

2018 Directors' Report

(including the Directors' Strategic Report)

For the year ended 31st December 2018

Directors' Report and Financial Statements

For the year ended 31st December 2018

2018 List of Directors

Directors

Angelika Elser
Christoph Bronnimann (resigned 1 April 2019)
Demet Gürünlü Russ
Frank Welvaert
Inder Sheel Kumar Khosla (appointed 29 January 2018)
Jaak Peeters
Jane Griffiths (Chair)
Kris Emiel Sterkens
Luis Diaz Rubio
Mark Larsen (resigned 8 April 2019)
Michelle Brennan (resigned 4 April 2019)
Neil Wood
Trevor Bond (resigned 5 April 2019)
Wim Bossens
Zeger Vercouteren

Executive Director*

Ben Davies

Company Secretary

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

Registered Office

5 Atholl Crescent
Edinburgh EH3 8EJ
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Auditor

Scott-Moncrieff
Exchange Place 3
Semple 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

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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 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 Team 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." These include doctors, nurses, midwives, and informal and formal caregivers.

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 and 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 Team 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 7). Post investment we are developing a coherent portfolio management strategy to ensure these investments achieve both social impact and meet our financial requirements.

In 2015 an impact investment effort was launched to focus on a limited number of investment opportunities over a 5-7 year time horizon to demonstrate that health and wellness investing in low-resource settings could deliver sustainable impact and a financial return. The investment portfolio is determined by the Trust Board of Directors, following expert counsel from an Impact Advisory Committee.

An initial £10.2m has been allocated to launch the first phase of the strategy from which a number of investments have already been made and are starting to show progress. As we move to the next stages in this work, we have recognised the need to focus on a number of core geographies to maximize the impact that we can achieve and have identified Kenya as our first key market. Additional countries are likely to be selected as we advance this work. The year ahead will see the benefit of this approach in further laying the foundations for targeted investments in health enterprises.

Strategic Report

Achievements and Performance

Our 2018 grant making activities and partnerships were guided by the Johnson & Johnson Global Community Impact Team, which is to support and champion people on the front lines of care.

In 2018, the Trust engaged with 66 partners in 58 countries delivering over £8.8 million to programs within the EMEA region.¹ Highlights of key partnerships and activities in 2018 include:

2018 Significant Areas of Activity

- **INSEAD** - The Trust and INSEAD partner to transform health systems across EMEA by investing in increasing the leadership and innovation capacity of health leaders of tomorrow.
- **Aga Khan Development Network (AKDN)** - The Trust has a long-term partnership with the AKDN, working on a number of innovative programs and initiatives aimed to improve the quality of life of communities. The AKDN works to improve the welfare and prospects of people in the developing world, particularly in Asia and Africa, supporting marginalized communities to achieve a level of self-reliance through access to tools, knowledge and education.
- **North Star Alliance** - North Star Alliance became a flagship partner of the Trust providing quality healthcare services to mobile workers like truck drivers, sex workers and the communities with which they interact.
- **Secondment Program** - Launched in 2014, the Secondment Program provides Johnson & Johnson employees with the unique opportunity to give back to society by sharing their business skills and knowledge with our NGO partner organizations in long-term assignments (up to six months).
- **One Young World (OYW)** - Johnson & Johnson has partnered with OYW, an NGO which connects the world's most impactful young leaders to create a better world, since 2013. OYW leaders (aged 18-30) from across the globe have participated, providing a unique opportunity to debate and formulate innovative solutions to some of the world's most pressing health issues.

¹These numbers include donor advised funding partnerships. Excluding donor advised funding, the Trust engaged with 19 partners in 32 countries delivering over £3.1 million to programs in EMEA.

Financial Review

Results for the Period

The Statement of Financial Activities is reported on page 11 of the accounts. The Trust incurred net income of £6.2m (2017: £3.6m, net expenditure) as a result of increased grant awards and currency exchange rates.

The financial position at 31 December 2018 was £33m of net assets (2017: £26.9m) which primarily consisted of cash deposits of £30.9m (2017: £27.0m) and the impact investment of £2.1m (2017: £1.5m).

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 Trust Board of 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 20 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 20 for a list of restricted funds.

Investment Policy

The Directors have full power of investment. In 2018, the Directors continued to take a cautious approach towards financial investment. The Finance Advisory Committee is exploring investment opportunities that reflect its low-risk policy with an investment policy to be developed in 2019.

