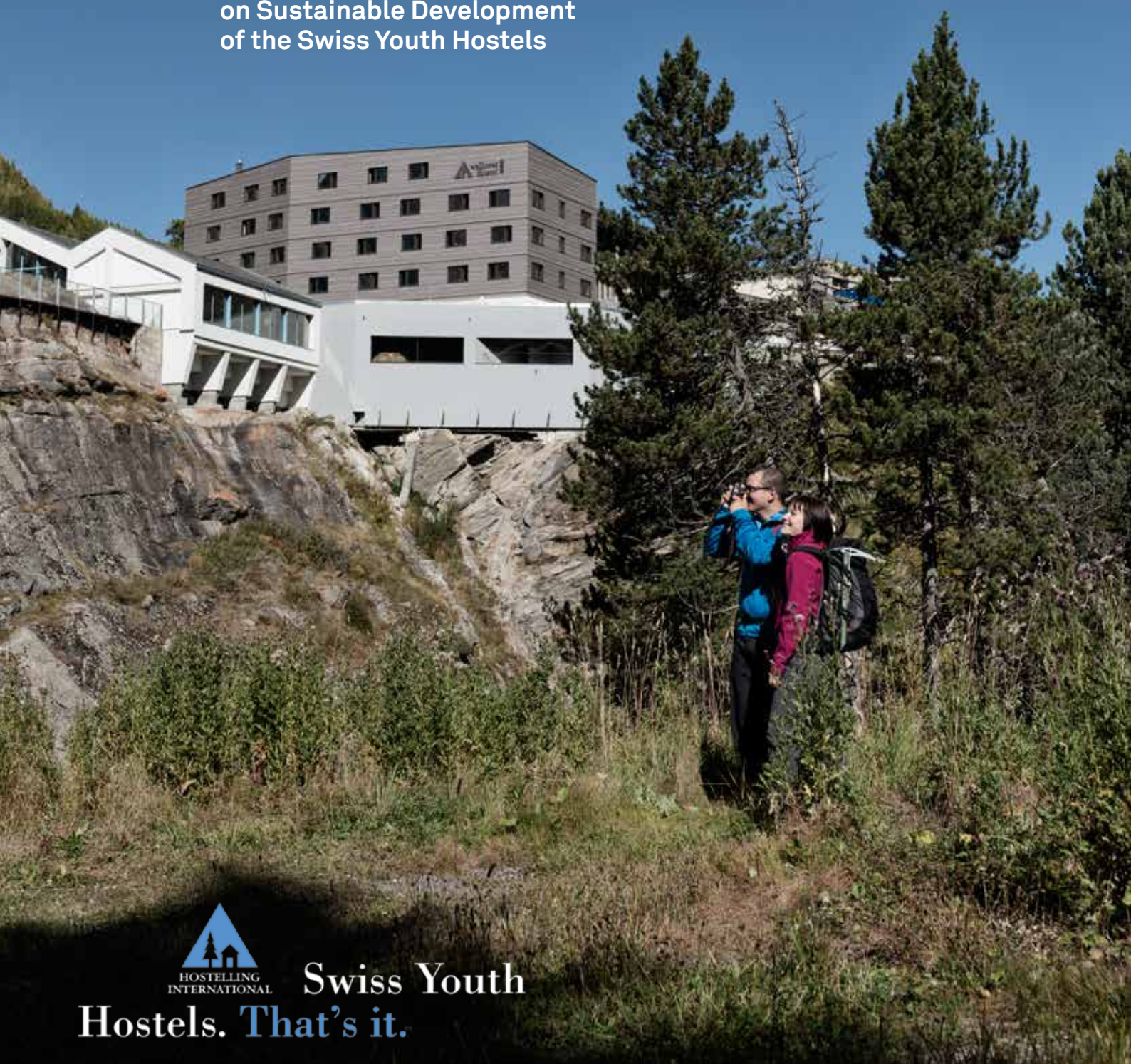


2014

BUSINESS REPORT

on Sustainable Development
of the Swiss Youth Hostels



Swiss Youth
Hostels. That's it.

Contents

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wellnessHostel⁴⁰⁰⁰ Saas-Fee: Cover, pages 12, 20, 30, 34, 56

Gstaad Saanenland Youth Hostel: Pages 6, 26, 40, 46

For the sake of readability, the masculine form will be used throughout the business report on the sustainable development of Swiss Youth Hostels. Wherever appropriate, use of the feminine form is of course implicit.

Unless otherwise specified, the published data and figures relate to the 46 lend/lease hostels (excluding franchises) operated independently by the Swiss Youth Hostel Association.

Imprint

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Fax +41 (0)44 360 14 25 | geschaeftsleitung@youthhostel.ch |
www.youthhostel.ch



FOREWORD

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On the evening of 28 April 1924 in the halls of Zurich's «Mädchenklub Gartenhof», representatives from a number of Swiss youth organisations, including «Abstinenten Jugend», «Pro Juventute» and «Wandervögel», spent an evening together in an occasion that marked the founding of the Zurich Youth Hostel Establishment Co-operative. Today, over 90 years later, the Swiss Youth Hostels Association counts 95,042 loyal members, 579 members of staff, 46 independently operated hostels, and 7 franchises.

In the year under review, we celebrated our 90th anniversary. Here, a deliberate choice was made to not undertake festivities on a large scale. More so, the emphasis was to reflect the times in which we live and to turn our full attention to the task of investing in the future. Four years after project conception, the new Gstaad Saanen Youth Hostel – a modern interpretation of the classic Saanenland chalet – opened its doors to the public. In the glacier village of Saas-Fee, the new wellnessHostel⁴⁰⁰⁰ and Aqua Allalin was built as the world's first hostel with its own wellness and fitness facilities. After five months of renovations and remodelling, Avenches Youth Hostel is gleaming fresh, while the wheelchair pavilion is a great attraction for guests with impairments as well as a welcome addition to capacity. Alterations to the entrance area as well as the living and dining rooms of the Stein am Rhein Youth Hostel, which were completed during the months of winter closing, also included the addition of a barrier-free lift and double room.

We are well equipped for the future; from 2012–2014, approximately CHF 38.4 million were invested in maintenance, replacement, renovations and new buildings. Alongside other achievements, we gained a foothold in the greatly desirable A location of Saas-Fee, which has been in our sights since the beginning of the new millennium. Unfortunately, the close of 2014 also marked the loss of one important A location with the ending of the collaboration with Association Genevoise Auberges de Jeunesse.

Two historic documents have arisen from the occasion of our anniversary, namely the documentary «90 years of Swiss Youth

Hostels» by Katharina Deuber & Paul Rigert and the special travel supplement «Swiss Youth Hostels. Hospitality with a difference» by the Neue Zürcher Zeitung. Meanwhile, our employees could celebrate our 90th anniversary in a most special way: In place of dealing with future strategic and operational challenges at the Autumn Conference in Florence, the order of the day was culture, cuisine and «dolce far niente».

While not short of surprises and challenges, 2014 was crowned by success. Compared to the previous year, revenue rose by 6.5% to CHF 47.37 million, while overnight stays increased by 0.8%. Our liquidity ratio III lies at a most pleasing 149%.

Shortly before the close of the year, we were honoured to receive the Milestone. Tourism Prize Switzerland for the wellness-Hostel⁴⁰⁰⁰ and Aqua Allalin in Saas-Fee, while the new year heralded a Watt d'Or award for both Gstaad Saanen Youth Hostel and wellnessHostel⁴⁰⁰⁰. The decision by the Swiss National Bank to lift the minimum exchange rate against the euro has represented a quick return to a more challenging reality. A profound assessment of the impacts will only be possible in the coming months after markets have stabilised and the new currency ratio – and with this the price competitiveness – becomes apparent in the major markets of our guests. We responded quickly to the new market situation and implemented measures to minimise risk.

We are also intensively involved with the task of renewing our overarching strategic management body, the Executive Board. Through the right choice of future board members, we hope to ensure the sustainable and ongoing development of our organisation.

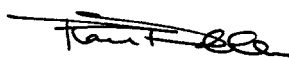
A great deal was achieved over the course of the year, and challenges have been mastered with bravado. Here, we would like to say a hearty thank you to our employees, the honorary members of the Executive Board, and to all of our partners!



Stephan Kurmann
President SYH
s.kurmann@youthhostel.ch



Fredi Gmür
CEO SYH
f.gmuere@youthhostel.ch



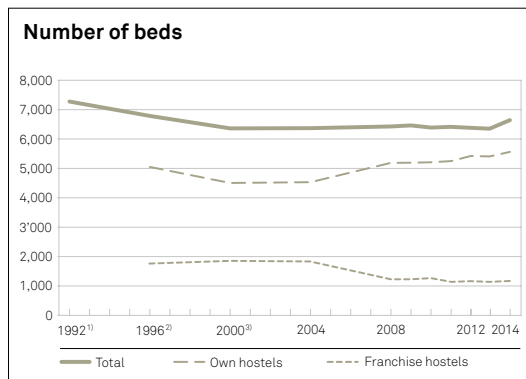
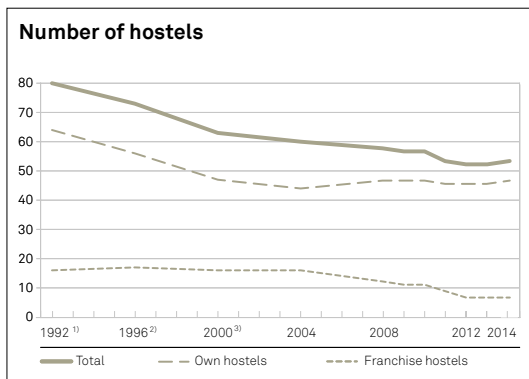
René Dobler
CEO SFST
r.dobler@youthhostel.ch



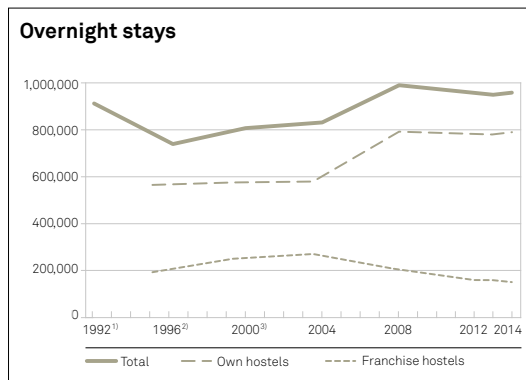
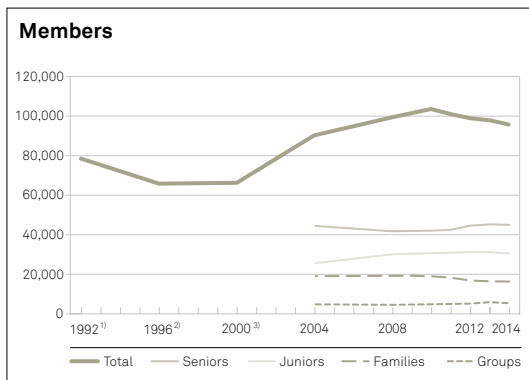
Janine Bunte
CFO SYH/SFST
j.bunte@youthhostel.ch

KEY FIGURES

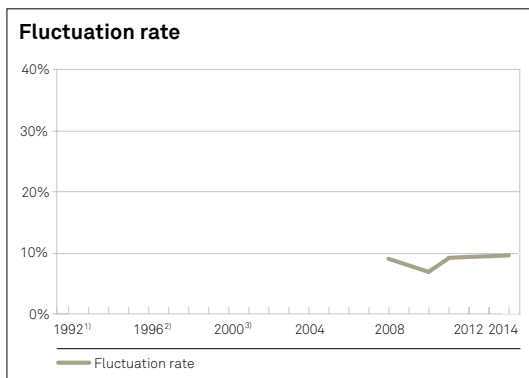
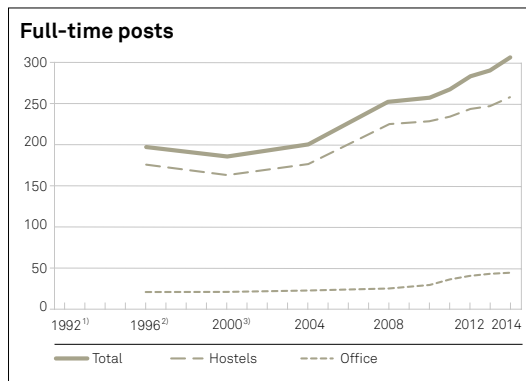
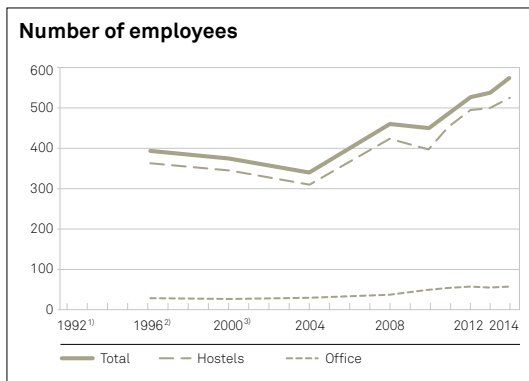
Our range of services



Our guests and members



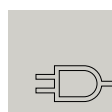
Our employees



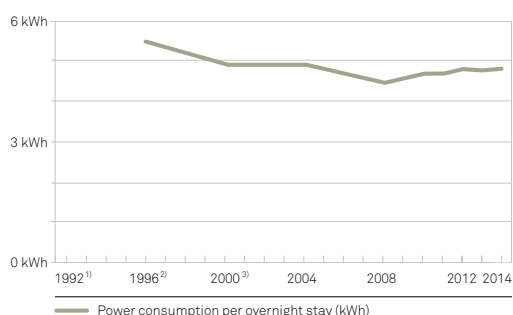
The relevant tables are listed at the end of the respective chapters.

- 1) First fiscal year following the merger of 14 independent districts
- 2) Start of reorganisation
- 3) Start of implementation of strategic planning
- 4) Before allocations and write-offs

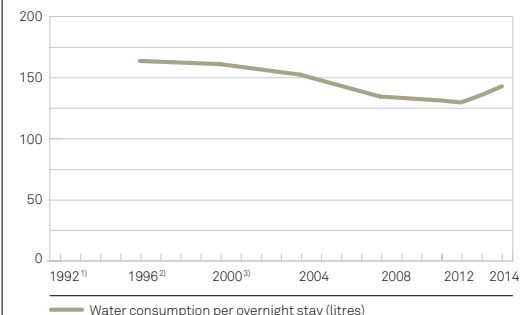
Our relationship with the environment



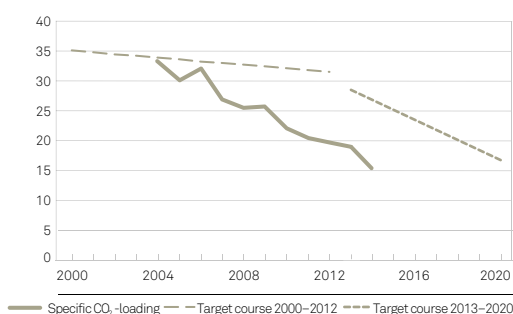
Electricity consumption



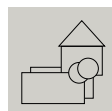
Water consumption



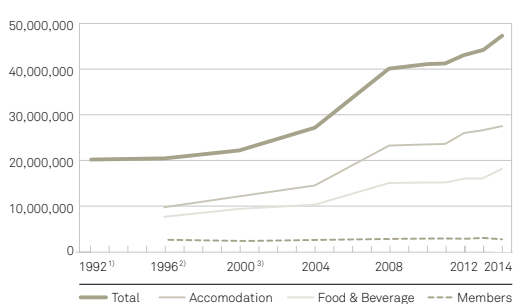
Reduction in CO₂ loading



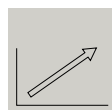
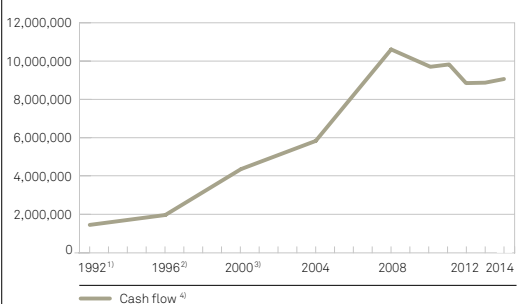
Our commercial viability



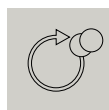
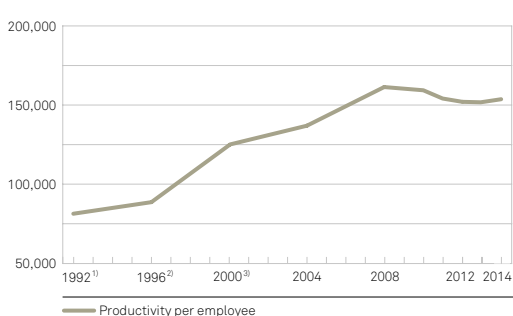
Operating revenue



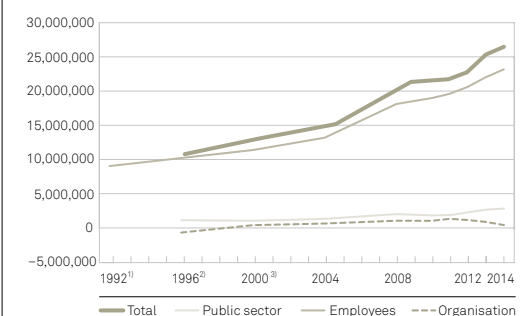
Cash flow



Productivity



Value added





We strive

- to promote quality-oriented, socially responsible and environmentally sound tourism for young people and families,
- to focus on human relations,
- to live up to the idea of partner-oriented thinking at all levels,
- to strengthen our image and standing as the most important tourist organisation for young people and families,
- to achieve appropriate business results in order to ensure the ongoing existence of our organisation.

Promoting responsible and sustainable behaviour is an important objective for Swiss Youth Hostels. Accordingly, already in 1994 our mission statement laid the foundations for a balanced approach regarding our economic, social and ecological activities.

Our highest objective is the maintenance of inexpensive services. Nevertheless, we want to meet rising quality requirements. We wish to offer our guests a demand-conscious, innovative programme of services that is attractive and provides genuine alternatives to other forms of accommodation. In other words: to cultivate simplicity. We attach particular importance to transparent structures, personal management of our hostels, and a pleasant atmosphere. The Swiss Youth Hostels are a politically and denominationally neutral non-profit organisation, and as such are active in all parts of Switzerland and in the Principality of Liechtenstein.

The Swiss Youth Hostels are represented by three independent partner organisations:

- The **Swiss Youth Hostels Association** is responsible for the operation of the youth hostels in Switzerland and the Principality of Liechtenstein;
- The **Swiss Foundation for Social Tourism** is the proprietor of 28 youth hostels in Switzerland;
- The **Foundation for Youth Hostels in Switzerland** provides financial support in the form of long-term loans for purchasing land and for building, modifying, repairing and furnishing youth hostels.

A consolidated financial statement for the Swiss Youth Hostels Association, the Swiss Foundation for Social Tourism and the Foundation for Youth Hostels in Switzerland has been compiled for 2014. From 15.06.15, the consolidated financial statement will be available from the following address:

Swiss Youth Hostels, Management, Schaffhauserstrasse 14, P.O. Box, 8042 Zurich, Phone +41 (0)44 360 14 31, Email: geschaeftsleitung@youthhostel.ch

Network strategy

The network strategy pursued by Swiss Youth Hostels aims at the establishment and maintenance of a comprehensive network in attractive tourist areas and destinations in Switzerland and the Principality of Liechtenstein.

The network is divided up into A, B and C locations. These are not defined by the youth hostels themselves but rather by the destinations in which the hostels operate, in line with their range of services and their marketing attractiveness.

