	47,698	67,722

12. Debtors: amounts falling within one year

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Trade debtors	213,039	212,577	181,239	181,239
Other debtors	67,155	24,400	75,583	56,979
Amounts held by hosts	362,686	362,686	1,702,591	1,702,591
Prepayments	40,846	36,550	56,357	56,357
Accrued income	3,785,454	3,785,048	2,290,299	2,290,299
	<u>4,469,180</u>	<u>4,421,261</u>	<u>4,306,070</u>	<u>4,287,465</u>

Amounts held by host relates to cash amounts held by hosts on behalf of branches.

13. Creditors: falling due within one year

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Trade creditors	158,230	150,313	433,190	419,508
Other creditors	50,642	20,109	35,245	29,555
Accruals	1,464,608	1,437,237	1,274,630	1,257,735
Salary and tax creditors	32,408	23,070	26,832	16,306
Amounts owed to hosts	235,932	235,932	673,088	673,088
Amounts owed to subsidiary undertaking	0	38,457	-	59,554
Deferred income	573,184	573,184	849,826	849,826
	<u>2,515,004</u>	<u>2,478,302</u>	<u>3,292,810</u>	<u>3,305,572</u>

Amounts owed to hosts relate to cash balances owed to hosts by branches.

14. Deferred income

	2021 Total £	2020 Total £
Balance at the beginning of the year	849,826	752,917
Amount released to income in the year	(849,826)	(752,917)
Amount deferred in the year	573,184	849,826
Balance at the end of the year	<u>573,184</u>	<u>849,826</u>

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

15. Analysis of charitable funds

	1 July 2020 £	Income £	Expenditure £	Transfers £	30 June 2021 £
Unrestricted funds	2,435,496	1,154,934	(1,546,871)	140,232	2,183,791
Restricted funds					
Major projects:					
ROUTES	(275,935)	1,070,276	(697,512)	-	96,829
WTRAPS	-	806,972	(258,146)	-	548,826
Partnership against Poaching and Illegal Wildlife Trade	(367,394)	427,188	(255,099)	-	(195,305)
South Africa Wildlife Investigator Mentoring Scheme	-	368,941	(102,253)	-	266,688
Reducing Trade threats in Africa's wild species and ecosystem through Strengthened Knowledge in Africa	-	338,141	(147,638)	-	190,503
Countering Wildlife Trafficking in Angola	154,088	291,939	(280,408)	-	165,619
Combatting Illegal Wildlife Trade, focusing on Ivory, Rhino Horn, Tiger and Pangolin in Thailand	27,750	289,164	(225,760)	-	91,154
Reinforcing Chinese Government and industry action to reduce illegal timber exports from Cameroon, Republic of Congo, Vietnam and other transit countries. Phase II	200,889	278,673	(466,561)	-	13,001
Law Enforcement in Madagascar: a United Response to Combatting Wildlife Crime	-	271,684	(236,393)	-	35,291
Strengthening Law Enforcement Capacity and Collaboration to Combat Illegal Wildlife Trade in Cameroon	-	268,245	(193,044)	-	75,201
Leveraging legality along China's timber supply to reduce deforestation	-	263,462	(79,663)	-	183,799
The Combating Wildlife Crime Project	510,580	261,013	(348,127)	-	423,466
Minimising the Illegal Killing of Elephants and other Endangered Species (MIKES)	2,094	79,147	(90,052)	-	(8,811)
Demand-reduction strategies to combat illegal trade in CITES-listed species	-	10,540	(8,293)	-	2,247
Big Cat Trade Study	-	13,539	-	-	13,539
UNDP Biodiversity Management Plan	-	10,918	(37,684)	-	(26,766)
	252,072	5,049,842	(3,426,634)	-	1,875,281
Other projects	1,665,028	3,912,541	(4,579,217)	(140,232)	858,120
	1,197,100	8,962,383	(8,005,850)	(140,232)	2,733,401
Total funds	4,352,596	10,117,317	(9,552,721)	-	4,917,192

During the year a transfer of £67,550 was made relating to unrestricted income incorrectly classified as restricted in a previous year. Other transfers related to the write off of foreign exchange variances as well as small surpluses allowed by donors.



Seized skins, USA; Photo: Rachel Kramer / TRAFFIC

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.

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.

Partnership against Poaching and Illegal Wildlife Trade (Ivory and Rhino-Horn)

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.

South Africa Wildlife Investigator Mentoring Scheme

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

The Goal of this project is to reduce poaching and trafficking of endangered wildlife in Sub-Saharan Africa, with a particular focus on South Africa. Progress towards this goal will be achieved through the delivery of Objective 1 as identified for South Africa by INL: "Build interdiction, investigative and enforcement capacity of junior wildlife investigators to stop the poaching and transit of protected wildlife".

