

Directors' Report

(including the Directors' Strategic Report)
and Financial Statements

For the year ended 31st December 2017



Directors' Report and Financial Statements

For the year ended 31st December 2017

2017 List of Directors

Directors

Jane Griffiths
Sarantis Baladis (resigned 29 August 2017)
Trevor Bond
Wim Bossens
Michelle Brennan
Christoph Brönnimann
Sabine Dandiguan (resigned 23 February 2017)
Angelika Elser
Nikos Kefalas (resigned 24 July 2017)
Inder Khosla (appointed 29 January 2018)
Marc Larsen
Jacques Peeters
Demet Russ
Luis Diaz Rubio (appointed 20 October 2017)
Kris Sterkens (appointed 27 November 2017)
Zeger Vercouteren
Frank Welvaert
Neil Wood

Finance Advisory Committee

Tanja Bastens
Robert Härtel
Ronnie Tam
Neil Wood

Impact Advisory Committee

Jane Griffiths
Sir Henry Burns (Professor Global Public Health,
Strathclyde University Glasgow, UK)
Gamil de Chadarevian (Founder GIST Initiatives Ltd, Italy)
Bonny Landers (Managing Director, Sandaire
Investment Office)
Dato' Dr. Kim Tan (Chairman SpringHill Management Ltd, UK)
Martin Taylor (External member, Financial Policy
Committee, Bank of England, UK)

Company Secretary

Gillespie MacAndrew LLP
5 Atholl Crescent
Edinburgh EH3 8EJ
United Kingdom

Registered Office

5 Atholl Crescent
Edinburgh EH3 8EJ
United Kingdom

Auditor

Scott-Moncrieff
Exchange Place 3
Sempie Street
Edinburgh EH3 8BL
United Kingdom

Banker

Royal Bank of Scotland
36 St. Andrews Square
Edinburgh EH2 27B
United Kingdom

Solicitor

Gillespie MacAndrew LLP
5 Atholl Crescent
Edinburgh EH3 8EJ
United Kingdom

Company Number:

SC327028

Charity Number:

SC017977

Johnson & Johnson Corporate Citizenship Trust

Directors' Report (including the Directors' Strategic Report) and Financial Statements

For the year ended 31st December 2017

Contents

Objectives and activities	4
> Mission	4
> About us	4
> Our Strategic Framework	4
> Alignment with the Johnson & Johnson Global Community Impact Strategy	4
> Grant making policy	4
> Impact Investment Policy	4
Strategic Report	4
> Achievements and performance	4
> Performance against objectives set: an analysis of the public benefit provided	4
> 2017 Significant areas of activity	4
Financial Review	5
> Results for the period	5
> Principal funding sources	5
> Investment policy	5
> Reserves policy	5
> Plans for the future	5
Structure, Governance and Management	6
> Governing document	6
> Relationship to Johnson & Johnson Family of Companies	6
> Recruitment and appointment of directors	6
> Organization and decision making	6
> Finance Advisory Committee	6
> The Impact Advisory Committee	6
> Risk management and assessment	6
Directors' responsibilities	7
Independent Auditor's Report to the Members and Directors	8
Statement of Financial Activities	9
Balance Sheet	10
Statement of Cash Flows	10
Notes to the Financial Statements	11

Objectives and Activities

Mission

The mission of the Johnson & Johnson Corporate Citizenship Trust (The Trust) is to make sustainable, long-term differences in human health. It does this by investing in strategic partnerships and innovative solutions that add value to society and impact people's lives.

About us

The Trust is responsible for managing Johnson & Johnson's Global Community Impact programs and initiatives across Europe, the Middle East and Africa (EMEA). The Trust was founded in 2007 and is a registered charity and a company limited by guarantee. It is an independent organization that reflects the Johnson & Johnson's Family of Companies' commitment to improve the quality of life of the communities that its employees live and work in. The Trust is funded by the Johnson & Johnson Family of Companies through Johnson & Johnson Global Community Impact and the Johnson & Johnson Operating Companies in EMEA.

Our Strategic Framework

The Trust Strategic Framework guides the future direction of the Trust. It is based on three strategic focus areas which are all closely interconnected and build-on and amplify the impact and reach generated by each:

- 1. People:** Connecting people and creating networks to share knowledge and skills
- 2. Partnerships:** Empowering strategic and innovative partnerships across EMEA
- 3. Impact Investment:** Addressing social issues in a sustainable way through impact investment.

Alignment with the Johnson & Johnson Global Community Impact Strategy

The Trust Strategic Framework is fully aligned with the Johnson & Johnson Global Community Impact Strategy **"to support and champion the people on the front lines who are at the heart of delivering care"**.

Grant making policy

The Board of Directors has developed a Grant Making Policy to ensure that grant making decisions are made effectively and transparently. Given the geographical spread of the Trust, consideration and thought is given to the individual needs and challenges of each country. To this end, the Trust supports both cross border programs and initiatives (Flagship Partners) and national programs and initiatives (EMEA Partnerships).

