



Annual Report 2012

Under Application of the Social Reporting Standard

Table of Contents

Vision: JOBLINGE—Joining Forces to Address Youth Unemployment	4
Preface	5
The social problem and our solution approach	6
The social problem	6
Our solution approach	7
Success factors of JOBLINGE	9
Dissemination of the JOBLINGE solution approach	10
Social impact	11
Resources deployed (input)	11
Performance (output)	11
Impact	13
Evaluation and quality assurance	14
Further planning and outlook	15
Planning and objectives	15
Opportunities and risks	15
The organization of JOBLINGE	16
Structure and status of the organizational development	16
Profiles of the involved organizations	18
Supraregional partner companies and sponsors	19
Environmental and social profile	20
Financials	21
Income and expenditure of the overall organization	21
Financial situation of the overall organization	22
Income and expenditure of the locations	23
Financial situation of the locations	24
Loans	25
Status report	25

Subject and scope of the report

The following report refers to the activities of the JOBLINGE initiative—represented nationally by JOBLINGE e. V., which jointly represents the activities of the JOBLINGE locations (currently Joblinge gAG Bavarian Forest, Joblinge gAG Munich, Joblinge gAG Berlin, Joblinge gAG Frankfurt/Rhine-Main, Joblinge gAG Cologne, Joblinge gAG Leipzig, and the newly founded Joblinge gAG Ruhr), as well as the JOBLINGE foundation. This report refers to the calendar year 2012. The report is published annually. The JOBLINGE umbrella organization (JOBLINGE e. V.) is headquartered at Ludwigstraße 21, 80539 Munich, and is registered at the Munich district court under the register of associations number 204183. The contact person in the umbrella organization is Ulrike Garanin, Director JOBLINGE e. V. This report was compiled under application of the SRS standard.

Vision: JOBLINGE—Joining Forces to Address Youth Unemployment

The vision of the JOBLINGE initiative is to make a visible and sustainable contribution to the fight against youth unemployment.

We pursue this objective by mobilizing the strongest social powers under JOBLINGE and bundling different competencies to enable disadvantaged, unemployed youths earn themselves a job or apprenticeship. "Helping people to help themselves" is thus at the center of our concept, which aims to demonstrate an innovative and transferable path to the solution of social challenges.

Preface

Dear shareholders, friends, and sponsors of the JOBLINGE initiative:

The year 2012 was characterized by a high level of dynamics for JOBLINGE: The 1,000th youth was accepted into the program, and we are meanwhile active at six locations across Germany—in the Bavarian Forest, Munich, Berlin, Frankfurt/Rhine-Main, Cologne, and Leipzig. And our successful model continues on its growth trajectory: In January 2013, Joblinge gAG Ruhr in Essen will accept its first youths into the program, while our Frankfurt location will pilot a new growth model with branches in southern Hesse. The task of the not-for-profit JOBLINGE umbrella organization founded in 2012 (JOBLINGE e. V.) is to support the work of the locations, pursue the implementation and continued development of the concept, and manage the growth of the initiative—and thereby continue the work of the previous supraregional project team.

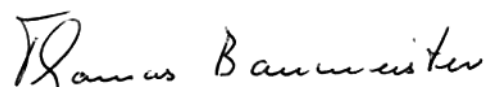
JOBLINGE is built on the joint commitment of the business world, the government, and the civil society in order to enable disadvantaged youths to find long-term placement in an apprenticeship or job and thereby lay the foundations for them to lead a self-determined life. The participants receive targeted support in earning themselves an apprenticeship or job—the focus is on helping them to help themselves and empowering them to take responsibility for themselves and others. This innovative, sustainable concept won the "Land der Ideen" award in 2012.

We are very proud that we were able to achieve a far above-average placement rate of 65% across our locations in 2012. This success would not have been possible without the many partners and sponsors who support the work of JOBLINGE locally and nationally in many different ways. We would like to express our warm thanks to you, and of course to our full-time employees, who form the backbone of the initiative with their tireless efforts and dedication. We look forward to continuing and expanding our joint commitment with you.

Sincerely,



Ulrike Garanin,
Director JOBLINGE e. V.



Thomas Baumeister,
Deputy Director
JOBLINGE e. V.

The social problem and our solution approach

The social problem

The social divide in our society is growing—and the causes can increasingly also be found in the developments in the job market. On the one hand, companies report difficulties in filling their apprenticeship positions with suitable applicants. On the other hand, statistics show that one in two Hauptschule (secondary school) students fail to find an apprenticeship within 12 months of graduating.

The year 2012—with its historic lows in unemployment—delivers sad evidence: The target group of JOBLINGE, socially disadvantaged youths between 15 and 25 years of age, hardly benefit from the rising demand for skilled workers or from the economic upturn. Despite unstaffed apprenticeships, youths with so-called "multiple placement obstacles" have hardly a chance of finding their way into an apprenticeship or job without receiving targeted support. In the 2012 Vocational Training Report, it is assumed that, due to the demographic development, the number of new youths in the transitional system between school and apprenticeship will decline from the current level of 260,000 until 2025, but without any changes and effective interventions will still remain at a level of approx. 160,000 youths.²

This situation gives rise to enormous challenges—in terms of personal fates, the growing social tensions, but also the impact on

our social systems: If we do not succeed in enabling youths who for various reasons are regarded as "difficult or impossible to integrate" to actively participate in professional life, the result will be not only direct costs of vocational preparation programs, but also subsequent costs for social welfare and employment in the secondary labor market, and even costs arising in connection with disproportionately high risk of drug abuse, criminality, and sickness. To this is added the lacking social insurance and other contributions of an active member of society. According to estimates, the costs of a non-integrated youth in our target group amount to €26,200 per year.