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. Building on the successes in the first phase of the ReTTA project, ReTTA Phase II expands the data gathering and analysis of vital wildlife trade knowledge by ourselves, partners and governments on the African continent and following primary trafficking routes into Asia promotes evidence-based solutions with those best placed to take remedial action. The project will continue to develop and promote some of the potentially game-changing solutions that were initiated in the first phase of the project.

Countering Wildlife Trafficking in Angola

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

The goal of this project is to reduce poaching and trafficking of endangered wildlife in Sub-Saharan Africa, with a particular focus on Angola. Progress towards this goal will be achieved through delivering on three of the four Objectives articulated by the Bureau of International Narcotics and Law Enforcement Affairs (INL), namely: Objective 1: Build interdiction, investigative, and enforcement capacity to stop the transit of protected wildlife; Objective 2: Enhance prosecutorial and judicial capacity to successfully prosecute those illegally transiting wildlife products with adequate sentencing; and Objective 4: Encourage increased cross-border cooperation with neighbouring or source countries to more effectively combat wildlife trafficking.

Combatting Illegal Wildlife Trade, focusing on Ivory, Rhino Horn, Tiger and Pangolin in Thailand

Funded by United Nations Development Programme

The Project Objective is to reduce the trafficking of wildlife (focusing on elephant ivory, rhinoceros horn, tiger and pangolins) in Thailand through enhanced enforcement capacity and collaboration and targeted behaviour change campaigns. To achieve this objective, the project will utilize four strategies or Project Components as follows: Component 1: Improved Cooperation, Coordination and Information Exchange, Component 2: Enhanced Enforcement and Prosecution Capacity, Component 3: Reduced demand for illegal wildlife products and targeted awareness actions to support law enforcement and Component 4: Knowledge Management, Monitoring and Evaluation and Gender Mainstreaming.

Reinforcing Chinese Government and industry action to reduce illegal timber exports from Cameroon, Republic of Congo, Viet Nam and other transit countries. Phase II

Funded by DFID (Department for International Development) via KPMG

This project is designed to achieve increased legal compliance with timber harvest and trade controls along the supply chain from Central African countries and Viet Nam to China and the European Union (EU). Cameroon and Republic of Congo have signed Voluntary Partnership Agreements (VPA) and Viet Nam is negotiating a VPA with the EU, with project countries agreeing VPA legality definitions. Project outputs combine delivery of legality training tools and materials based on VPA legality definitions to strengthen monitoring to combat illegal timber trade, especially by Customs; and strengthening of China's timber legality standards for industry.

Law Enforcement in Madagascar: a United Response to Combatting Wildlife Crime (LEMUR CWC)

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

The goal of LEMUR CWC is to reduce poaching and trafficking of endangered wildlife in Sub-Saharan Africa, with a focus on Madagascar. Progress towards this goal will be achieved through the delivery on three of the four Objectives articulated by the Bureau of International Narcotics and Law Enforcement Affairs (INL), namely: Objective 1: Build interdiction, investigative, and enforcement capacity to stop the transit of protected wildlife; Objective 2: Enhance prosecutorial and judicial capacity to successfully prosecute those illegally transiting wildlife products with adequate sentencing; and Objective 3: Encourage increased cross-border cooperation with neighbouring or source countries to more effectively combat wildlife trafficking.

Strengthening Law Enforcement Capacity and Collaboration to Combat Illegal Wildlife Trade in Cameroon

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

The project addresses INL Sub-Objectives 3.1 – 3.4, and supports Cameroon's efforts to reduce illegal wildlife trafficking by building capacity of wildlife law enforcement officials and judiciary across all sectors, improving communication and coordination skills between the different agencies, both nationally and cross-border. Combined, these efforts will result in a greater number of interdictions, prosecutions and successful, deterrent convictions

Leveraging legality along China's timber supply to reduce deforestation

Funded by Norwegian Agency for Development Cooperation

The project leverages China's and Vietnam's significant market role in the timber supply chain from source countries in the Congo Basin, to reduce unsustainable forestry operations and illegal timber trade. Along the supply chain, knowledge products, work with the financial sector and support for communication between agencies will increase detection and investigation, further deterring illegality.