With respect to the Trust Flagship Partnerships, the Aga Khan Development Network, INSEAD Business School and North Star Alliance have been approved by the Trust Board of Directors as the current Flagship Partners. The respective work-plan includes specific milestones with clear impact output and outcomes over respective three-year program frameworks. Progress and results are presented to the Trust Board on an annual basis. The Flagship Partnerships are entirely funded by the Trust.

The EMEA Partnerships are co-funded 50% by the Trust and 50% by Johnson & Johnson entities in the EMEA region. Programs and respective partners are scored against criteria that include relevance to the local context, strategic fit, projected health outcomes data, sustainability and geographical spread.

Every approved national and cross-border grant requires approval against strategic priorities and health care compliance. Each program supported by the Trust has a dedicated Project Leader, Health Care Business Integrity Officer and Grant Coordinator, all of whom have a role in the grant application process. The Board of Directors gives final approval.

Impact Investment Policy

Our impact investing mission is to demonstrate that health & wellness investing in low-resource settings can generate sustainable social impact with financial returns. All impact investments are aligned with the Johnson & Johnson Global Community Impact Strategy and focus on health and wellness based social enterprises with a broad geographical spread.

All potential investments go through a rigorous due diligence process, with final decision on investment by the Trust Board of Directors, following expert counsel from an Impact Advisory Committee (page 6). Post investment we are developing a coherent portfolio management strategy to ensure these investments achieve both social impact and meet our financial requirements.

In making our first investment in Patients Know Best (note 10, page 14), we have begun to deliver on this mission, through its pioneering work in helping to inform and empower patients through greater patient adherence programs which will result in better health outcomes. This will in-turn deliver systemic change in the health system, achieve greater efficiencies and resultant cost savings.

Strategic Report: Achievements and Performance

Achievements and performance

2017 was a year of change for the Trust, developing a new Trust Strategic Framework. The Trust Team also engaged with external and internal stakeholders and expert partners to develop the new strategy and to acquire specific guidance in the implementation of the Strategic Framework.

Our 2017 grant making activities were guided by the new Johnson & Johnson Global Community Impact strategy, which is to support and champion people on the front lines of care. The Trust continued to implement its strategy and support partnerships in the region

with investment into supporting and championing people on the front lines of care.

As part of the further development of the Trust and with the increased engagement with the Johnson & Johnson Family of Companies, Donor Advised Partnerships have increased over the past years. The Trust is able to offer this service to Johnson & Johnson entities allowing for smooth grant processing and fewer transaction costs than if the funds were handled privately. Donor Advised Partnerships offer the donors ease of administration, while still allowing them

to maintain significant control over the placement and distribution of their restricted or unrestricted funds as long as they are used in furthering the Trust's mission.

Performance against objectives set: an analysis of the public benefit provided

In 2017, the Trust engaged with 78 partners in 52 countries delivering over £8.6 million to programs within the EMEA region¹.

2017 Significant areas of activity

For an overview of our programs supported in 2017, see our digital 2017 Annual Report which is available online on www.annualreport2017.jjct.org.

¹These numbers include donor advised funding partnerships. Excluding donor advised funding, the Trust engaged with 46 partners in 31 countries delivering over £2.8 million to programs in EMEA.

Financial Review

Results for the period

The Statement of Financial Activities is reported on page 9 of the accounts. The Trust incurred net expenditure of £3.6m (2016: £1.3m, net income) as a result of increased grant awards and currency exchange rates.

The financial position at 31 December 2017 was £26.9m of net assets (2016: £30.5m) which primarily consisted of cash deposits of £27.0m (2016: £31.2m) and the impact investment of £1.5m (2016: £nil).

Principal funding sources

The Trust's activities are funded through donations from the Johnson & Johnson Family of Companies.

Within the portfolio of the Trust, various types of funds have been created to effectively manage donations. These are endowment funds and designated funds.

Endowment funds

These are restricted investment funds donated to the trust with the intention to produce income. While withdrawals from the principal amount may only be used for purposes of the trust upon the donors' decision, any investment income generated from the endowment can be spent for the trust's ongoing operations or other specific purposes.

Designated funds

These are unrestricted funds that are earmarked by the directors to be used for particular purposes in the future. They are still accounted for as part of the charity's unrestricted funds, as the directors have the power to re-designate these funds to other purposes. Please refer to page 15 for a list of designated funds.

Restricted Funds

These are restricted funds that are earmarked by the donors to be used for particular projects. They are accounted for as part of the charity's restricted funds. Please refer to page 15 for a list of restricted funds.

Investment policy

The Directors have full power of investment. In 2017, the Directors continued to take a cautious approach towards financial investment, preferring not to establish a longer-term investment policy for its charitable funds. The Finance Advisory Committee are exploring investment opportunities that reflect its low-risk policy.