In Germany there is an established market that takes care of youths without an apprenticeship or job—the so-called "transitional system." This transitional system costs the public budgets €4.3B per year.¹ Due to the low transparency of the offer structure and especially the usually inadequate integration performance, this system is often criticized by experts as a "jungle of measures" and a "waiting loop."¹

Particularly for the truly socially disadvantaged youths at the lower end of the opportunity spectrum, who cannot be reached with school-based approaches, there remains a lack of effective support offerings.

For them, the jungle of measures has long become a carousel—on average, our participants have already been in measures of the transitional system unsuccessfully for two years—and they have often been given up on not only by society, but also by themselves.

¹ Klemm, Klaus: Was kostet eine Ausbildungsgarantie in Deutschland? Bertelsmann Stiftung, Gütersloh 2012

² Federal Institute for Vocational Training (Ed.): Data report on the 2012 Vocational Training Report—information and analyses on the development of vocational training, Bonn 2012.

³ The estimates are based on the assumption that an unemployed youth will cost the government €8,600 (unemployment benefits, allowance for housing and heating, social insurance contributions) per year. If this youth were in regular employment in the primary job market, social insurance contributions in the amount of €11,000 (employer and employee share) and taxes (income and consumer tax) in the amount of €6,600 would arise for an average annual income of €28,700. The costs and lost earnings amount to €26,000 (source: Werner, Dirk/Neumann, Michael/Schmidt, Jörg: Volkswirtschaftliche Potenziale am Übergang von der Schule in die Arbeitswelt. Bertelsmann Stiftung, Gütersloh 2012).

Our target group

Among the over 1,000 youths that have completed the program to date

- the average age is over 20 years old
- 30% have been rated as impossible to integrate in an apprenticeship for the past five years
- More than 70% have a migration background
- More than 60% are members of a household receiving welfare benefits
- More than 60% leave school with a Hauptschule diploma (after ninth grade) or no diploma at all
- Between 10% and 60%—depending on the location—have a criminal record.¹

¹ Information on criminal records is based exclusively on voluntary information provided by the participants.

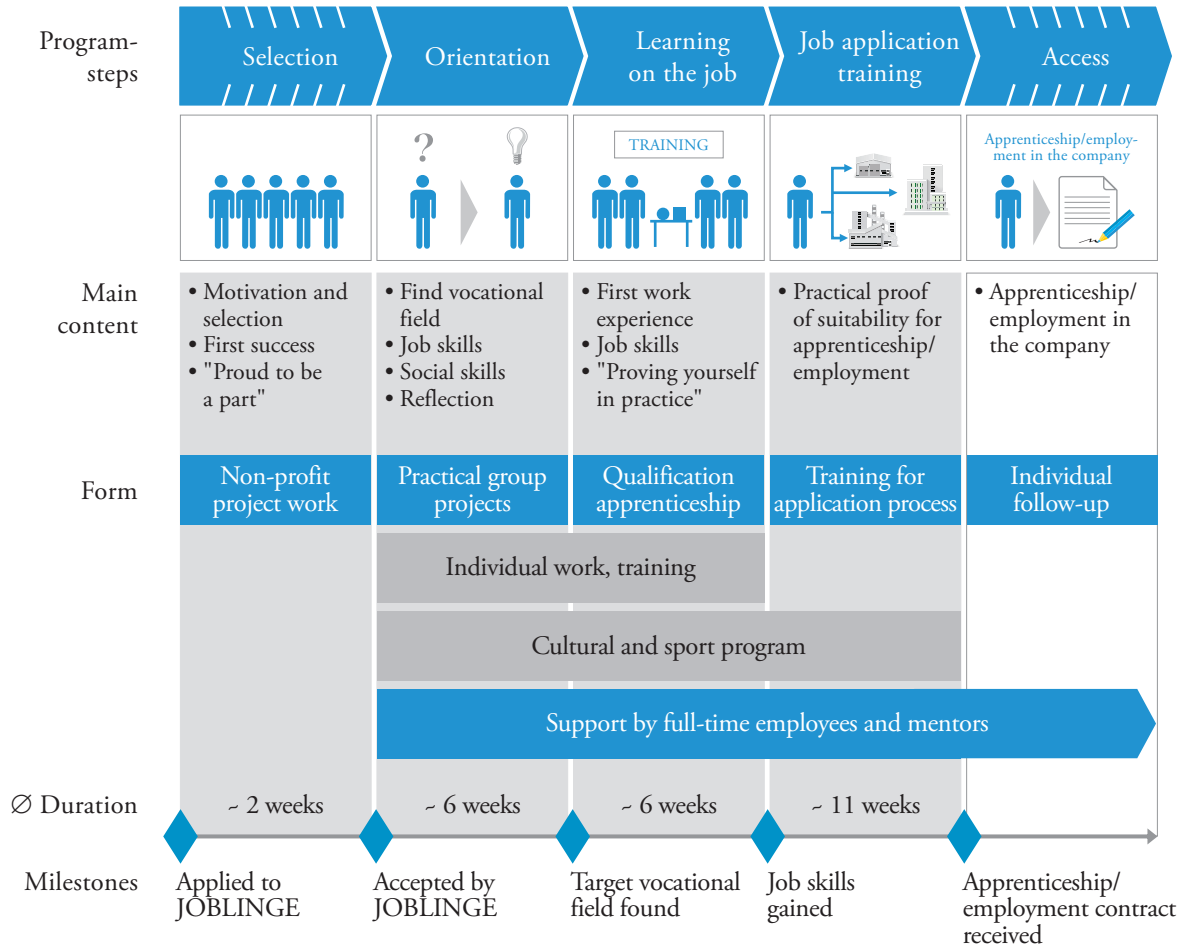
Our solution approach

We would like to contribute to solving this social problem in two ways:

- By enabling as many disadvantaged youths to participate in the JOBLINGE program as possible, thereby placing them on the path to a self-determined life through long-term placement in an apprenticeship or job
- By collaborating in developing a model for an improved management and support system. We

are convinced that switching from the current input-oriented support system (management based on costs per youth per month) to an output-oriented support system (management based on costs per youth with long-term placement) can make an important contribution to increased effectiveness, transparency, and quality in the transitional system between school and work.