A locations¹⁾ Internationally well known tourist centres

Basel | Bern | Davos | Grindelwald | Interlaken | Lausanne | Lucerne | Montreux | Gstaad | Saanenland | Saas-Fee | Schaan-Vaduz | St. Moritz | Zermatt | Zurich

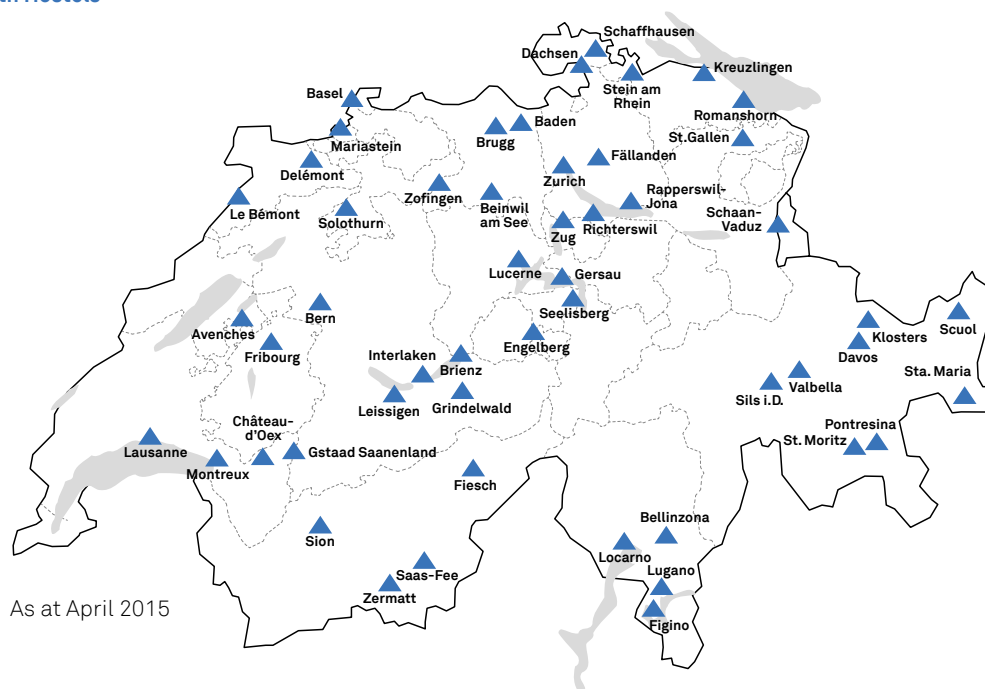
B locations¹⁾ Destinations with high demand from Switzerland and the neighbouring euro region.

Avenches | Baden | *Bellinzona | Brienz | Brugg | Dachsen-Rhine Falls | *Engelberg | *Fiesch | Figino | Fribourg | Klosters | Kreuzlingen | Locarno | *Lugano | Pontresina | Schaffhausen | Scuol | Sion | Solothurn | St. Gallen | Valbella

C locations¹⁾ Other locations that complement a diverse range of offers and with good coverage of the national network, or youth hostels with historical significance

Beinwil am See | Le Bémont | Château-d'Oex | Delémont | Fällanden | *Gersau | Leissigen | Mariastein-Rotberg | Rapperswil-Jona | Richterswil | *Romanshorn | Seelisberg | Sils i.D. | Sta. Maria | Stein am Rhein | Zofingen | Zug (* = Franchise hostels), ⁽¹⁾ As at April 2015)

Network of Swiss Youth Hostels



Sustainability strategy

8/9

The Swiss Youth Hostels are committed to sustainability. Sustainability is an integral part of our organisation philosophy when dealing with stakeholder groups, designing our products and ensuring environmental protection.

We believe that sustainability means taking into account not only social and ethical issues, but also the sensible use of resources.

Economy

- Although we are a non-profit organisation, the services offered by the youth hostels are designed in such a way that sufficient revenue remains to provide continuity for employees and further development potential for the organisation.

Ecology

- For all activities of Swiss Youth Hostels – be they new constructions or renovation work, the renewal of the vehicle fleet, the determination of sourcing partners, the conception of IT support, etc. – the subsequent energy consumption and any resulting emissions are fundamentally important indicators.
- We attach great importance to both following and setting principles of sustainability – also along the value-creation chain.

Social aspects

- Prices are set in such a way that services remain affordable whilst nevertheless guaranteeing good quality and fair wages.
- Obstacle-free products and services are an important objective, so that all people are able to visit a youth hostel.
- For structural measures, attention is paid not only to the energy consumption, comfort and environmental compatibility of the applied materials, but also centrally to the potentially diverse consequences for local residents.
- Raising guests' awareness of sustainability and its many facets is a potential and not unwanted side-effect of a stay at a hostel.
- Humans should be in the focus of publications on the subject of sustainability, even though many other elements – technical, procedural and organisational – also play an important role.

The Swiss Youth Hostels aim to contribute towards achieving, in a lasting way and within their own sphere, the objectives of sustainable development in accordance with the Federal Constitution and as expressed at the Earth Summit held in Rio de Janeiro in 1992.

At the same time, we are aware that the goals of sustainable development cannot be achieved overnight. All decisions are harmonised with the goals of sustainable development and examined with respect to their long-term practicality.

In attaining our objectives, we expect to lead by example and motivate others throughout the tourism sector.

Organisational values

The Executive Board of Swiss Youth Hostels has defined our organisational values as a basis for strategic planning:

Equity capital

The equity financing ratio should be at least 40%.

Surplus appropriation

No surplus payments should be made to members.

Investment activity

Net profits must be reinvested.

Investment risk

The Swiss Youth Hostels Association must be able to carry the investments of the Swiss Foundation for Social Tourism. Full cost coverage must be ensured in the long term.

Revenue growth

Sector growth.

Pricing

Bed price for multi-bed rooms: comparable to the price level of local competitors. Bed price for two-bed rooms: making full use of local opportunities.

Offer

Predominantly multi-bed rooms.

Market performance quality

Better multi-bed rooms than competitors, at least meeting the requirements of the construction guidelines from the Swiss Foundation for Social Tourism.

Coverage/locations/network

A focus on centres for tourism in Switzerland and the Principality of Liechtenstein.

Ownership

Hostels in locations of touristic relevance, which should be operated on their own account. Franchisees are to complement the network without creating competition situations.

Innovativeness

Orientation towards exemplary services in our sector; moreover, demand trends among young people and families in our core business of accommodation and food are to be quickly absorbed.

Relationship with decision-makers

Optimal lobbying towards the achievement of our ideational objectives.

Achievement of social objectives

In accordance with the mission statement of Swiss Youth Hostels and the mission of Hostelling International.

Consideration of employees' interests

Social behaviour towards employees, and consideration of employee interests as far as is reasonable for the overall organisation.

Management style

Predominantly cooperative, on the basis of target agreement and qualification processes.

Distinctions & awards

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2014 **Milestone. Swiss Tourism Award** | wellnessHostel⁴⁰⁰⁰ and Aqua Allalin Saas-Fee 2nd place in the category of «Outstanding Projects»



2013 **Good Buildings Award 2013 by the cantons of Basel Stadt and Basel Land** | Basel Youth Hostel



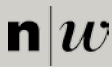
2013 **HI-5ives! Awards** | Interlaken Youth Hostel «Best Hostel 2013»



2013 **HI-5ives! Awards** | Interlaken Youth Hostel «Most Comfortable Hostel 2013»



2012 **Holzhandwerk 2012 (for woodworking)** | Special recognition for the renovation and expansion of the hostel in St. Moritz



2012 **The 50 best annual reports in Switzerland** | Winner in the NPO category



2011 **ZKB Sustainability Award for SMEs** | Distinction for outstanding contribution in the field of sustainable development



2011 **Swiss Solar Prize** | Award in category A «Personalities/Institutions» for comprehensive environmental management and a pioneering role in environmentally compatible tourism



2010 **Award Marketing + Architecture** | Distinction for Scuol Youth Hostel, overall winner



2010 **Award Marketing + Architecture** | Distinction for Scuol Youth Hostel, special «Green Technology» award



2010 **Award Marketing + Architecture** | Distinction for Scuol Youth Hostel, category winner «Hotels, Restaurants»



2010 **myclimate Award 2010** | Distinction for best integration of CO₂ compensation

2008 **Hans E. Moppert Prize** | Distinction for Scuol Youth Hostel for sustainable tourism in the Alps



2008 **ICOMOS Award** | Distinction for Zurich Youth Hostel for a gracious renovation of a building from the 1960s



2007 **Milestone Swiss Tourism Award** | Tourism award for sustainability strategy

1999 **Event Master Award Switzerland** | Winner in the «Public Events» category



TARGET ACHIEVEMENT IN 2014

12/13

Our central aim is the maintenance of value-for-money services. Alongside, we also strive to respond to increasing quality requirements. We wish to offer a demand-conscious, innovative programme of services for our guests – a programme that is attractive and offers genuine alternatives when compared to other forms of accommodation. In other words: to cultivate simplicity. We attach particular importance to transparent structures, personal management of our hostels, and a pleasant atmosphere.

Indicators for our range of services

| | Measures | Target value | Target achievement | Evaluation | Need for action |
|--|---|--|---|------------|-----------------|
| Quality assurance and quality improvement | Ensure defined standards regarding quality, safety and the environment | At least one visit per opening month by departmental management At least one quality audit per hostel/season | ↗ | ☺ | No |
| Switzerland Tourism and HI-Q quality seals | Recertification | All hostels in Switzerland are recertified Level 1 by Switzerland Tourism and HI-Q; key hostels and offices are recertified Level 2 | ↗ | ☺ | No |
| ibex fairstay label EU Ecolabel | Recertification | Recertifications should be planned early and introduced according to schedule. On recertification, establishments should achieve at least the same number of points | ↗ | ☺ | No |
| ibex fairstay label EU Ecolabel | Certification | Interlaken Youth Hostel is certified | ↗ | ☺ | No |
| Hostels in general | Safeguard hostel handovers/takeovers | Handovers/takeovers of hostels take place according to checklist and are documented in writing | ↗ | ☺ | No |
| Hostels in general | Age group-specific range of offers for games | Implementation in pilot establishments | → | ☺ | Yes |
| Hostels in general | Increase safety in playgrounds | Regular inspection by hostel managers | ↗ | ☺ | No |
| Operational maintenance | Zero tolerance for defective articles and dirt/graffiti | Regular monitoring and compliance to the concept of «operational maintenance» | ↗ | ☺ | No |
| Avenches | Remodelling of youth hostel | Completion before season start | ↗ | ☺ | No |
| Bern | Total renovation of youth hostel | Building application | ↘ | ☹ | Yes |
| Geneva | Self-managed youth hostel | Management to take over existing operations or those of replacement locations/replacement hostel | ↘ | ☹ | Yes |
| Gstaad Saanenland | Replacement building for the youth hostel | Start of operations | ↗ | ☺ | No |
| Saas-Fee | New youth hostel building with Aqua Allalin | Start of operations | ↗ | ☺ | No |
| Stein am Rhein | Remodelling of youth hostel | Completion before season start | ↗ | ☺ | No |
| Barrier-free youth hostels | Expansion of services for people with impairments | Increase of available barrier-free beds from 25% to 28% | ↗ 31% | ☺ | Yes |
| Barrier-free youth hostels | Accessibility on the website | Certification for the «Access for All» website | → | ☺ | Yes |
| Barrier-free youth hostels | Increase in services for people with disabilities | Organisation of awareness courses for employees | ↗ | ☺ | No |
| 3a restaurant bar lounge | Expansion of range of services | Integration with youth hostel services; assessment of additional locations | → | ☺ | Yes |
| Revenue and channel manager | Active bed management with optimal distribution in available channels | Increase of e-commerce revenue to 25% of total revenue | ↘ 21.9% | ☹ | Yes |
| Distribution channels | Intensification of cooperation with sales partners in India, Brazil and China | FIT- and TO revenue of CHF 250,000 per distribution partner/country | ↘ India CHF 256,917, Brasil CHF 0, China CHF 0 | ☹ | Yes |
| Distribution channels | Intensification of cooperation with HI and national associations | Off-/online sales of full SYH range of services via www.hihostels.com and national distribution channels | → | ☺ | Yes |
| Distribution channels | Development of new marketable products | Profitable sales at full cost calculation | → | ☺ | Yes |
| E-marketing | Appraisal and customisation of SYH-website | Content should be up to date and guest-oriented | → | ☺ | Yes |
| E-marketing | Apps for smartphones and tablets | Conception and implementation are completed | ↘ | ☹ | Yes |
| E-marketing | Active utilisation of social media channels | Design and evaluation completed; findings are being implemented | ↗ | ☺ | Yes |
| E-marketing | Promotion of interactions on social media | Ongoing new entries | ↗ | ☺ | Yes |
| E-marketing | Promotion of interactions on social media | Optimisation of the newsletter: 60,000 newsletters ordered; opening rate of at least 20% | ↗ 64,277 | ☺ | No |

Indicators for our guests and members

14/15

| | Measures | Target value | Target achievement | Evaluation | Need for action |
|---|--|---|-----------------------|------------|-----------------|
| Quality assurance and quality improvement | Ensuring and maintaining the defined quality, safety and environmental standards in the areas of reception, information, housekeeping, cuisine, hygiene, administration, treasury, reservation management and standard maintenance | At least one hostel visit by division management per operating month; at least one quality audit per establishment/season | ↗ | ☺ | No |
| Food & Beverage | Quality assurance through purchasing from contractual suppliers | 100% purchasing from defined suppliers | ↗ | ☺ | No |
| Food & Beverage | Recipe database, including calculations | Preparation, training, implementation | → | ☺ | Yes |
| Food & Beverage | Optimise buffet presentation | Minimum standards are defined and implemented | ↗ | ☺ | No |
| Hygiene | Consistent implementation and updating of the hygiene concept | No objections during monitoring | ↗ | ☺ | No |
| Hygiene | Implementation of hygiene training | All professional employees are to receive intensive training; at least one hygiene training per season at establishment level | ↗ | ☺ | No |
| Non-food | Uniform tableware and cutlery | Definition of a SYH line: New/replacement purchasing according to definition | ↗ | ☺ | Yes |
| Guest feedback | Integration with external guest review systems | Design, evaluation and integration completed; ongoing monitoring | ↘ | ☹ | Yes |
| Guest feedback | Guest reviews to be visible at all times on the intranet and on booking platforms | Open and transparent customer information | → | ☺ | Yes |
| Guest feedback | Evaluation of guest reviews and implementation of findings | Daily evaluation; passing-on of subsequent measures at the appropriate level | → | ☺ | Yes |
| Guest feedback | Complaints are resolved within 48 hours | Response time 48 hours | ↗ | ☺ | No |
| Guest feedback | Handling of complaints at establishment and department level, in consultation with department heads/management | Direct superiors are 100% integrated into complaints management | ↗ | ☺ | No |
| Satisfaction | Maintain guest satisfaction at a high level | Satisfaction level of at least 80% | ↗ 80 | ☺ | Yes |
| Overnight stays | Maintaining overnight stays at minimum of 2013 budget level, taking into account operational and construction-related changes | 804,000 overnight stays at company level | ↘ 784,132 | ☹ | Yes |
| Membership base | Maintain membership number | At least 100,000 members | ↘ 95,042 | ☹ | Yes |
| Membership revenue in CHF | Increase membership revenue | At least CHF 3,000,000 (Year and day memberships; minimise free memberships) | → CHF 2.96 million | ☺ | Yes |

Indicators for our employees

| | Measures | Target value | Target achievement | Evaluation | Need for action |
|---|--|---|--------------------|------------|-----------------|
| Introduction | Introduce every employee at the appropriate level | Introduction programme at the appropriate level | ↗ | 😊 | No |
| Work and family | Create and maintain a working environment that enables employees to satisfactorily combine work and family | Flexibility in the workload without negative impact on the working quality/ climate | ↗ | 😊 | No |
| Wage system | Pay wages that are customary for the sector; our minimum wages must not fall below the L-GAV definition | Comparative figures for the sector; L-GAV | ↗ | 😊 | No |
| Target agreements, qualifications, development plan | Carry out target agreement, performance appraisal and individual development plan with each employee | Target agreement, performance appraisal, development plan for every employee | → | 😊 | Yes |
| Basic and advanced training | Manage active advanced training at the appropriate level | Participate in at least two basic/ advanced training courses (internal and/or external) | → | 😊 | Yes |
| Occupational safety and health promotion | Ensure the defined level of work safety and undertake active promotion of health | Reduction of 10% in days lost due to accidents or illness | ↗ 22.4% | 😊 | No |
| Occupational safety and health promotion | SYH Safety Officer | Integration into organisational structure | ↗ | 😊 | Yes |
| Monitoring of holidays and days off | Management of holidays/days off for all employees, to be monitored by the direct superior | Consistent documentation | ↗ | 😊 | Yes |
| Social counselling | Make all employees aware of the services and contact partners in the external social counselling centre | Appropriate use of the MOVIS social counselling centre | ↗ | 😊 | No |
| Retirement planning | The financial position of the retirement pension foundation should secure the pensions of the employees | Coverage ratio of over 105% | → 103.04% | 😊 | No |
| Persons performing civil service | Utilisation planning for persons performing civil service in accordance with requirement specifications | Requirement specification | ↗ | 😊 | No |
| Persons performing civil service | Appropriate utilisation through systematic planning for the 20 civil service positions | Quota utilisation | ↗ | 😊 | No |
| Satisfaction | Maintain a positive working environment at all levels through active influence | Satisfaction level of at least 90 at company level | ↗ 96 | 😊 | No |
| Fluctuation rate | Provide active support for employees and influence work climate in positive manner | Maximal fluctuation of 10% at company level | ↗ 9.8% | 😊 | Yes |
| Employee/employer relationship | Actively promote constructive cooperation between the employees' commission (MAK) and the management/board | Quarterly consultations | ↗ | 😊 | No |















Indicators for our relationship with the environment

16/17

| | Measures | Target value | Target achievement | Evaluation | Need for action |
|---|--|--|--|------------|-----------------|
| Quality assurance and quality improvement | Safeguard the defined environmental standards | At least one hostel visit by division management per month open; at least one quality audit per establishment/season | ↗ | ☺ | No |
| Work approach, procurement | Ecological aspects will be given consideration in daily work and in procurement of contracts | Work and procurement proceeds according to ecological principles | ↗ | ☺ | No |
| Real estate | Ecologically optimised buildings | Opening of two additional Minergie buildings | ↗ Gstaad Saanenland, Saas-Fee | ☺ | No |
| Space heating, CO ₂ loading | Reduction of CO ₂ loading compared with 2000 | At least 40% | ↗ 54.9% | ☺ | No |
| Electricity consumption | Limiting of energy consumption per overnight stay | Maximum 5 kWh | ↗ 4.8kWh | ☺ | Yes |
| Water consumption | Limiting of water consumption per overnight stay | Maximum 130 l | ↘ 147 l | ☹ | Yes |
| CO ₂ compensation | Active sale of CO ₂ compensation | 55% of guests compensate | ↗ 59% | ☺ | No |
| Products and materials | Environmentally sound purchase | Defined standards are met | ↗ | ☺ | No |
| Waste and disposal | Review and develop waste and disposal concept | Concept is reviewed and findings are implemented | ↗ | ☺ | No |
| Non-food | Bundling of suppliers | Take delivery of as many products as possible from the same supplier | ↗ | ☺ | No |
| Hygiene | Use of ecological products in cleaning activities | PurEco products (or equivalent) are required products | ↗ | ☺ | No |
| Mobility | Implementation of mobility concept | 1–3 sub-projects have been launched | ↗ | ☺ | No |
| Product design | Environmental aspects are incorporated into product design | Products | → | ☺ | Yes |
| Communications | Environmental commitment on the part of SYH is an integral aspect of communication measures | Reporting | ↗ | ☺ | Yes |

