

2015

BUSINESS REPORT

on Sustainable Development
of the Swiss Youth Hostels



Swiss Youth
Hostels. **That's it.**

Contents

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Readability

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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FOREWORD

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2015 was in all respects an extremely challenging year. Images of military conflict, immense human suffering, a never-before-seen stream of refugees, terrorist attacks also in European cities – such was the background to everyday life. To top it off, our economy appeared to be losing its mind! The decision by Swiss National Bank on 15 January 2015 to lift the minimum exchange rate against the euro has changed the situation drastically. All exporting companies can strongly feel the impact. Our tourism sector is particularly affected, and with a market share in the euro area of around 20%, this naturally includes the Swiss Youth Hostels. It is therefore not surprising that overnight stays declined by 4.7% and operating revenue by 1.7%; the cash flow is at CHF 8.28 million, or around CHF 1 million lower than the previous year.

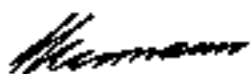
All levels of our organisation responded extremely quickly to these new market conditions. Extensive emergency measures – all in line with our medium-term strategic orientation and with a mind to our social responsibility towards our employees and society – were already introduced in February. The financial position of Swiss Youth Hostels remains healthy and we are very well positioned in the market. This gives us the confidence and strength to rigorously pursue our network and sustainability strategy. Various construction and renovation projects are in the planning stages and are expected to be realised in the course of 2016.

Both nationally and internationally, our organisation is regarded as a pioneer for the sustainable manner in which it constructs and operates its hostels. For example, the work that we invested in the newly built wellnessHostel⁴⁰⁰⁰ and Gstaad Saanenland has been honoured with the Watt d'Or 2015 and the Prix Lignum 2015 awards. And that's not all: According to the hotel ratings conducted by the Swiss Sunday paper SonntagsZeitung, the Scuol and Saas-Fee youth hostels rank among the ten most beautiful budget hotels in Switzerland.

We want to pass on our experiences. Two newly published books, «Ein Pionierbau for the Alps» (A Pioneering Building for the Alps) and «Schweizer Jugendherbergen – Eine nachhaltige Architekturgeschichte» (Swiss Youth Hostels – A Sustainable Architectural History) are contributing to our role in motivating the entire tourism industry to orient its businesses and operational activities towards sound social, environmental and economic principles.

In 2015, the delegates, President and board members were elected for the 2016–2019 period of office. In addition, with the appointment of Corinne Denzler and Corinne Michel Abegg, the renewal process at our overarching strategic management body, the Executive Board, could be continued successfully. With this ongoing process, we hope to ensure that the values of the youth hostels, as defined over 91 years ago by our predecessors, will also live on in the next generation.

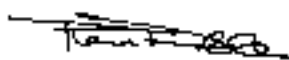
We would like to say a hearty thank you to our employees, the honorary members of the Executive Board and to all of our partners for the great support that they have given us in this challenging time!



Stephan Kurmann
President SYH
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Fredi Gmür
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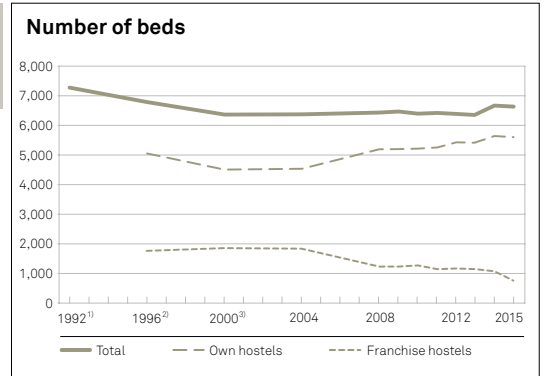
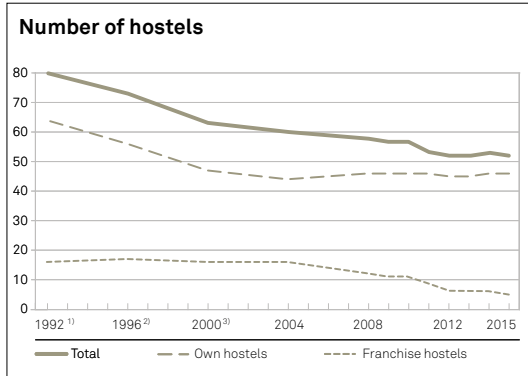
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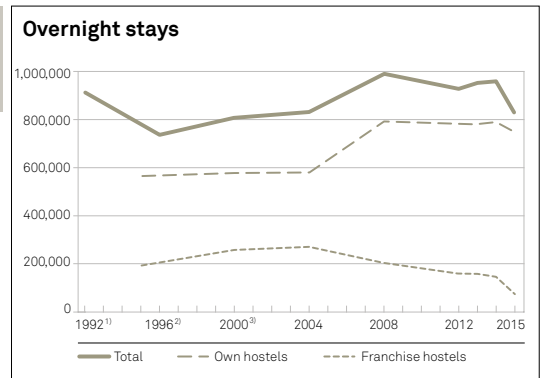
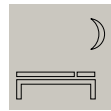
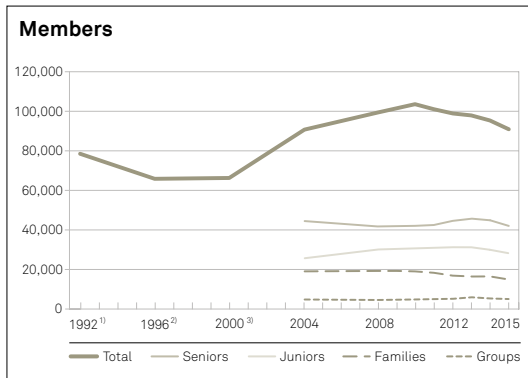
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KEY FIGURES

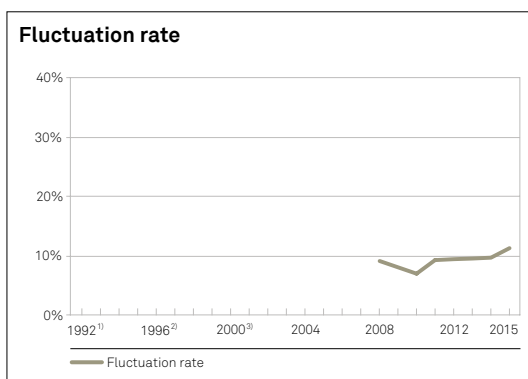
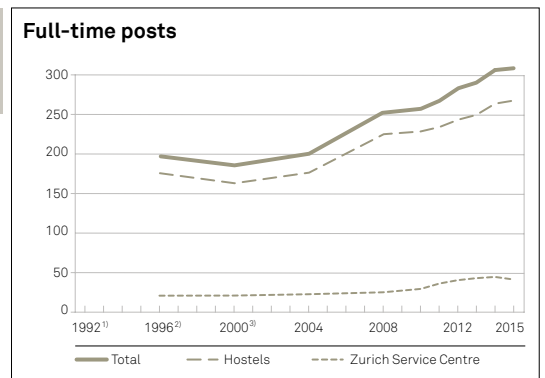
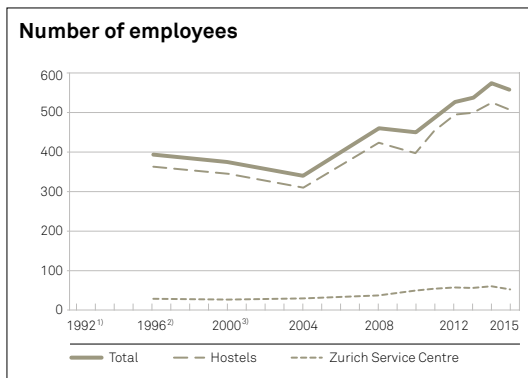
Our range of services



Our guests and members



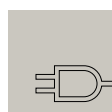
Our employees



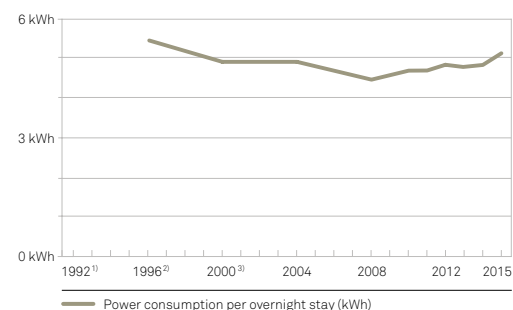
The relevant tables are listed at the end of the respective chapters.