The JOBLINGE program



Supported by volunteer mentors and a team of full-time employees, all participants complete a six-month program in which they are guided towards their goal of an apprenticeship through non-profit work, orientation workshops, and company internships. Throughout the program, "helping them to help themselves" remains the core principle. This help is enabled through a framework that challenges the participants, enables them to grow, strengthens their self-esteem, and provides them with an environment of trust and personal support in which to recognize their goals and opportunities, try out new things, and address necessary behavioral changes. In order for the participants to be able to successfully earn themselves an apprenticeship, they have to be put in a position to take responsibility.

Success factors of JOBLINGE

JOBLINGE builds on four key success factors to achieve its goals:

Practice from day one

During the entire JOBLINGE program, the youths are active in practice. They are thereby gradually prepared for working life—first in the "protected space" of the JOBLINGE locations in practical entrepreneurial projects, then through closely supervised internship activities in partner companies. In the final step, the youths earn the apprenticeship position that has been reserved for them in "their" target company.

One-on-one support

Due to numerous difficult background conditions, the target group of JOBLINGE are not in a position to perform in everyday professional life without support. In order to allow intensive one-on-one support, JOBLINGE provides one specially trained pro bono mentor for each youth in addition to the full-time employees. The mentor is a confidant and coach who accompanies and reinforces the youth through all program steps. In addition, the mentor is also a "crisis manager," contributing to ensuring that the youth doesn't drop out in spite of the difficulties that almost always arise in the course of the program.

Professional management and support

Achieving the shared objective of long-term placement of youths requires the professional management and support of all involved partners. This is enabled through the social franchising system of the JOBLINGE initiative: Local partner networks can use the proven concept and implement it on-site in the organizational framework of a local non-profit company and receive targeted support from a federally active not-for-profit umbrella organization.

Bundled social commitment

The bundling of voluntary social commitment is of central importance for the JOBLINGE approach. The two core elements of the program—practice from day one and one-on-one support—can only be realized through the involvement of dedicated partner companies and the volunteering of private individuals. This commitment is enabled through co-financing by the public and private sector.

Dissemination of the JOBLINGE solution approach

JOBLINGE is a successful model on a growth trajectory: In the five years of its existence, the initiative has grown continuously. We receive a growing number of requests to further expand the project. We would like to offer JOBLINGE everywhere where there is local demand and interest.

The transfer of the JOBLINGE approach is currently realized in two forms: On the one hand, through the establishment of new, legally separate Joblinge non-profit limited companies (gAGs), and on the other hand—as piloted in Hesse in 2012—through the establishment of branches in the geographical region of existing Joblinge gAGs.

JOBLINGE is conceived as a social franchise: As franchisor, the JOBLINGE umbrella organization proliferates the JOBLINGE program, defined in a concept manual, the implementation of which is contractually governed in a cooperation agreement between the location and the umbrella organization. The locations agree to adhere to the different procedures and quality standards in the execution as well as the achievement of quantitative and qualitative targets. In return, the JOBLINGE umbrella organization supports the location with the implementation of the extensive services and manages the growth of the initiative.

During the reporting period, two new locations were founded, so that as of the end of 2012, JOBLINGE operates six locations (Bavarian Forest, Munich, Berlin, Frankfurt/Rhein-Main, Cologne, and Leipzig). In addition, the foundations have been laid for a new location in the Ruhr area and a first branch in Offenbach in early 2013.

To further expand the quality and effectiveness in our growing organization, we have invested in processes, tools, framework conditions, continued concept development, but also in our shared values and culture.

In the past year, we have therefore among others:

- Expanded the JOBLINGE concept manual by new experiences and best practices, eliminated outdated approaches, and enriched it with tips and advice
- Introduced the new JOBLINGE database, which allows flexible analyses and supports the growing reporting duties towards sponsors
- Implemented a uniform IT infrastructure and support solution for all locations
- Introduced the JOBLINGE financial controlling tool that maps the P&L, balance sheet, and cash flow situation of the gAGs on a monthly basis
- Used two location leader conferences and the JOBLINGE fall conference for encouragement of exchange of best practices, offering of functional trainings, and further development of strategies and ideas
- Institutionalized our internal quality management and reporting, which includes the local supervisory board meetings and general meeting, as well as regular status calls, educational jours fixes, and onboarding of new locations and employees
- Started up the new JOBLINGE web site, delivered more than 30 regional and supraregional contributions in local and national media, and collaborated on lectures, competitions, and studies.

JOBLINGE also advanced organizationally in the year 2012:

- In order to continue the supraregional support and management of the initiative and expand it through the involvement of additional partners, The Boston Consulting Group established the non-profit JOBLINGE foundation.
- The previous supraregional JOBLINGE project team has found a home in the not-for-profit JOBLINGE umbrella organization.

2012 was also the year in which we first passed the threshold of €1M in fundraising of private donations. In addition, we were able to cement the subsidization conditions with the public sector. As pleased as we are by these achievements, we will not rest on our laurels now. Only if we succeed in winning additional sponsors for JOBLINGE can we meet the growing demand for JOBLINGE across Germany and continue our commitment.

Last but not least, thanks to the strong dedication of the JOBLINGE partners and supporters, the JOBLINGE initiative earned third place in the people's choice award of the Germany-wide competition "365 Orte im Land der Ideen." This recognition fills us with pride—and is an incentive for us to continue the successful course of JOBLINGE together with you.

Social impact

Resources deployed (input)

JOBLINGE is a social impact platform that mobilizes multi-layered and top-class pro bono services and voluntary activities for the benefit of the participants. In order to ensure that this collaboration of citizenship, business, the public sector, cultural and sports institutions, foundations, and educational institutions remains sustainable and expandable, a win-win model must be ensured. This requires professional structures and processes, as well as a high level of coordination—in short: professional management of the platform by full-time employees.