Indicators for our economic viability

| | Measures | Target value | Target achievement | Evaluation | Need for action |
|--|---|--|---|------------|-----------------|
| Market development | Systematic cultivation of regular guests | Retain share of regular guests | ↘ | ☹ | Yes |
| Market development | Increase Swiss share (FITs, groups and schools) against 2013 | Increase FITs by 1% Increase groups/schools by 2% | ↗ FITs +12.7%; schools -1.1% | ☺ | No |
| Market development | Increase euro region share against 2013 (FITs, groups and schools) | Increase by 5% | ↘ -7.3% | ☹ | Yes |
| Market development | Opening up new markets | Increase FITs and groups by 50% | ↘ -3.4% India, Brasil, China | ☹ | Yes |
| Regional partnerships | Maintain close cooperation with regional partners/service providers | Functioning partnerships | ↗ | ☺ | No |
| National commitment | Active cooperation with Parahotellerie Switzerland, Swiss Hotel Association, working groups and advisory boards | Maintain function of role model in the area of sustainability; exploit synergies | ↗ | ☺ | No |
| International cooperation | Fulfilment of leadership function | Active participation in efforts to strengthen the Hostelling International network on an international level | ↗ | ☺ | Yes |
| International cooperation | Promotion of bilateral cooperation with national associations | Active cooperation with national associations | ↗ | ☺ | Yes |
| Contract administration, partnerships | Check all ongoing contracts and partnerships/collaborations | Contract amendments/resolutions/optimisations | ↗ | ☺ | Yes |
| Planning | Compile detailed planning for 2015 and general planning for 2016 | Detailed planning 2015; general planning 2016 | ↗ | ☺ | No |
| Planning | Preparation of a three-year budget | Budgeting 2015–2017 | ↗ | ☺ | No |
| Pricing | Integration of dynamic price system in the revenue and channel manager | Dynamic pricing introduced | ↘ | ☹ | No |
| Properties | Ensure preservation of value of properties through optimal maintenance | Maintenance work to be carried out continuously at establishment level | ↗ | ☺ | No |
| Costs/benefits management at Zurich office | Each interaction is reviewed for effectiveness, efficiency (cost and personnel resources) and corrective measures are initiated | Management costs below 10% | ↘ 10.9% | ☹ | Yes |
| Operating revenue in CHF | Increase revenue | CHF 45.8 million | ↗ 47.37 million | ☺ | Yes |
| Bed revenue in CHF | Bed income at 2013 budget level | CHF 8,327 per bed | ↗ 8,442 | ☺ | Yes |
| Revenue per overnight stay in CHF | Revenue per overnight stay at 2013 budget level | CHF 56.69 per overnight stay | ↗ 60.41 | ☺ | Yes |
| Margin calculation | Maintain minimal margins for food, beverages, kiosk non-food and ticket sales | Counting as minimal margins are: Food 72%, beverages 55%, kiosk non-food 25%, ticket sales 15% | → Food 73.8%, beverages 54.7%, kiosk non-food 35.4%, and ticket sales 8.8% | ☺ | Yes |
| Bed occupancy | Increase occupancy rates | 55% bed occupancy at company level | ↘ 48.9% | ☹ | Yes |
| Cash flow | Adapt investment activities to business performance | 40% of cash flow covers all investments | ↘ 65.8% | ☹ | Yes |
| Result | Optimise results | 4% of operating revenue at company level before return on equity. | ↘ 1.0% | ☹ | Yes |

| | Measures | Target value | Target achievement | Evaluation | Need for action |
|----------------------------------|---|---|---|------------|-----------------|
| Profit margin II | Cost-covering leadership of Youth Hostels on basis of profit margin II | All youth hostels must at least cover costs in line with profit margin II |  Delémont, Gstaad, Saanenland, Saas-Fee | ⊖ | Yes |
| Liquidity ratio III | Maintain liquidity ratio III at 2013 level | Liquidity ratio of at least 143% |  149% | ☺ | No |
| Organisational capital | Maintain organisational capital at 2013 level | Organisational capital at least 41.3% |  41.9% | ☺ | Yes |
| Return on equity | Return on equity of the SFST | 2% |  0.25% | ⊖ | Yes |
| Incoming turnover in CHF | Group inquiries from abroad are handled by Sales All group requests (also CH groups) to a YH that cannot be accepted due to lack of space will be forwarded to Sales | CHF 550,000 |  716,642 | ☺ | No |
| E-commerce turnover in CHF | Bookings via e-commerce correspond to 25% of total turnover | CHF 11.1 million |  10.4 million | ⊖ | Yes |
| Cross-selling revenue in CHF | Active promotion of booking capabilities for partner establishments in every hostel | CHF 450,000 (CHF 150,000 Youth Hostels; CHF 300,000 Zurich office) |  CHF 189,934 (CHF 9,326 YHs, CHF 180,608 Zo) | ⊖ | Yes |
| Productivity per employee in CHF | Flexible personnel planning, adapted to business performance | Productivity at company level CHF 154,000 |  154,269 | ☺ | No |
| IQMS | Ongoing review and optimisation of administrative processes | All administrative processes by IQMS are reviewed, optimised and documented |  | ☺ | No |
| IT infrastructure | Ensure availability | 100% availability on 365 days |  | ☺ | No |
| IT operating systems | Update operating systems and Office applications to current versions | Migration completed to Windows 7/8 and Office 2013 |  | ⊖ | Yes |
| Management information system | Revision of MIS | Gradual introduction of efficient and appropriate MIS using new technologies. |  | ⊖ | Yes |
| Arrears management | Central arrears management | Centralisation completed |  | ⊖ | No |
| Risk management | Continuously review risks according to IQMS specifications, adapt to new circumstances and take appropriate measures | Review and definition of measures; risk minimisation |  | ☺ | No |



OUR GUESTS

20/21

We bear a special responsibility towards our guests, since travel is of extreme emotional and material importance to them and is associated with a special need to feel confident, safe and secure. We wish to respond in a creative way to the many and diverse expectations of our guests. We treat our guests as people who have a zest for life and are enthusiastic, interested, contact-loving and ready to take the natural environment and their fellow travellers into consideration. We wish to respond to such qualities and promote such attitudes.

Our activities focus on our guests. By using management and quality systems, we want to ensure that we can successfully provide our products and services. The quality assurance systems «Quality. Our Passion» from Switzerland Tourism and «HI-Q» from Hostelling International are both integral components of our processes; the introduction of the EU Ecolabel and the ibex fairstay label (formerly ibex label) bring further tools to ensure lasting quality.

Switzerland Tourism's quality seal and Hostelling International's HI-Q management system assure quality. All Swiss youth hostels operate according to the specifications of these labels or of equivalent quality assurance systems (e.g. ISO 9001, ISO 14001, Valais Excellence) and have been certified accordingly.

In the economic, social and ecological areas, we consider the long-term benefits of the ibex fairstay label to be beyond dispute as well as tremendously valuable. Furthermore, this provides an opportunity to meaningfully communicate the subject matter and to reach a clear positioning on the market. All of the hostels run independently by Swiss Youth Hostels that meet the requirements in construction terms are certified or are in the process of obtaining certification.

While the EU Ecolabel distinguishes companies that reduce energy, water and waste, and that use environmentally friendly materials, the ibex fairstay label certifies sustainable management in the areas of business management, business administration, environmental management, employees, regional value creation and culture.

Since 2007, our establishments are evaluated and certified by the leading Swiss sustainability label, ibex fairstay. The certification and recertification of 14 of the 53 youth hostels in total in

Certified companies

| | 2012 | 2013 | 2014 |
|----------------------------|------|------|------|
| EU Ecolabel | 45 | 46 | 46 |
| ... in processing | 2 | 1 | 0 |
| ibex fairstay label | | | |
| Bronze | 2 | 1 | 1 |
| Silver | 15 | 12 | 12 |
| Gold | 25 | 22 | 21 |
| Platinum | 3 | 11 | 12 |
| ... in processing | 2 | 1 | 0 |
| Valais Excellence | 1 | 1 | 1 |
| Q Quality Seal | | | |
| Q Quality Seal I | 49* | 48* | 49* |
| Q Quality Seal II | 0 | 0 | 0 |
| Q Quality Seal III | 1 | 1 | 1 |
| HI-Q | | | |
| HI-Q I | 27 | 34 | 33 |
| HI-Q II | 16* | 15* | 16* |

* including Zurich administrative office

2014 clearly demonstrate that sustainability is not merely a slogan but is indeed being implemented effectively.

The label has to be recertified every three years. The hostels in Basel, Bern, Delémont, Interlaken, Leissigen, Mariastein-Rotberg, Scuol, Solothurn, St. Gallen, St. Moritz, Valbella and Zurich all achieved the highest rating, ibex fairstay Platinum.

Our range of services

In 2014, 53 youth hostels were in operation in Switzerland, totalling 6,658 beds. The Swiss Youth Hostels Association operated 46 hostels independently on a lend/lease basis, totalling 5,611 beds; seven youth hostels belong to the network as franchisees. During the year under review, CHF 17.31 million were invested in inventory maintenance, upgrading and improvement.

New wellnessHostel⁴⁰⁰⁰ Saas-Fee

With the construction of the wellnessHostel⁴⁰⁰⁰, Swiss Youth Hostels could celebrate two innovations in one: the glacier village of Saas-Fee is now home to the world's first hostel with own wellness and fitness facilities. Moreover, the wellnessHostel⁴⁰⁰⁰ sets new benchmarks as the first timber-constructed five-storey building in Switzerland. This project was made possible by a unique public/private partnership with the municipality of Saas-Fee.

It is a first-of-its-kind hostel, combining inexpensive accommodation and catering with superior-quality wellness and fitness facilities. The wellnessHostel⁴⁰⁰⁰ offers 168 beds, which are divided across 51 rooms with two to six beds. 45 rooms have own bathrooms. Across 1,900 m², an extensive programme awaits guests in the directly adjacent and publicly accessible Aqua Allalin wellness and fitness centre: Steam bath, Finnish and organic-soft sauna, whirlpool, marble hammam stone, experience showers, Kneipp walkway, a terrace with view of the Fee gorge, relaxation rooms, as well as a fitness facility and massage rooms. The indoor area offers a 25-metre pool as well as a whirlpool, fun slide and paddling pool. Spanning both the hostel and wellness centre is the bistro⁴⁰⁰⁰.

Designed by architects Steinmann & Schmid, the building is in line with Minergie-ECO standards. The photovoltaic system on

the roof covers around one third of the hostel's electricity requirements. In addition, as the first customers, the new system enables the creation of a local thermal district heating network from EnAlpin. The new building is optimally accessible for people with impairments as part of the Swiss-wide project "Holidays – access for all". Here, thanks to the support of the Denk an mich Foundation, the full spectrum of services from Swiss Youth Hostels is to become barrier-free.

Replacement building in Gstaad Saanenland

On June 13, the official opening of Gstaad Saanen Youth Hostel was celebrated in the company of local officials, partners and the general public. The new building for the region – a modern interpretation of the classic Saanenland chalet – replaces the former «Rüeblihorn» and will bring 25,000 overnight stays. After Interlaken Youth Hostel, Gstaad Saanen is the second new opening in Bernese Oberland within two years.

Following the architectural competition held in 2011/12, in which Bürgi Schärer Architektur und Planung AG in Bern emerged as the chosen candidate, construction began in spring 2013. The first guests were checked in after 14 months of construction. Alongside Interlaken, it is the second hostel to meet Minergie-P-Eco ecological standards. The new building offers guests a well-equipped children's playroom, a playground, and numerous four-bed rooms and is thus a perfect location for family holidays. Moreover, thanks to the existing service mix, which ranges from double rooms to six-bed rooms, individual travellers, sports enthusiasts and culture-seekers will also find an infrastructure that's made-to-measure. 74 of the 158 beds are barrier-free; 90 beds are in room units that

include own bathrooms. The heart of the building is in the generous common areas and spacious dining room. Moreover, the new building is optimally accessible to people with impairments as a part of the Swiss-wide project "Holidays – access for all", which is being undertaken together with the Denk an mich Foundation.

Full renovation in Avenches

Avenches has been the location of a youth hostel since 1982, the comprehensive renovation of the building started on 21 October 2013. The work encompassed a full redevelopment of the common showers and toilets, the upgrading of rooms through the installation of washbasins, the remodelling of the entrance area and reception, the installation of a flat for the hostel management on the top floor, the renovation of the façade, and not least modifications to current fire regulations requirements. Here, a major challenge in the existing building was the issue of accessibility for people with impairments. While it was not possible to upgrade the facilities to barrier-free standards within the hostel itself, a solution was found in the form of a pavilion in the garden, including two barrier-free rooms that meet all standards for barrier-free travel. The redevelopment was completed in time for season start in early April 2014.

Stein am Rhein barrier-free youth hostel

In early November 2013, 50 years after first opening, the Stein am Rhein Youth Hostel began its next phase of renovation. Up to the re-opening on 12 April 2014, investments were made in modernisation and expansion in line with barrier-free standards for people with impairments. This was made possible by the project partnership with the Denk an mich Foundation. The reconstruction ensures obstacle-free access thanks to the installation of a lift and a new barrier-free double room. The entrance area, reception and self-service facilities on the ground floor were all renovated.

Maintenance work

In the year under review, the owner, the Swiss Foundation for Social Tourism, and the operator, the Swiss Youth Hostels Association, invested around CHF 3.31 million in the youth hostels and administrative office for regular maintenance and replacement for buildings and equipment (excluding IT).

Milestone. Swiss Tourism Award

On 11 November 2014, the wellnessHostel⁴⁰⁰⁰ and adjoining Aqua Allalin public wellness and fitness centre in Saas-Fee were honoured with the «Milestone. Tourism Award Switzerland». Among 88 projects, the construction took 2nd place in the category of «Outstanding Projects». The «Milestone. Tourism Award Switzerland» is presented by htr hotel revue and the State Secretariat for Economic Affairs (Seco) and honours outstanding achievements and projects in Swiss tourism. It is the sector's most prestigious award.

Barrier-free youth hostels

Since 2008, the Swiss Youth Hostels has been actively pursuing a goal of consistent expansion of both the infrastructure and the overall range of services for travellers with impairments. In November 2013, the Swiss Youth Hostels launched the national "Holidays – access for all" project in collaboration with the Denk an mich Foundation. The objective of the undertaking is the promotion of barrier-free tourism in Switzerland and to raise public awareness of the subject. Ultimately, efforts are being made to make the entire Swiss Youth Hostels services a barrier-free experience – from finding information on the Internet all the way to the hostels themselves. For over 45 years, the Denk an mich Foundation supported

by Swiss Radio and Television (SRF) has been helping people with impairments to enjoy holidays and leisure activities. The "Holidays – access for all" initiative was launched thanks to a generous bequest from the singer Monica Morell. The project is planned to last three years and is intended to set an example for the Swiss tourism sector. Two other key partners are involved: The Federal Bureau for the Equality of People with Disabilities FBED ensures a platform at the national and political levels. The «Swiss Institute for Disabled Access in Buildings» provides technical supervision.

In the course of the year in review, major investments were made in structural improvements. Thanks to a wheelchair-accessible pavilion in the garden, Avenches Youth Hostel can now offer two barrier-free double rooms. In the Stein am Rhein Youth Hostel, a lift has been installed that enables access to the rooms on the first floor for people with impairments, while Lausanne is newly complemented by a barrier-free washroom. The newly opened Gstaad Saanenland Youth Hostel and wellnessHostel⁴⁰⁰⁰ in Saas-Fee more than fulfil barrier-free standards, and both establishments offer 70 beds for guests with impairments. All of these alterations as well as the new constructions are good examples of the pragmatic and innovative approach that is being pursued by the project.

For the marketing of our barrier-free services, a flyer and brochure have been created containing all important details on the respective establishments. In addition, the staff of Swiss Youth Hostels have undergone training on the requirements of people with impairments. A great deal has been achieved since project launch. The number of barrier-free Youth Hostels in Switzerland has risen from 27 to 31, whereby 23 are suitable for use and eight are suitable to a limited extent. In the course of the year under review, the project was nominated for the «Milestone. Tourism Award Switzerland» in the category of «Outstanding Projects».

Geneva

Intensive discussions on a possible merger took place with the Association Genevoise des Auberges de Jeunesse. Unfortunately, the final decision from Geneva was to go it alone, and thus there is no longer a youth hostel in Geneva as at 1 January 2015.

New technology

Increasing automation of business processes poses new challenges for the department of New Technology (IT); in the opinion of external auditors, this is a key risk area because a majority of the processes relevant to financial statements takes place inside the IT. For this reason, the interim statement also included a review of IT by an external auditor, which did not have any negative findings.

In the reporting year, we invested CHF 580,883 in operations, safety and upgrading in the area of hard and software.

Our guests and members

Every time they visit, guests are given the opportunity to rate their stay. 14,421 visitors made use of this opportunity. In an overall rating, customer satisfaction rose again from the previous year; the individual areas of assessment are at the same or slightly higher levels, only the price/performance ratio is somewhat lower than the previous year.

| Customer satisfaction | 2012 | 2013 | 2014 |
|-----------------------|------|------|------|
| Employees | 89 | 90 | 90 |
| Rooms | 76 | 77 | 77 |
| Shower/WC | 74 | 75 | 76 |
| Day room | 75 | 76 | 77 |
| Meals | 82 | 82 | 82 |
| Cleanliness | 85 | 86 | 86 |
| Atmosphere | 80 | 81 | 81 |
| Comfort | 72 | 73 | 74 |
| Price/performance | 73 | 75 | 73 |
| Overall rating | 78 | 79 | 80 |

Rating system:
«Very good» 90 to 100 pts; «good» 75 to 89 pts; «satisfied» 50 to 74 pts; «not satisfied» less than 50 pts

Guest diversity

400,047 guests generated 784,132 overnight stays during the year under review. Compared to the previous year, this is equivalent to an increase of 6,930 guests (+1.8%).