- 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

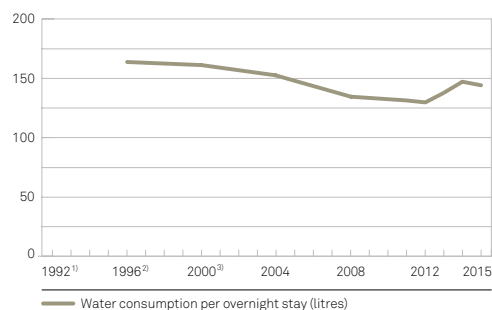
Our relationship with the environment



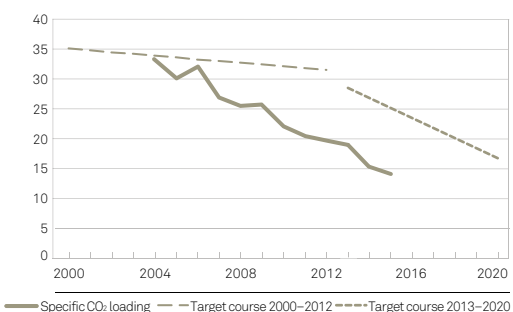
Electricity consumption



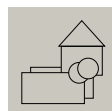
Water consumption



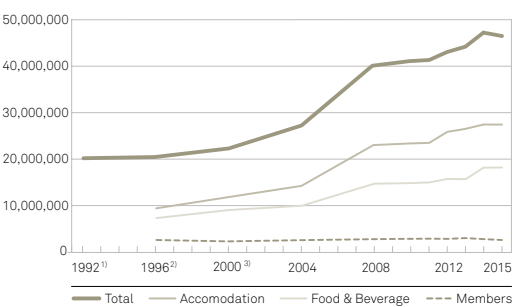
Reduction in CO₂ loading



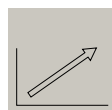
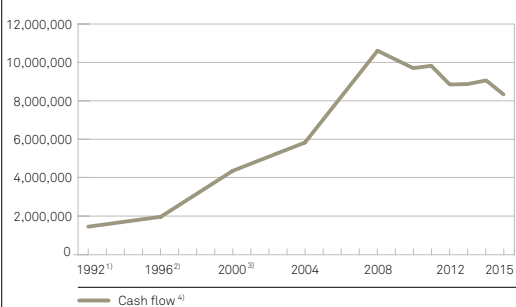
Our commercial viability



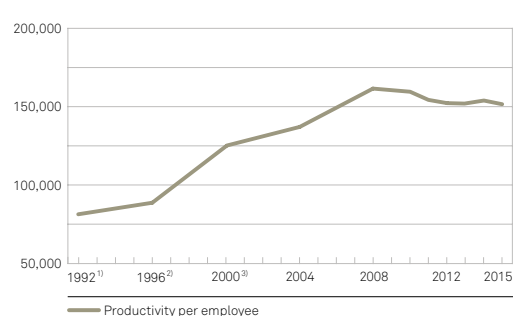
Operating revenue



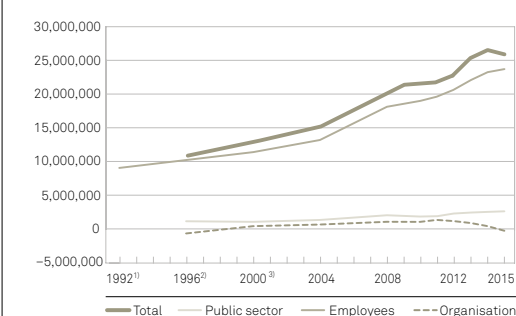
Cash flow



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 2015. From 13 June 2016, the consolidated financial statement will be available from the following address:

Swiss Youth Hostels, Management, Schaffhauserstrasse 14,
P.O. Box, 8042 Zurich, Switzerland, Phone: +41 44 360 14 31,
E-mail 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 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 locations Internationally well-known tourist centres.

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

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

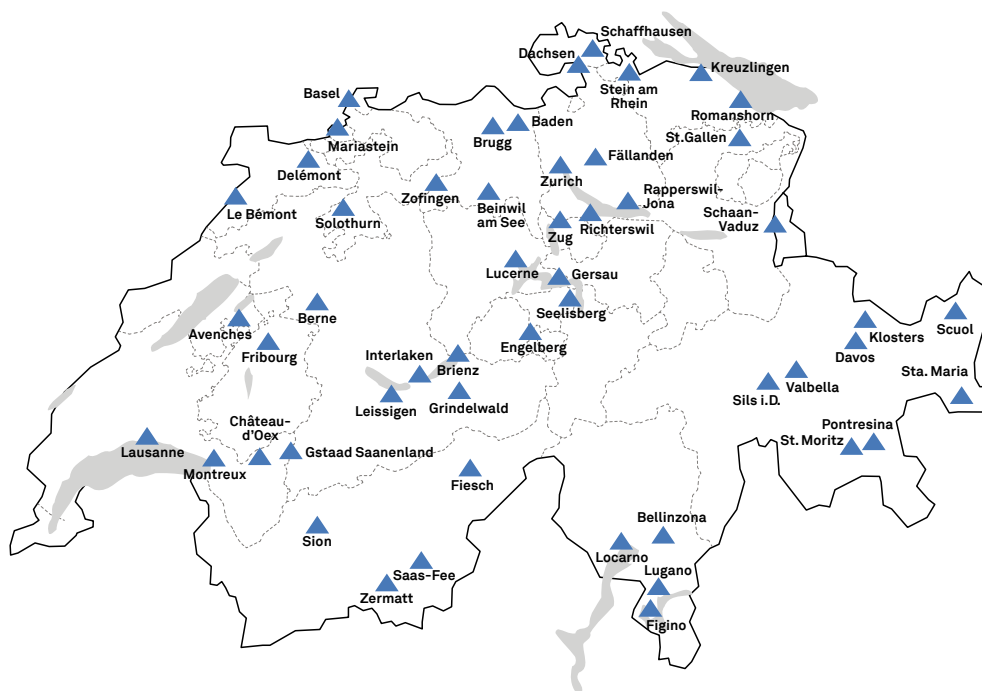
Avenches | Baden | *Bellinzona | Brienz | Brugg | Dachsen-Rhine Falls | *Engelberg | *Fiesch | Figino | Fribourg | Klosters | Kreuzlingen | Locarno | *Lugano | Pontresina | Schaffhausen | Scuol | Sion | Solothurn | St. Gallen | Valbella

C locations 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)

Network of Swiss Youth Hostels

As at April 2016



Sustainability strategy

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The Swiss Youth Hostels are committed to sustainability. Sustainability is an integral part of our organisation's 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 approach to IT support etc. – the subsequent energy consumption and any resulting emissions serve as fundamentally important indicators.
- We attach great importance to following as well as 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 intended side-effect of a stay at a hostel.
- Humans should be at the focus of publications on the subject of sustainability, even though many other technical, procedural and organisational elements 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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2015 **Watt d'Or** | wellnessHostel⁴⁰⁰⁰ and Aqua Allalin Saas-Fee, Gstaad Saanenland Youth Hostel – winners in the category of «Buildings and Space».