In 2012, the total costs of the JOBLINGE locations and the umbrella organization

JOBLINGE e. V. amounted to €2.75M, of which 63% went to personnel costs and 37% to non-personnel costs.⁴ In 2012, the share of administrative costs was approx. 14% for the six locations and 6% for the umbrella organization.⁵

In 2012, the 38 full-time JOBLINGE employees (corresponding to 33.15 FTE) were supported by more than 760 volunteers who contributed their expertise and time to the success of JOBLINGE in many different ways.

Performance (output)

In 2012, 428 youths completed the six-month JOBLINGE program. The output of JOBLINGE can be determined based on measurable, transparent performance indicators—the placement rate and the sustainability of the placement (measured by whether the participant remains in the apprenticeship or employment six months after the end of the program):

- In 2012, we managed to increase the placement rate from an average of 60% to 65%—while growing from four locations to six
- The sustainability of placement currently lies at approx. 80%.⁶

These are far above-average success rates for JOBLINGE compared to other programs for youths in this target group, and will lead to considerable savings for the public sector in the short, medium, and long term. In light of the shortage of transparent market data and success rates of other programs, we have conducted an approximate quantification of the savings in comparison to three different scenarios.⁷

⁴ Of this amount, €170,000 in personnel costs and €245,000 in non-personnel costs are generated by the not-for-profit umbrella organization JOBLINGE e. V. It should be taken into account that The Boston Consulting Group provides a share of the umbrella organization's personnel on a pro bono basis.

⁵ The administrative costs include personnel costs for assistance as well as the costs of marketing, accounting, annual accounts, office supplies, insurance, interest expense, and other expenses (e.g., IT maintenance, account management fees, cost of entertainment). According to the German Central Institute for Social Issues (DZI), an administrative cost share of 10–20% is deemed "appropriate" (source: DZI Spenden-Almanach, p. 72).

⁶ Based on initial analysis of four locations.

In all three scenarios, the assumptions are relatively conservative. In the optimistic comparison scenario, we assume that the participant attends only a 10-month vocational training measure at a monthly cost of €580. With a placement rate of 44% and a sustainability rate of 75%, the cost for a sustainably placed participant amounts to €17,600 in the optimistic scenario. The middle comparison scenario is based on the assumption that the participant first completes a six-month acti-

the cost for a sustainably placed participant amounts to €12,300.

In the short term, a direct comparison of the program costs for a sustainably placed participant show that the cost of JOBLINGE is significantly below that of different comparison scenarios, resulting in savings between €5,300 and €93,400 for each sustainably placed participant. In the medium term, i.e., one year after the

	JOBLINGE	Optimistic scenario ⁷	Middle scenario ⁷	Pessimistic scenario ⁷	
Cost per participant per month	€ 1,070	€ 580	€ 600	€ 640	
	× 6	× 10	× 16	× 19	Program duration in months
Cost per participant	€ 6,400	€ 5,800	€ 9,600	€ 12,200	
	÷ 65%	÷ 44%	÷ 23%	÷ 23%	Placement rate
Cost per placed participant	€ 9,900	€ 13,200	€ 41,700	€ 52,900	
	÷ 80%	÷ 75%	÷ 65%	÷ 50%	Sustainability rate
Cost per sustainably placed participant	€ 12,300	€ 17,600	€ 64,200	€ 105,700	

vation support program at a monthly cost of €640, and then a 10-month vocational training measure at a monthly cost of €580. Under consideration of a placement rate of 23% and a sustainability rate of 65%, the cost for a sustainably placed participant amounts to €64,200 in the middle scenario. In the pessimistic comparison scenario, we assume that the participant requires a more expensive rehabilitation program at an average monthly cost of €640. The six-month activation program is extended by another three months, after which the participant completes a 10-month vocational training measure. Assuming a placement rate of 23% and a sustainability rate of 50%, the cost for a sustainably placed participant amounts to €105,700 in the pessimistic scenario. For JOBLINGE,

completion of the apprenticeship, the savings—taking into account the social insurance contributions and tax payments of the successfully placed participants and the social benefits paid to unsuccessfully placed participants—amount to between €14,300 and €41,000 for each participant relative to the comparison scenarios. In the long term, i.e., 10 years after completion of the apprenticeship, due to the high placement and sustainability rate of JOBLINGE, the contributions of the successfully placed participants are permanently higher than the support payments to non-integrated participants—as a result, the savings relative to the comparison scenarios amount to between €101,000 and €130,000.

⁷ Source: German Federal Employment Agency: budget 2012; Training Consensus of the State of NRW: "Neues Übergangssystem Schule-Beruf in NRW"—status of January 31, 2012; Federal Institute for Vocational Education and Training (BiBB): 2013 Vocational Education and Training Report; expert interviews.

With 428 participants in 2012, the savings thus amount to €1.2M to €20.8M in the short term, €6.1M to €17.5M in the medium term (one year after the apprenticeship), and €43.2M to €55.64M in the long term (after 10 years).

Impact

However, more important than the pure figures is that behind every successful participant is a 180-degree turn—a success story that least of all the youths themselves would have believed at the start. Some say that a new life started for them—a life that they will hopefully be able to shape as a self-determined and responsible member of society. The following two biographies serve as an example of the individual success stories of the more than 1,000 youths:

Dimitrij (17) came to Hesse three years ago from Russia without a diploma or any knowledge of the German language. Due to massive domestic violence, he was removed from his family and placed in a home. He got into the drug scene and was sentenced to juvenile detention. When he entered the JOBLINGE program, his wish was to complete an apprenticeship as a retail salesman. After intensive preparation, multiple interventions, and persistent persuasion, the JOBLINGE team managed to find an internship spot for Dimitrij. He was able to prove himself during the internship and started a regular apprenticeship last fall—he continues to receive support from JOBLINGE in the context of the follow-up support.*

Lisa (21) from Cologne was her sick mother's caregiver for years until her mother's death. During this time, she was largely isolated from society. The entrepreneurial group projects at JOBLINGE helped her to build trust in herself and others. After a*

few setbacks in her search for an internship, Lisa was about to give up. However, with a reduced workload and a gradual increase of responsibilities, JOBLINGE succeeded in stabilizing the young woman to the extent that her internship company offered her an apprenticeship in the area of warehouse logistics.