Here, we are particularly happy to note that our Swiss guests are remaining loyal to their youth hostels; compared to 2013, the

share of guests from Switzerland rose by 2.4% to 60%. At 11.0% for 2014, rising from 9.6% in the previous year, the proportion of visitors from Asia was over 10% for the first time. The largest increase was from South Korea, which recorded a plus of 76.1% to 17,874 guests. A decrease in guest share of 2.1% was recorded for Germany, which remains the most important foreign tourist source market.

| | 2012 arrivals | % share | 2013 arrivals | % share | 2014 arrivals | % share |
|-----------------|---------------|---------|---------------|---------|---------------|---------|
| Switzerland | 228,089 | 60.13% | 234,191 | 59.57% | 239,897 | 59.97% |
| Germany | 43,530 | 11.48% | 42,932 | 10.92% | 42,049 | 10.51% |
| South Korea | 6,991 | 1.84% | 10,152 | 2.58% | 17,874 | 4.47% |
| France | 10,465 | 2.76% | 10,308 | 2.62% | 10,244 | 2.56% |
| China | 8,529 | 2.25% | 10,827 | 2.75% | 10,102 | 2.53% |
| Great Britain | 7,241 | 1.91% | 9,292 | 2.36% | 9,073 | 2.27% |
| USA | 7,218 | 1.90% | 7,685 | 1.95% | 7,527 | 1.88% |
| Italy | 7,101 | 1.87% | 7,047 | 1.79% | 6,385 | 1.60% |
| Netherlands | 4,762 | 1.26% | 4,644 | 1.18% | 4,078 | 1.02% |
| Spain | 5,957 | 1.57% | 5,129 | 1.30% | 3,922 | 0.98% |
| Thailand | 2,196 | 0.58% | 2,903 | 0.74% | 3,569 | 0.89% |
| Austria | 3,190 | 0.84% | 3,031 | 0.77% | 3,178 | 0.79% |
| Japan | 3,878 | 1.02% | 3,680 | 0.94% | 2,947 | 0.74% |
| Australia | 2,910 | 0.77% | 2,999 | 0.76% | 2,572 | 0.64% |
| India | 2,587 | 0.68% | 2,546 | 0.65% | 2,508 | 0.63% |
| Taiwan | 2,109 | 0.56% | 2,466 | 0.63% | 2,308 | 0.58% |
| Canada | 2,651 | 0.70% | 2,499 | 0.64% | 2,262 | 0.57% |
| Belgium | 2,797 | 0.74% | 2,072 | 0.53% | 2,053 | 0.51% |
| Poland | 1,752 | 0.46% | 1,639 | 0.42% | 1,954 | 0.49% |
| Czech Republic | 2,368 | 0.62% | 2,561 | 0.65% | 1,794 | 0.45% |
| Other countries | 23,001 | 6.06% | 24,514 | 6.24% | 23,751 | 5.94% |

Average length of guests' stay (days)

In 2014, the average length of stay continued to drop slightly to 1.96 days. This means that the majority of guests had relatively short stays in the Swiss Youth Hostels. Nevertheless, in the same time-frame, 6,930 more guests (+1.8%) took up the offer of Swiss Youth Hostels, meaning that an increase of 0.8% to 784,132 overnight stays could be achieved.

| | 2012 | 2013 | 2014 |
|----------------|------|------|------|
| Czech Republic | 2.14 | 2.14 | 2.44 |
| Great Britain | 2.12 | 2.03 | 2.17 |
| Germany | 2.04 | 2.11 | 2.03 |
| Switzerland | 2.02 | 2.03 | 2.00 |
| Austria | 1.82 | 1.90 | 1.99 |
| Italy | 1.82 | 1.90 | 1.95 |
| Australia | 2.07 | 2.03 | 1.94 |
| Spain | 2.00 | 1.95 | 1.93 |
| Canada | 1.81 | 1.75 | 1.83 |
| India | 1.81 | 1.81 | 1.83 |
| France | 1.83 | 1.78 | 1.81 |
| USA | 2.43 | 1.79 | 1.79 |
| Belgium | 1.81 | 2.03 | 1.78 |
| Taiwan | 1.67 | 1.63 | 1.75 |
| Poland | 2.39 | 2.20 | 1.73 |
| Japan | 1.76 | 1.73 | 1.71 |
| Netherlands | 1.80 | 1.81 | 1.67 |
| Thailand | 1.58 | 1.62 | 1.67 |
| South Korea | 1.71 | 1.67 | 1.66 |
| China | 1.49 | 1.51 | 1.51 |
| Average | 1.99 | 1.98 | 1.96 |

Members

On 31 December 2014, the Swiss Youth Hostels Association had a total membership of 95,042. This represents a decrease of 2.3% on the previous year.

| | 2012 | 2013 | 2014 |
|----------------|--------|--------|--------|
| Junior members | 30,465 | 29,362 | 28,573 |
| Senior members | 45,435 | 45,440 | 44,572 |
| Family members | 17,367 | 16,534 | 16,098 |
| Group members | 5,622 | 5,958 | 5,799 |
| Total | 98,889 | 97,294 | 95,042 |

Age profile of members

People over 45 and young people under 20 years of age are the largest share of group members. Together, they represent 71% of all members. Against the previous year, there were few significant changes within the age groups.

| | 2012 | 2013 | 2014 |
|----------------|------|------|------|
| Up to 20 years | 34% | 33% | 33% |
| 20 to 25 years | 6% | 6% | 6% |
| 26 to 34 years | 8% | 8% | 7% |
| 35 to 44 years | 17% | 17% | 16% |
| Over 45 years | 35% | 36% | 38% |

Guest segments

With a share of 51.34% and 402,593 overnight stays, individual guests were still the largest guest segment. The share of schools and groups decreased slightly to 31.16% against the previous year, while the percentage of families increased again to 17.5%.

| | 2012 | % share | 2013 | % share | 2014 | % share |
|-------------------|---------|---------|---------|---------|---------|---------|
| Individual guests | 357,253 | 47.23 | 402,261 | 51.71 | 402,593 | 51.34 |
| Groups | 125,420 | 16.58 | 122,418 | 15.74 | 127,136 | 16.21 |
| Schools | 121,730 | 16.09 | 126,403 | 16.25 | 117,187 | 14.94 |
| Families | 152,008 | 20.10 | 126,822 | 16.30 | 137,216 | 17.50 |
| Total | 756,411 | 100.00 | 777,904 | 100.00 | 784,132 | 100.00 |

Key figures

| | 1992 ¹⁾ | 1996 ²⁾ | 2000 ³⁾ | 2004 | 2008 | 2012 | 2013 | 2014 |
|---|--------------------|--------------------|--------------------|-----------|-----------|-----------|-----------|------------|
| Overnight stays, own hostels | n/c | 562,543 | 573,248 | 577,274 | 785,209 | 756,411 | 777,904 | 784,132 |
| Overnight stays including franchise hostels | 920,524 | 744,777 | 814,075 | 838,900 | 986,471 | 924,252 | 955,412 | 959,116 |
| Total members | 78,522 | 65,855 | 66,277 | 93,273 | 95,236 | 98,889 | 97,294 | 95,042 |
| Guest satisfaction | n/c | n/c | n/c | n/c | 75 | 78 | 79 | 80 |
| Investments in maintenance & replacement (SYH & SFST) | n/c | 1,024,134 | 1,725,384 | 1,769,011 | 2,580,701 | 2,737,386 | 2,546,617 | 3,311,358 |
| Investments in rebuilding & new constructions (SFST) | n/c | n/c | 237,421 | 3,982,546 | 1,224,345 | 8,233,803 | 7,582,387 | 14,002,742 |
| Rental charges | 1,755,099 | 3,129,681 | 3,925,932 | 5,260,975 | 9,439,124 | 7,740,010 | 7,933,125 | 8,371,148 |

¹⁾ First fiscal year following the merger of the 14 independent districts, ²⁾ Start of reorganisation, ³⁾ Start of implementation of strategic planning, n/c not collected



OUR EMPLOYEES

26/27

We are aware that all the employees of our organisation, which is based on personal performance and relationships, play a vital role and we make correspondingly high demands on them. We pursue a progressive employee policy, especially with regard to management style, working conditions, social security, equal opportunities, personal responsibility and career advancement.

Family and work

It is an important aspect of the social responsibility of an employer that employees feel comfortable and that they are able to satisfactorily combine family and work. Accordingly, we provide flexibility in the configuration of the workload. In the year under review, there were 55 employees at the Zurich office for the equivalent of 43.25 full-time posts; in the youth hostels, 263.8 full-time posts were distributed across 524 employees.

Wage system

For the managers of the youth hostels, a wage system based on a wage and revenue-sharing model has been in place for some years. While the wage components are specified according to uniform standards, revenue sharing is derived from the extent to which the budget is complied with and to which objectives are met.

Youth hostel employees are subject to the «National collective agreement for the hospitality industry» (L-GAV); employees in the administrative office are paid according to the guidelines of professional associations. A bonus scheme for youth hostel employees has been introduced to additionally reward the achievements of our employees. This is measured according to guest satisfaction in the areas of friendliness, quality of food and cleanliness. This bonus is distributed in the form of coupons. In the year under review, coupons were awarded to the value of CHF 19,600.

Following the principle of equal pay for men and women, Swiss Youth Hostels pays both sexes according to the same terms/rates.

| | 2012 | 2013 | 2014 |
|--------------------------------------|------------|------------|------------|
| Payroll in CHF | 16,530,907 | 17,456,220 | 18,607,988 |
| Social security contributions in CHF | 2,714,852 | 2,849,542 | 3,047,877 |
| Profit-sharing in CHF | 322,452 | 429,229 | 470,405 |

Target agreement

Based on the mission statement, the medium-term strategies of Swiss Youth Hostels are defined by the Executive Board and then further specified by the management in terms of their content and timing within the context of the annual operating goals.

The annual operating goals are derived for the different levels and operationalised with concrete target formulations as part of the target formulation and agreement process. Following this top-down process, both coordination and consolidation are done bottom-up.

This systematic process provides all employees with the necessary understanding of the organisation's objectives while establishing the relevant prerequisites for active participation.

Qualification system

Employee qualification is a regularly occurring, future-oriented meeting between qualifying supervisor and employee to determine the status quo. This interview is based on open dialogue, giving employees the opportunity to present their concerns and expectations; in this way, employees can also qualify their supervisors. The qualification meeting is held with each employee before the end of the probationary period and following this at least once a year, and is appropriately documented.

The objectives of the qualification process are:

- Recognition and promotion of performance and behaviour
- Alignment of employees' efforts to changing objectives and tasks
- Promotion of the development and motivation of employees

- Reinforcement of mutual trust
- Reinforcement of employees' capacity for realistic self-assessment

Training and advanced training

Advanced training represents a key element in our efforts to boost quality for our guests and employees. In the year under review, there were 25 further training courses with external and internal instructors, as well as the two-day regional meeting. 394 participants made use of these further training opportunities.

As a nationally and internationally active organisation, language skills are of paramount importance. Against this backdrop, the employees at the administrative office can participate in weekly lessons from qualified language teachers. A total of 298 lessons for French were conducted in individual and group tuition.

Employees who foresee spending their career with Swiss Youth Hostels can complete a promotional programme. Over the course of one to two years, candidates work in different positions and participate in project teams in order to acquire the skill set required for a different/higher position in the future. Unfortunately, in the course of the reporting year it was not possible to recruit participants for the promotional programme.

External basic and advanced training is given financial support, provided the knowledge that is gained will benefit the person's everyday work. A minimum term of employment is agreed by contract, depending on the level of financial assistance.

In 2014, Swiss Youth Hostels employed 4 apprentices (business administration) and 3 interns from professional tourism schools in the Zurich office. A total of 9 apprentices/interns undertook work placements at the youth hostels.

| | 2012 | 2013 | 2014 |
|--|-------|-------|-------|
| Advanced training courses offered | 32* | 24* | 25* |
| Number of participants | 482 | 371 | 394 |
| Total hours of advanced training within the organisation | 5,295 | 4,528 | 4,480 |
| Number of persons in promotional programme | 1 | 0 | 0 |
| Number of apprentices and trainees | 13 | 15 | 16 |
| Number of persons in external basic/advanced training | 5 | 3 | 3 |

* not including individual and group tuition in French

Special services

Every year, employees, voluntary executive board members and delegates receive accommodation coupons allowing free usage of youth hostels for themselves and their family members. In 2014, benefits worth CHF 171,956 were distributed in this manner (previous year, CHF 105,253)

Occupational safety and health promotion

Ensuring optimum safety and health for our employees takes the highest priority. This is safeguarded with special employee instruction/training on location, ongoing risk evaluation with corresponding measures definition, and sporadic safety audits in the workplaces.

Concepts, information leaflets and checklists for workplace safety and health promotion are published on the SYH intranet in multiple languages for all employees.

Case management and social counselling

Accidents and illnesses experienced by our employees are handled in a professional manner in cooperation with an external business partner, and all measures are taken to ensure the reintegration of affected employees. An external social counselling service is also available free of charge to all employees for personal, health-related, financial, legal or administrative matters.

| | 2012 | 2013 | 2014 |
|---|------|------|------|
| Case management | | | |
| Assisted employees | 31 | 37 | 24 |
| Inability to work | | | |
| up to 5 days | 3.5% | 0% | 8% |
| 6–14 days | 6.5% | 11% | 4% |
| 15–30 days | 19% | 32% | 8% |
| 31–60 days | 26% | 27% | 46% |
| 61–90 days | 3.5% | 11% | 4% |
| 91–365 days | 35% | 19% | 29% |
| over 365 days | 6.5% | 0% | 0% |
| Social counselling questions/consultations | | | |
| personal/family-related | 1 | 1 | 1 |
| health-related | 0 | 0 | 2 |
| work-related | 4 | 2 | 3 |
| financial | 0 | 0 | 3 |
| professional consultation | 0 | 0 | 0 |

Retirement planning

The Swiss Youth Hostels have their own retirement pension foundation. The entirety of the pension fund investments are reinsured through AXA Leben AG and there is no liability for any deductions from the investments.

The cover ratio was 103.04% on 31 December 2014. The positive financial position enabled the Board of Trustees to pay interest of 4.75% on the retirement savings of employees. This is 3% higher than the minimum OPA interest rate stipulated by the Federal Council.

The Board of Trustees is composed of four employee representatives and four employer representatives.

Employee representatives Granacher Bernhard | Künzli Martin | Lutz Walter | Zollinger Markus (President)

Employer representatives Dobler René | Gmür Fredi (Vice President) | Hitz Ursula | Müller Christoph

| | 2012 | 2013 | 2014 |
|--------------------------|---------------|---------------|---------------|
| Retirement assets in CHF | 16,408,211.94 | 18,652,946.45 | 20,510,016.12 |
| Available funds in CHF | 1,131,997 | 963,154.60 | 803,382.70 |
| Cover ratio | 106.69% | 104.96% | 103.04% |
| Active insured persons | 447 | 469 | 514 |
| Pensioners | 25 | 28 | 30 |

Persons performing civil service

Civil service is a substitute for military service for young men unable to perform military service on conscientious grounds. These individuals can instead carry out their service in the social sector, in nature park projects, or in charitable organisations. Swiss Youth Hostels also offers opportunities for people to carry out their civil service. In 2014, a total of 187 persons performing civil service undertook 6,342 service days at Swiss Youth Hostels, while three members of the German Voluntary Service carried out 461 service days.

Employee/employer relationship

The Employee Committee (see page 43) meetings for employees took place in the spring and autumn. The quarterly discussions between the Employee Committee, the management and representatives of the Executive Board were extremely constructive and helped to foster mutual trust.

Key figures

| | 1992 ¹⁾ | 1996 ²⁾ | 2000 ³⁾ | 2004 | 2008 | 2012 | 2013 | 2014 |
|---|--------------------|--------------------|--------------------|--------|---------|---------|---------|---------|
| Employment | | | | | | | | |
| Employees, hostels | n/c | 363 | 345 | 310 | 418 | 481 | 484 | 524 |
| Full-time posts, hostels | n/c | 175.7 | 163.0 | 176.4 | 225.0 | 243.4 | 250.5 | 263.8 |
| Employees, administrative office | n/c | 29 | 27 | 30 | 37 | 53 | 54 | 55 |
| Full-time posts, administrative office | n/c | 21.4 | 22.6 | 23.9 | 27.6 | 39.7 | 42.7 | 43.3 |
| Employees, total | n/c | 392 | 372 | 340 | 455 | 534 | 538 | 579 |
| Full-time posts, total | n/c | 197.1 | 185.6 | 200.3 | 252.6 | 283.1 | 293.2 | 307.1 |
| Fluctuation rate | n/c | n/c | n/c | n/c | 9.1% | 9.5% | 9.6% | 9.8% |
| Satisfaction index | n/c | n/c | n/c | n/c | 95 | 95 | 94 | 96 |
| Staff profile | | | | | | | | |
| Average age | n/c | n/c | n/c | n/c | 37.2 | 37.0 | 37.5 | 38.2 |
| Overall percentage of women | n/c | n/c | n/c | n/c | 66% | 63% | 67% | 65% |
| Percentage of women in executive positions | n/c | n/c | n/c | n/c | 55% | 58% | 51% | 50% |
| Wage spread | | | | | | | | |
| Minimum gross wages | n/c | 2,250 | 2,360 | 3,100 | 3,250 | 3,400 | 3,407 | 3,407 |
| Ratio of highest wage to minimum wage (wage spread) | n/c | > 3.92 | > 4.24 | > 4.03 | > 4.15 | > 4.85 | > 4.84 | > 4.84 |
| Unfälle/Ausfalltage | | | | | | | | |
| Occupational accidents | n/c | n/c | n/c | n/c | 21 | 21 | 21 | 20 |
| Non-occupational accidents | n/c | n/c | n/c | n/c | 25 | 35 | 46 | 36 |
| Days of absence due to accident, illness or maternity | n/c | n/c | n/c | n/c | 5,281 | 3,557 | 4,116 | 3,195 |
| Direct cost of days of absence | n/c | n/c | n/c | n/c | 276,554 | 331,883 | 471,387 | 339,730 |

¹⁾ First fiscal year following the merger of 14 independent districts, ²⁾ Start of reorganisation, ³⁾ Start of implementation of strategic planning, n/c not collected



OUR RELATIONSHIP WITH THE ENVIRONMENT

30/31

We are aware that the local population and the natural environment in the areas in which we operate are crucially important both to us and to our guests. We wish to take the interests of the local population into account as much as possible, to respect their independence and culture, and to make every effort to minimise our impact on the environment. We strive for our youth hostels and leisure activities to be environmentally friendly and compatible with the countryside.

Thanks to a simple general offer (low floor space per bed), youth hostels boast very high levels of environmental compatibility. In terms of CO₂ emissions, in principle the level of environmental compatibility rises as the standard of accommodation becomes simpler. However, this does not mean that we won't strive to do everything possible to further reduce emissions. Swiss Youth Hostels fully adheres to the principle of «Avoid – Reduce – Compensate» – and indeed in this order.

Real estate

The environmentally friendly operation of a hostel establishment begins at the stage of construction. Heating energy and electricity are the principal environmental factors. We are committed to Minergie and ECO standards for new buildings. Buildings constructed according to Minergie standards exhibit far lower energy consumption than conventional buildings. This form of construction has been adopted by Swiss Youth Hostels for new buildings and major renovations. «Eco-Bau» lays out the most ecologically efficient materials and construction services. We have even gone a step further with the construction of Interlaken Youth Hostel, which is the first a tourist accommodation in Switzerland to receive Min-

ergie-P-ECO certification. This was soon followed by Gstaad in the course of 2014, and Saas-Fee is now home to Switzerland's first five-storey timber construction in the accommodation area. Buildings can also contribute actively to energy generation. Solar hot water production (13 systems in place) is economically interesting, for example. Under the right conditions, photovoltaic systems are also used for electricity generation (four systems in place). Together with the Aqua-Allalin centre, the wellnessHostel⁴⁰⁰⁰ in Saas-Fee is fed with heat from a district solar heating network.

Operation

The Swiss Youth Hostels work with a comprehensive environmental management system. Thereby, the highest standards and the best labels serve as yardsticks, selected partners as indicators. All youth hostels are certified with the EU Ecolabel and the ibex fair-stay label (see page 22).

CO₂ emissions / CO₂ compensation / Exemption from CO₂ levy

Efforts are ongoing to prevent and reduce CO₂ emissions and the consumption of energy in the production of heating, electricity and water. An agreement for the period 2013–2020 was signed with the Energy Agency for Industry (EnAW) following the fulfilment of targets for 2008–2012 as well as the comfortable achievement of targets with the Climate Cent Foundation. Swiss Youth Hostels continues to be exempt from the CO₂ levy thanks to this commitment to further significantly reduce CO₂ emissions.

By 2014, we had reduced specific CO₂ emissions for space heating by 54.9% against the year 2000 (previous year: 44.9%). The final figure of 15.3 tonnes per square metre of floor space was significantly lower than the binding target for 2014 agreed with the EnAW of 26.8 tonnes; the result for 2014 was an over-fulfilment of 788 tons of CO₂. Compared to the baseline year, CO₂ intensity was 43% per square metre of floor space, which is less than half the quantity of CO₂ for the year 2000.

Again, the voluntary CO₂ compensation scheme, with a very high participation rate of 59% (excluding franchises), did the hostel guests proud. This resulted in a compensation of around 2,300 tonnes of CO₂ for the Climate Fund, which is also fed into by the photovoltaic system installed in St. Moritz and most recently in Saas-Fee. Contributions from the Climate Fund were directed towards the newly built pellet heating in Davos Youth Hostel and the photovoltaic system in the wellnessHostel⁴⁰⁰⁰ Saas-Fee.

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Heating

Heating is the largest energy factor in the youth hostels. Consumption is reduced through improvements to the building envelopes and heating systems. The conversion of heating systems, whenever possible from fossil fuels to renewable energies, also helps to further reduce CO₂ emissions. Connections to district heating networks, as well as operational optimisations, also help to improve energy efficiency. The long-standing focus on energy-saving efforts in the heating area is positively reflected in the figures.