Reserves policy

The Trust's reserves policy is set to a level of spending intended to deliver our charitable mission today and to meet our commitments to our partners in the

future; unrestricted funds are maintained at the value of approximately four months of on-going activities.

Total funds held at 31 December 2017 were £26.9m (2016: £30.5m), of which £22k (2016: £22k) were restricted for specific purposes by the donor, £103k (2016: £103k) were endowment funds, £11.4m (2016: £13.6m) were designated, and a further £1.5m (2016: £nil) were held within programme related investments. The remaining free reserves at 31 December 2017 were £13.9m (2016: £16.7m).

The Directors recognize that the unrestricted reserves of £15,363,873 (2016: £16,725,012) exceeded the amount specified by the reserves policy in 2017. This was due to the transfer of an additional unrestricted donation of 15 million \$ in 2015, for the development of an impact investment portfolio over the period of 2016 – 2019.

Plans for the future

2018 will see the new Trust 2022 Strategic Framework being rolled out, by focusing on people, partnerships and impact investment and aligning with the Johnson & Johnson Global Community Impact Strategy at the same time. In Africa and the Middle East, where essential primary care is still out of reach for the most underserved communities, we will focus our efforts on strengthening primary care workers, such as nurses, midwives, doctors, community health workers and others who are the very foundation of any health care system. In Europe, where we see demographic changes, aging populations, and the rise of chronic disease assert tremendous pressure on health systems, we will focus our support on formal and informal care structures to ensure there is a workforce ready and able to respond.

People:

Building inspirational networks and knowledge sharing platforms is a fundamental component of the Trust's Strategic Framework. By connecting and empowering people, both internally within our Johnson & Johnson Community and externally with our partners and stakeholders, we elevate our collective knowledge and learning, and make a significant, long-term impact to the lives of those who most need our help. A few examples are the Trust Secondment Program, the One Young World Partnership or the Trust Awards Program.

Regarding our Secondment Program, following the successful launch in 2014

and the impact generated and following requests from our partners, a total of 47 Johnson & Johnson employees have successfully or are currently taking part in unique and life-changing much needed assignments with six of our valued NGOs.

We continue to further encourage employee engagement cross sector in Johnson & Johnson, e.g. through the One Young World program as well as further strengthen its networks enabling all its stakeholders to further share knowledge and skills.

Partnerships:

Partnerships are a core focus of our 2022 Strategic Framework. They help us to expand our impact working with Johnson & Johnson Operating companies across EMEA to realize the tremendous opportunities to create greater impact on social issues by leveraging existing business activities. The Trust will strive to incorporate Johnson & Johnson's full range of assets — expertise, knowledge, and influence — into the development of its future partnerships across the region. Our Partnerships are founded on shared goals and vision, and target the greatest unmet needs in priority countries thus generating value for the company in a way that also produces value for society. This blended value approach aims to reconnect company success with social innovation and impact. The ultimate goal is to strengthen health systems, support local eco-systems and drive innovation to improve health outcomes.

Building upon the success of the last years, the Trust will further deepen its partnership with the business across EMEA to, co-create, implement and measure partnerships for long term social impact. Core to the Partnership strategy will remain the Flagship Partners, AKDN, INSEAD and North Star Alliance with whom the Trust will further deepen and strengthen its interventions for impact. Through Donor-advised funds the Trust will support Johnson & Johnson entities in delivering solutions in supporting programs on TB and HIV/AIDS.

Impact Investment:

In 2018 we will build further on how we deliver this mission by piloting different models for achieving health-related impact investments, continue to build our pipeline through a seed portfolio of early stage opportunities and capture and communicate our learning journey with internal and external stakeholders.

Structure, Governance and Management

Governing document

The Trust is governed by its Memorandum and Articles of Association. The liability of the members of the charity is limited and every member undertakes to contribute such amount as may be required (not exceeding £1) in the event of the charity winding up.

Relationship to Johnson & Johnson Family of Companies

The Trust is funded by the Johnson & Johnson Family of Companies as part of its commitment to Johnson & Johnson Global Community Impact in the EMEA region. The Johnson & Johnson Family of Companies' commitment to the Trust extends to the provision of office space, facilities and the release of its employees to sit on local, informal committees that provide advice to the Trust.

In 2010, the Trust signed a trademark licensing agreement with the Johnson & Johnson Family of Companies for the use of the Johnson & Johnson name and logo.

As of the 31st of December 2017, all 14 Directors are employees of the Johnson & Johnson Family of Companies.

Recruitment and appointment of directors

The Trust is managed by a Trust Board of Directors consisting of senior Johnson & Johnson leaders across the Pharmaceutical, Consumer, Medical Devices and Global Supply Chain organization in the EMEA region. The Directors are responsible for directing the affairs of the Trust and ensuring that it delivers on its mandate of public benefit.