2015 **Prix Lignum** | wellnessHostel⁴⁰⁰⁰
3rd place in the «Prix Lignum Wood Award 2015» in the centre west region



2014 **Milestone Schweiz** | 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



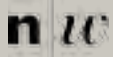
2013 **HI-5ives! Awards** | Interlaken Youth Hostel «Best Hostel 2013»



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



2012 **Holzhandwerk (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** | 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 category «Public Events» for the 75 events carried out during anniversary celebrations for «75 years of the Swiss Youth Hostels»



HOSTELLING
INTERNATIONAL

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 hostel visit by department management per month open At least one quality audit per establishment/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 | Gstaad Saanenland and Saas-Fee* youth hostels are certified | ↗ *in process | ☺ | No |
| Planning | Create detailed planning for 2016 and general planning for 2017 | Detailed planning for 2016; general planning for 2017 | ↗ | ☺ | No |
| Hostels in general | Safeguard hostel handovers/takeovers | Handovers/takeovers of hostels take place according to check list and are documented in writing | ↗ | ☺ | No |
| Hostels in general | Increase safety in playgrounds | Regular inspection by hostel managers | ↗ | ☺ | No |
| Hostels in general | Age group-specific range of offers for games | Implementation in pilot establishments | ↘ | ☹ | Yes |
| Operational maintenance | Zero tolerance for defective articles and dirt/graffiti | Regular monitoring and compliance to the concept of «operational maintenance» | ↗ | ☺ | No |
| Andermatt | New youth hostel, 3a restaurant bar lounge | Principle decision on feasibility | ↗ | ☺ | No |
| Berne | Total renovation of youth hostel | Building permit has been granted | ↘ | ☹ | Yes |
| Geneva | Self-managed youth hostel | Evaluation of replacement locations/ replacement establishments | → | ☺ | Yes |
| Barrier-free youth hostels | Expansion of services for people with impairments | Increase barrier-free bed offer to 35% | → | ☺ | 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 | Implementation of awareness courses for employees | ↗ | ☺ | No |
| 3a restaurant bar lounge | Extension of range of offers | Integration with youth hostel services and assessment of additional locations | ↘ | ☹ | Yes |
| Marketing & Sales | Development of sales concept (target and interest groups, distribution channels, support measures) to company and hostel level for winter/summer hostels and membership | Sales concept created and in implementation | ↘ | ☹ | Yes |
| Marketing & Sales | Structured sales throughout the year | Annual plan | → | ☺ | Yes |
| Marketing & Sales | Target group-oriented bundling of offers at regular prices | Sales at regular prices | → | ☺ | Yes |
| Marketing & Sales | Intensification of cooperation with HI and national associations | Off-/online sales of full SYH range of services via the distribution channels of national associations and www.hihostels.com | ↘ | ☹ | Yes |
| Marketing & Sales | Focus on Switzerland, Germany and the future markets of China, India and Brazil | Focus on defined target markets | → | ☺ | Yes |
| Marketing & Sales | Develop close cooperation with regional partners/service providers at locations of top youth hostels | Active cultivation of contacts and utilisation of synergies; strengthening of youth hostels presence and increase in brokerage volume | → | ☺ | Yes |
| eMarketing | New SYH website and mobile website | Conception and implementation are completed | ↘ | ☹ | Yes |
| eMarketing | Promote interactions on social media | Constant new listings 80,000 ordered newsletters | ↘ | ☹ | Yes |

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 department 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 | → | ☹ | Yes |
| Hygiene | Encasing | Evaluation of pilot establishments Gstaad Saanen and Saas-Fee; for positive findings, implementation in all hostels | ↘ | ☹ | Yes |
| Non-food | Uniform tableware and cutlery | Definition of a SYH line; new/replacement purchasing according to definition | ↗ | ☺ | No |
| Guest feedback | Integration with external guest review systems | Design, evaluation and integration completed; ongoing development of monitoring incl. comparisons with previous year | ↘ | ☹ | Yes |
| Guest feedback | Evaluation of guest reviews and implementation of findings | Daily evaluation; pass on subsequent measures at the appropriate level | ↗ | ☺ | No |
| Guest feedback | 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 | ↗ | ☺ | No |
| Satisfaction | Maintain guest satisfaction at a high level | Satisfaction level of at least 80% | ↗ 81 | ☺ | No |
| Overnight stays | Maintain overnight stays, taking into account operational and construction-related changes | 850,000 overnight stays at company level | ↘ 746,988 | ☹ | Yes |
| Membership base | Maintain membership number | At least 100,000 members | ↘ 91,342 | ☹ | Yes |
| Membership revenue in CHF | Increase membership revenue | At least CHF 3,000,000 (annual and day memberships; keep free memberships to a minimum) | ↘ 2,766,334 | ☹ | Yes |

Indicators for our employees

| | Measures | Target value | Target achievement | Evaluation | Need for action |
|---|---|--|--------------------|------------|-----------------|
| Introduction | Every employee is introduced 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 agreement, qualification, development plan | Carry out target agreement, performance appraisal and individual development plan with each employee | Target agreement, performance appraisal, development plan for every employee | ↗ | 😊 | No |
| Basic and advanced training | Actively manage 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 | ↘ +26% | 😞 | Yes |
| Occupational safety and health promotion | SYH Safety Officer | Integration into organisational structure | ↗ | 😊 | No |
| Monitoring of holidays and days off | Management of holidays/days off for all employees, to be monitored by the direct superior | Consistent documentation | ↗ | 😊 | No |
| 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 104% | → 103.26% | 😊 | Yes |
| Persons performing civil service | Utilisation planning for persons performing civil service in accordance with requirement specifications | Requirement specification | ↗ | 😊 | No |
| Persons performing civil service | Sensible utilisation through systematic planning of the 20 civil service positions throughout the year | Quota utilisation | ↗ | 😊 | No |
| Satisfaction | Maintain a positive working environment at all levels through active influence. | Satisfaction level of at least 90% at company level | ↗ 98 | 😊 | No |
| Fluctuation rate | Provide active support for employees and influence work climate in a positive manner | Maximum fluctuation of 10% at company level | ↘ 11.4% | 😞 | Yes |
| Employee/employer relationship | Active promotion of a constructive cooperation between the employees' commission (MAK) and the management/Executive 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 department management per operating month; at least one quality audit per hostel/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 |
| Space heating, CO ₂ loading | Reduction of CO ₂ loading compared with 2000 | At least 45% | ↗ 58.5% | 😊 | No |
| Electricity consumption | Limiting of energy consumption per overnight stay | Maximum 5 kWh | → 5.1 kWh | 😊 | Yes |
| Water consumption | Limit water consumption per overnight stay | Maximum 135 litres | ↘ 144 l | 😞 | Yes |
| CO ₂ compensation | Active sale of CO ₂ compensation | 55% of guests compensate | ↗ 57.6% | 😊 | No |
| Products and materials | Environmentally sound purchasing | 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 | ↗ | 😊 | No |
| Mobility | Further develop mobility concept | Revision completed | ↘ | 😞 | Yes |
| Product design | Environmental aspects are incorporated into product design | Product selection | ↗ | 😊 | No |
| Communication | Environmental commitment on the part of SYH is an integral aspect of communication measures | Reporting | ↗ | 😊 | No |