Against the base year, the CO₂ intensity per square meter of floor space was 43% – less than half of the CO₂ emissions per square meter in the year 2000. It should also be noted that the measures in this area have a long-term impact (building envelope, etc.).

Electricity

Ultimately, the establishments themselves have a direct influence on over 90% of electricity consumption. For this reason, Swiss Youth Hostels deliberately refrain from constantly reminding guests to save energy. At the same time, new and replacement investments are subject to the highest energy requirements. Power consumption has been significantly reduced through the consistent acquisition of the most efficient machinery and equipment (top ten devices, heat recovery) and lighting (energy-saving bulbs, LEDs). However, reductions are offset by improvements to technical standards or through the adoption of the Minergie standard (ventilation).

In the meantime, it is difficult to achieve further savings in power consumption. After many years of broadly applied austerity measures, the savings potential is essentially exhausted. At the same, consumption is higher in some areas following diverse

improvements in standards. For example, although the Minergie standard does bring major savings on the heating side, it also increases energy requirements (ventilation). Overall, electricity consumption was kept at a stable level in 2013, thanks in large part to consistent optimisation. At 4.8 kWh per overnight stay, the value is slightly higher than the previous year (4.7 kWh).

Water

Water is a significant environmental factor in accommodation establishments. Above all, the production of hot water uses up a substantial portion of thermal energy. Water consumption in showers, toilets and bed linen has been continually reduced thanks to high-coverage water-saving measures (168 litres per overnight stay in 1996). It is now apparent that we have exhausted all opportunities for optimisation in existing systems. As a consequence of continuously improving standards, average water consumption has increased to 147 litres per overnight stay (previous year 138).

Environmentally friendly products and materials

In the area of purchasing, the Swiss Youth Hostels attaches great importance to environmental factors. As one of the largest providers of accommodation in Switzerland, we are aware of the impacts on suppliers of our demand criteria. An environmentally friendly choice of materials begins with an approach to construction that is in line with ECO Standards (grey energy, etc.). And as a member of the WWF Climate Group, Swiss Youth Hostels is committed to choosing top ten products when purchasing household appliances, lamps and lighting equipment, as well as IT equipment.

Since 1 December 2008, we have purchased products with Max Havelaar Fair Trade seal of approval:

| Consumption quantities | 2012 | 2013 | 2014 |
|------------------------|---------|---------|--------|
| Coffee in kg | 6,139 | 6,722 | 7,347 |
| Fruit juice in l | 119,104 | 100,591 | 92,939 |
| Sugar in kg | 2,835 | 2,850 | 2,840 |
| Tea in kg | 197 | 219 | 203 |
| Rice in kg | 5,410 | 4,690 | 4,450 |

Furthermore, in the area of fresh produce, we place a high value on regional products. We only use poultry products from Switzerland and fish products bearing the MSC label (Marine Stewardship Council).

Exclusively environmentally friendly products are used for cleaning/hygiene, wherever available. Compliance is ensured by clear product/supplier requirements, including quality specifications, and by the regular internal and external audits stipulated by the ibex fairstay label.

Waste and disposal

We are committed to the comprehensive recycling of reusable materials. This is implemented at the Zurich administrative office as well as in the hostels. In all hostels, guests are provided with recycling points for glass, paper, PET and aluminium; all other types of waste are disposed of appropriately.

Mobility

Commuter traffic is of only secondary importance at Swiss Youth Hostels. The administrative office is easily accessible by public transport, and the employees working in the hostels are predominantly local residents. At around 1% of CO₂ emissions, business travel is likewise a low contributor. The Swiss Youth Hostels compensate for all business travel through the myclimate Foundation, including for business flights.

The environmental impact of transports (supplies) cannot be straightforwardly determined. We respond to this by giving preference to local products and by focusing on a small number of suppliers that all carry a broad range.

Tourism means travel, and travel is all about mobility. A substantial environmental factor is the guests' mode of travel to the hostels. The CO₂ emissions associated with this journey are comparable to an overnight stay (5.5kg CO₂/overnight – equivalent to around 30 car kilometres). This also forms part of our thinking and so we encourage the use of public transport.

Ecological services

| | 1992 ¹⁾ | 1996 ²⁾ | 2000 ³⁾ | 2004 | 2008 | 2012 | 2013 | 2014 |
|--|--------------------|--------------------|--------------------|------|---------|---------|---------|---------|
| Resource consumption / emissions | | | | | | | | |
| Space heating (oil/gas): | | | | | | | | |
| Reduction in specific CO ₂ loading | n/c | n/c | 0% | 4.2% | 28.3% | 41.3% | 44.9% | 54.9% |
| Electricity consumption per overnight stay (kWh) | n/c | 5.5 | 4.9 | 4.9 | 4.4 | 4.8 | 4.7 | 4.8 |
| Water consumption per overnight stay (l) | n/c | 168 | 166 | 153 | 136 | 129 | 138 | 147 |
| CO₂ compensation | | | | | | | | |
| Percentage of compensated overnight stays | - | - | - | - | 28.7% | 55.3% | 57.5% | 58.8% |
| Compensation for overnight stays in CHF | - | - | - | - | 130,813 | 209,737 | 156,737 | 138,308 |
| Own projects realised in CHF | - | - | - | - | 33,287 | 1,778 | 0 | 525,370 |
| Payment to myclimate through compensation by guests, in CHF | - | - | - | - | 68,406 | 104,717 | 74,337 | 69,154 |
| Payment to myclimate as compensation for car and air-travel kilometres | - | - | - | - | 1,800 | 2,568 | 1,406 | 1,567 |

¹⁾ First fiscal year following the merger of 14 independent districts, ²⁾ Start of reorganisation, ³⁾ Start of implementation of strategic planning, n/c not collected, * as at 01.12.2012: decrease in compensation from CHF 0.50 to CHF 0.30, ** since 2013 without climate correction



OUR COMMERCIAL VIABILITY

34/35

We strive to build true partnerships with all of the people, enterprises and institutions that are important to us. We consider close personal relationships and mutual agreement on fair conditions to be especially meaningful. We seek active cooperation with all key tourist organisations both at home and abroad. We promote both inter- and intra-organisational cooperation.

Market development

Swiss Youth Hostels can look back on a good year in 2014: in the financial year just ended, the number of overnight stays in our 46 own hostels increased by 0.8 % and turnover by 6.5 % compared to the preceding year. We achieved 784,132 overnight stays and revenues of CHF 47.37 million. Franchise establishments achieved 174,984 overnight stays, which represents a decrease of 1.4% against the previous year. The total number of overnight stays in all Swiss Youth Hostels (own and franchises) amounted to 959,116 – an increase of 0.4% against the previous year.

Over the course of the year under review, the transformation of the Swiss Youth Hostels into modern establishments offering simple comfortable double, family and multi-bed rooms as well as spacious meeting rooms, all at attractive prices and with no age restrictions, is at the heart of this market development.

Markets

The loyalty of our Swiss guests served as the cornerstone for growth in the reporting year. The share of Swiss guests rose by 2.4% to 60%. We recorded a decrease of 2.1% in the share of guests from Germany, our main tourist source market. The increase in guests from Asia is striking; the share here was 11%, 1.4% higher than the previous year and for the first time higher than 10%.

National and international sales activities

Online booking platforms are increasing in importance. In 2014, the wide availability of our beds through third parties was accompanied by online sales measures that have guided potential guests to eventually complete their bookings on our own platform, www.youthhostel.ch. The optimisation of search terms in search engines, namely Google, has also played a central role. Processing of individual clients through offline channels nationally and internationally (print, posters, mailings, etc.) and selected partnerships with events organisers and sales efforts at schools, universities and with groups were likewise central elements of sales activities undertaken in the course of the year.

Our online presence and visibility via www.youthhostel.ch was further optimised, as well as the findability of our website in the online realm. Consistent search engine optimisation and targeted online campaigns have brought positive results. Alongside the more than 1.7 million visits to our website in 2014, we could also count around 65,000 newsletter subscribers (27,000 more than the previous year) and 10,769 Facebook fans (6,556 more than the previous year) among regular recipients of our news. This makes 2014 a record year – in all the history of Swiss Youth Hostels, we have never had more virtual contacts.

Electronic distribution

| channels | 2012 | 2013 | 2014 |
|---|-----------|-----------|------------|
| Visits to www.youthhostel.ch | 1,490,989 | 1,536,893 | 1,709,912 |
| Unique visits to www.youthhostel.ch | 930,116 | 995,556 | 1,105,171 |
| Average number of visits per day | 4,081 | 4,211 | 4,685 |
| Number of pages opened | 5,976,709 | 6,020,274 | 6,651,951 |
| Number of bookings via online systems | 51,095 | 58,006 | 64,058 |
| Overnight stays resulting from online bookings | 175,602 | 194,666 | 211,800 |
| Revenue resulting from online bookings | 8,660,220 | 9,390,74 | 10,366,362 |
| Average revenue per overnight stay in CHF | 49.32 | 48.24 | 48.94 |
| Paid intermediary fees in CHF | 507,450 | 678,616 | 856,397 |

Media reporting

Media interest in Swiss Youth Hostels was extremely high in our anniversary year of 2014. There was particular interest in the newly opened hostels Gstaad Saanen and Saas-Fee. In Switzerland alone, there were 478 newspaper or magazine articles, 127 online reports, 50 radio and 13 TV reports on the range of services and activities of our organisation. The equivalent value of such reporting is around CHF 9 million. There was likewise remarkable media presence abroad, with multiple publications in Germany, United Kingdom, Netherlands and China, among others.

Engagement and partnerships

36/37

We maintained very close relationships at national and international levels with competitors, trade associations and partners from government and business. We aim to be a role model and motivator for the tourism industry, as dictated by our sustainability strategy, and also for the good of society as a whole.

Regional partnerships

The social and economic integration of any youth hostel in the region takes the highest priority; support for local/regional associations, affiliations with trade associations and tourism organisations, and the procurement and utilisation of local products, are all actively promoted.

At a number of locations, the most important partners are also the owners/landlords of our youth hostels, who lease out the properties on moderate, sometimes symbolic terms. As at 01.04.15, these are:

Baden Municipality of Baden | **Bern** Real estate department City of Bern | **Dachsen-Rhinefalls** Canton of Zurich | **Fribourg** The Commune of Fribourg | **Klostern** Political Municipality of Wallisellen | **Kreuzlingen** City of Kreuzlingen | **Lausanne** City of Lausanne | **Mariastein-Rotberg** Jugendburg Rotberg Foundation | **Pontresina** Municipality of Pontresina | **Rapperswil-Jona** City of Rapperswil-Jona | **Richterswil** Canton of Zurich | **Saas-Fee Aqua Allalin** Municipality of Saas-Fee | **Schaan-Vaduz** Schaan-Vaduz Youth Hostel Foundation | **Schaffhausen** Municipality of Schaffhausen | **Sion** City of Sion | **Solothurn** Municipality of Solothurn | **St. Gallen** Political Municipality of St. Gallen | **Sta. Maria** Municipality of Sta. Maria | **Zofingen** Municipality of Zofingen

National commitment

In the year under review, the strategic partnership for 2014 to 2016 began with Switzerland Tourism, while an extensive cooperation for political lobbying was agreed with the Swiss Hotel Association. The lobbying cooperation with the Swiss Hotel Association will take place at all stages of the legislative process, on the basis of an open and transparent interexchange. The collaboration provides an opportunity to give more weight to the concerns and interests of the sector, and for the representation of the whole area of accommodation through a common presence in the political process.

Parahotellerie Schweiz

The Parahotellerie Schweiz interest group was founded in January 2011 by the Swiss Travel Fund Reka, Interhome AG, Heberga AG (TCS Camping), Swiss Youth Hostels and Bed & Breakfast Switzerland. Together, all five partners generate an average of about 5 million overnight stays per year in Switzerland.

The defined goals are:

- Strengthening of partners
- Exchange of experiences
- Partnership with Switzerland Tourism
- Quality assurance
- Online bookings
- Political representation
- Public perception

Swiss Hotel Association

The common success factors in the multifaceted Swiss tourist accommodation industry are quality and transparency for all guests. Now the Swiss Hotel Association and Swiss Youth Hostels have intensified their cooperation to further promote these success factors towards an effective tourism sector in Switzerland. As at 31 December 2014, 43 youth hostels are classified as «Swiss Lodge» following a comprehensive audit by the Swiss Hotels Association.

Cooperations

Cooperations represent an effective instrument for the promotion of our range of services in new guest segments. We can look back on good cooperation with the following partners: AFS Intercultural Programs Switzerland, Alpamare, Berlitz Language School, BMC Racing Cup, Coop Hello Family, CSS Insurance, Die Post, Eurotrek, Fair Trade Town, Globo-Study, Graubünden Ferien Schweiz, IG Schweiz Mobil, Reka Swiss Travel Fund, Rent a Bike, SAC, SBB, Schtifti Foundation/Gorilla, STC, Denk an mich Foundation, SwissSki, Swiss Trails, weACT and WWF.

Participation in expert groups and committees

We are happy to pass on our vast experience of sustainable management at no cost to the national and international tourism industry, be it in the form of consultation to individual service providers, students, hotel groups, trade associations or through active participation in committees.

René Dobler took a seat on the «Consultancy Committee for Sustainability» at the Swiss Hotels Association. Fredi Gmür is President of Parahotellerie Switzerland, Board Member of the Swiss Tourism Federation (STF), President of the STV «Quality Improvement» Commission, on the Advisory Board for the Swiss Hotels Association, member of the Tourism Council of Switzerland Tourism, a member of the advisory group «Teens Camp» of Seilbahnen Schweiz, as well as member of the «Swiss Corporate Sustainability Network».

In addition, management members took the opportunity to present the business model «Sustainable Swiss Youth Hostels» at universities, universities of applied sciences, symposia, workshops and conferences, both in Switzerland and abroad.

International cooperation

Hostelling International

Since its founding in 1932, Swiss Youth Hostels has been a member of Hostelling International. The objective of this federation is to promote the education and upbringing of young people from all nations and in particular of young people with limited financial resources. These people are encouraged to learn extensively about – as well as to love and cherish – the natural world, and to appreciate the cultural values of small and large cities all over the world. To support these objectives, Hostelling International coordinates the mutual recognition of membership, develops/promotes national networks and associations, defines quality standards, coordinates marketing activities and maintains the booking portal www.hihostels.com. Swiss Youth Hostels supports the efforts of Hostelling International through the active involvement of SYH executive committee members in a range of working groups.

Hostelling International in figures:

- 91 countries
- 69 member associations
- 3 associated organisations
- Licensed youth hostels in 23 countries
- Approximately 4,000 youth hostels
- 35.3 million overnight stays annually
- 3.6 million national members, plus one million guest members
- 7.5 million annual visits to hihostels.com
- GBP 19 million revenue through www.hihostels.com

Hostelling International Marketing GmbH

Hostelling International Marketing GmbH is headquartered in Zurich. The Swiss Youth Hostels and their Dutch counterpart each own a 50% share. The managing directors of the organisation are the two CEOs, Fredi Gmür (SYH) and Marijke Schreiner (Stayokay).

Hostelling International Marketing GmbH trains, audits and certifies member associations and hostels worldwide in the HI quality assurance system, on behalf of Hostelling International.

Whilst taking sole responsibility for the worldwide HI-Q quality assurance system, the second new development could already be completed in the second year of the project. To incorporate sustainability aspects, the HI-Q system was expanded to include the HI-Q+S management system, which has been successfully tested in six countries.

The difficult global economic situation, consistent instability in the Arab world, South America, Asia and Eastern Europe, as well as currently declining booking figures in the new HI booking engine have had a significant impact on the revenues of many smaller organisations. This has resulted in the closure of some establishments and in some cases even departures from the HI Federation, which also has a direct impact on the number of HI-Q establishments. A decrease in HI-Q contracts was recorded for the first time (2013: 535 establishments; 2014: 491 establishments). A total of 940 hostels are currently certified worldwide. This represents 76% of all key hostels and 27% of all hostels. Licensing agreements are in place with ten national offices.

European Federation of Youth Hostel Associations (EUFED)

It is the duty of EUFED to coordinate and cultivate cooperation and networking between European youth hostel associations on the basis of shared values. While Swiss Youth Hostels is not a member of EUFED, it does support activities through a financial contribution.

Cooperation with national youth hostel associations

At the international level, the Swiss Youth Hostels are considered to be a leading organisation in terms of construction, operation and management. In the year under review, there was once again a very intensive exchange of know-how, including mutual visits with the German Youth Hostel State Association of Bavaria and with Stayokay Nederland. Moreover, we were very pleased to welcome delegations from Australia, Belgium, Germany and England, and to introduce these to our organisation and establishments.

Memberships

The Swiss Youth Hostels are a member of Hostelling International, the World Youth Student & Educational Travel Confederation, Switzerland Tourism, Parahotellerie Schweiz, the Swiss Hotel Association, GastroSuisse, the Swiss Tourism Association, öbu (Network for Sustainable Economic Activity), the Energy Agency for Industry EnAW and proFonds (umbrella organisation for Swiss charitable foundations).



Economic performance

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In 2014, around 1.1 billion arrivals worldwide were counted for foreign visitors, representing an increase of 4.7% on the previous year. World tourism grew for the fifth consecutive year. The largest percentage increases were achieved by America (+7%) and the Asia Pacific region (+5%). Arrivals in Europe increased by 4%, whereby growth was defined by strong demand for Northern and Southern Europe.

Hotel overnight stays in Switzerland increased by 0.9 percent to 35.93 million. For the first time, the threshold of 16 million has been achieved for Swiss citizens – a most gratifying record result.

All in all, 2014 proved to be another good year for tourism, coming after another successful year (profits up by 2.5%).

The Swiss Youth Hostels can look back over a strong 2014: revenues increased year on year to CHF 47.37 million (+6.5%), the average income per overnight stay was CHF 60.41 (+5.7%), while earnings per bed came to CHF 8,442 (+2.0%). This positive development can be traced back to an expanded range of services, with two new openings in Gstaad Saanenland (June 2014) and Saas-Fee (September 2014), additional revenues (ski passes, wellness admissions in wellnessHostel⁴⁰⁰⁰) and additional sales of meals.