The Trust has the capacity to appoint 15 Directors to its Board. Nominations for new appointees are made to and approved by the Board. The aspiration is to build a balanced and diverse board. Therefore, the following factors are taken into consideration when recruiting new Board members: an interest in the health and societal challenges of the EMEA region, relevant business track record, cultural background and gender.

Upon appointment, new Directors are provided with training and information on their role and responsibilities, the mission of the Trust, and the Global Community Impact Strategy which the Trust adheres to. They are also invited to meet and discuss their role, responsibilities and areas of interest with the Executive Director of the Trust. Directors that formally and contractually

leave the Johnson & Johnson Family of Companies must tender their resignation to the Board.

The Directors are the decision making body on the Trust commitments. None of the Directors in place receive any remuneration for this.

Organization and decision making

The Board of Directors meets biannually and presides over the strategic direction of the charity, having responsibility and control of its affairs and activities. The directors of the Trust are the only Key Management Personnel.

Program Operations Committee

Whilst overall management of the Trust is decided by collective decision of the Board, much of the Trust's functioning is undertaken by the Program Operations Committee (Trust staff). The Committee is made up of employees of the Johnson & Johnson Family of Companies. The activities of the Program Operations Committee during 2017 were aligned to the Trust strategy and in reflection of the Johnson & Johnson Global Community Impact organisational structure.

Finance Advisory Committee

The Finance Advisory Committee was created in January 2014. The role of the Finance Advisory Committee is to provide expert counsel to the Board on strategic finance decisions, build and prioritize the 2015 - 2020 Finance Strategy, and support the Trust on the implementation of their recommendations. The Committee is made up of senior finance executives of the Johnson & Johnson Family of Companies.

Impact Advisory Committee

The Impact Advisory Committee was created in 2015. The role of the Impact Advisory Committee is to provide expert counsel on strategic investment decisions, assess and select for recommendation to the Board, build and prioritize the Johnson & Johnson Global Community Impact Strategy, and support the Trust on the implementation of their recommendations. The Committee is made up of senior internal and external experts from the field of impact investment.

Risk management and assessment

A risk matrix is reviewed on an annual basis ensuring the Directors have considered the major risks faced by the Trust and to ensure the necessary steps are taken to mitigate against the risks.

One of the risks which has been identified by the Directors relates to the appropriate

use of funds. The Trust regularly reviews its grant making policy and controls to monitor this risk and to ensure funds are spent according to highest standards of diligence and transparency. An example of one of the controls in place is the contractual "right to audit" clause allowing the Trust to ensure that funding was used for the intended purposes.

Another risk identified relates to the ability of the Trust to fulfil its multi-year grant making commitments without a guaranteed annual corporate grant making income. The resources that have come into the Trust and the reserves set aside however provide a sufficient buffer to meet current and future intended expenditure. The Directors are of the opinion that the Trust can continue to meet its obligations as they fall due for the foreseeable future. As a consequence they have prepared the financial statements on the going concern basis.

Directors' Responsibilities

The directors (who are also the trustees of the Trust for the purpose of charity law) are responsible for preparing the Directors' Report and financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under this law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law the directors 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 Trust and of the income and expenditure of the Trust for the period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the charities SORP;
- Make judgments and accounting estimates that are reasonable and prudent;
- 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 company will continue in business.

The directors are responsible for keeping accounting records that are sufficient to show and explain the Trust's transactions and disclose, with reasonable accuracy and at any time, the financial position of the Trust. The records must also enable the directors to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended). In addition, the directors are responsible for safeguarding the assets of the Trust, and hence for taking reasonable steps towards the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

As far as each of the directors, at the time the report is approved, are aware:

- There is no relevant information of which the organization's auditor is unaware, and
- the directors have taken all steps needed to make themselves aware of any relevant audit information, and to establish that the auditor is aware of that information.

The Directors' Report and Strategic Report is approved by the Directors on 7 June 2018, and signed on their behalf by:



Jane Griffiths

Chairman, Johnson & Johnson Corporate Citizenship Trust

Independent Auditor's Report to the Members and Directors

For the year ended 31 December 2017

Opinion

We have audited the financial statements of the Johnson and Johnson Corporate Citizenship Trust for the year ended 31 December 2017 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its income, receipt of endowments and expenditure for the year then ended;
- 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 and to the company's directors, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the charitable company's members, as a body, and the charitable company's directors, as a body, 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, the charitable company's members, as a body, and the charitable company's directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 Directors' Report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report (incorporating the Strategic Report) has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report (incorporating the Strategic Report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

Responsibilities of the directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors (who are the directors for the purposes of company law and trustees for the purposes of charity 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 directors 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 directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities

and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

For and on behalf of
Scott-Moncrieff, Statutory Auditor



Gillian Donald
Senior Statutory Auditor
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Statement of Financial Activities

(Incorporating the Income and Expenditure Account) For the year ended 31 December 2017