* Names have been changed.

Besides the primary objective—the long-term placement of participants in the primary labor market—other positive effects were achieved: Fully in line with the demanded assumption of responsibility through active citizenship and the private sector, the JOBLINGE network was further expanded in 2012. Specifically, we successfully mobilized approx.

- 900 partner companies (apprenticeships, internships, mentors, shareholders, supervisory board members, and donors)
- 600 pro bono mentors
- 60 pro bono speakers, trainers, and project leaders
- 65 pro bono elected representatives (executive board members, supervisory board members)
- 50 pro bono experts (IT, accounting, legal advice, etc.)
- 20 public-sector institutions that enable the commitment with their financial subsidies
- 10 cultural and sport institutions that partner in shaping the program modules.

We are delighted that nearly all of our involved partners confirm the win-win experience and plan to continue their involvement. Mentors report that they learn at least as much from "their" protégé as vice versa. In 2012, some partner companies started to include the pro bono mentoring for JOBLINGE as a module in their employee development. Renowned

8 Lost contributions to pension and health insurance, as well as avoided subsequent costs for a successfully placed participant due to lower sickness, addiction, and criminality risks are not taken into account.

9 At JOBLINGE, 223 of 428 participants were sustainably placed. Multiplying the number of participants by the savings of €5,300 to €93,400 per participant results in the potential short-term savings for the public sector.

cultural institutions, for whom the cooperation with JOBLINGE provided a step towards opening themselves for educationally disadvantaged classes, want to further expand the collaboration in the future in the context of the cultural program. In addition, we managed to open major companies who had not offered apprenticeships for the JOBLINGE target group in the past to the participants and thereby contribute to equal opportunities. A few partner companies, usually smaller ones, have only started to offer apprenticeships again or at all thanks to the intensive and professional support of the youths. Beyond JOBLINGE, we would like to contribute to an exchange of experiences and the establishment of successful, cross-sector collaboration in the transitional system through intensive networking and the participation in studies and relevant conferences.

Evaluation and quality assurance

In order to achieve the objective of sustainable placement in the primary labor market for as many participants as possible, all JOBLINGE partners commit to collecting

and using transparent KPIs that reflect both the results achieved on site and the ongoing processes of the program. Together with the umbrella organization, each gAG performs a regular review and discussion of these indicators—JOBLINGE wants to be measured by its results. The following quality KPIs are therefore analyzed on a monthly basis as part of regular reporting.

JOBLINGE sees itself as a learning system. A systematic exchange of experiences—for example in the context of location leader conferences and the JOBLINGE fall conference—and the continuous further development of the concept are part of our self-conception.

In addition, in 2012 the locations Munich, Cologne, and Ruhr (new) successfully earned their certification under AZAV, the German ordinance governing the accreditation and approval for employment promotion. After the reform of the labor market policy instruments in April 2012, this step was a legal requirement by the end of 2012 for the continued subsidization by the Federal Employment Agency, which we receive for these three locations.

Operational result KPIs	Operational process KPIs	Financial targets
Integration/placement rate in an unsupported apprenticeship/job	Mentor rate	Balance sheet: maintenance of the required equity base
Sustainability rate (share of former participants who are in an apprenticeship/job after the end of the program)	Satisfaction of the youths (surveyed twice in the course of the program)	P&L: no budget overrun
Capacity utilization (share of filled spots in the program)		Cash flow: solvency (permanent positive liquidity)
Participation rate in the training module		
Internship rate		

Further planning and outlook

Planning and objectives

We will continue to consistently focus on the following:

- One target group—disadvantaged youths under the age of 25 without vocational training
- One objective—sustainable placement in an apprenticeship
- One approach—implementation of the JOBLINGE concept
- One organizational form—non-profit limited companies as carriers of the implementation

We thereby strive to continuously optimize the program, expand our partnerships, and continue to spread our concept across the country while strengthening and building on our current success factors.

JOBLINGE is on a successful growth course, which we would like to consistently pursue in 2013 as well, in order to meet the growing demand for JOBLINGE. Besides the establishment of new Joblinge gAGs in Stuttgart and Hamburg, where we are not yet represented, the formation of branches around existing locations will constitute a second growth model in future that will allow us to increase our reach in the regions and optimally leverage the existing resources, contacts, and expertise to the benefit of the youths.

With regard to control systems and basic services, such as operational and financial controlling, documentation, and databases, we continue to rely on standardized solutions and professional instruments.

In terms of our educational work with participants, we would like to encourage innovative approaches. With "Kultur der Ausbildung" (culture of vocational training), for example, a new and expanded form of the JOBLINGE

cultural program was developed and piloted in Frankfurt and is now planned to be gradually introduced at other locations in accordance with the local capabilities.

Opportunities and risks

As with most social initiatives, the most demanding challenge for JOBLINGE is the acquisition of financial means. The intensified collaboration with public-sector institutions—especially with the Federal Employment Agency, job centers, municipalities, as well as federal states—is an important milestone. However, the public share of the co-financing on average covers only 68% of the costs and is connected with high administrative effort and content requirements that are times unrelated to the concept. We would therefore like to continue our current "multi-pillar strategy"—with public- and private-sector sponsors—to better cushion the risks, and we hope to be able to successfully expand especially the share of private fundraising in 2013. In light of the deteriorating economic outlook, this represents a particular challenge.