Key figures

| | 1992 ¹⁾ | 1996 ²⁾ | 2000 ³⁾ | 2004 | 2008 | 2012 | 2013 | 2014 |
|--|--------------------|--------------------|--------------------|------------|------------|------------|------------|------------|
| Revenue | | | | | | | | |
| Operating revenue in million CHF | 17.51 | 20.45 | 23.89 | 27.64 | 40.68 | 43.06 | 44.46 | 47.37 |
| Bed revenue | 2,319 | 2,560 | 4,709 | 6,099 | 7,843 | 8,012 | 8,276 | 8,442 |
| Revenue per overnight stay | n/a | 36.44 | 41.68 | 47.88 | 51.81 | 56.93 | 57.15 | 60.41 |
| Occupancy rates (own hostels) | 43.3% | 38.2% | 43.9% | 44.8% | 52.4% | 48.3% | 48.8% | 48.9% |
| Result | | | | | | | | |
| Cash flow in million CHF ⁴⁾ | 1.78 | 2.00 | 4.28 | 5.89 | 10.45 | 8.77 | 8.79 | 9.13 |
| Liquidity ratio III | 174% | 133% | 98% | 136% | 112% | 143% | 149% | 149% |
| Organisational capital | 19% | 1% | 7% | 34% | 25% | 41% | 43% | 42% |
| Return on equity in % | – | – | – | – | 3.00% | 0.25% | 0.25% | 0.25% |
| Return on equity in CHF | – | – | – | – | 2,327,983 | 228,511 | 239,683 | 263,099 |
| Productivity (in CHF) | | | | | | | | |
| Productivity per employee | 81,455 | 88,470 | 125,926 | 137,990 | 161,046 | 152,138 | 151,656 | 154,269 |
| Total value creation | n/c | 10,782,865 | 13,096,859 | 15,161,396 | 21,194,567 | 23,957,585 | 25,238,765 | 26,572,132 |
| Value creation for employees | 9,140,613 | 10,324,851 | 11,643,355 | 13,187,228 | 18,112,930 | 20,873,301 | 21,938,806 | 23,199,435 |
| Value creation for public sector | n/c | 1,134,541 | 1,046,925 | 1,326,257 | 2,025,707 | 2,056,011 | 2,440,707 | 2,557,093 |
| Value creation in the organisation | n/c | –676,527 | 406,578 | 647,911 | 1,055,930 | 1,028,273 | 859,252 | 815,605 |

¹⁾ First fiscal year following the merger of 14 independent districts, ²⁾ Start of reorganisation, ³⁾ Start of implementation of strategic planning, ⁴⁾ Before allocations and write-offs
n/c not collected, n/a not available

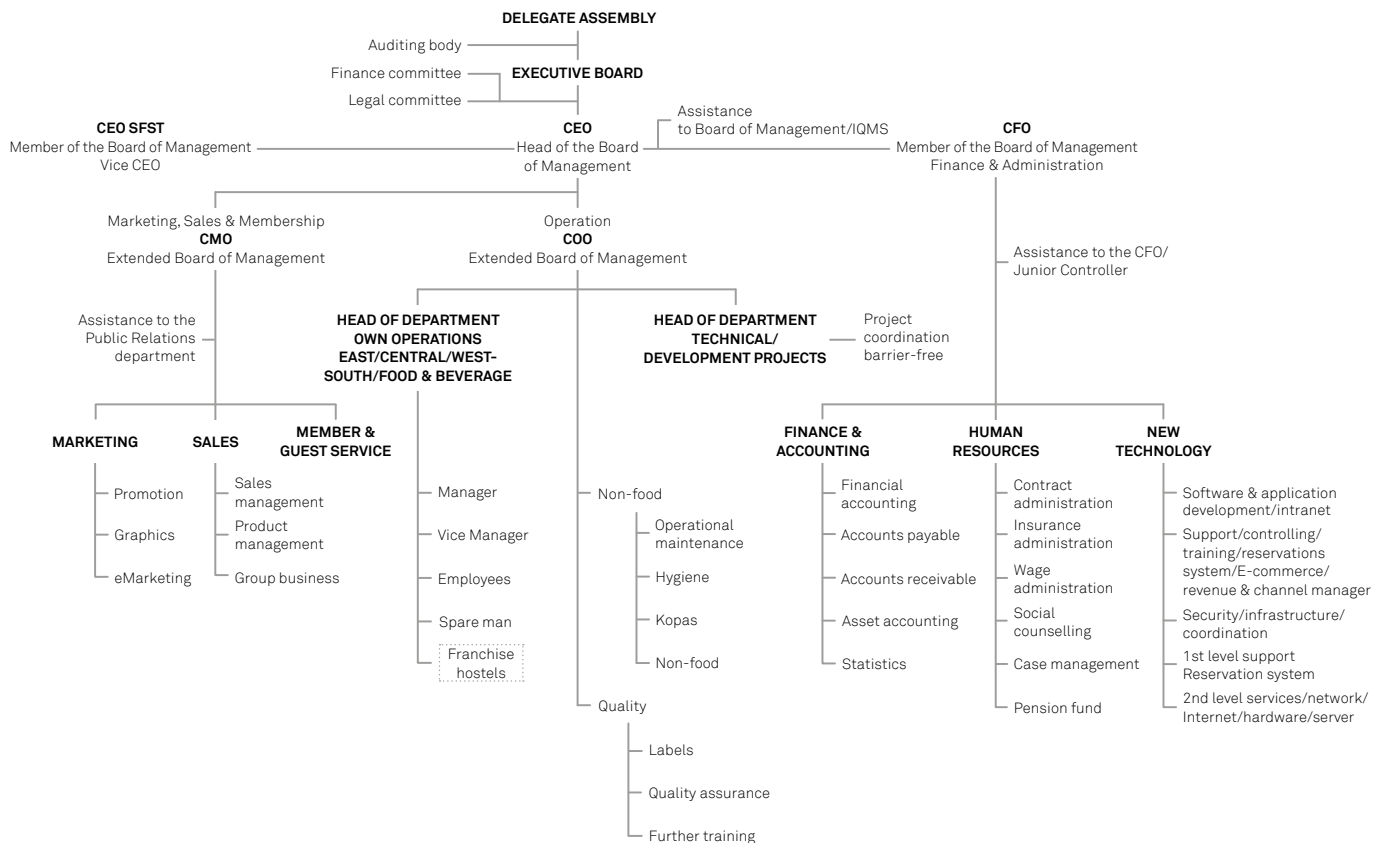


STRUCTURE & CORPORATE GOVERNANCE

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We wish to communicate our aims and convictions at all times and to keep the general public up-to-date about developments in our field of activities. We wish to maintain close personal relationships with the authorities, with both public and private institutions and with the media, to stand up for improvements in the most important basic conditions and to support meaningful leisure activity options.

Organisation chart



Bodies of the association

Delegates

Term of office 2012–2015

Individual members (currently 95,042) choose 20–80 delegates for four years. Their powers include modification of the statutes, ratification of the business report, approval of the actions of the bodies, election of executive board members, president and statutory auditors, and nomination of honorary members.

Avesani Guerino, Pensioner, Melano | Bianchin Patricia, Commercial employee, Neuchâtel | Büschlen Ruth, Primary school teacher, Bonstetten | Buschor Trudi, Teacher, Moosseedorf | Déléze Emmanuel, Manager, Geneva | Dolanc Oswald Marusa, Psychologist, Thun | Fuchs Edwin, Electrical engineer, Zollikon | Furger Christine, Parish secretary, Arlesheim | Giacomazzi Fabio, Architect, Manno | Gisler Alfred, Managing director, Lucerne | Granacher Bernhard, Manager SYH, Kreuzlingen | Gruber Veronika, Commercial employee, Gelterkingen | Haag-Lochmann Helen, Housewife/Gardener, Hirzel | Haug-Kern Esther, Registered nurse, Zurich | Haug Tobias, Draughtsman, Zurich | Kasser Rosmarie, Secondary school teacher, Küsnacht | Keller-Giovanon Helene, Cook/Farmer, Ossingen | Lemberg Susanne, Designer, Zofingen | Lutz Béatrice, Clergywoman, Birsfelden | Mathies Andreas, Commercial employee, Ettingen | Meier Nicole, Tourism professional, Zurich | Meyer Stefan, Secretary, Zuzwil | Mottier André, Pensioner, Ste-Croix | Müller Karin, Movement therapist, Bonstetten | Paliaga Marco, Pensioner, Chur | Palme Sabine, Manager SYH, Zug | Ramsperger Rolf, Secondary school teacher/Principal, Neuhausen am Rhein | Rettenmund Anne-Marie, Commercial employee, Langnau i.E. | Sager Adrian, Vice manager SYH, Interlaken-Unterseen | Scherler Jolanda, Nurse, Schmitten | Schmid Theres, Occupational thera-

pist, Münsingen | Schoch-Sutter Carmen, Commercial employee, Märstetten | Schwyter-Faist Yolanda, Housewife/Nurse, Zezikon TG | Städler-Bischof Esther, Chief accountant, Wattwil | Steinmann Rolf, Registrar, Cham | Strehler René, Architect, Zurich | Streuli Cornelia, Steinhausen | Thut Tobias, Feldmeilen | Uhlemann Luzia, Front office clerk, Untervaz | Vogel Manon, Lawyer, Hinwil | Zulliger-Senn Annemarie, Home economics manager/Housewife, Volketswil

Executive Board

Term of office 2012–2015

The Executive Board is the highest management body and is chosen by the assembly of delegates for a term of four years. The Board defines the strategic orientation and reviews the operative implementation.

- Abegg Thomas, Businessman, Wilen bei Wollerau (since 17.04.10)
- Denzler Corinne, CEO, Ascona (as at 13.03.2015)
- Egloff Markus, Manager, Zurich (since 08.03.2003)
- Furrer Daniel, Tourism professional, Lucerne (since 03.12.2004)
- Gendre Stéphane, Teacher, Geneva (until 31.12.2014)
- Hitz Ursula, Housewife, Stein am Rhein (since 12.06.1999)
- Jordan Amaury, Asset manager, Thalwil (since 29.01.2003)
- Kurmann Stephan, Management consultant, Hirzel (since 17.06.1995)
- Martin Pierre, Chief Justice, Zurich (since 16.03.1996)
- Müller Christoph, Lawyer, Fällanden (since 17.06.1995)
- Roffler Erwin, Businessman, Davos-Platz (since 14.03.2009)

Chairmanship

Kurmann Stephan, President | Hitz Ursula, Vice President

Finance committee

Egloff Markus, President | Roffler Erwin

Legal committee

Martin Pierre | Müller Christoph

Management

The management runs the operative business and is responsible for implementing the business aspects. The management is granted all of the powers that are not expressly assigned to another body by law, statutes or regulations issued by the executive board.

- Gmür Fredi, CEO SYH (since 01.04.1996)
- Dobler René, CEO SFST (since 01.05.1999)
- Bunte Janine, CFO SYH/SFST (since 10.10.2010)

Extended board of management

The extended board of management ensures the mutual exchange of information, the promotion of integration of departmental objectives and the coordination of cross-divisional responsibilities between the areas of management, operations, marketing, sales and membership, as well as operational decision-making between the Executive Board and the CFO/COO/CMO.

- Kerstholt Oliver, CMO SYH (since 01.10.2012)
- Levy René, COO SYH (since 01.08.2014)

Employee committee**Term of office 2012–2015**

The employee committee represents the interests of all employees to the management and the executive board.

- Raimann Angela, Application support executive, Zurich office (President)
- Meier Daniel, Manager, Stein am Rhein Youth Hostel
- Wettstein Tobias, Manager, Basel Youth Hostel
- Zürcher Ueli, Manager, Interlaken Youth Hostel

Auditing body

Bommer + Partner Treuhandgesellschaft, Bern

Honorary members

- Kern Jack, Zurich
- Lüdi Heinz, Effretikon
- Wälle Robert, Lucerne

Management teams**As at April 2015**

Avenches Edith & Mohamed Dhyaf | **Baden** Dennis Kaufmann & Anja Gühlcke | **Basel** Tobias Wettstein & Sandra Neuhaus | **Beinwil am See** Gilles Rusca & Aurélie Dafflon | **Bellinzona** Nicoletta Federspiel | **Bern** Daniel Fahrni & Adrian Sager | **Brienzen** Guido Weber | **Brugg** Saba Krezdorn & Jara Guldemann | **Château-d'Oex** Thomas Schetty & Anke Betschinger | **Dachsen-Rhine Falls** Francielly Gmür | **Davos** Michael André Behling & Sylvia Spring | **Delémont** Peter & Ute Kägi | **Engelberg** Petra & Fredy Liem | **Fällanden** Martin Käser | **Fiesch** Pierre Lehmann | **Figino** Margarete Lenhardt | **Fribourg** Sylvia Genuetta Plöger | **Gersau** Jürg & Manuela Haupt | **Grindelwald** Esther Suter & Cornelia Streit | **Gstaad Saanenland** Thomas Schetty & Anke Betschinger | **Interlaken** Ueli Zürcher | **Interlaken 3a restaurant bar lounge** Jasmin K. Beyeler | **Klosters** David Busch & Myriam Niggli | **Kreuzlingen** Bernhard Granacher | **Lausanne** Uros Vuckovic | **Le Bémont** Andrea Duffort | **Leissigen** Osvaldo de Armas & Yeganeh Shafai | **Locarno** Rosemarie Weyer & Carmen Gambetta | **Lugano** Lotti & Roland Majek | **Luzern** Basil Schmid & Martina Flück | **Mariastein-Rotberg** Thomas Krämer & Sandra Streuli | **Montreux** Walter & Christine Pfister | **Pontresina** Martin & Sabine Künzli | **Rapperswil-Jona** Peter & Brigitte Keller | **Richterswil** Daniel Walser | **Romanshorn** Isabelle & Adrian Koch | **Saas-Fee** Chantal Anthamatten | **Schaan-Vaduz** Ute Möller | **Schaffhausen** Sirko Meinhardt | **Scuol** Daniel Hiederer & Stefanie Daub | **Seelisberg** Daniela Truttmann-Burckhardt | **Sils i.D.** Erika Salzgeber | **Sion** Laurent Perret | **Solothurn** Annina Toledo & Anna Haseloff | **St. Gallen** Milena Jung | **St. Moritz** Roland Fischer & Ruth Danzeisen | **Sta. Maria** Rosmarie Tinner | **Stein am Rhein** Daniel & Susanna Meier | **Valbella** Nicolas Witschi | **Zermatt** Christian Keel & Barbara Stirnimann | **Zofingen** Michael Müller | **Zug** Sabine Palme & Karsten Peix | **Zurich** Christian Meixner & Claude Braun

Employees, administrative office

As at April 2015

Anderrühi Laura Trainee Marketing & Guest Service | Bassi Manuel Graphic Designer Marketing | Brügger Robin Responsible for eMarketing | Bruhin Eveline Finance & Accounting | Buffoni Aldo Head of Projects SFST | Bunte Janine CFO SYH/SFST | Burnier Melanie Finance & Accounting | Dobler René CEO SFST | Efe Kübra Trainee in Administration | Etter Reynaldo Ressortleiter New Technology | Fricke Marco Head of Finance & Accounting | Friedrich Esther Human Resources | Gmür Fredi CEO SYH | Grossenbacher Yvonne Finance & Accounting | Häfeli Hans-Urs Head of Projects & Support SFST | Hafner Andrea New Technology | Hausammann-Landolt Andrea Project Coordinator Barrier-free | Hedinger-Schwyn Sandra Assistant to CEO | Hierholzer Brigitte Finance & Accounting | Hoogeboom Jorn Postal service, Property maintenance | Höneisen Maya Editor MyHostelNews | Hungerbühler Alexia Department Head Marketing | Imboden-Bellwald Ariana Sales | Kerstholt Oliver CMO SYH | Kirtskhalia Tatia Sales | Lang Andrea Non-food & Quality | Lehmann Lisette Human Resources | Levy René COO SYH | Lips Barbara Guest

& Member Service | Lopez Diego Tournant | Lutz Walter Department Head Project & Technology | Mastrobuoni Lea Department Head Guest & Member Service | Münger Laura Assistant to CEO | Nicotera Ralph Resp. Construction/Maintenance/Projects SFST | Nosdeo-Carchidi Maria Finance & Accounting | Oliveira Luisa Trainee in Administration | Pancic Natalie Trainee in Marketing & Guest Service | Peterhans Michael Head Operations Central | Raimann Angela New Technology | Rogantini Luca Assistant CFO | Rüdisüli Anja Guest & Member Service | Salzmann Patricia Sales | Scheidegger Flurina Vice Division Manager Guest & Member Service | Schelbert Florian Head Operations West-South | Schempp Kurt Division Manager Projects & Development | Schibler Petra Resp. Construction/Maintenance/Projects SFST | Schober Martin Head Infrastructure & Security New Technology | Solèr Justine Chantal Marketing | Spörri Matthias Resp. Construction/Maintenance/Projects SFST | Steiner Mike New Technology | Sturm-Kühne Sandra Guest & Member Service | Wettstein Thalia Assistant PR and Assistant to CMO | Widmer Gianna Guest & Member Service | Zbinden Sylvia Guest & Member Service | Zollinger Markus Department Head Human Resources

Benefactors

Private individuals

Sylvia Beck, Wettingen | René Bergamin, Lenzerheide/Lai | Hanspeter Berger, Höri | Lotti and Willy Bircher, Affoltern am Albis ZH | Dr. med. Jürg Brunner, Flawil | Dr. Peter Facklam, Basel | Richard Furter-Strickler, Zug | Hans Beat Gamper, Zurich | Erich Gassmann-Küffer, Langnau am Albis | Regula and Eduard Geiger, Küsnacht ZH | Max Gerber-Kweton, Seon | Peter Gertsch-Saxer, Grindelwald | Titus Giger, Murg | Hans Handschin, Basel | Peter Hanimann, Boltigen | Maurus Heinz, Davos Dorf | Dirk Herrgesell, Feutersony | Paul Herrmann, Thun | Beatrice and Thomas Leisibach, Pfungen | Irene and Domenic Lingenhag, St. Moritz | Martin Luginbuhl, Islisberg | Martin Meier, Winterthur | Dr. med. Jean Luc Meyer, Wattwil | Anton Muff, Emmenbrücke | Max A. Mundwiler-Blapp, Zuzgen | Karliso Neff, Rickenbach | Ursula and Urs Pfister-Suter, Seon | Eric J. Rathe, Russikon | Halina and Hans-Jürg Roth-Zamek, Weiningen ZH | Käthi Rupli, Winterthur | Johann and Rosmarie Schildknecht, Würenlos | Martin Schmidt, Zimmerwald | Markus Senn, Schlieren | Andreas Staehli, Aesch BL | Dr. Conrad Martin Ulrich, Davos Dorf | Konrad Ulrich-Fischer, Glattfelden | Werner Wegmann, Boppelsen | Heidi and Karl Weiss-Baumann, Dietikon

Companies

Abitare M. Hürlimann AG, Chur | Adank Davos AG, Davos Dorf | Andrea Michel GmbH, Klosters | Bäckerei Müller AG, Solothurn | Brauerei Schützengarten AG, St. Gallen | Bruno Fischer Früchte-

und Gemüsehandel, Schaffhausen | CONCORDIA Schweizerische Kranken- und Unfallversicherung, Luzern | Dierig AG, Wil SG | Dr. Peter Stein Advokat, Basel | Elektrohuus von Allmen AG, Gstaad | Flück Haustechnik AG, Brienz BE | Graub Office AG, Zurich | Gut Bau AG, Horw | Hans Sulser Steuerberatung, Zurich | Hartchrom AG, Steinach | Heinz Seiler AG, Bönigen bei Interlaken | Helmut Gmeiner Anstalt, Schaan | Hotel Albris AG, Pontresina | HTI Schreinerei AG, Interlaken | HW-Regale AG, Rümlang | Innorat GmbH, Unterkulm | Jäggi Vollmer GmbH, Basel | Köhler & Co. AG, Schaffhausen | Lenz AG, Richterswil | Malloth Holzbau AG, St. Moritz | Max + Martin Strasser Ofenbau + Plattenbeläge, Stein am Rhein | Mensch Rolladen AG, Aesch BL | Miele AG, Spreitenbach | Prolux Licht AG, Schlieren | Prowema GmbH, Pfäffikon ZH | Rugenbräu AG, Interlaken | Similor AG, Laufen | Solarspar, Sissach | somm ag fleisch + comestibles, Kreuzlingen | Sommer Sabatini GmbH, Luzern | Thymos AG, Lenzburg | Uffer Holz AG, Savognin | Venzi + Paganini AG, Samedan | Verkehrsladen im Bahnhof SBB - Agentur Ulrich F. Pfister, Tecknau | Walter Gabler's Söhne AG, St. Gallen | Zahner Fischhandel AG, Gommiswald | Zumkehr AG, Interlaken

Municipalities

Brugg AG | Erlenbach ZH | Gerzensee BE | Horgen ZH | Illnau-Effretikon ZH | Küsnacht ZH | Oberrieden ZH | Riehen BS | Schafisheim AG | Zurich ZH

Corporate governance

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In their reporting, the Swiss Youth Hostels adhere to the standards of the Swiss Code of Best Practice.

The following elements characterise our corporate governance: good relationships with our members, effective cooperation between the organisation's management and executive board, and a compensation system for employees and managers that is success-oriented and modern.

The accounting by the Swiss Youth Hostels complies with the Swiss GAAP FER professional recommendations and gives a true and fair view of assets, liabilities, financial position and profit or loss. The 2014 annual financial statement was prepared in accordance with the Swiss GAAP FER 21 professional recommendations for charitable, social non-profit organisations.