	NOTES	ENDOWMENT 2017 £	RESTRICTED 2017 £	UNRESTRICTED 2017 £	TOTAL 2017 £	TOTAL 2016 £
Income from endowments:						
Donations and legacies	4	-	(53,906)	10,673,516	10,619,610	8,070,752
Charitable activities		-	-	-	-	8,703
Investments		-	-	25,212	25,212	18,358
Exchange gains		-	-	-	-	4,017,038
Other		-	-	19,224	19,224	2,131
Total		-	(53,906)	10,717,952	10,664,046	12,116,982
Expenditure on:						
Charitable activities	5	-	(53,906)	12,994,960	12,941,054	10,786,852
Exchange losses		-	-	1,326,523	1,326,523	-
Total		-	(53,906)	14,321,483	14,267,577	10,786,852
Net (expenditure)/income and movement in funds		-	-	(3,603,531)	(3,603,531)	1,330,130
Reconciliation of funds:						
Total funds brought forward	15	102,629	22,034	30,332,281	30,456,944	29,126,814
Total funds carried forward	15	102,629	22,034	26,728,750	26,853,413	30,456,944

There are no recognised gains or losses other than those shown in the statement of financial activities above.

All the activities relate to continuing activities.

The notes on pages 11 to 16 form part of these financial statements.

Balance Sheet

As at 31 December 2017

	NOTES	2017 £	2016 £
Fixed Assets			
Programme-related investments	10	1,502,712	-
Current assets			
Debtors	11	479,080	484,482
Cash at bank		27,013,054	31,229,255
		27,492,134	31,713,737
Creditors: amounts falling due within one year	12	(2,141,433)	(1,256,793)
Net current assets		25,350,701	30,456,944
Net assets		26,853,413	30,456,944
Funds			
Endowment funds	15	102,629	102,629
Restricted funds	15	22,034	22,034
Unrestricted	15	15,363,873	16,725,012
Designated funds	15	11,364,877	13,607,269
Total funds		26,853,413	30,456,944

Authorised for issue and approved and authorised by the Board on 7 June 2018 and signed on its behalf by:



Jane Griffiths
Company Registration
No: SC327028
Charity Number: SC017977

The notes on pages 11 to 16 form part of these financial statements

Statement of Cash Flows

As at 31 December 2017

	NOTES	2017		2016	
		£	£	£	£
Cash flows from operating activities:					
Net cash (used in) operating activities	16		(2,914,890)		(838,352)
Cash flows from investing activities:					
Interest receivable		25,212		18,358	
Net cash provided by investing activities			25,212		18,358
Change in cash and cash equivalents in the year			(2,889,678)		(819,994)
Cash and cash equivalents at the beginning of the year			31,229,255		28,032,211
Change in cash and cash equivalents due to exchange rate movements			(1,326,523)		4,017,038
Cash and cash equivalents at the end of the reporting period			27,013,054		31,229,255
Analysis of cash and cash equivalents					
Cash in hand			27,013,054		31,229,255

The notes on pages 11 to 16 form part of these financial statements

Notes to the Financial Statements

As at 31 December 2017

1. Charity information

The principal activity of the Johnson and Johnson Corporate Citizenship Trust is to make sustainable, long-term differences in human health. It does this by investing in strategic partnerships and innovative solutions that add value to society and impact people's lives.

The Johnson and Johnson Corporate Citizenship Trust is a charitable company limited by guarantee incorporated in the United Kingdom and registered in Scotland. It is recognised as a charity for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC017977. In the event of the winding up of the charitable company a member is liable to contribute a sum not exceeding £1. Details of the registered office and company registration number can be found on page 2 of these financial statements.

2. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard 102, as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" and the Companies Act 2006. They are prepared on the historical cost basis.

Johnson & Johnson Corporate Citizenship Trust meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transition value unless otherwise stated in the relevant accounting policy.

These financial statements are presented in pounds sterling (GBP) as the Trust is incorporated in Scotland. The Trust incurs transactions in sterling (GBP), US dollars and euros. The Trust's functional currency is US dollars, being the currency in which the highest value of transactions takes place.

Going concern

The directors are of the opinion that the Trust can continue to meet its obligations as they fall due for the foreseeable future. The Trust has sufficient levels of unrestricted funds to support ongoing activities. As a consequence they have prepared the financial statements on the going concern basis.

Recognition and allocation of income

Income is recognised when the Trust has legal entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Deferred income

Where the charity has received income in the current year that has time related restrictions for future years or will not be earned until future years, this income is deferred to be released in the year to which it relates.

Recognition and allocation of expenditure

Expenditure is recognised when the Trust has entered into a legal or constructive obligation. Expenditure is allocated to the function to which it relates. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Governance costs are those incurred in connection with setting and monitoring the strategic direction of the Trust and compliance with constitutional and statutory requirements.