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 2018 were £33m (2017: £26.9m), of which £22k (2017: £22k) were restricted for specific purposes by the donor, £103k (2017: £103k) were endowment funds, £16.2m (2017: £11.4m) were designated, and a further £2.1m (2017: £1.5m) were held within programme related investments. The remaining free reserves at 31 December 2018 were £14.6m (2017: £13.9m).

The Directors recognize that the free reserves exceeded the amount specified by the reserves policy in 2018. This was due to the transfer of an additional unrestricted donation of £10.2m in 2015, for the development of an impact investment portfolio over the period of 2016 – 2020.

Plans for the Future

Looking ahead, the Trust will continue to deliver against its strategic framework, focused on people, partnerships and impact investment, and aligned with the Johnson & Johnson Global Community Impact Strategy. Continued efforts will be made to strengthen primary care systems and the health workers operating within, including nurses, midwives, community health workers and others who are at the very foundation of any health care system. Investments will be made to support formal and informal care structures to ensure there is a workforce ready and able to respond to the benefit of vulnerable populations who do not otherwise have access to quality basic health services.

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 the Johnson & Johnson Global Community Impact Team 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 2018, all 15 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 managing 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 Team to which the Trust adheres. They are also invited to meet and discuss their role, responsibilities and areas of interest with the Executive Director of the Trust.

Directors who 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 and do not 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 day-to-day running of the Trust is delegated to the Executive Director, an employee of the Johnson & Johnson Family of Companies whom is not remunerated by the Trust.

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 2018 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 its recommendations. The Committee consists 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, and support the Trust on the implementation of these 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 control 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 fulfill 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
- 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 3 June 2019, and signed on their behalf by:



Jane Griffiths
Chairman, Johnson & Johnson
Corporate Citizenship Trust

Independent Auditor's Report to the Members and Directors

Opinion

We have audited the financial statements of Johnson & Johnson Corporate Citizenship Trust (the 'charitable company') for the year ended 31 December 2018 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 2018 and of its income 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).

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 Directors are responsible for the other information.

The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. Our opinion on the 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' incorporating the Strategic Report, which includes the Directors' Report and the Strategic 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 Directors' incorporating the Strategic 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 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.

Independent Auditor's Report to the Members and Directors

Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 8, 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.

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 and to the charitable 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.

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

Date: 3 June 2019

Statement of Financial Activities

(Incorporating the Income and Expenditure Account)

For the year ended 31 December 2018

	NOTES	ENDOWMENT 2018 £	RESTRICTED 2018 £	UNRESTRICTED 2018 £	TOTAL 2018 £	TOTAL 2017 £
Income from endowments:						
Donations and legacies	4	-	26,396	16,902,425	16,928,821	10,619,610
Investments		-	-	45,000	45,000	25,212
Exchange gains		-	-	962,062	962,062	-
Other		-	-	38,455	38,455	19,224
Total		-	26,396	17,947,942	17,974,338	10,664,046
Expenditure on:						
Charitable activities	5	-	26,396	11,789,156	11,815,552	12,941,054
Exchange losses		-	-	-	-	1,326,523
Total		-	26,396	11,789,156	11,815,552	14,267,577
Net income/(expenditure) and movement in funds		-	-	6,158,786	6,158,786	(3,603,531)
Reconciliation of funds:						
Total funds brought forward	15	102,629	22,034	26,728,750	26,853,413	30,456,944
Total funds carried forward	15	102,629	22,034	32,887,536	33,012,199	26,853,413

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 14 to 22 form part of these financial statements.

Balance Sheet

As at 31 December 2018

	NOTES	2018 £	2017 £
Fixed Assets			
Programme-related investments	10	2,067,574	1,502,712
Current assets			
Debtors	11	1,261,848	479,080
Cash at bank		30,914,988	27,013,054
		32,176,836	27,492,134
Creditors: amounts falling due within one year	12	(1,232,211)	(2,141,433)
Net current assets		30,944,625	25,350,701
Net assets		33,012,199	26,853,413
Funds			
Endowment funds	15	102,629	102,629
Restricted funds	15	22,034	22,034
Unrestricted	15	16,733,465	15,363,873
Designated funds	15	16,154,071	11,364,877
Total funds		33,012,199	26,853,413

Authorised for issue and approved and authorised by the Board on 3 June 2019 and signed on its behalf by:



Jane Griffiths

Company Registration No: SC327028

Charity Number: SC017977

Statement of Cash Flows

For the year ended 31 December 2018

	NOTES	2018	2017
		£	£
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	16	2,894,872	(2,914,890)
Cash flows from investing activities:			
Interest receivable		45,000	25,212
Net cash provided by investing activities		45,000	25,212
Change in cash and cash equivalents in the year		2,939,872	(2,889,678)
Cash and cash equivalents at the beginning of the year		27,013,054	31,229,255
Change in cash and cash equivalents due to exchange rate movements		962,062	(1,326,523)
Cash and cash equivalents at the end of the reporting period		30,914,988	27,013,054
Analysis of cash and cash equivalents			
Cash at bank		30,914,988	27,013,054

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 14 to 22 form part of these financial statements.