The members of the executive board provide their services free of charge as a general principle on the basis of the corporate

governance guidelines for non-profit organisations in Switzerland and the Swiss NPO code. Any resulting actual expenses are reimbursed. For their voluntary activities, the members of the executive board receive 42 accommodation coupons every year that allow free use of the youth hostels. If particularly time-consuming tasks or projects are assigned to one or several members of the executive board, compensation can be paid taking into account the non-profit nature of the organisation and following the applicable guidelines provided in the Swiss NPO code. Services may not be compensated until the personal volunteer efforts exceed 150 hours per calendar year.

By way of compensation, delegates receive 21 accommodation vouchers every year that allow free use of the youth hostels along with reimbursement of their actual expenses for participation in the delegate assemblies. They do not receive any cash payments.

Risk management

In cooperation with the management, the executive board has carried out a risk analysis at the organisational level. A risk inventory was prepared that covers all of the business areas/relationships and assesses the relevant risks, defines actions for minimising or covering each risk, specifies responsibilities and verifies the ef-

fectiveness of the control mechanisms. At the operative level, risk analyses were prepared by the managers and departmental supervisors using the same specifications, and were reviewed by the organisation's management.

Legal compliance

| | 1992 ¹⁾ | 1996 ²⁾ | 2000 ³⁾ | 2004 | 2008 | 2012 | 2013 | 2014 |
|---------------------------|--------------------|--------------------|--------------------|------|------|------|------|------|
| Punished legal violations | n/a | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

¹⁾ First fiscal year following the merger of 14 independent districts, ²⁾ Start of reorganisation, ³⁾ Start of implementation of strategic planning, n/a not available



HOSTELLING
INTERNATIONAL

FINANCIAL REPORTING

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In spite of our idealistic aims, we aim for commercial activities that maximise our commercial viability and thereby ensure the continued existence of our enterprise. We strive therefore to generate sufficient revenue, to maintain adequate liquidity, to build reserves and to foster a sound capital structure. For major investments such as new construction and renovation projects, however, we are reliant upon financial support from the public sector.

Balance sheet

| As at 31 December | Notes in annex | 2014 in CHF | in % | 2013 in CHF | in % |
|---|----------------|----------------------|--------------|----------------------|--------------|
| Assets | | | | | |
| Current assets | | | | | |
| Liquid assets | | 9,968,431.83 | 70.1 | 8,558,664.89 | 63.4 |
| Accounts receivable from third parties | | 906,159.94 | 6.4 | 625,101.22 | 4.6 |
| Accounts receivable from related parties | | 164,349.95 | 1.2 | 1,181,653.30 | 8.8 |
| Del credere | | -88,513.00 | -0.6 | -53,137.00 | -0.4 |
| Accounts receivable trade | 1 | 981,996.89 | 6.9 | 1,753,617.52 | 13.0 |
| Other accounts receivable | 2 | 375,960.42 | 2.6 | 177,712.87 | 1.3 |
| Merchandise in stock | | 405,621.27 | 2.9 | 395,141.89 | 2.9 |
| Inventories heating material | | 152,357.75 | 1.1 | 143,527.27 | 1.1 |
| Value adjustment inventories | | -111,599.00 | -0.8 | -107,734.00 | -0.8 |
| Inventories | 3 | 446,380.02 | 3.1 | 430,935.16 | 3.2 |
| Active deferred charges | | 259,234.55 | 1.8 | 341,561.56 | 2.5 |
| Current assets | | 12,032,003.71 | 84.6 | 11,262,492.00 | 83.4 |
| Fixed assets | | | | | |
| Vehicles | | 98,183.75 | 0.7 | 103,090.15 | 0.8 |
| Equipment | | 1,141,412.22 | 8.0 | 1,067,434.66 | 7.9 |
| Mobile tangible assets | 4 | 1,239,595.97 | 8.7 | 1,170,524.81 | 8.7 |
| Renovations | | 155,325.73 | 1.1 | 181,213.35 | 1.3 |
| Immobile tangible assets | 4 | 155,325.73 | 1.1 | 181,213.35 | 1.3 |
| Holdings | | 2.00 | 0.0 | 2.00 | 0.0 |
| Share certificates | | 200.00 | 0.0 | 200.00 | 0.0 |
| Financial assets | 5 | 202.00 | 0.0 | 202.00 | 0.0 |
| Free assets | | 1,395,123.70 | 9.8 | 1,351,940.16 | 10.0 |
| Loan «Valbella» to related party | | 58,140.00 | 0.4 | 87,210.00 | 0.6 |
| Loan «Davos» to related party | | 740,000.00 | 5.2 | 800,000.00 | 5.9 |
| Earmarked loans to related parties | 6 | 798,140.00 | 5.6 | 887,210.00 | 6.6 |
| Earmarked assets | | 798,140.00 | 5.6 | 887,210.00 | 6.6 |
| Fixed assets | | 2,193,263.70 | 15.4 | 2,239,150.16 | 16.6 |
| Assets | | 14,225,267.41 | 100.0 | 13,501,642.16 | 100.0 |
| Liabilities | | | | | |
| Outside capital | | | | | |
| Accounts payable to third parties | | 2,415,342.73 | 17.0 | 1,988,880.02 | 14.7 |
| Accounts payable to related parties | | 0.00 | 0.0 | 1,945.30 | 0.0 |
| Accounts payable trade | 7 | 2,415,342.73 | 17.0 | 1,990,825.32 | 14.7 |
| Prepayments from guests | | 3,019,977.26 | 21.2 | 2,889,350.44 | 21.4 |
| Miscellaneous short-term liabilities | 8 | 386,333.02 | 2.7 | 444,514.01 | 3.3 |
| Other liabilities | | 3,406,310.28 | 23.9 | 3,333,864.45 | 24.7 |
| Deferrals, membership subscriptions | | 825,788.76 | 5.8 | 1,081,792.29 | 8.0 |
| Other transitory deferrals | | 1,402,318.12 | 9.9 | 1,140,582.44 | 8.4 |
| Deferrals | 9 | 2,228,106.88 | 15.7 | 2,222,374.73 | 16.5 |
| Short-term outside capital | | 8,049,759.89 | 56.6 | 7,547,064.50 | 55.9 |
| Assurance of guarantee risks | | 214,500.00 | 1.5 | 214,500.00 | 1.6 |
| Provisions | 10 | 214,500.00 | 1.5 | 214,500.00 | 1.6 |
| Long-term outside capital | | 214,500.00 | 1.5 | 214,500.00 | 1.6 |
| Outside capital | | 8,264,259.89 | 58.1 | 7,761,564.50 | 57.5 |
| Organisational capital | | | | | |
| Capital as at 1 January 2003 | | 1,465,631.02 | 10.3 | 1,465,631.02 | 10.9 |
| Acquired free capital | | 4,495,376.50 | 31.6 | 4,274,446.64 | 31.7 |
| Free funds | | 0.00 | 0.0 | 0.00 | 0.0 |
| Organisational capital | | 5,961,007.52 | 41.9 | 5,740,077.66 | 42.5 |
| Liabilities | | 14,225,267.41 | 100.0 | 13,501,642.16 | 100.0 |

Statement of accounts

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| From 1 January to 31 December | Notes in annex | 2014 in CHF | in % | 2013 in CHF | in % |
|---|----------------|-----------------------|--------------|-----------------------|--------------|
| Operating revenue | | | | | |
| Restaurant revenue | | 16,016,831.21 | 33.8 | 14,865,529.14 | 33.4 |
| Merchandise revenue | | 2,084,771.18 | 4.4 | 1,704,192.29 | 3.8 |
| Restaurant and merchandise revenue | | 18,101,602.39 | 38.2 | 16,569,721.43 | 37.3 |
| Lodging revenue | | 26,239,643.89 | 55.4 | 24,378,793.37 | 54.8 |
| Other service revenue | | 998,166.37 | 2.1 | 885,816.43 | 2.0 |
| Service and lodging revenue | 11 | 27,237,810.26 | 57.5 | 25,264,609.80 | 56.8 |
| Annual membership subscriptions | | 1,914,246.28 | 4.0 | 2,015,763.16 | 4.5 |
| Single-day membership subscriptions | | 1,049,259.95 | 2.2 | 989,706.10 | 2.2 |
| Membership subscriptions | 12 | 2,963,506.23 | 6.3 | 3,005,469.26 | 6.8 |
| Benefactor contributions | | 35,007.80 | 0.1 | 34,577.80 | 0.1 |
| Earmarked contributions | | 139,597.23 | 0.3 | 156,736.75 | 0.4 |
| Free contributions | | 5,000.00 | 0.0 | 0.00 | 0.0 |
| Benefactor contributions | 13 | 179,605.03 | 0.4 | 191,314.55 | 0.4 |
| Franchise fees | | 154,734.03 | 0.3 | 158,388.05 | 0.4 |
| Administrative contribution, related parties | | 90,000.00 | 0.2 | 90,000.00 | 0.2 |
| Miscellaneous operating revenue | | 67,728.15 | 0.1 | 35,325.90 | 0.1 |
| Other operating revenue | | 312,462.18 | 0.7 | 283,713.95 | 0.6 |
| Allowances | | -966,573.59 | -2.0 | -604,332.86 | -1.4 |
| Commissions, credit cards and Reka | | -260,220.77 | -0.5 | -230,535.38 | -0.5 |
| Reservation commissions | | -7,848.13 | -0.0 | -4,534.54 | -0.0 |
| Losses from receivables | | -193,722.55 | -0.4 | -18,909.89 | -0.0 |
| Decrease in earnings | 14 | -1,428,365.04 | -3.0 | -858,312.67 | -1.9 |
| Operating revenue | | 47,366,621.05 | 100.0 | 44,456,516.32 | 100.0 |
| Operating expenses | | | | | |
| Restaurant expenses | | -4,442,522.45 | -9.4 | -4,274,232.12 | -9.6 |
| Merchandise expenses | | -1,871,557.05 | -4.0 | -1,676,364.70 | -3.8 |
| Material expenses | | -700,151.36 | -1.5 | -727,235.00 | -1.6 |
| Third-party services | | -1,277,156.02 | -2.7 | -1,053,910.76 | -2.4 |
| Expenses for materials, merchandise & third-party services | 15 | -8,291,386.88 | -17.5 | -7,731,742.58 | -17.4 |
| Wages | | -19,078,393.30 | -40.3 | -17,885,449.25 | -40.2 |
| Social benefits | | -3,047,876.71 | -6.4 | -2,849,542.23 | -6.4 |
| Other personnel expenses | | -706,743.90 | -1.5 | -614,327.89 | -1.4 |
| Work performed, third-party | | -366,421.40 | -0.8 | -589,487.00 | -1.3 |
| Personnel expenses | 16 | -23,199,435.31 | -49.0 | -21,938,806.37 | -49.3 |
| Rental and leasing expenses, third-party | | -587,988.14 | -1.2 | -551,161.66 | -1.2 |
| Rental and leasing expenses, related party | | -7,905,632.24 | -16.7 | -7,504,754.86 | -16.9 |
| Other facility expenses | | -60,290.90 | -0.1 | -61,796.95 | -0.1 |
| Maintenance of buildings and installations | | -652,886.40 | -1.4 | -642,287.75 | -1.4 |
| Employee contributions, lodging | | 593,900.95 | 1.3 | 575,665.75 | 1.3 |
| Facility expenses | 17 | -8,612,896.73 | -18.2 | -8,184,335.47 | -18.4 |
| Maintenance, repairs, replacements and leasing | | -831,351.38 | -1.8 | -712,379.82 | -1.6 |
| Vehicle and transport expenses | | -189,880.39 | -0.4 | -163,553.48 | -0.4 |
| Property insurance and taxes | | -524,069.30 | -1.1 | -488,312.48 | -1.1 |
| Energy and disposal expenses | | -2,102,517.09 | -4.4 | -1,859,084.52 | -4.2 |
| Administrative expenses | | -1,334,593.46 | -2.8 | -1,309,976.49 | -2.9 |
| Advertising expenses | | -1,399,584.68 | -3.0 | -1,182,825.82 | -2.7 |
| Miscellaneous operating expenses | | -40,340.29 | -0.1 | -93,607.10 | -0.2 |
| Other operating expenses | | -6,422,336.59 | -13.6 | -5,809,739.71 | -13.1 |
| Depreciation | 4 | -594,674.68 | -1.3 | -600,992.27 | -1.4 |
| Operating expenses | 18 | -47,120,730.19 | -99.5 | -44,265,616.40 | -99.6 |
| Operating result | | 245,890.86 | 0.5 | 190,899.92 | 0.4 |
| Result due to disposal of tangible assets | | -7,624.20 | 0.0 | 0.00 | 0.0 |
| Financial expenses | | -93,999.86 | -0.2 | -41,792.38 | -0.1 |
| Financial revenue | | 76,663.06 | 0.2 | 109,152.33 | 0.2 |
| Financial result | | -17,336.80 | 0.0 | 67,359.95 | 0.2 |
| Annual results before allocation of organisational capital | | 220,929.86 | 0.5 | 258,259.87 | 0.6 |
| Allocation to acquired free capital | | -220,929.86 | -0.5 | -258,259.87 | -0.6 |
| Annual result | | 0.00 | 0.0 | 0.00 | 0.0 |

Cash flow statement

| From 1 January to 31 December | 2014 in CHF | 2013 in CHF |
|---|---------------------|---------------------|
| Allocation to acquired free capital | 220,929.86 | 258,259.87 |
| Depreciation | 594,674.68 | 600,992.27 |
| Allowances for inventories | 3,865.00 | -16,902.00 |
| Allowances, earmarked loans to related parties | 29,070.00 | 29,070.00 |
| Increase/decrease in accounts receivable trade | 771,620.63 | -109,180.31 |
| Increase/decrease in other receivables | -198,247.55 | 249,901.25 |
| Increase/decrease in inventories | -19,309.86 | 84,506.85 |
| Increase/decrease in prepaid expenses | 82,327.01 | 86,993.62 |
| Increase/decrease in accounts payable trade | 424,517.41 | -299,977.65 |
| Increase/decrease in other liabilities | 72,445.83 | 279,236.77 |
| Increase/decrease in deferrals | 5,732.15 | -12,763.87 |
| Cash flow from operating activities | 1,987,625.16 | 1,150,136.80 |
| Investments in tangible assets | -710,297.22 | -507,731.01 |
| Disposals of tangible assets | 72,439.00 | 0.00 |
| Disposals of earmarked loans to related parties | 60,000.00 | 60,000.00 |
| Cash flow from investment activities | -577,858.22 | -447,731.01 |
| Change in liquid assets | 1,409,766.94 | 702,405.79 |
| Balance of liquid assets as at 1 January | 8,558,664.89 | 7,856,259.10 |
| Balance of liquid assets as at 31 December | 9,968,431.83 | 8,558,664.89 |
| Change in liquid assets | 1,409,766.94 | 702,405.79 |

Statement of variation in capital

| | Opening balance in CHF | Allocation in CHF | Internal fund transfers in CHF | Use in CHF | Closing balance in CHF |
|------------------------------------|------------------------------|----------------------|--------------------------------------|---------------|------------------------------|
| Funds from equity financing | | | | | |
| Capital as at 1 January 2003 | 1,465,631.02 | 0.00 | 0.00 | 0.00 | 1,465,631.02 |
| Acquired free capital | 4,274,446.64 | 0.00 | 220,929.86 | 0.00 | 4,495,376.50 |
| Free funds | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Annual result | 0.00 | 220,929.86 | -220,929.86 | 0.00 | 0.00 |
| Organisational capital | 5,740,077.66 | 220,929.86 | 0.00 | 0.00 | 5,961,007.52 |

Annex to the annual financial statement

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General information

The accounting by the Swiss Youth Hostels complies with the Swiss GAAP FER professional recommendations and gives a true and fair view of assets, liabilities, financial position and profit or loss.

The 2014 annual financial statement was prepared in accordance with the Swiss GAAP FER 21 professional recommendations for charitable, social non-profit organisations.

Related parties

The Swiss Foundation for Social Tourism, the Foundation for Youth Hostels in Switzerland and Hostelling International Marketing GmbH are deemed to be related parties. All substantial transactions are disclosed in the annex to the annual financial statement.

A consolidated financial statement for the Swiss Youth Hostels, the Swiss Foundation for Social Tourism and the Foundation for Youth Hostels in Switzerland has been compiled for 2014. Hostelling International Marketing GmbH has not been included in the consolidation as it was founded solely to provide services to the national youth hostel associations. From 15 June 2015, the consolidated financial statement will be available from the following address:

Swiss Youth Hostels, Management, Schaffhauserstrasse 14, P.O. Box, 8042 Zurich
Phone +41 (0)4 360 14 31, E-mail: geschaeftsleitung@youthhostel.ch

No contractual relations of any sort exist with members of the Executive Board of the Swiss Youth Hostels, the trustees of the Swiss Foundation for Social Tourism, the trustees of the Foundation for Youth Hostels in Switzerland and Hostelling International Marketing GmbH.

Valuation methods

Liquid assets

Liquid assets include cash on hand and postal cheque and bank account balances, all at their nominal values. Foreign currency balances are converted using the end-of-year conversion rate set by the Swiss Federal Tax Administration.

Receivables

Receivables for services provided to third parties are considered after discounting of necessary allowances for del credere risk.

Inventories

Inventories are valued at cost prices or lower market prices. The goods risk is taken into account with an allowance of 20% of the respective year-end balance.

Tangible assets

Valuation occurs at procurement costs minus any applicable business depreciation. Depreciation is calculated on a straight-line basis with the following useful life:

| | |
|------------------------|----------|
| Machines and equipment | 8 years |
| Furniture | 8 years |
| Small items | 3 years |
| IT | 3 years |
| Vehicles | 5 years |
| Renovations | 10 years |

Explanatory notes on the balance sheet

1. Accounts receivable trade

In the del credere accounting, receivables that were older than 60 days on the balance sheet date were value-adjusted in full while the remaining receivables were adjusted at a flat rate of 5%.

Accounts receivable from related parties predominantly comprise receivables from the Swiss Foundation for Social Tourism and from Hostelling International Marketing GmbH.

2. Other accounts receivable

Other accounts receivable include CHF 83,775 of advance payments to suppliers. Suppliers' invoices concerning the reporting period of the following year were paid during current year.

3. Inventories

Risks associated with the storage of goods were valued in the amount of 20% of the goods inventory and at the end of the year were deferred in full as an allowance.

4. Tangible assets

| In CHF | Book value as at 01.01. | Acquisitions | Disposals | Depreciation | Book value as at 31.12. |
|---------------------------------|----------------------------|-------------------|------------------|-------------------|----------------------------|
| Vehicles | 103,090.15 | 106,740.75 | 72,439.00 | 39,208.15 | 98,183.75 |
| IT | 225,338.48 | 286,397.45 | 0.00 | 230,606.00 | 281,129.93 |
| Machines/equipment | 374,255.61 | 158,776.07 | 0.00 | 104,856.86 | 428,174.82 |
| Furniture | 396,154.84 | 46,072.25 | 0.00 | 105,908.00 | 336,319.09 |
| Small items | 71,685.73 | 112,310.70 | 0.00 | 88,208.05 | 95,788.38 |
| Mobile tangible assets | 1,170,524.81 | 710,297.22 | 72,439.00 | 568,787.06 | 1,239,595.97 |
| Renovations | 181,213.35 | 0.00 | 0.00 | 25,887.62 | 155,325.73 |
| Immobile tangible assets | 181,213.35 | 0.00 | 0.00 | 25,887.62 | 155,325.73 |

5. Financial assets

Hostelling International Marketing GmbH was founded in September 2006 and is headquartered in Zurich. The Dutch hostel association Stichting Stayokay and the Swiss Youth Hostels each hold a 50% share of the company. The nominal capital totals CHF 20,000, of which the Swiss Youth Hostels have a share of CHF 10,000. This share is valued at CHF 1 and is included in the holdings of related parties.