Our most important strategic objective is therefore to establish an innovative, performance-based sponsorship model with the public sector. If we achieve this, the long-term financing of JOBLINGE and comparable initiatives would only depend on the local demand and the operational success—rather than on imponderables in the framework conditions, as it does today.

Besides financing, another challenge for any growing organization is its personnel. This applies to JOBLINGE particularly strongly: Within a very short period of time, we have grown from 14 to 38 employees. But JOBLINGE can only be successful if all employees possess not only strong competencies, but also a high level of personal commitment. We are delighted that we have thus far been able to strengthen and enrich the JOBLINGE culture in our growing organization. This will remain a top priority for us in future, as well.

The organization of JOBLINGE

Structure and status of the organizational development

From the start, JOBLINGE has placed great value in a strong anchoring of the local commitment and a transferability of the approach in the sense of social franchising.

The JOBLINGE locations, which conduct the work with the youths on site, are therefore organized as non-profit gAGs. The framework conditions of the gAGs are similar to those of conventional limited companies—with one important difference: Instead of a financial dividend, the shareholders receive an immaterial dividend. With the start-up capital and their willingness to shape and support the fates of the Joblinge gAG, the founding shareholders laid the foundations for the success of the share enterprise on site. Companies and other organizations, as well as municipalities or counties, can become involved as shareholders. A pro bono supervisory board comprised of representatives of the founders and local multipliers supervise the gAG. Besides the participatory concept, the legal form of the gAG also reflects the high standards of the initiative in terms of professionalism and transparency. At every JOBLINGE location, a full-time team manages the JOBLINGE program and creates the framework for the work of the numerous pro bono players.

The not-for-profit JOBLINGE umbrella organization (JOBLINGE e. V.) performs the role of franchisor. That means that it develops the JOBLINGE concept, enforces its implementation at the locations, and manages the expansion by founding new locations. In doing so, the umbrella organization works together closely in partnership with the locations and performs central tasks such as the continuous development of the concept, creation of cross-location aids, supraregional coordination of partners, supraregional fundraising, and public relations work. Besides the seven locations (status of January 2013), the

shareholders of JOBLINGE e. V. include the JOBLINGE foundation, which was founded by The Boston Consulting Group as part of its social impact work, and which provides the majority of the funding and staffing of the JOBLINGE umbrella organization. The collaboration between JOBLINGE e. V. and the JOBLINGE locations is governed by co-operation contracts, especially through the shared commitment to implement and further develop the JOBLINGE concept.

Profiles of the involved organizations

The local JOBLINGE locations are organized as Joblinge gAGs. In 2012, they merged under the supraregional not-for-profit JOBLINGE umbrella organization (JOBLINGE e. V.) headquartered in Munich. The not-for-profit JOBLINGE foundation headquartered in Munich is also a member of the JOBLINGE umbrella organization.

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The JOBLINGE umbrella organization is not-for-profit—as are the JOBLINGE foundation and the Joblinge gAGs. The JOBLINGE umbrella organization pursues the following charitable purposes:

- Promotion of youth support (AO § 52 para. 2 sentence 1 no. (n) 4)
- Promotion of education (AO § 52 para. 2 sentence 1 no. (n) 7).

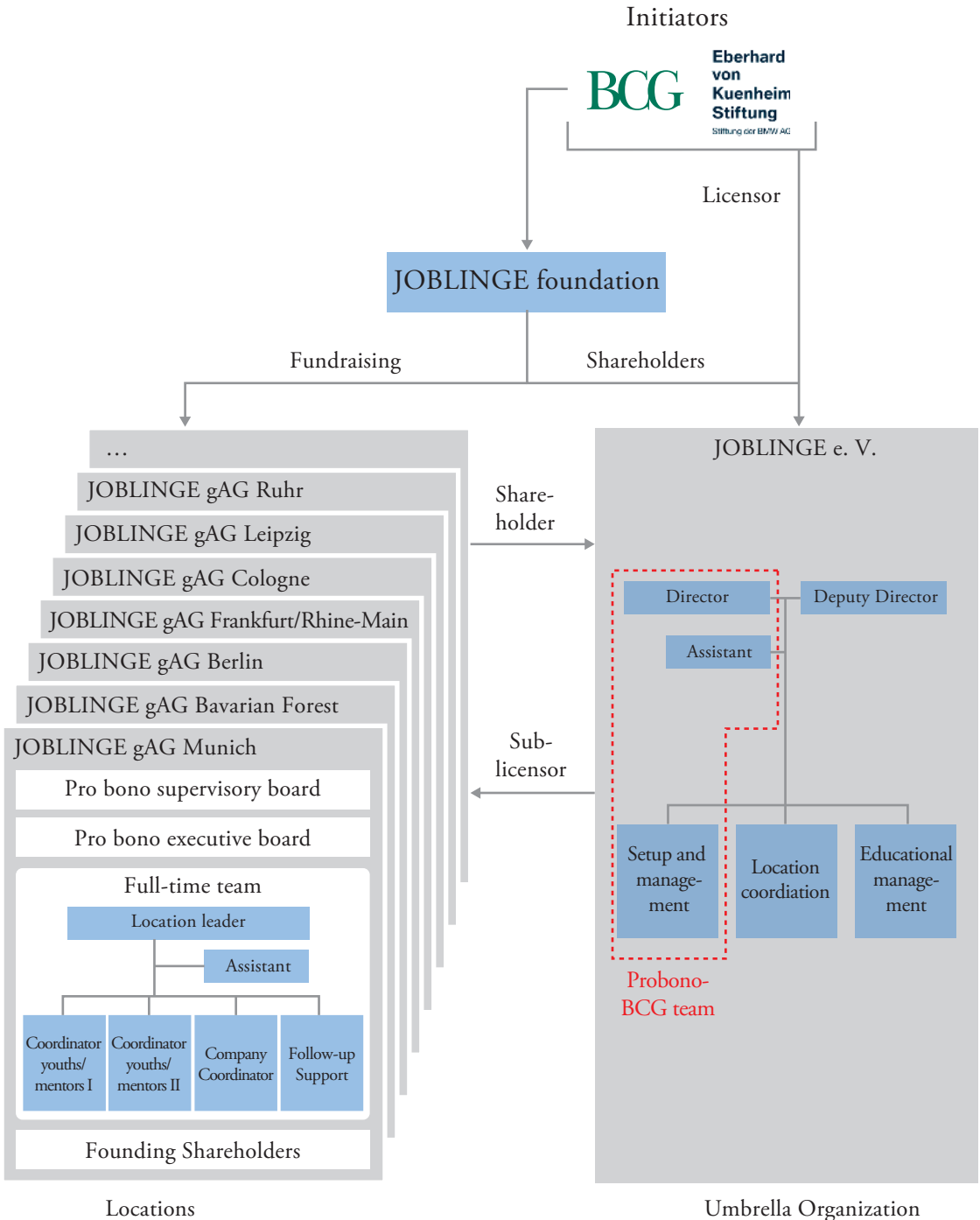
In 2012, the JOBLINGE umbrella organization had 2.4 permanent employees and was actively supported by a pro bono team of consultants from The Boston Consulting Group as well as pro bono supporters, e.g., Hogan Lovells for legal advice, PwC AG for