Grants awarded

Grants awarded are recognised in full when there is a constructive obligation in the Trust to make the payment.

Foreign currency transactions

Transactions in currencies other than in the presentational currency (Sterling - GBP) are recorded at exchange rates ruling at the date of the transaction. Balances at the year-end date are retranslated at the exchange rates ruling at the year-end date. All gains and losses arising are included in the Statement of Financial Activities in full in the year in which they arise.

Programme-related investments

Concessionary loans are measured at the amounts paid less any subsequent repayments, and adjusted if necessary for any impairment.

Fund accounting

Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the Trust.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

Designated funds are earmarked from the unrestricted funds by the directors for a specific purpose. Endowment funds are restricted investment funds donated to the trust with the intention to produce income. Withdrawals from the principal amount may only be used for purposes of the trust upon the donors' decision, any investment

income generated from the endowment can be spent for the trust's ongoing operations or other specific purposes.

Financial assets and financial liabilities

Financial instruments are recognised in the statement of financial activities when the Trust becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price. Subsequent to initial recognition, they are accounted for as set out below.

Financial instruments are all classified as 'basic' in accordance with Chapter 11 of FRS102. At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and are measured at amortised cost.

Debtors

Accrued donation income includes donations due in the year but not received until the next financial year. Accrued donations are recognised at the undiscounted amount of cash receivable, which is normally the amount per the donation letter.

Taxation

The Trust is a charity and is recognised as such for taxation purposes, therefore no corporation tax is payable. The Trust is not registered for VAT and therefore all costs are shown inclusive of VAT.

Creditors

Grants payable and accruals are obligations to pay for commitments made before the year end. They are recognised at the undiscounted amount owed to the grantee or supplier, which is normally the amount per the grant agreement or the invoice price.

Pension costs

The Trust is recharged the costs of a defined contribution pension scheme for employees. The cost of providing pensions is charged to expenditure in the period in which contributions are made.

Notes to the Financial Statements

For the year ended 31 December 2017

3. Critical judgements and estimates

The preparation of financial statements requires the directors to exercise judgement in applying the company's accounting policies. The directors are satisfied that the accounting policies are appropriate and applied consistently and that there are no critical accounting judgements or significant estimates required in preparing these accounts.

4. Donations and legacies

DONATIONS	2017 TOTAL £	2016 TOTAL £
Donations - Lifescan	8,756,021	6,341,017
Donations - Janssen EMEA fund	-	428,082
Donations - GPHFunding	1,480,272	1,086,823
Donations - Matched funding	(53,906)	214,830
Donations - Actelion	414,631	-
Donations - Other	22,592	-
	10,619,610	8,070,752

5. Charitable activities - grant making

	2017 TOTAL £	2016 TOTAL £
Grants (note 7)	9,482,239	8,013,751
Staff costs (note 9)	1,181,682	830,668
Administrative costs	2,198,549	1,800,850
Governance costs (note 6)	78,584	141,583
	12,941,054	10,786,852

6. Governance costs

	2017 TOTAL £	2016 TOTAL £
Legal & professional fees	69,584	128,023
Audit fees	9,000	13,560
	78,584	141,583

7. Analysis of grants

The Trust does not make grants to individuals and the total cost of making grants is disclosed on the face of the Statement of Financial Activities. An analysis has been provided below of each of the main grants paid by beneficiary noting all projects that are included within the payment.