Notes to the Financial Statements

1. Charity information

The principal activity of the Johnson & 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 & 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. As fair values could not be measured reliably, equity investments are measured at cost 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.

Notes to the Financial Statements

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.

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	2018 TOTAL £	2017 TOTAL £
Donations – Cilag	7,703,225	8,756,021
Donations – Janssen EMEA fund	5,306,842	-
Donations – Johnson & Johnson Headquarters US	2,661,456	-
Donations – Johnson & Johnson Global Public Health Funding	1,230,902	1,480,272
Donations – Matched funding	26,396	(53,906)
Donations – Actelion	-	414,631
Donations – Other	-	22,592
	16,928,821	10,619,610

5. Charitable activities – grant making

	2018 TOTAL £	2017 TOTAL £
Grants (note 7)	8,401,500	9,482,239
Staff costs (note 9)	1,306,420	1,181,682
Administrative costs	2,063,790	2,198,549
Governance costs (note 6)	43,842	78,584
	11,815,552	12,941,054

6. Governance costs

	2018 TOTAL £	2017 TOTAL £
Legal & professional fees	33,842	69,584
Audit fees	10,000	9,000
	43,842	78,584

Notes to the Financial Statements

7. Analysis of grants

The Trust does not make grants to individuals. An analysis has been provided below of each of the main grants paid by beneficiary noting all projects that are included within the payments.

BENEFICIARY	PROJECT NAMES	2018	2017
INSEAD - The Business School for the World	<ul style="list-style-type: none"> - Innovating Health for Tomorrow - Middle East Health Leadership Program - Innovation for Community Wellness - Capacity building in pediatric care - STICH 	£1,018,103	£592,159
Aga Khan Foundation	<ul style="list-style-type: none"> - Supporting child development in Kyrgyzstan and Tajikistan - Portugal ECD - ECD Egypt - ECD Madrasa - AKU-SONAM - MECP Transformation - Health Improvement Program (2017 only) - Nurse Scholarships – East Africa (2017 only) - Strengthening Nursing and Midwifery Support Organizations in East Africa (2017 only) 	£813,271	£1,203,777
Infectious Diseases Institute Limited	<ul style="list-style-type: none"> - The Ugandan Academy for Health Innovation and Impact - Sub-grant HOCADEO (2017 only) - Sub-grant TASO (2017 only) - Sub-grant SDI (2017 only) - Sub-grant MAKSPH (2017 only) - Sub-grant CFU (2017 only) 	£685,771	£1,617,530
Health Strategy and Delivery Foundation (HSDF)	<ul style="list-style-type: none"> - Strengthening data-driven stewardship of PMTCT programs 	-	£799,726
Save the Children	<ul style="list-style-type: none"> - 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 	-	£399,672
Tropical Health and Education Trust	<ul style="list-style-type: none"> - The Tropical Health Education Trust, 2018, Sub-Saharan Africa - THET AGP 2017/18 grants funds and THET support costs 	£587,636	£186,539
Liverpool School of Tropical Medicine	<ul style="list-style-type: none"> - Scaling up interventions for maternal and newborn care in Kwara Nigeria 	£579,962	-
Global Health Committee	<ul style="list-style-type: none"> - Global Health Committee 	£364,056	-
Medical and Surgical Skills Institute Ghana	<ul style="list-style-type: none"> - Medical and Surgical Skills Institute 	£114,286	-
Partners in Health	<ul style="list-style-type: none"> - Community-Based Mental Healthcare: PIH MESH Scale-up 	£256,003	-
Wildhearts	<ul style="list-style-type: none"> - Education Equality Project across the UK 	£178,228	-
Youth Advocates Zimbabwe	<ul style="list-style-type: none"> - Youth Advocates Zimbabwe 	£137,572	-
Stichting zin	<ul style="list-style-type: none"> - Care days 2018 	£129,299	-
eMoyoDotNet	<ul style="list-style-type: none"> - EmoyoNet program (Preventing Disease in Vulnerable Population) 	-	£102,179
North Star Alliance	<ul style="list-style-type: none"> - Health care solutions for hard-to-reach populations - Digital Health Platform Development II 	-	£219,954
The Aurum Institute NPC	<ul style="list-style-type: none"> - Programme support for new regimen and medicines in MDR TB - Oto-toxicity research for MDR TB - Data Capturer for WHO report and maintenance of EDR Web (2017 only) 	£373,306	£274,273
Global Health Innovation Technology Fund	<ul style="list-style-type: none"> - Global Health Innovation Technology Fund 	£193,501	£197,256
World Health Organization	<ul style="list-style-type: none"> - J&J collaboration on Deworming 	£144,991	-