tax advice, KPMG for the annual financial statements, and BMW Financial Services for interest-free loans.

Baumeister as Deputy Director. Both are active full-time and are authorized to represent and sign for the organization.

The JOBLINGE umbrella organization (JOBLINGE e. V.) is managed by Ulrike Gararin as Director, who has been seconded as a BCG Principal for this role, and Thomas

In accordance with the articles of association and rules of procedure, the Director is responsible in particular for the day-to-day management of the association in accordance



with the laws, the articles of association, and the rules of procedure. The supervisory body of JOBLINGE e. V. is the general meeting, in which the gAGs and the JOBLINGE foundation are each represented by their directors. The general meeting takes place twice a year and decides on the election of the Director and the discharge of the Director. It receives reports from the Director, elects the auditors, decides on the determination of contributions, adopts resolutions on changes to the articles of association, the admission and exclusion of members in appeal cases, etc.

Furthermore, through a brand licensing and contribution agreement with the initiators of JOBLINGE—The Boston Consult-

ing Group and the Eberhard von Kuenheim Foundation of BMW AG—JOBLINGE e. V. has committed to ensure the implementation and proliferation of the JOBLINGE concept. Between JOBLINGE e. V. and the individual JOBLINGE locations, this is governed through a licensing agreement.

All Joblinge gAGs as well as the JOBLINGE foundation are members of JOBLINGE e. V. The voting shares in the e. V. result from the respective contribution to its budget; the majority is therefore currently held by the JOBLINGE foundation. The respective founding shareholders and the growing group of shareholders of the local Joblinge gAGs are publicly accessible at www.joblinge.de.

Supraregional partner companies and sponsors

Co-initiator and Germany-wide management:



After the joint concept development and piloting phase with the Eberhard von Kuenheim Foundation, The Boston Consulting Group GmbH (BCG) enabled the further development of the initiative. Through the JOBLINGE foundation established by BCG specifically for that purpose, BCG currently still provides a large part of the JOBLINGE umbrella organization's (staffing and financial) resources and, through its local network, is the driving force in the establishment of new locations. Besides the full-time Director of the JOBLINGE umbrella organization, BCG also finances a pro bono project team that drives the expansion of the initiative and supports the locations. In addition, BCG donates 80% of the required supraregional cash budget.

Co-initiator:

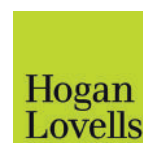


With the founding of the JOBLINGE umbrella organization in 2012, the Eberhard von Kuenheim Foundation, co-initiator of JOBLINGE, withdrew from the operational support of the initiative. However, it continues to sponsor JOBLINGE at a local and national level and supports the proliferation of the initiative as a multiplier.

Supraregional premium partners:



BMW Financial Services



We would like to explicitly thank our premium partners, who make a valuable contribution to the success of JOBLINGE on a national level through their supraregional sponsorship or pro bono services.

In order to be able to continue the growth of the initiative in the future and continuously improve the quality of the work, we are looking for additional partners who are willing to invest in this rewarding social business.

In addition, the JOBLINGE locations are supported by over 900 local partner companies. In total, the private donations represent 46% of the financing of JOBLINGE.

Public sponsors

The public sector pays 54% of the total costs of the initiative. The main partners who enable JOBLINGE at the Germany-wide locations through their dedication and subsidization are the Federal Employment Agency and the job centers, which bear a total of 20% of the financing. Another 31% of the subsidies are paid to the initiative by the European Social Fund by way of state ministries and development banks. Finally, the municipalities contribute 3% of the financing. The local public-sector sponsors are listed by name on the location inlay of the annual report.

Environmental and social profile

As a charitable initiative pursuing the objective of enabling disadvantaged youths to be placed in an apprenticeship or job and thus lead a self-determined life, an absence of biases is a central value that determines our work and our attitude towards all involved partners and employees. Respectful treatment of the individual and our environment is always the basis of our actions. In addition, our subsidization contracts with the public sector include clauses on equal opportunities, anti-corruption, exclusion of Scientology, and transparency duties which we of course enforce.

Financials

The locations and the umbrella organization JOBLINGE e. V. work based on the principles of double-entry bookkeeping. The annual financial statements of the Joblinge gAGs are compiled by local tax advisors in accordance with the German Commercial Code (HGB). The audits of the annual financial statements are conducted at the locations by KPMG. Accounting and

financial statements of JOBLINGE e. V. and the JOBLINGE foundation are prepared by the service company Stiftungszentrum.de. Controlling is ensured by the umbrella organization. All locations work with a standardized financial controlling tool by means of which the budget planning, P&L, capital resources, and cash flow are managed. Based on this, the respective pro bono directors of the locations report to the local supervisory boards on a regular basis.