Indicators for our economic viability

| | Measures | Target value | Target achievement | Evaluation | Need for action |
|--|--|--|---|------------|-----------------|
| Market development | Systematic nurturing of regular guests | Create a concept for regular guests, introduce initial measures | ↘ | ☹ | Yes |
| National presence | Active cooperation with Parahotellerie Switzerland, Swiss Hotel Association, working groups and advisory boards | Maintain function of role model in area of sustainability; Utilise synergies | ↗ | ☺ | No |
| International cooperation | Fulfil leadership function | Active participation in efforts to strengthen the Hostelling International network on an international level | ↗ | ☺ | No |
| International cooperation | Promotion of bilateral cooperation with national associations | Active cooperation with national associations | ↗ | ☺ | No |
| Memberships | Certification as NPO | Certification commenced | ↘ | ☹ | Yes |
| Contract administration, partnerships | Monitoring of all ongoing contracts and partnerships/collaborations | Up to date contract management and complete centralisation | ↗ | ☺ | No |
| Budgeting | Preparation of a three-year budget | Budgeting 2016–2018 | ↗ | ☺ | No |
| Pricing | Active revenue and channel management | Revenue optimisation | ↘ | ☹ | Yes |
| Costs/benefits management at the Zurich Service Centre | Every interaction is reviewed for effectiveness and efficiency (cost and personnel resources), necessary corrective measures are initiated | Management costs below 10% | ↘ 10.8% | ☹ | Yes |
| Operating revenue in CHF | Increase revenue | CHF 52 million | ↘ 46.58 million | ☹ | Yes |
| Bed revenue in CHF | Bed income at 2014 budget level | CHF 9,271 per day | ↘ 8,312 | ☹ | Yes |
| Revenue per overnight stay in CHF | Revenue per overnight stay at 2014 budget level | CHF 61.18 per overnight stay | ↗ 62.36 | ☺ | No |
| Margin calculation | Observe minimum margins for food, beverages, kiosk, non-food and ticket sales | Counting as minimal margins are: Food 72%, beverages 55%, kiosk and non-food 25%, ticket sales 15% | ↗ Food 73.6%, beverages 58.7%, kiosk and non-food 41.7%, ticket sales 30.1% | ☺ | No |
| Bed occupancy | Increase occupancy rates | 55% bed occupancy at company level | ↘ 45.2% | ☹ | Yes |
| Cash flow | Adapt investment activities to business performance | 40% of cash flow covers all investments | — | ☹ | Yes |
| Result | Optimise results | 5% of operating revenue at company level before return on equity | — | ☹ | Yes |
| 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 | ↘ | ☹ | Yes |
| Liquidity ratio III | Maintain liquidity ratio III at 2014 level | Liquidity ratio of at least 149% | ↘ 141% | ☹ | Yes |
| Organisational capital | Maintain organisational capital at 2014 level | Organisational capital at least 42% | ↘ 38% | ☹ | Yes |
| Return on equity | Return on equity of the SFST | 1% | ↘ 0% | ☹ | Yes |

| | | | Target achievement | Evaluation | Need for action |
|----------------------------------|---|---|--------------------|------------|-----------------|
| Measures | Target value | | | | |
| 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 | ↗ 723,670 | ☺ | No |
| E-commerce revenue in CHF | Bookings via E-commerce | CHF 12 million, of which 50% via www.youthhostel.ch | ↘ 10,533,563 | ☹ | 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 Service Centre) | ↘ 173,321 | ☹ | Yes |
| Cross-selling revenue in CHF | Promotion of cross-selling through regional cooperations | Cooperation partners | ↗ | ☺ | No |
| Productivity per employee in CHF | Flexible personnel planning, adaptation to business performance | Productivity at company level CHF 160,000 | ↘ 150,142 | ☹ | Yes |
| 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 | ↗ | ☺ | No |
| 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 RANGE OF SERVICES

20/21

We want to adhere strictly to the principle that performance is the best form of advertising. Nevertheless, we wish to conduct active marketing – marketing that is not loud or aggressive, but has its own style and soul. The information we provide should always be honest, believable and clear.

In the year under review, 52 youth hostels were in operation in Switzerland, totalling 6,317 beds. The Swiss Youth Hostels Association operated 46 hostels independently on a lend/lease basis, totalling 5,604 beds; six youth hostels (Bellinzona, Engelberg, Fiesch, Gersau, Lugano, Romanshorn) with a total of 713 beds are franchise members of the network. Following the termination of the cooperation agreement with Geneva Youth Hostel at the end of 2014, the number of beds offered by franchisees fell by 334 beds.

After the highly intensive years of construction 2012–2014 (construction volume: CHF 29.82 million), 2015 was vital for the planning of the ongoing development of our products and services. The network strategy, which had been successfully implemented for years, was subject to review as a consequence of the changed market situation triggered by the decision of the Swiss National Bank to lift the minimum euro exchange rate. The Executive Board and management are confident that the renewal and growth process of recent years had a significant influence on the success of the Swiss Youth Hostels and could thus continue to be pursued even in the changed market situation.

Barrier-free youth hostels

Since 2008, the Swiss Youth Hostels have 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 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 Equality of People with Disabilities FBED ensures dissemination at a national and political level; the «Swiss institute for disabled access in buildings» is providing technical supervision for the project. To fulfill the objective, the project, which came to an end as planned in February 2016 after a period of three years, rests on three pillars: structural measures, employee awareness and the promotion of the barrier-free range of offers.

Since the outset of the project, the Swiss Youth Hostels have opened two barrier-free new buildings (wellnessHostel⁴⁰⁰⁰ Saas-Fee, Gstaad Saanenland Youth Hostel), implemented the redevelopment of two older buildings into barrier-free establishments (Avenches and Stein am Rhein), and expanded Lausanne Youth Hostel with an additional barrier-free wet cell. Today, thanks to these building measures, 20 percent more beds in the youth hostels have barrier-free access for people with impairments.

Five other construction projects with financial assistance from the Denk an mich Foundation are currently in planning: Renovation/new construction in Berne as well as renovations in Brienz, Grindelwald, Montreux and Zug.

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 4.13 million in buildings and equipment (excluding IT) for the maintenance/renewal/improvement of products and services.

Management and quality system

By using management and quality systems, we want to ensure that we can successfully provide our products and services to the guests.

Quality is guaranteed by the quality seal from Switzerland Tourism and the HI-Q management system from Hostelling International. All Swiss Youth Hostels are operated according to their respective specifications and are certified.

The ibex fairstay label is dedicated to the sustainable use of resources in the areas of economy, society and ecology. Moreover, it provides an opportunity to meaningfully communicate the topic of sustainability and to achieve clear positioning on the market. All of the hostels that are independently run by the Swiss Youth Hostel Association, and which fulfill requirements as regards construction, are certified or are in the process of obtaining certification.

The EU Ecolabel distinguishes companies that reduce the use of energy, water and the generation of 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.