Hostelling International Marketing GmbH is an organisation that is barred from full consolidation as it was founded exclusively for the purpose of providing services to the national youth hostel associations.

6. Earmarked loans to related parties

In 2007, a loan earmarked for Valbella Youth Hostel was made to the Swiss Foundation for Social Tourism. It is amortised yearly by CHF 29,070.

In 2008, a loan earmarked for the purchase of Davos Youth Hostel was made to the Swiss Foundation for Social Tourism. Regular interest is paid on this loan and it is amortised at annual instalments of CHF 60,000.

7. Accounts payable trade

The accounts payable trade predominantly comprise accounts payable to third parties.

8. Miscellaneous short-term liabilities

Miscellaneous short-term liabilities are predominantly made up of liabilities to social security institutions, cantonal tax administrations (withholding taxes) as well as prepaid services in the form of gift certificates.

9. Deferrals

The deferrals of membership subscriptions for the following year come into being owing to the rolling membership year.

10. Provisions

| In CHF | Value as at 01.01. | Acquisitions | Disposals | Value as at 31.12. |
|-------------------|-----------------------|--------------|-------------|-----------------------|
| Sureties | 214,500.00 | 0.00 | 0.00 | 214,500.00 |
| Provisions | 214,500.00 | 0.00 | 0.00 | 214,500.00 |

The safeguarding of guarantee risks exists to safeguard contractual relationships.

Explanatory notes on the statement of accounts

11. Service and lodging revenue

400,047 guests were accommodated in our establishments in 2014, corresponding to 784,132 overnight stays.

12. Membership subscriptions

The number of members as at 31 December 2014 (cut-off date) was 95,042.

13. Benefactor contributions

Earmarked contributions include CHF 139,597 of voluntary CO₂ compensation from the overnight guests of Swiss Youth Hostels. Half of the contributions are transferred to the myclimate Foundation for financing climate protection projects worldwide and half to the Swiss Foundation for Social Tourism for climate projects of the Swiss Youth Hostels.

14. Decrease in earnings

The losses from accounts receivable include the increase to CHF 35,376 of del credere risk and CHF 102,895 in losses from cancellations.

15. Expenses for materials, merchandise and third-party services

Expenses on third-party services predominantly comprise intermediary fees and reservation expenses for online platforms and channel management, as well as for external laundering and administration of the member database.

16. Personnel expenses

In 2014, 307 full-time workloads were distributed across 503 permanent positions and 76 temporary staff.

17. Facility expenses

The rental and leasing expenses to related parties include the rent payments to the Swiss Foundation for Social Tourism (SFST). A variable rent payment amounting to 0.25% of SFST equity capital invested (CHF 263,099) was factored into the calculations for 2014.

Further information

| 18. Expenses on the provision of services in accordance with Swiss GAAP FER 21 | 2014 in CHF | 2013 in CHF |
|--|-----------------------|-----------------------|
| Operating expenses | | |
| Expenses on materials, merchandise and third-party services | -8,291,386.88 | -7,731,742.58 |
| Personnel expenses | -20,198,091.21 | -19,196,684.09 |
| Facility expenses | -8,205,988.18 | -7,775,443.07 |
| Other operating expenses | -5,233,996.54 | -4,788,098.34 |
| Depreciation | -392,007.26 | -421,810.15 |
| Total operating expenses | -42,321,470.07 | -39,913,778.23 |
| Administrative expenses | | |
| Personnel expenses, administration | -3,001,344.10 | -2,742,122.28 |
| Other administrative expenses | -1,595,248.60 | -1,430,533.77 |
| Depreciation | -202,667.42 | -179,182.12 |
| Total administrative expenses | -4,799,260.12 | -4,351,838.17 |
| Total | -47,120,730.19 | -44,265,616.40 |
| Administrative expenses as % of operating revenue | 10.1% | 9.8% |
| Fire insurance values of the tangible assets | 2014 in CHF | 2013 in CHF |
| Head office furnishings | 675,000 | 675,000 |
| IT, office systems technology, communication technology | 1,060,750 | 1,091,650 |
| The other tangible assets are co-insured within the context of a joint policy with the Swiss Foundation for Social Tourism | 17,491,000 | 16,807,000 |
| Accounts payable to pension institutions | 2014 in CHF | 2013 in CHF |
| Occupational pension fund | Credit balance | Credit balance |

Compensation to members of the Executive Board

In 2014, compensation of fees and reimbursement of expenses in the amount of CHF 68,938 was paid to members of the Executive Board. Of this sum, the Chairman received CHF 66,005.

Fundraising expenses

Fundraising expenses came to CHF 6,959 in 2014.

Risk assessment

The Executive Board and management have instituted internal precautions in order to ensure conformity of the organisation's annual accounts with the applicable financial reporting requirements and to ensure proper reporting. These precautions concern modern accounting systems and procedures as well as the preparation of the annual accounts. During the past fiscal year, the Executive Board and management did not identify any risks that could lead to a lasting or substantial impairment of the organisation's assets, liabilities, financial position, and profit or loss.

Report of the statutory auditor on the financial statements to the delegate meeting of Swiss Youth Hotels, Zurich

As statutory auditor, we have audited the accompanying financial statements of Swiss Youth Hostels which comprise the balance sheet, income statement, cash flow analysis, statement of changes in equity and notes for the year ended 31 December 2014. In accordance with Swiss GAAP FER the information contained in the performance report is not subject to the regular audit requirement.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss GAAP FER and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER. Furthermore, the accounting records and the financial statements comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

BOMMER + PARTNER
Treuhandgesellschaft



Beat Stalder
Audit Expert
Auditor in charge



Annemarie Wüthrich
Audit expert

Bern, 2 April 2015 / aw

Enclosures: - Financial statements (balance sheet income statement and notes)

Mitglied der **TREUHAND**  **KAMMER**

3004 Bern Strandweg 33 Telefon 031 307 11 11 Fax 031 307 11 12
e-mail: mailbox@bommer-partner.ch <http://www.bommer-partner.ch>



OUTLOOK & PRIORITIES FOR 2015

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We wish to consciously promote innovative thought and action at all levels within our organisation, since future opportunities in our fast-moving world can only be seized through new ideas. We support practice-oriented, critical research into tourism and view this as an important vehicle for the provision of information that will allow us to formulate an integrated and forward-looking policy for the association.

Economic outlook

The decision of the Swiss National Bank to no longer maintain a minimum exchange rate against the euro opens up a whole new market situation. This represents a major challenge for the future of Swiss tourism and thus also for our organisation.

From the present point of view, it is difficult to assess what this will mean for us. What is certain is that we have become even more expensive than our competitors abroad, and holidays in Switzerland have become an absolute luxury for our foreign guests. Around 60% of overnight stays are from domestic guests. Although holidays in Switzerland have not become more expensive for us,

there is a great danger that as a consequence of the depreciation of the euro, many citizens of Switzerland will spend their holidays abroad in the future.

It is more important than ever before that we pursue a co-ordinated and concerted approach with the various industry associations. Our actions must focus to a greater extent on flexibility, service availability, high quality and standards, and strict cost management. A speedy response to changing circumstances and rolling planning – with continual adaptation to the new market conditions – are more important than ever.

Ongoing development

Bern Youth Hostel project

The project competition was conducted in 2013 after contractual bases had been signed and following extensive preliminary investigations. The solution «Eifach so, gäu Pesche» by Aebi & Vincent Bern finally emerged as winner. Here, the jury was particularly impressed by the sensitive integration in the surrounding context.

In year under review, the winning project was intensively developed so that the building permit process can be introduced in early 2015. When renovation work is completed, the Bern Youth Hostel will have 184 beds and will fit seamlessly in the TOP category in the Swiss Youth Hostels network. The smaller room units in Bern, with two to six beds as well as wet cells in some rooms, will ensure high quality, simple comfort. Start of construction is anticipated for 2016; the opening for 2018.

«Public Burgdorf Castle» project

The «Public Burgdorf Castle» project emerged as the winner in the call for proposals from the City of Burgdorf for the redevelopment of the local castle. The project is aimed at the preservation and the opening to the public of the medieval castle complex. The year-round use of the castle grounds is hoped to create a new focal point for regional planning. This Burgdorf landmark can now do justice to its important place in the history of Switzerland and the Canton of Bern.

The preservation and revitalisation of the castle grounds is predominantly based on a conversion into a youth hostel. There will also be a catering establishment and museums. The mode of use is aimed at maintaining and respecting the existing architectural and spiritual heritage of the castle grounds. In the course of the year under review, intensive efforts were undertaken to secure financing for the project.

Various projects

A range of project ideas at various sites will be further developed.

Target table 2015

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For our range of services

| Field of action | Our aims | Key performance indicator |
|--|--|---|
| Quality assurance and quality improvement | Ensure defined standards regarding quality, safety and the environment | At least one visit per opening month by departmental management At least one quality audit per hostel/season |
| Switzerland Tourism and HI-Q quality seals | Recertification | All hostels in Switzerland are recertified Level 1 by Switzerland Tourism and HI-Q; key hostels and offices are recertified Level 2 |
| ibex fairstay label EU Ecolabel | Recertification | Recertifications should be planned early and introduced according to schedule. On recertification, establishments should achieve at least the same number of points |
| | Certification | Gstaad Saanenland and Saas-Fee youth hostels are certified |
| Planning | Create detailed planning for 2016 and general planning for 2017 | Detailed planning for 2016; general planning for 2017 |
| Hostels in general | Safeguard hostel handovers/takeovers | Handovers/takeovers of hostels to take place according to check list and documented in writing |
| | Increase safety on playgrounds | Regular inspection by hostel managers |
| | Age group-specific range of offers for games | Implementation in pilot establishments |
| Operational maintenance | Zero tolerance for defective articles and dirt/graffiti | Regular monitoring and compliance to the concept of «operational maintenance» |
| Andermatt | New youth hostel, 3a restaurant bar lounge | Principle decision on feasibility |
| Bern | Total renovation of youth hostel | Building permit has been granted |
| Geneva | Self-managed youth hostel | Evaluation of replacement locations/replacement establishments |
| Barrier-free youth hostels | Expansion of services for people with impairments | Increase available barrier-free beds to 35% |
| | Accessibility on the homepage | Certification of the «Access for All» homepage |
| | Expansion of services for people with impairments | Organisation of awareness courses for employees |
| 3a restaurant bar lounge | Extension of range of offers | Integration of range of services in youth hostels Evaluation of further locations |
| Marketing & Sales | Development of sales concept (target and interest groups, distribution channels, support measures) to company and establishment level for winter/summer operation and membership | Sales concept created and in implementation |
| | Structured sales throughout the year | Annual plan |
| | Target group-oriented bundling of offers at regular prices | Sales at regular prices |
| | Intensification of cooperation with HI and national associations | Off-/online sales of full SYH range of services via distribution channels of national associations and www.hihostels.com |
| | Focus on Switzerland, Germany and future markets of China, India and Brazil | Focus on defined target markets |
| | Develop close cooperation with regional partners/service providers at locations of top youth hostels | Active cultivation of contacts and utilisation of synergies; strengthening of YH presence and increase in brokerage volume |
| E-marketing | New SYH website and mobile website | Conception and realisation are completed |
| | Promotion of interactions on social media | Routine new entries 80,000 newsletters ordered |

For our guests and members

| Field of action | Our aims | Key performance indicator |
|---|--|---|
| Quality assurance and quality improvement | Ensuring and maintaining the defined quality, safety and environmental standards in the areas of reception, information, housekeeping, cuisine, hygiene, administration, treasury, reservation management and standard maintenance | At least one hostel visit by the division management per open month; at least one quality audit per hostel/season |
| Food & Beverage | Quality assurance through purchasing from contractual suppliers | 100% purchasing from defined suppliers |
| | Recipe database including calculations | Preparation, training, application |
| | Optimisation of buffet presentation | Minimum standards are defined and implemented |
| Hygiene | Consistent implementation and updating of the hygiene concept | No objections during monitoring |
| | Implementation of hygiene training | All professional employees are to receive intensive training; at least one hygiene training per season at establishment level |
| | Encasing | Evaluation of pilot establishments Gstaad Saanen and Saas-Fee; for positive findings, implementation in all hostels |
| Non-food | Uniform tableware and cutlery | Definition of a SYH line: New/replacement purchasing according to definition |
| Guest feedback | Integration with external guest review systems | Design, evaluation and integration completed; ongoing development of monitoring incl. comparisons with previous year |
| | Evaluation of guest reviews and implementation of findings | Daily evaluation; pass on subsequent measures at the appropriate level |
| | Complaints to be resolved within 48 hrs in consultation with department heads/management. | Reaction time 48 hrs; direct superiors are 100% integrated into complaints management |
| Satisfaction | Maintain guest satisfaction at a high level | Satisfaction level of at least 80% |
| Overnight stays | Maintain overnight stays, taking into account operational and construction-related changes | 850,000 overnight stays at the company level |
| Membership base | Maintain membership number | At least 100,000 members |
| Membership revenue in CHF | Increase membership revenue | At least CHF 3,000,000 (year and day memberships; minimise free memberships) |

For our employees

| Field of action | Our aims | Key performance indicator |
|---|---|--|
| Introduction | Every employee is introduced at the appropriate level | Introduction programme at the appropriate level |
| Work and family | Create and maintain a working environment that enables employees to satisfactorily combine work and family | Flexibility in the workload without negative impact on the working quality/climate |
| Wage system | Pay wages that are customary for the sector and that should not fall below the L-GAV definition | L-GAV; comparative figures for the sector |
| Target agreements, qualifications, development plan | Carry out target agreement, performance appraisal and individual development plan with each employee | Target agreement, performance appraisal, development plan for every employee |
| Basic and advanced training | Manage active advanced training at the appropriate level | Attendance of at least two basic/advanced training course (internal or external) |
| Occupational safety and health promotion | Ensure the defined level of work safety and undertake active promotion of health SYH Safety Officer | Reduction by 10% in days lost due to accidents or illness Integration into organisational structure |
| Monitoring of holidays and days off | Checking of holidays and days off for every employee, monitored by the direct supervisor | Consistent documentation |
| Social counselling | Making all employees aware of the services and contact partners in the external social counselling centre | Appropriate use of the MOVIS social counselling centre |
| Retirement planning | The financial position of the retirement pension foundation secures the pensions of employees | Coverage ratio of over 104% |
| Persons performing civil service | Utilisation planning for persons performing civil service in accordance with the criteria in the specifications | Requirement specification |
| | Sensible utilisation through systematic planning of the 20 civil service year-long positions | Quota utilisation |
| Satisfaction | Maintain a positive working environment at all levels through active influence. | Satisfaction level of at least 90% at company level |
| Fluctuation rate | Provision of active support for staff and influencing the work climate in positive manner | Maximum fluctuation of 10% at company level |
| Employee/employer relationship | Actively promote constructive cooperation between Employee Committee and management/board | Quarterly consultations |

For our relationship to the environment

| Field of action | Our aims | Key performance indicator |
|---|--|---|
| Quality assurance and quality improvement | Safeguard the defined environmental standards | At least one hostel visit by division management per operating month; at least one quality audit per establishment/season |
| Work approach, procurement | Ecological aspects will be given consideration in daily work and in procurement of contracts | Work and procurement proceeds according to ecological principles |
| Space heating, CO ₂ loading | Reduction of CO ₂ loading compared with the year 2000 | At least 45% |
| Electricity consumption | Limiting of energy consumption per overnight stay | Maximum 5 kWh |
| Water consumption | Limit water consumption per overnight stay | Maximum 135 l |
| CO ₂ compensation | Active sale of CO ₂ compensation | 55% of guests compensate |
| Products and materials | Environmentally sound purchasing | Defined standards are met |
| Waste and disposal | Review and develop waste and disposal concept | Concept is reviewed and findings are implemented |
| Non-food | Bundling of suppliers | Take delivery of as many products as possible from the same supplier |
| Hygiene | Use of ecological products in cleaning activities | PurEco products (or equivalent) are required products |
| Mobility | Further development of mobility concept | Revision completed |
| Product design | Environmental aspects are incorporated into product design | Product selection |
| Communications | Environmental commitment on the part of SYH is an integral aspect of communication measures | Reporting |

For our commercial viability

| Field of action | Our aims | Key performance indicator |
|--|---|---|
| Market development | Systematic customer care of regular guests | Create a concept for regular guests, introduce initial measures |
| | Increase euro region and Switzerland share (FITs, groups and schools) | Increase FITs by 5% and group/schools by 15% |
| | Unlock markets in China, India and Brazil | Increase guest share by 50% |
| National commitment | Active cooperation with Parahotellerie Switzerland, Swiss Hotel Association, working groups and advisory boards | Maintain function of role model in the area of sustainability; exploit synergies |
| International cooperation | Fulfil leadership function | Active participation in international strengthening of the Hostelling International network |
| | Promote bilateral cooperation with national associations | Active cooperation with national associations |
| Memberships | Certification as NPO | Certification commenced |
| Contract administration, partnerships | Monitoring of all ongoing contracts and partnerships/collaborations | Up to date contract management and complete centralisation |
| Budgeting | Preparation of a three-year budget | Budgeting 2016–2018 |
| Pricing | Active revenue and channel management | Revenue optimisation |
| Costs/benefits management at Zurich office | Every interaction reviewed for effectiveness and efficiency (cost and personnel resources), corrective measures initiated | Management costs below 10% |
| Operating revenue in CHF | Increase revenue | CHF 52 million |
| Bed revenue in CHF | Bed income at 2014 budget level | CHF 9,271 per bed |
| Revenue per overnight stay in CHF | Revenue per overnight stay at 2014 budget level | CHF 61.18 per overnight stay |
| Margin calculation | Maintain minimal margins for food, beverages, kiosk non-food and ticket sales | Counting as minimal margins are: Food 72%, drinks 55%, kiosk non-food 25%, ticket sales 15% |
| Bed occupancy | Increase occupancy rates | 55% bed occupancy at company level |
| Cash flow | Adapt investment activities to business performance | 40% of cash flow covers all investments |
| Result | Optimise results | 5% of operating revenue at company level before return on equity |
| Profit margin II | Cost-covering leadership of youth hostels on basis of profit margin II | In keeping with profit margin II, all youth hostels must at least cover their own costs |
| Liquidity ratio III | Maintain liquidity ratio III at 2014 level | Liquidity ratio of at least 149% |
| Organisational capital | Maintain organisational capital at 2014 level | Organisational capital at least 42% |
| Return on equity | Return on equity of the SFST | 1% |
| Incoming turnover in CHF | Group inquiries from abroad are handled by Sales All group requests (also CH groups) to a youth hostel that cannot be accepted due to lack of space will be forwarded to Sales | CHF 700,000 |
| E-commerce turnover in CHF | Bookings via E-commerce | CHF 12 million, of which CHF 6 million via www.youthhostel.ch |
| Cross-selling revenue in CHF | Actively promote booking opportunities for partners in every youth hostel | CHF 450,000 (CHF 150,000 youth hostels, CHF 300,000 administrative office) |
| | Promote cross-selling through regional cooperations | Cooperation partners |
| Productivity per employee in CHF | Flexible personnel planning, adapted to business performance | Productivity at company level CHF 160,000; at establishment level CHF 173,000 |
| IQMS | Ongoing review and optimisation of administrative processes | All administrative processes by IQMS are reviewed, optimised and documented |
| IT infrastructure | Ensure availability | 100% availability on 365 days |
| IT operating systems | Update operating systems and Office applications to current versions | Migration completed to Windows 7/8 and Office 2013 |
| Arrears management | Central arrears management | Centralisation completed |
| Risk management | Continuously review risks according to IQMS specifications, adapt to new circumstances and take appropriate measures | Review and definition of measures; risk minimisation |



Swiss Youth

**Hostels. Schaffhauserstrasse 14, 8042 Zurich.
Phone +41 (0)44 360 14 14. www.youthhostel.ch,
www.facebook.com/youthhostel.ch**