Notes to the Financial Statements

7. Analysis of grants (continued)

BENEFICIARY	PROJECT NAMES	2018	2017
PATH	- PATH – training of HCP on infection control	-	£36,775
Save the Children (UK)	- Supporting caregivers, parents, and children across the UK	-	£74,041
Young Enterprise	- BTE Leeds	-	£10,740
Social Innovation Factory	- Social GROW Sessions	-	£230,041
Attigo	- Ghanaian Community Project III	£94,412	£146,686
Community Media Trust	- WezeshaDada	£82,591	£109,087
FONDAZIONE J&J	- Dynamo Truck - Nemo Clinical center for Caregivers - Health Prevention Cure&Care Everywhere - Healthy Villages (2017 only) - Human Foundation - Summer / Winter School for social operators (2017 only)	£222,677	£219,626
Gajam Group Limited	- Dharma Life project	-	£151,333
Medicines for Malaria Venture	- Medicines for Malaria Venture	£475,155	£255,830
Museum Dr Guislain	- Museum Dr. Guislain	£134,180	£131,973
Transformational Business Network Foundation	- Transformational Business Network Kenya	£180,705	£150,000
Unjani	- Unjani Clinics South Africa	£103,573	£107,103
SOS Children Villages CEE	- Grow Happily project CEE	£136,160	£141,073
Other grants below £100,000		£1,396,062	£2,124,866
Total		£8,401,500	£9,482,239

Notes to the Financial Statements

8. Surplus for the year

THIS IS STATED AFTER CHARGING/(CREDITING):	2018 £	2017 £
Exchange loss/(gain)	(962,062)	1,326,523
Auditor's remuneration in respect of		
> audit	10,000	9,000
> taxation services	20,130	5,000
> other non-audit services	4,285	18,710

9. Salaries

	2018 £	2017 £
Salaries and associated costs	942,719	816,549
Other staff costs	204,149	179,221
Temporary staff costs	159,552	185,912
	1,306,420	1,181,682

None of the staff carrying out work for the Trust are employees of Johnson & Johnson Corporate Citizenship Trust (2017: none). The salaries and associated costs relate to Johnson & Johnson Corporate Citizenship Trust are recharged on a quarterly basis.

The Directors and Executive Director are deemed to be the only key management personnel. None of the Directors received any remuneration during the current or prior period. No expenses were reimbursed to Directors during the current or prior period. The donation in kind for the total employee benefits of Key Management Personnel is estimated to be approximately £55,000 for the current and prior year.

10. Programme-related investments

	EQUITY INVESTMENT £	CONCESSIONARY LOANS £	2018 TOTAL £
Balance at 1 January 2018 at cost	-	1,502,712	1,502,712
Addition during the year	564,862	-	564,862
Balance at 31 December 2018 at cost	564,862	1,502,712	2,067,574

A concessionary loan of £1.5m was made during the prior 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 £45,000 (2017: £25,212) was received.

The loan is secured via share warrants issued by the borrower. There was no commitment to provide further loans at 31 December 2018.

An investment of £0.6m was paid during the year to an unlisted Delaware Limited Partnership registered in Delaware, U.S.A., in the furtherance of the charitable objectives of the Trust. As a limited partner the Trust does not have control over the Delaware Limited Partnership. Under the terms of the limited partnership agreement, the Trust is committed to a further investment of £0.2m, if required by the Delaware Limited Partnership.