Certified companies

| | 2013 | 2014 | 2015 |
|----------------------------|------|------|------|
| EU Ecolabel | 40 | 41 | 40 |
| ... in the process | 1 | 0 | 0 |
| ibex fairstay label | | | |
| Bronze | 0 | 0 | 0 |
| Silver | 8 | 8 | 5 |
| Gold | 22 | 21 | 21 |
| Platinum | 11 | 12 | 14 |
| ... in the process | 1 | 0 | 1 |
| Q Quality Seal | | | |
| Q Quality Seal I | 42* | 43* | 43* |
| Q Quality Seal II | 0 | 0 | 0 |
| Q Quality Seal III | 0 | 0 | 0 |
| HI-Q | | | |
| HI-Q I | 28 | 27 | 26 |
| HI-Q II | 15* | 16* | 17* |

* including Zurich Service Centre

Since 2007, our establishments are evaluated and certified by the leading Swiss sustainability label, ibex fairstay. 15 youth hostels were certified/recertified in the course of 2015. The results demonstrate that sustainability is actively practiced in the establishments.

The label requires recertification every three years. The hostels in Basel, Berne, Delémont, Gstaad Saanenland, Interlaken, Kreuzlingen, Leissigen, Mariastein-Rotberg, Scuol, Solothurn, St. Gallen, St. Moritz, Valbella and Zurich all achieved the highest rating, namely ibex fairstay Platinum.

Classification and specialisation

The common success factors in the multifaceted Swiss tourist accommodation industry are quality and transparency for all guests. To further promote these success factors towards the objective of a strong Swiss tourism sector, a further 43 hostels are classified «Swiss Lodge» by the Swiss Hotel Association. In addition to the classification, these specialisations are oriented towards specific guest needs and thus also help define a clear market position

| Specialisations | 2013 | 2014 | 2015 |
|--------------------|------|------|------|
| Green Living | – | 38 | 38 |
| Sustainable Living | – | 37 | 37 |
| Biking | – | 23 | 23 |
| Hiking | – | 26 | 26 |
| Wellness | – | 1 | 1 |
| Seminars | – | 1 | 1 |
| Barrier-free | 26 | 30 | 30 |
| Historical | 13 | 13 | 13 |

New technology

In the area of hardware and software, we invested CHF 400,864 in operations, security and upgrading in the course of the year under review. All PC workstations were installed with Windows 7. As a part of this migration, the hardware of these workstations was inspected and replaced if necessary. In addition, the company moved to a channel manager from provider ASSD GmbH in Unterhaching/Germany, which also developed the reservation software and E-commerce booking engine.

Key figures

| | 1992 ¹⁾ | 1996 ²⁾ | 2000 ³⁾ | 2004 | 2008 | 2012 | 2014 | 2015 |
|---|--------------------|--------------------|--------------------|-----------|-----------|-----------|------------|-----------|
| Investments in maintenance & replacement (SYH & SFST) | n/c | 1,024,134 | 1,725,384 | 1,769,011 | 2,580,701 | 2,737,386 | 3,311,358 | 2,672,580 |
| Investments in rebuilding & new constructions (SFST) | n/c | n/c | 237,421 | 3,982,546 | 1,224,345 | 8,233,803 | 14,002,742 | 1,458,188 |
| Rental charges | 1,755,099 | 3,129,681 | 3,925,932 | 5,260,975 | 9,439,124 | 7,740,010 | 8,371,148 | 8,490,015 |

¹⁾ 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



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.

Guest diversity

The decision to lift the minimum euro exchange rate brought about an entire new situation for the Swiss tourism sector: In a single stroke, additional costs of up to 20% were imposed compared with our foreign competition.

In the course of the year under review, 379,781 guests generated 746,988 overnight stays. The result is an impressive demonstration of the speed of the market response. Compared to the previous year, we hosted fewer guests (–20,266) and also had to endure a decline in overnight stays (–37,144) – despite the new openings of

Gstaad Saanenland and wellnessHostel⁴⁰⁰⁰. In spite of these circumstances, we did a good job in the domestic market. The share of Swiss guests increased by 1.8%. We recorded large losses in the euro area, with a decrease of 31,369 overnight stays as well as a 22.1% fall in arrivals.

Guests from Switzerland amount to a share of 64.9% (previous year 61.3%) of overall overnight stays. Overnight stays from Europe amount to a share of 20.9% (previous year 24.9%). Together, the remaining countries account for 14.2% (previous year 13.8%).

| | 2013 arrivals | % share | 2014 arrivals | % share | 2015 arrivals | % share |
|-----------------|---------------|---------|---------------|---------|---------------|---------|
| Switzerland | 234,191 | 59.57% | 239,897 | 59.97% | 244,297 | 64.33% |
| Germany | 42,932 | 10.92% | 42,049 | 10.51% | 32,810 | 8.64% |
| South Korea | 10,152 | 2.58% | 17,874 | 4.47% | 18,499 | 4.87% |
| China | 10,827 | 2.75% | 10,102 | 2.53% | 9,252 | 2.44% |
| France | 10,308 | 2.62% | 10,244 | 2.56% | 8,806 | 2.32% |
| Great Britain | 9,292 | 2.36% | 9,073 | 2.27% | 8,530 | 2.25% |
| USA | 7,685 | 1.95% | 7,527 | 1.88% | 7,464 | 1.97% |
| Italy | 7,047 | 1.79% | 6,385 | 1.60% | 4,945 | 1.30% |
| Thailand | 2,903 | 0.74% | 3,569 | 0.89% | 3,382 | 0.89% |
| Spain | 5,129 | 1.30% | 3,922 | 0.98% | 3,055 | 0.80% |
| Netherlands | 4,644 | 1.18% | 4,078 | 1.02% | 2,497 | 0.66% |
| Taiwan | 2,466 | 0.63% | 2,308 | 0.58% | 2,487 | 0.65% |
| Australia | 2,999 | 0.76% | 2,572 | 0.64% | 2,392 | 0.63% |
| Austria | 3,031 | 0.77% | 3,178 | 0.79% | 2,322 | 0.61% |
| India | 2,546 | 0.65% | 2,508 | 0.63% | 2,256 | 0.59% |
| Japan | 3,680 | 0.94% | 2,947 | 0.74% | 2,204 | 0.58% |
| Canada | 2,499 | 0.64% | 2,262 | 0.57% | 1,969 | 0.52% |
| Czech Republic | 2,561 | 0.65% | 1,794 | 0.45% | 1,694 | 0.45% |
| Brazil | 1,592 | 0.40% | 1,660 | 0.41% | 1,382 | 0.36% |
| Poland | 1,639 | 0.42% | 1,954 | 0.49% | 1,288 | 0.34% |
| Other countries | 24,994 | 6.36% | 24,144 | 6.04% | 18,250 | 4.81% |

Average length of stay

At 1.97 days, the average length of stay is slightly higher than the previous year. Guests from the Asian region have markedly short

stays (1.55–1.77 nights). For the Swiss hotel industry in 2015, the average length of stay was 2.0 nights (previous year 2.1 nights).

| | 2013 | 2014 | 2015 | | 2013 | 2014 | 2015 |
|----------------|------|------|------|----------------|------|------|------|
| Australia | 2.03 | 1.94 | 2.34 | Italy | 1.90 | 1.95 | 1.86 |
| Poland | 2.20 | 1.73 | 2.34 | Austria | 1.90 | 1.99 | 1.82 |
| Czech Republic | 2.14 | 2.44 | 2.28 | France | 1.78 | 1.81 | 1.77 |
| Great Britain | 2.03 | 2.17 | 2.23 | Japan | 1.73 | 1.71 | 1.77 |
| Germany | 2.11 | 2.03 | 2.11 | South Korea | 1.67 | 1.66 | 1.76 |
| Brazil | 1.84 | 1.96 | 2.06 | Taiwan | 1.63 | 1.75 | 1.75 |
| Switzerland | 2.03 | 2.00 | 1.98 | Thailand | 1.62 | 1.67 | 1.73 |
| Netherlands | 1.81 | 1.67 | 1.90 | India | 1.81 | 1.83 | 1.72 |
| Spain | 1.95 | 1.93 | 1.89 | China | 1.51 | 1.51 | 1.55 |
| Canada | 1.75 | 1.83 | 1.88 | Average | 1.98 | 1.96 | 1.97 |
| USA | 1.79 | 1.79 | 1.87 | | | | |