BENEFICIARY	PROJECT NAMES	2017	2016
INSEAD - The Business School for the World	- Innovating Health for Tomorrow - Middle East Health Leadership Program - Innovation for Community Wellness	£592,159	£1,075,021
Aga Khan Foundation	- Supporting child development in Kyrgyzstan and Tajikistan - ECD Egypt - ECD Madrasa - Health Improvement Program - Nurse Scholarships East Africa - Portugal ECD - Strengthening Nursing and Midwifery Support Organizations in East Africa	£1,203,777	£1,355,782
Infectious Diseases Institute Limited	- The Ugandan Academy for Health Innovation and Impact - Sub-grant HOCADDO - Sub-grant TASSO - Sub-grant SDI - Sub-grant MAKSPH - Sub-grant CFU	£1,617,530	£870,010
Health Strategy and Delivery Foundation (HSDF)	- Strengthening data-driven stewardship of PMTCT programs	£799,726	-
Save the Children	- Psychosocial Support for Syrian refugee children and families in Istanbul, Turkey - Strengthening Education and Protection for Children Affected by the Syrian Crisis in Lebanon - Improving Access to Early Childhood Care & Development for Conflict-Affected Children in Jordan - Refugee crisis emergency appeal (only in 2016) - Working together to Give Lebanese Street Children a healthier, safer and better life (only in 2016)	£399,672	£521,397
Tropical Health and Education Trust	- THET AGP 2017/18 grants funds and THET support costs	£186,539	£180,000
Liverpool School of Tropical Medicine	- Scaling up interventions for maternal and newborn care in Kwara Nigeria	-	£287,232
eMoyoDotNet	- EmoyoNet program (Preventing disease in Vulnerable Population)	£102,179	£89,476
North Star Alliance	- Health care solutions for hard-to-reach populations - Digital Health Platform Development II	£219,954	£128,427
The Aurum Institute NPC	- Programme support for new regimen and medicines in MDR TB - Data Capturer for WHO report and maintenance of EDR Web	£274,273	£530,793
Global Health Innovation Technology Fund	- Global Health Innovation Technology Fund	£197,256	£193,777
International Confederation of Midwives	- ICM Young Midwifery Leadership Programme	-	£179,520
Save the Children (Egypt)	- Moments of Caring	-	£294,823
World Health Organization	- Deworming	-	£134,658
PATH	- PATH - training of HCP on infection control	£36,775	£124,736
Save the Children (UK)	- Supporting caregivers, parents, and children across the UK - FAST (only in 2016)	£74,041	£108,000
Young Enterprise	- BTE Leeds - BTE High Wycombe (only in 2016)	£10,740	£105,904
Social Innovation Factory (Benelux)	- Social GROW Sessions	£230,041	£103,725
Attigo	- Ghanaian Community Project	£146,686	-
Community Media Trust	- WezeshDada	£109,087	-
FONDAZIONE J&J	- Dynamo Truck - Healthy Villages - Human Foundation Summer / Winter School for social operators	£219,626	-
Gajam Group Limited	- Dharma Life project	£151,333	-
Medicines for Malaria Venture	- Medicines for Malaria Venture	£255,830	-
Museum Dr Guislain	- Museum Dr. Guislain	£131,973	-
Transformational Business Network Foundation	- Transformational Business Network	£150,000	-
Unjani	- Unjani	£107,103	-
SOS Children Villages CEE	- Grow Happily project CEE	£141,073	-
Other grants below £100,000 in the current year		£2,124,866	£1,730,470
Total		£9,482,239	£8,013,751

Notes to the Financial Statements

For the year ended 31 December 2017

8. Surplus for the year

THIS IS STATED AFTER CHARGING/(CREDITING):	2017 £	2016 £
Exchange loss/(gain)	1,326,523	(4,017,038)
Auditor's remuneration in respect of		
> audit	9,000	13,560
> taxation services	5,000	-
> other non-audit services	18,710	36,432

9. Salaries

	2017 £	2016 £
Salaries and associated costs	816,549	560,599
Other staff costs	179,221	175,001
Temporary staff costs	185,912	95,068
	1,181,682	830,668

The directors are deemed to be the only key management personnel. None of the directors received any remuneration during the current or prior period. During 2017 no expenses were reimbursed to directors.

None of the staff carrying out work for the Trust are employees of Johnson & Johnson Corporate Citizenship Trust (2016: none). The salaries and associated costs relate to Johnson & Johnson Corporate Citizenship Trust and are recharged on a quarterly basis.

10. Programme-related investments

A concessionary loan of £1.5m was made during the year, in the furtherance of the charitable objectives of the Trust. The loan falls due for repayment during 2022. Interest accrues at 3% per annum; a total interest income of £25,212 was recognized in 2017, of which £22,500 was received in December. The loan is secured via share warrants issued by the borrower. There was no commitment to provide further loans at 31 December 2017.

11. Debtors

	2017 £	2016 £
Accrued donation income	14,302	479,982
Other debtors	231,688	-
Prepayments	233,090	4,500
	479,080	484,482

12. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade Creditors	118,318	38,111
Grants payable	874,179	236,738
Accruals	1,091,282	933,446
Deferred income (note 13)	57,654	48,498
	2,141,433	1,256,793

13. Deferred income

	2017 £	2016 £
Balance at 1 January 2017	48,498	-
Grant administration contributions receivable	30,527	57,201
Income recognized on grants paid	(21,371)	(8,703)
	57,654	48,498

14. Financial instruments

	2017 £	2016 £
Financial assets at amortised cost	28,761,756	31,709,237
Financial liabilities at amortised cost	(2,083,779)	(1,208,295)

Financial assets measured at amortised cost comprise accrued donation income, other debtors, cash at bank, and programme-related investments. Financial liabilities measured at amortised cost comprise trade creditors, grants payable, and accruals.

15. Analysis of reserves

	BALANCE AT 1 JANUARY 2017 £	INCOME £	EXPENDED £	BALANCE AT 31 DECEMBER 2017 £
Endowment funds	102,629	-	-	102,629
Restricted funds				
Matched Partnership Fund	22,034	(53,906)	53,906	22,034
Designated funds				
Janssen EMEA Fund	6,601,868	-	(1,873,933)	4,727,935
Lifescan Scotland Community Fund	38,619	50,000	(69,682)	18,937
Designated Corporate Budget	13,253	2,522,931	(1,489,570)	1,046,614
Middle East Fund	89,773	6,317	(96,090)	-
Global Public Health Innovation Fund	6,863,756	1,480,273	(2,772,638)	5,571,391
Total designated funds	13,607,269	4,059,521	(6,301,913)	11,364,877
Unrestricted funds	16,725,012	6,658,431	(8,019,570)	15,363,873
Total	30,456,944	10,664,046	(14,267,577)	26,853,413

Endowment Fund The endowment fund is for the benefit of the College of Surgeons West, East and Central Africa. These are restricted investment funds donated to the trust with the intention to produce income.