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

Minimizing the Illegal Killing of Elephants and Other Endangered Species (MIKES) – Asia Wildlife Law Enforcement and Demand Management Project

Funded by The CITES Secretariat-UN

This project aims to address the serious and growing problem of international trade and demand for key African wildlife species in Asia, in particular African elephants, rhinos and pangolins, as well also targeting efforts to reduce the illegal killing of key Asian wildlife species impacted by international trade, such as the Asian elephants, rhinos and tigers. To achieve this, the project will work towards strengthening capacity and awareness in Asian countries aimed at combating illegal trade in key wildlife species, in particular strengthening national-level legal frameworks for combatting wildlife trafficking and crime, strengthening capacity for investigating and prosecuting wildlife trade incidents and tackling local markets, building collaboration in wildlife crime and trafficking prevention nationally and regionally, documenting and combatting illegal killing of key Asian wildlife species in key protected areas, and strengthening measures to increase understanding of governments and decision makers concerning the impact of wildlife trade on the conservation status of key species.

Demand-reduction strategies to combat illegal trade in CITES-listed species

Funded by The CITES Secretariat-UN

The project aims to develop a guidance for CITES Parties to develop and implement demand-reduction strategies to combat illegal trade in CITES-listed species. In that context the project will: a) prepare the first draft Guidance with due consideration of inputs from Parties and other stakeholders, both in terms of the structure and substance of the Guidance; b) submit the first draft of the Guidance to the CITES Secretariat for consideration by members of the Standing Committee or its designated intersessional working group, and provide support for the preparation of the Secretariat's document as necessary; c) revise the draft Guidance in accordance with the feedback and suggestions; d) present the revised version of the Guidance at the workshop for Parties and experts to review the Guidance; e) submit the final version to the Secretariat for consideration at the next meeting of the Standing Committee and the 19th meeting of the Conference of the Parties.

Big Cat Trade Study

Funded by The CITES Secretariat-UN

The project aims to produce a study on the legal and illegal trade in lions and other big cats, and the review of identification materials and forensic techniques relating to lions and other big cats. The project aims to bring together recent work along with new research to fully deliver on paragraph a) of Decision 18.246 on African lions (*Panthera leo*) and the CITES Big Cats Task Force, and will contribute to the implementation of paragraphs c) and d) of the same Decision.

UNDP Biodiversity Management Plan

Funded by United Nations Development Programme via Global Environment Facility

The project aims to support the UNDP, GEF-6 output 2 with the Government of South Africa. Outcome no 2 focuses on 'The ways of working, management conditions and techniques change within 5 (five) strategic value chains, and demonstrate how conservation and ABS-compliance can be simultaneously achieved through cooperation among Bioprospecting economy players' – this outcome is focused on value-chain development. Both biotrade and landscape-level management are prominently featured among key activities under this outcome, where the goal is to ensure ABS compliance and the sustainability of supplies. Targeted species include *Pelargonium sidoides*, *Aloe ferox*, Honeybush (including at least three species of *Cyclopia* spp. used in the industry) and Rooibos (*Aspalathus linearis*). The work for TRAFFIC will mainly focus on the *Pelargonium sidoides* species.

Analysis of charitable funds for the year ended 30 June 2020:

	1 July 2019 £	Income £	Expenditure £	Transfers £	30 June 2020 £
Unrestricted funds	2,423,810	1,172,344	(1,125,509)	(35,149)	2,435,496
Restricted funds					
Major projects:					
Wildlife Trafficking, Response, Assessment and Priority setting	97,790	743,594	(1,260,086)	117,860	(300,842)
ROUTES	(1,128,857)	1,065,774	(212,852)	-	(275,935)
Reducing Trade threats in Africa's wild species and ecosystem	1,024,811	611,189	(681,067)	-	954,933
The Combating Wildlife Crime Project	667,977	223,624	(381,021)	-	510,580
Saving species	145,843	246,683	(29,394)	-	363,132
CITES influencing and informing decision makers, wildlife crime enforcement and demand-side strategies and interventions	(28,852)	48,421	(98,721)	-	(79,152)
Wildlife DNA Forensics and Seizure Training Partnership against Poaching and Illegal Wildlife Trade	56,136	308,554	(284,885)	-	79,805
China's Champions of Change	(201,314)	363,509	(529,589)	-	(367,394)
Developing Forensic Capacity in Southern Africa	172,631	338,714	(326,896)	-	184,449
Wildlife in Asia	65,571	235,571	(114,760)	-	186,382
Succeeding with CITES: Sustainable and equitable Jatamansi trade from Nepal	166,550	341,962	(406,486)	-	102,026
Contributions to mitigate Illegal Wildlife Trade in the Francophone parts of the world – Phase II	71,186	73,060	(171,383)	-	(27,137)
Reinforcing Chinese Government and industry action to reduce illegal timber exports from Cameroon, Republic of Congo, Vietnam and other transit countries. Phase II	66,315	78,942	(147,654)	-	(2,397)
Minimising the Illegal Killing of Elephants and other Endangered Species (MIKES)	152,120	474,332	(425,563)	-	200,889
	-	7,028	(4,934)	-	2,094
	1,327,907	5,160,957	(5,075,291)	117,860	1,531,433
Other projects	785,460	3,055,143	(3,372,225)	(82,711)	385,667
	2,113,367	8,216,100	(8,447,516)	35,149	1,917,100
Total funds	4,537,177	9,388,444	(9,573,025)	-	4,352,596