Guest segments

We experienced the largest decline among individual travellers (–13.1%). Demand from families increased by 5.6% (7,691 stays). We experienced the largest increase from schools, with an increase of 7.7% (9,003 stays), while groups decreased slightly (–0.9%). The positive development in the area of schools is, among other things, thanks to the introduction of the «accompanying persons go free» offer.

| | 2013 % share | | 2014 % share | | 2015 % share | |
|-------------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Individual guests | 402,261 | 51.71 | 402,593 | 51.34 | 349,871 | 46.84 |
| Groups | 122,418 | 15.74 | 127,136 | 16.21 | 126,020 | 16.87 |
| Schools | 126,403 | 16.25 | 117,187 | 14.94 | 126,190 | 16.89 |
| Families | 126,822 | 16.30 | 137,216 | 17.50 | 144,907 | 19.40 |
| Total | 777,904 | 100.00 | 784,132 | 100.00 | 746,988 | 100.00 |

Members

On 31 December 2015, the Swiss Youth Hostels Association had a total membership of 91,342. This represents a decrease of 3.9% on the previous year.

| | 2013 | 2014 | 2015 |
|----------------|---------------|---------------|---------------|
| Junior members | 29,362 | 28,573 | 27,596 |
| Senior members | 45,440 | 44,572 | 42,490 |
| Family members | 16,534 | 16,098 | 15,496 |
| Group members | 5,958 | 5,799 | 5,760 |
| Total | 97,294 | 95,042 | 91,342 |

Age profile of members

People over 45 and young people under 20 are the largest share of group members and together represent 72% of all members. In comparison with the previous year, there were few significant changes within age groups.

| | 2013 | 2014 | 2015 |
|----------------|------|------|------|
| Up to 20 years | 33% | 33% | 33% |
| 20 to 25 years | 6% | 6% | 5% |
| 26 to 34 years | 8% | 7% | 7% |
| 35 to 44 years | 17% | 16% | 16% |
| Over 45 years | 36% | 38% | 39% |

Guest satisfaction

Every time they visit, guests are given the opportunity to rate their stay. 15,068 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.

| | 2013 | 2014 | 2015 |
|-------------------|------|------|------|
| Employees | 90 | 90 | 90 |
| Rooms | 77 | 77 | 79 |
| Shower/WC | 75 | 76 | 78 |
| Day room | 76 | 77 | 78 |
| Meals | 82 | 82 | 84 |
| Cleanliness | 86 | 86 | 87 |
| Atmosphere | 81 | 81 | 82 |
| Comfort | 73 | 74 | 75 |
| Price/performance | 75 | 73 | 74 |
| Overall rating | 79 | 80 | 81 |

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

Refugees in youth hostels

For some years already, the migration office of the Canton of St. Gallen has made use of Rapperswil-Jona Youth Hostel to accommodate refugees during the closing months. Europe is experiencing an influx of refugees as never before seen by our generation. Thereby, Switzerland is especially challenged to find suitable accommodation. As an organisation with a social tourism mission, and with our close links to the Swiss Confederation, cantons and municipalities, it goes without saying that we support the cantonal migration offices wherever possible. Accordingly, during the winter closing months of November 2015 to March/April 2016, the Delémont, Sion and St. Gallen Youth Hostels were also made available as refugee accommodation. Refugee families were housed in the Fällanden Youth Hostel from mid-December 2015 to mid-January 2016.

Key figures

| | 1992 ¹⁾ | 1996 ²⁾ | 2000 ³⁾ | 2004 | 2008 | 2012 | 2014 | 2015 |
|---|--------------------|--------------------|--------------------|---------|---------|---------|---------|---------|
| Overnight stays, own hostels | n/c | 562,543 | 573,248 | 577,274 | 785,209 | 756,411 | 784,132 | 746,988 |
| Overnight stays including franchise hostels | 920,524 | 744,777 | 814,075 | 838,900 | 986,471 | 924,252 | 959,116 | 820,174 |
| Total members | 78,522 | 65,855 | 66,277 | 93,273 | 95,236 | 98,889 | 95,042 | 91,342 |
| Guest satisfaction | n/c | n/c | n/c | n/c | 75 | 78 | 80 | 81 |

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 EMPLOYEES

28/29

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 51 employees at the Service Centre in Zurich sharing the equivalent of 41.15 full-time posts; in the youth hostels, 269.11 full-time posts were distributed across 506 employees.

Wage system

The wage system for management personnel comprises fixed and variable salary components. While the fixed wage components are specified across appropriate levels according to uniform standards, the variable components derive from the achievement of individually defined objectives as well as the degree of fulfilment of the budget.

Youth hostel employees are subject to the «National collective agreement for the hospitality industry» (L-GAV), employees in the Service Centre in Zurich 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 29,500.

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

| | 2013 | 2014 | 2015 |
|---------------------------------------|------------|------------|------------|
| Payroll in CHF | 17,456,220 | 18,607,988 | 19,071,213 |
| Social security contributions in CHF | 2,849,542 | 3,047,877 | 3,168,077 |
| Bonuses for target achievement in CHF | 429,229 | 470,405 | 332,904 |

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 carried out with a bottom-up approach.

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, 24 advanced training courses took place with external and internal speakers, alongside the two-day spring conferences (divided per department) as well as the three-day autumn conference. A total of 386 participants made use of these further training opportunities.

As a nationally and internationally active organisation, language skills are of paramount importance. The staff at the Service Centre in Zurich has the opportunity to undertake weekly training with certified language teachers. A total of 287 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. In year under review, one employee completed the development programme.

Financial support is given to external basic and advanced training, provided that the knowledge gained will benefit the everyday work of the respective employee. A minimum term of employment is agreed by contract, depending on the level of financial assistance.

In 2015, Swiss Youth Hostels employed two apprentices (business administration) and three interns from professional tourism schools in the Service Centre in Zurich. A total of nine apprentices/interns undertook work placements at the youth hostels.

| | 2013 | 2014 | 2015 |
|--|--------|--------|--------|
| Advanced training courses offered | 24* | 25* | 24* |
| Number of participants | 371* | 394* | 386* |
| Total hours of advanced training within the organisation | 4,528* | 4,480* | 4,456* |
| Number of persons in promotional programme | 0 | 0 | 1 |
| Number of apprentices and trainees | 15 | 16 | 15 |
| Number of persons in external basic/advanced training | 3 | 3 | 5 |

* 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 2015, benefits worth CHF 217,229 were distributed in this manner (previous year, CHF 171,956).

Occupational safety and health promotion

We place the highest priority in safeguarding optimum standards of safety and health for our employees. 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.

The inspections completed by regulatory authorities in the year under review in the Service Centre in Zurich and in the youth hostels revealed no significant objections.

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.

| | 2013 | 2014 | 2015 |
|---|------|------|------|
| Case management | | | |
| Assisted employees | 37 | 24 | 26 |
| Inability to work | | | |
| up to 5 days | 0% | 8% | 0% |
| 6–14 days | 11% | 4% | 7% |
| 15–30 days | 32% | 8% | 14% |
| 31–60 days | 27% | 46% | 29% |
| 61–90 days | 11% | 4% | 21% |
| 91–365 days | 19% | 29% | 29% |
| over 365 days | 0% | 0% | 0% |
| Social counselling queries/consultations | | | |
| Personal issues | 1 | 1 | 1 |
| Health-related issues | 0 | 2 | 1 |
| Operational issues | 2 | 3 | 4 |
| Financial issues | 0 | 3 | 2 |
| Integration | 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.