Notes to the Financial Statements

11. Debtors

	2018 £	2017 £
Accrued donation income	760,354	14,302
Other debtors	147,737	231,688
Prepayments	353,757	233,090
	1,261,848	479,080

12. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade Creditors	32,049	118,318
Grants payable	385,954	874,179
Accruals	772,205	1,091,282
Deferred income (note 13)	42,003	57,654
	1,232,211	2,141,433

13. Deferred income

	2018 £	2017 £
Balance at 1 January 2017	57,654	48,498
Grant administration contributions receivable	2,591	30,527
Income recognized on grants paid	(18,242)	(21,371)
	42,003	57,654

14. Financial instruments

	2018 £	2017 £
Financial assets that are equity instruments measured at cost less impairment	564,862	-
Financial assets at amortised cost	33,325,790	28,761,756
Financial liabilities at amortised cost	(1,190,208)	(2,083,779)

Financial assets that are equity instruments measured at cost less impairment comprise programme-related equity investments.

Financial assets measured at amortised cost comprise accrued donation income, other debtors, cash at bank, and programme-related concessionary loans.

Financial liabilities measured at amortised cost comprise trade creditors, grants payable, and accruals.

Notes to the Financial Statements

15. Analysis of reserves

	BALANCE AT 1 JANUARY 2018 £	INCOME £	EXPENDITURE £	TRANSFER £	BALANCE AT 31 DECEMBER 2018 £
Endowment funds	102,629	-	-	-	102,629
Restricted funds					
Matched Partnership Fund	22,034	26,396	(26,396)	-	22,034
Designated funds					
Janssen EMEA Fund	4,727,935	5,306,842	(1,410,411)	-	8,624,366
Lifescan Scotland Community Fund	18,937	-	(24,750)	5,813	-
Designated Corporate Budget	1,046,614	4,397,859	(1,999,208)	-	3,445,265
Global Public Health Innovation Fund	5,571,391	1,230,902	(2,717,853)	-	4,084,440
Total designated funds	11,364,877	10,935,603	(6,152,222)	5,813	16,154,071
Unrestricted funds	15,363,873	7,012,339	(5,636,934)	(5,813)	16,733,465
Total	26,853,413	17,974,338	(11,815,552)	-	33,012,199

Analysis of reserves - prior year

	BALANCE AT 1 JANUARY 2017 £	INCOME £	EXPENDITURE £	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

Notes to the Financial Statements

15. Analysis of reserves (continued)

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 Janssen EMEA entities, is used to explore and support innovative solutions that improve health and well-being in underserved communities.
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.
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

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

	2018 £	2017 £
Net (expenditure)/income for the year	6,158,786	(3,603,531)
Adjustments for:		
Interest received	(45,000)	(25,212)
Foreign exchange (gain)/loss	(962,062)	1,326,523
Increase in programme -related investment	(564,862)	(1,502,712)
Decrease in debtors	(782,768)	5,402
Increase in creditors	(909,222)	884,640
Net cash provided by/(used in) operating activities	2,894,872	(2,914,890)

17. Related party transactions

The charity is ultimately controlled by Johnson & Johnson as the majority of trustees and staff 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 £908,089 (2017: £245,990) was included within debtors at 31 December 2018. Johnson & Johnson group companies recharged £1,563,335 (2017: £1,468,534) of staff and other costs during the year, of which £446,363 (2017: £800,368) was included in accruals at 31 December 2018.

18. Membership

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

19. Grant funding commitments

The Trust has awarded grant funding amounting to £6,609,220 at 31 December 2018. This amount has not been recognised in these financial statements as the Trust retains the discretion to avoid the expenditure. The expenditure will be met from designated and unrestricted reserves.

20. Comparative Statement of Financial Activity

	ENDOWMENT 2017 £	RESTRICTED 2017 £	UNRESTRICTED 2017 £	TOTAL 2017 £
Income from endowments:				
Donations and legacies	-	(53,906)	10,673,516	10,619,610
Charitable activities	-	-	-	-
Investments	-	-	25,212	25,212
Exchange gains	-	-	-	-
Other	-	-	19,224	19,224
Total	-	(53,906)	10,717,952	10,664,046
Expenditure on:				
Charitable activities	-	(53,906)	12,994,960	12,941,054
Exchange losses	-	-	1,326,523	1,326,523
Total	-	(53,906)	14,321,483	14,267,577
Net (expenditure)/income and movement in funds	-	-	(3,603,531)	(3,603,531)
Reconciliation of funds:				
Total funds brought forward	102,629	22,034	30,332,281	30,456,944
Total funds carried forward	102,629	22,034	26,728,750	26,853,413

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

David Higgins

Senior Manager, Impact Investment

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
(until 20 December 2018)

Sally Robinson

Consultant Project Manager EMEA,
Employee Engagement

Cindy Verachtert

Administrative Assistant

Lei Wang

Consultant Finance Administrator



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