16. Allocation of net assets between funds

Group	Restricted funds £	Unrestricted funds £	2021 Total £
Fixed assets	-	61,836	61,836
Current assets	4,957,926	2,412,434	7,370,360
Current liabilities	(2,224,525)	(290,479)	(2,515,004)
Total funds	2,733,401	2,183,791	4,917,192

Charity	Restricted funds £	Unrestricted funds £	2021 Total £
Fixed assets	-	53,558	53,558
Current assets	4,622,438	4,622,438	7,242,064
Current liabilities	(2,241,412)	(2,241,412)	(2,478,302)
Total funds	2,381,026	2,436,294	4,817,320

2020 Comparative Group	Restricted funds £	Unrestricted funds £	2020 Total £
Fixed assets	-	99,177	99,177
Current assets	4,655,035	2,891,194	7,546,229
Current liabilities	(2,737,935)	(554,875)	(3,292,810)
Total funds	1,917,100	2,435,496	4,352,596

2020 Comparative Charity	Restricted funds £	Unrestricted funds £	2020 Total £
Fixed assets	-	90,425	90,425
Current assets	4,614,076	2,659,251	7,273,327
Current liabilities	(2,789,757)	(515,815)	(3,305,572)
Total funds	1,824,319	2,233,861	4,058,180

17. Operating leases

At 30 June 2021 the Charity had total commitments under non-cancellable operating leases as set out below:

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
	Land & Buildings	Land & Buildings	Land & Buildings	Land & Buildings
Payment due:				
Within one year	95,491	45,930	101,337	47,334
Within two to five years	148,653	123,873	236,825	155,821
After five years	-	-	15,886	15,886
	<u>244,144</u>	<u>169,803</u>	<u>354,048</u>	<u>219,041</u>

18. Related party transactions

The following transactions took place between the TRAFFIC International and its wholly owned subsidiary TRAFFIC International Southeast Asia:

Transfer of project income of £373,259 (2020: £285,335) and core income of £55,509 (2020: £25,585) from the parent undertaking to the subsidiary.

Service support charges of £41,564 (2020: £20,484) were made by the parent undertaking to the subsidiary.

Grants of £51,608 (2020: £37,944) were transferred from the subsidiary to the parent undertaking.

At the year end, the parent undertaking owed £24,069 (2020: £59,554) to the subsidiary undertaking.

There were no other related party transactions in the current or previous year.

19. Taxation

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

20. Comparative Statement of Financial Activities (Year ended 30 June 2020)

	Notes	Unrestricted Funds £	Restricted Funds £	2020 Total £
Income from:				
Donations		1,146,400	37,604	1,184,004
Charitable activities		6,983	8,174,168	8,181,151
Investments		271	-	271
Funds acquired with branch transfers		-	-	-
Other		18,690	4,328	23,018
Total	5	<u>1,172,344</u>	<u>8,216,100</u>	<u>9,388,444</u>
Expenditure on:				
Raising funds – grant and contract proposal development		248,224	-	248,224
Charitable activities				
Red stream		670,752	6,458,781	7,129,533
Green stream		57,770	556,277	614,047
Mixed		148,763	1,432,458	1,581,221
Total charitable activity expenditure		<u>877,285</u>	<u>8,447,516</u>	<u>9,324,801</u>
Total	6	<u>1,125,509</u>	<u>8,447,516</u>	<u>9,573,025</u>
Net income/(expenditure)		46,835	(231,416)	(184,581)
Transfers between funds		(35,149)	35,149	-
Net movement in funds		<u>11,686</u>	<u>(196,267)</u>	<u>(184,581)</u>
Reconciliation of funds:				
Total funds brought forward		2,423,810	2,113,367	4,537,177
Total funds carried forward		<u><u>2,435,496</u></u>	<u><u>1,917,100</u></u>	<u><u>4,352,596</u></u>



JANUARY 2022

WORKING TO ENSURE THE TRADE IN
WILD PLANTS AND ANIMALS IS NOT
A THREAT TO THE CONSERVATION
OF NATURE

TRAFFIC

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