As of 31 December 2015, the cover ratio was 103.26%. The positive financial position enabled the Board of Trustees to pay interest of 4% on the retirement savings of employees. This is 2.25% 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 | Lutz Walter | Müller Michael | Zollinger Markus (President)

Employer representatives Abegg Thomas | Dobler René | Gmür Fredi (Vice President) | Müller Christoph

| | 2013 | 2014 | 2015 |
|--------------------------|---------------|---------------|---------------|
| Retirement assets in CHF | 18,652,946.45 | 20,510,016.12 | 19,910,317.99 |
| Available funds in CHF | 963,154.60 | 803,382.70 | 848,550.25 |
| Cover ratio | 104.96% | 103.04% | 103.26% |
| Active insured persons | 469 | 514 | 531 |
| Pensioners | 28 | 30 | 29 |

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 2015, a total of 178 persons performing civil service undertook 6,490 service days at Swiss Youth Hostels; one member of the German Voluntary Service carried out 105 service days.

Employee/employer relationship

The employee committee (see page 47) represents the interests of employees vis-à-vis the management and the Executive Board. Conferences for employees took place in the spring and the autumn. The quarterly discussions between the Employee Committee, the CEO and representatives of the Executive Board were extremely constructive and helped to foster mutual understanding and trust.

Key figures

| | 1992 ¹⁾ | 1996 ²⁾ | 2000 ³⁾ | 2004 | 2008 | 2012 | 2014 | 2015 |
|---|--------------------|--------------------|--------------------|--------|---------|---------|---------|---------|
| Employment | | | | | | | | |
| Employees, hostels | n/c | 363 | 345 | 310 | 418 | 481 | 524 | 506 |
| Full-time posts, hostels | n/c | 175.7 | 163.0 | 176.4 | 225.0 | 243.4 | 263.8 | 269.1 |
| Employees, Service Centre | n/c | 29 | 27 | 30 | 37 | 53 | 55 | 51 |
| Full-time posts, Service Centre | n/c | 21.4 | 22.6 | 23.9 | 27.6 | 39.7 | 43.3 | 41.2 |
| Employees, total | n/c | 392 | 372 | 340 | 455 | 534 | 579 | 557 |
| Full-time posts, total | n/c | 197.1 | 185.6 | 200.3 | 252.6 | 283.1 | 307.1 | 310.3 |
| Fluctuation rate | n/c | n/c | n/c | n/c | 9.1% | 9.5% | 9.8% | 11.4% |
| Satisfaction index | n/c | n/c | n/c | n/c | 95 | 95 | 96 | 98 |
| Staff profile | | | | | | | | |
| Average age | n/c | n/c | n/c | n/c | 37.2 | 37.0 | 38.2 | 38.6 |
| Overall percentage of women | n/c | n/c | n/c | n/c | 66% | 63% | 65% | 66% |
| Percentage of women in executive positions | n/c | n/c | n/c | n/c | 55% | 58% | 50% | 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 |
| Accidents, days of absence | | | | | | | | |
| Occupational accidents | n/c | n/c | n/c | n/c | 21 | 21 | 20 | 10 |
| Non-occupational accidents | n/c | n/c | n/c | n/c | 25 | 35 | 36 | 34 |
| Days of absence due to accident, illness or maternity | n/c | n/c | n/c | n/c | 5,281 | 3,557 | 3,195 | 4,024 |
| Direct cost of days of absence | n/c | n/c | n/c | n/c | 276,554 | 331,883 | 339,730 | 401,441 |

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



 wellness
Hostel 4000

OUR RELATIONSHIP WITH THE ENVIRONMENT

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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. Nevertheless, this does not prevent us from making every effort to ensure that emissions are ongoingly reduced. Here, we proceed according to the principle of «avoid – reduce – compensate».

As a general principle, we pay close attention to the efficiency of measures. Aided by analyses, the largest reduction potentials are determined before appropriate measures are formulated. A comprehensive environmental management system for hostel construction and operation has been created over many years. The Swiss Youth Hostels continue to serve as a role model for many developers, and not only in the area of accommodation. Accordingly, numerous presentations on sustainability and environmental management were held in 2015.

Milestone Innovation Day

In 2014, the wellnessHostel⁴⁰⁰⁰ and Aqua Allalin Saas-Fee were honoured with the Milestone Swiss Tourism Award. In May of the year under review, innovative tourism experts and hoteliers met

in Saas-Fee for the «Milestone Innovation Day» to exchange know-how and promote the innovation process in Switzerland.

Watt d'Or 2015 Award

Two new buildings, the wellnessHostel⁴⁰⁰⁰ in Saas-Fee and the Gstaad Saanenland Youth Hostel, were awarded the Watt d'Or 2015 by the Swiss Federal Office of Energy (SFOE). Both projects are characterised by a strictly implemented sustainability philosophy throughout the planning and construction phases. From a total of 65 submissions, the two projects were selected by the jury for the prestigious Energy Award in the category «Buildings and Space». The jury of the annual Watt d'Or Award, which is chaired by State Councillor Pascale Bruderer Wyss, honours exceptional achievements in the area of energy.

Prix Lignum 2015 Award

From 53 submissions, the six-strong jury awarded the wellnessHostel⁴⁰⁰⁰ third place in the «Prix Lignum 2015 Wood Award» for the centre west region. In the reasoning for its decision to award Swiss Youth Hostels' latest development, the jury emphasised the manifold synergies between hostel and wellness, wood and concrete, inexpensive and high-quality at the wellnessHostel⁴⁰⁰⁰, which was deemed to strike a perfect balance that could represent a model for Swiss tourism.

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: It is home to Switzerland's first tourist accommodation to be certified

Minergie-P-ECO, and in the form of the new Gstaad Saanenland Youth Hostel a second building followed. 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 (14 systems in place) is economically interesting, for example. Conditions permitting, photovoltaic systems are also used for electricity generation (6 systems in place). In Saas-Fee, the wellnessHostel⁴⁰⁰⁰ and Aqua-Allalin centre are 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

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. Thanks to the commitment to further significantly reduce CO₂ emissions, Swiss Youth Hostels will continue to be exempt from the CO₂ levy.

Again, the voluntary CO₂ compensation scheme did hostel guests proud, with a very high participation rate of 57.6% (excluding franchises). This resulted in a compensation of around 2,500 tonnes of CO₂. The earmarked Climate Fund, worth CHF 46,332.55 as per 31 December 2015, will also be fed by the yields of the photovoltaic systems installed in St. Moritz and Saas-Fee.

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.

By 2015, we had reduced specific CO₂ emissions for space heating by 58.5% against the year 2000 (previous year: 54.9%). The final figure of 14.1 tonnes per square metre of floor space was significantly lower than the binding target for 2015 of 25.1 tonnes that was agreed with the EnAW; the result for 2015 was an over-fulfilment of 757 tons of CO₂. Compared to the baseline year, CO₂ intensity was 42% per square metre of floor space, which is less than half the quantity of CO₂ for the year 2000. Therefore, compared to the year 2000, considerably less than half the amount of CO₂ was emitted per square metre.