Income and expenditure of the overall organization

Total calculation for all locations (in K€)	2009	2010	2011	H1 2012	Plan 2012 ¹⁰
Number of locations and umbrella organization	2	4	6	6 + e. V.	7 + e. V.



Income					
Public-sector subsidies	294	643	1,070	650	1,476
Donations	146	225	492	542	1,274
Other income	1	1	1		
Total income	441	869	1,564	1,192	2,750
Expenditure					
Personnel costs	366	567	1,004	753	1,721
Non-personnel costs	212	332	465	389	1,029
Financing costs		1	3		
Total expenditure	579	899	1,472	1,142	2,750
Annual result	-138	-31	92	50	0

Possible differences due to rounding. Other income includes interest and similar revenues. Financing costs include interest expenditure and account management fees.

¹⁰ The location Ruhr is included in the 2012 plan figures with a short fiscal year.

Financial situation of the overall organization

Total calculation for all locations (in K€)	Dec 31, 2009	Dec 31, 2010	Dec 31, 2011
Number of locations	2	4	6
Assets (assets and use of funds)			
I. Immaterial assets (e.g., software)	4	2	1
II. Tangible assets	17	14	21
III. Accounts receivable	80	135	239
IV. Liquid assets (cash in hand, bank balances)	52	252	522
V. Accruals and deferrals	3	6	11
Total assets	155	410	794
Liabilities (source of funds)			
A. Equity	36	122	368
B. Special subsidies for not yet used subsidies and donations	31	27	84
C. Reserves	66	111	141
D. Accounts payable	22	150	200
I. Contracted loans		71	115
II. Trade payables	15	14	15
III. Other payables	6	65	70
Total liabilities	155	410	794

Possible differences due to rounding.

Income and expenditure of the locations

Income and expenditure 2011 ¹¹ Location-specific (in K€)	Total	gAG Bavarian Forest	gAG Munich	gAG Berlin	gAG Frankfurt/ Rhine-Main	gAG Cologne (short FY)	gAG Leipzig (short FY)
Income							
Public-sector subsidies	1,070	318	285	200	266		
Donations	492	59	251	15	141	27	
Other income	1				1		
Total income	1,564	378	536	216	408	27	
Expenditure							
Personnel costs	1,004	248	343	161	234	19	
Non-personnel costs	465	118	119	68	137	8	15
Financing costs	3	3					
Total expenditure	1,472	369	462	229	370	27	15
Annual result	92	9	74	-13	37		-15

Possible differences due to rounding.

¹¹ As no audited financial statements of the individual gAGs for the fiscal year 2012 were available at the beginning of 2013, the figures for 2011 are shown here.

Financial situation of the locations

Balance sheet of the locations on the reporting date Dec 31, 2011 ¹² (in K€)	Total	gAG Bavarian Forest	gAG Munich	gAG Berlin	gAG Frankfurt/Rhine-Main	gAG Cologne (short FY)	gAG Leipzig (short FY)
Assets (assets and use of funds)							
I. Immaterial assets (e.g., software)	1		1				
II. Tangible assets	21	10	2	2	6	1	
III. Accounts receivable	239	50	164	9	11	5	
IV. Liquid assets (cash in hand, bank balances)	522	79	87	63	163	70	60
V. Accruals and deferrals	11	2	2	3		4	
Total assets	794	141	256	77	180	80	60
Liabilities (source of funds)							
A. Equity	368	76	83	19	95	50	45
B. Special subsidies for not yet used subsidies and donations	84		19		41	25	
C. Reserves	141	26	68	15	32		1
D. Accounts payable	200	40	86	43	12	5	14
I. Contracted loans	115	35	80				
II. Trade payables	15	2	3	1	6	2	
III. Other payables	70	3	4	41	5	3	14
Total liabilities	794	141	256	77	180	80	60

Possible differences due to rounding.

¹² As no audited financial statements of the individual gAGs for the fiscal year 2012 were available at the beginning of 2013, the figures for 2011 are shown here.

Loans

The BMW Bank GmbH serves as a supraregional partner of the initiative and provides interest-free loans to the locations as needed in order to bridge liquidity shortages due to delayed payment of public-sector subsidies and the irregular inflow of private donations. In 2010, two loans in a total amount of €100,000 were granted to gAG Bavarian Forest and gAG Munich. In 2011, three loans in a total amount of €180,000 were granted to gAG Bavarian Forest and gAG Munich. In 2012, four loans in a total amount of €217,000 were granted to gAG Bavarian Forest, gAG Cologne, and gAG Berlin. All loans were fully repaid on schedule in accordance with the agreement.

Status report

The development of the financial situation of the overall organization is stable despite the growing need for subsidies due to the opening of new locations. All gAGs are expected to achieve their income targets, each through

co-financing from public- and private-sector funds.

The public-sector subsidies amount on average to 68% of a location's budget and thus represent the most important source of funding. The participation of multiple public institutions at each location has proven effective. The public-sector sponsors of each location are listed in the location-specific inlays.

We are especially pleased about the generous participation of our private donors. This year's target of over €1M in donation income was achieved and secures the ongoing operation of the initiative. Many donors have guaranteed their sponsorship for the next three years, which contributes considerably to the planning security of the individual gAGs.

Although the donation amount to be collected is substantial and will continue to rise in future as the program is expanded, JOBLINGE looks to the future with optimism thanks to the generous support and growing willingness to donate, and looks forward to the collaboration with existing and new sponsors.

Company information

JOBLINGE e. V.
Ludwigstraße 21
80539 Munich

Bank account of the JOBLINGE foundation

Bank: HypoVereinsbank
Bank code: 30220190
Account no.: 16542466