Matched Partnership Fund This fund was created to facilitate the administration of co-funding payment of EMEA CSR Partnerships by Johnson & Johnson entities to approved external community based partnerships in the EMEA region.

Janssen EMEA Fund The Janssen designated fund, which is comprised of donations from a number of Janssen entities* in the EMEA region, is used to explore and support innovative solutions that improve health and well-being in underserved communities.
*Janssen EMEA fund contains donations for projects from Janssen EMEA, Janssen Nordics, Janssen Benelux, Janssen Beerse Campus, Janssen Pakistan Disaster Relief

Lifescan Scotland Community Fund This fund is administered as part of the Lifescan Scotland (a Johnson & Johnson Family of Companies entity) commitment to communities in the Highlands and Islands of Scotland.

Designated Corporate Budget Funds donated by Johnson & Johnson Global Community Impact, New Jersey and United States of America, are allocated towards a number of budgeted initiatives and are designated for these purposes.

Middle East Fund Funds, donated by the Johnson & Johnson Family of Companies in the Middle East, to support the development and implementation of the Middle East Corporate Social Responsibility Strategy.

Global Public Health Innovation Fund Through a newly established partnership with the Johnson & Johnson Global Public Health organization, the Trust plays an integral role in supporting the programs initiated by Global Public Health.

Notes to the Financial Statements

For the year ended 31 December 2016

16. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2017 £	2016 £
Net (expenditure)/income for the year	(3,603,531)	1,330,130
Adjustments for:		
Interest received	(25,212)	(18,358)
Foreign exchange loss/(gain)	1,326,523	(4,017,038)
Increase in investment	(1,502,712)	-
Decrease in debtors	5,402	952,683
Increase in creditors	884,640	914,231
Net cash (used in) operating activities	(2,914,890)	(838,352)

17. Related party transactions

The charity is ultimately controlled by Johnson & Johnson as the majority of trustees are employed by the Johnson & Johnson group of companies.

The majority of donation income was received from Johnson & Johnson group companies during the current and previous year, as detailed in note 4, of which £245,990 (2016: £479,982) was included within debtors at 31 December 2017. Johnson & Johnson group companies recharged £1,468,534 (2016: £864,796) of staff and other costs during the year, of which £800,368 (2016: £573,960) was included in accruals at 31 December 2017.

18. Membership

The Trust is a company limited by guarantee. The liability of the members is limited to £1 each.

19. Comparative Statement of Financial Activity

	ENDOWMENT 2016 £	RESTRICTED 2016 £	UNRESTRICTED 2016 £	TOTAL 2016 £
Income from endowments:				
Donations and legacies	-	214,830	7,855,922	8,070,752
Charitable activities	-	-	8,703	8,703
Investments	65	-	18,293	18,358
Exchange Gains	-	-	4,017,038	4,017,038
Other	-	-	2,131	2,131
Total	65	214,830	11,902,087	12,116,982
Expenditure on:				
Charitable activities	-	208,766	10,578,086	10,786,852
Total	-	208,766	10,578,086	10,786,852
Net income and movement in funds	65	6,064	1,324,001	1,330,130



Trust EMEA Team

Benjamin Davies

Executive Director
Johnson & Johnson Corporate
Citizenship Trust
Global Community Impact Lead,
EMEA

Annet Eijkelkamp

Director EMEA, Employee
Engagement
Lead Partner Engagement
& Advocacy

Antonio Delgado

Program Director
Janssen EMEA GCI Fund

Marion Birnstill

Manager EMEA, Partnerships

Ailbhe Timmons,

Manager EMEA, Employee
Engagement

Julia Wolfer,

Manager EMEA, Employee
Engagement &
Partner Engagement & Advocacy

Mariana Xavier

Manager EMEA, Partnerships

Tinneke Proost

Grant Coordinator

Salomé Fässler

Consultant Project Manager EMEA,
Employee Engagement

Sally Robinson,

Consultant Project Manager EMEA,
Employee Engagement

Cindy Verachtert

Administrative Assistant

Lei Wang

Consultant Finance Administrator



JOHNSON & JOHNSON
CORPORATE CITIZENSHIP TRUST

Turnhoutseweg 30,
2340 Beerse, Belgium

www.jnj.com / www.jjcct.org

   @JNJGlobalHealth

 vimeo.com/jjcct