Electricity

Ultimately, the establishments themselves have a direct influence on over 90% of electricity consumption. For this reason, Swiss Youth Hostels deliberately refrains from constantly reminding guests to save energy. 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). At this point, 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). Compared with 2014, electricity consumption increased slightly to 5.1 kWh per overnight stay (previous year 4.8 kWh).

Total energy-related improvements in the maintenance area have resulted in an annual energy saving of around 110,000 kWh.

Water

Thanks to high-coverage water-saving measures, and despite continuous improvements in standards, the water consumption for showers, toilets and bed linen could be continually reduced (1996: 168 litres per overnight stay). It now appears that we have exhausted all opportunities for optimisation with the existing systems. Nevertheless, average water consumption could again be slightly reduced to 144 litres per overnight stay (previous year 147).

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 (choice of materials, 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.

For years now, we have purchased products bearing the Max Havelaar Fair Trade seal of approval:

| Consumption quantities | 2013 | 2014 | 2015 |
|------------------------|---------|--------|--------|
| Coffee in kg | 6,722 | 7,347 | 7,798 |
| Fruit juice in litres | 100,591 | 92,939 | 82,769 |
| Sugar in kg | 2,850 | 2,840 | 2,260 |
| Tea in kg | 219 | 203 | 327 |
| Rice in kg | 4,690 | 4,450 | 3,220 |

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 carried out in the Zurich Service Centre as well as at 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 Service Centre in Zurich 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 (5.5 kg 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 | 2014 | 2015 |
|--|--------------------|--------------------|--------------------|------|---------|---------|---------|---------|
| Resource consumption/emissions | | | | | | | | |
| Space heating (oil/gas): | | | | | | | | |
| Reduction in specific CO ₂ loading ** | n/c | n/c | 0% | 4.2% | 28.3% | 41.3% | 54.9% | 58.5% |
| Electricity consumption per overnight stay (kWh) | n/c | 5.5 | 4.9 | 4.9 | 4.4 | 4.8 | 4.8 | 5.1 |
| Water consumption per overnight stay (litres) | n/c | 168 | 166 | 153 | 136 | 129 | 147 | 144 |
| CO₂ compensation | | | | | | | | |
| Percentage of compensated overnight stays | – | – | – | – | 28.7% | 55.3% | 58.8% | 57.6% |
| Compensation for overnight stays in CHF* | – | – | – | – | 130,813 | 209,737 | 138,308 | 128,980 |
| Own projects realised in CHF | – | – | – | – | 33,287 | 1,778 | 525,370 | 0 |
| Payment to myclimate through compensation by guests, in CHF | – | – | – | – | 68,406 | 104,717 | 69,154 | 64,490 |
| Payment to myclimate as compensation for car and air-travel kilometres | – | – | – | – | 1,800 | 2,568 | 1,567 | 1,622 |

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

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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

In mid-January – at which point we were all confident that we would crack the 50-million revenue mark in 2015 for the first time as well as record over 855,000 overnight stays – the news from the Swiss National Bank hit us like a bolt from the blue. The decision to lift the minimum euro exchange rate brought about an entire new situation for the Swiss tourism sector: At a stroke, additional costs of up to 20% were imposed compared with our foreign competition, and we were presented with an entirely new market situation.

Our response was rapid. In early February, objectives were redefined and the budget was analysed and adjusted where necessary. Simultaneously, we initiated a full range of measures that have been implemented in the various departments (hostels and Service Centre Zurich). Industry associations and policy makers were quick to spring into action. The impact of the strong Swiss franc was considered in the Switzerland location funding for 2016–2019, resulting in additional funds being allocated by the Federal Parliament. Together with the tourist regions, Switzerland Tourism launched an emergency programme to promote tourism within Switzerland.

All of the introduced measures could not prevent the negative impact on the results for 2015. Overnight stays in the 46 own-operated hostels declined over the previous year by 4.7%; we achieved 746,988 overnight stays. Nevertheless, the loyalty of Swiss guests once again proved to be a positive factor. The share of Swiss guests increased by 0.9% to 64.9%. We recorded a decrease of 19% in the share of guests from Germany, our main tourist source market. With an increase of 9.5%, the rise in guest numbers from South Korea was striking. Australian guests showed an even higher increase of 12%.

The franchise hostels recorded 73,186 overnight stays, which is 101,798 fewer overnight stays than the previous year. The decline in overnight stays in the franchise hostels is largely a consequence of the cancellation of the agreement with Association Genevoise des Auberges de Jeunesse that came into effect on 1 January 2015.

The total number of overnight stays in all Swiss Youth Hostels (own and franchise) amounted to 820,174.

The Swiss hotel industry registered a total of 35.6 million overnight stays during 2015. This corresponds to a decrease of 0.8% (–305,000 stays) over the previous year. 19.6 million overnight stays, representing a decrease of 1.7 percent (–331,000 units), were recorded for foreign guests. Visitors from Switzerland generated 16.1 million overnight stays. Demand therefore remained stable (+0.2%/+26,000 overnight stays) compared to the previous year. Seven of the fourteen tourist regions registered a minus in overnight stays, with Grisons suffering the sharpest decline (–335,000/–6.6%). This was followed by Valais (–149,000/–3.8%), Ticino (–133,000/–5.7%) and eastern Switzerland (–93,000/–4.7%). Urban areas achieved growth, however, in particular the Zurich region, with an increase of 208,000 overnight stays (+3.9%). Positive results were also recorded in the Basel region (+22,000 overnight stays/+1.5%), Geneva (+13,000/+0.5%), the Lucerne/Lake Lucerne region (+152,000/+4.4%) and the Bernese Oberland (+38,000/+1.0%).

Marketing development

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Organisation

The Marketing department was restructured in the light of the new market situation. In future, each department will operate on a highly sales-oriented basis:

The Marketing department is responsible for all issues relating to graphics, eMarketing, and the website.

The tasks of the Sales department were redefined with the aim of achieving growth in the B2C area (end customers and members) and in the B2B area (large companies and strategic partnerships). Two new jobs were created for these tasks: a Customer Relationship Manager and a Key Account Manager.

The member service was transferred to the Booking Centre department. Core tasks include the direct sales of all services of our organisation, advice and information, acceptance of reservations during hostel closing times, as well as the member service. Staff at the Booking Centre was given specific training in the area of sales.

The adaptation of duties, responsibilities and competences in the Marketing department became effective on 1 November 2015.

Marketing

In the year under review, market development activities focused on the systematic cultivation of regular customers, increasing the guest share from Switzerland and the euro area, as well as opening up new international markets. Thereby, the emphasis was on a clear segmentation strategy. This included a detailed analysis of the market and of the behaviour and needs of our guests, with the overarching objective of securing our ability to address the needs of differentiated customer target groups in the future. This is itself aimed at helping us establish long-term and enduring relationships.

Sales

With a share of 26% of overnight stays, online platforms continue to represent an important distribution channel. In 2015, the broad availability of our beds at third parties was accompanied by online and offline sales measures, which guided potential guests to make bookings on our own platform www.youthhostel.ch. This enabled us to keep the level of online reservations via our own website. Search term optimisation in search engines (namely Google) once again played a central role in the year under review. The processing of individual clients through offline channels nationally and internationally (print, posters, mailings, etc.) and selected partnerships with events organisers and special sales efforts for schools, universities and groups were likewise key elements of pursued sales activities. Our online presence and visibility via www.youthhostel.ch was further optimised, as was the «findability» of our website online. Consistent search engine optimisation and carefully timed online and social media campaigns have demonstrated their impact. Alongside the over 1.5 million visits at our site, we can also count 69,721 newsletter subscribers and 11,481 Facebook fans as regular recipients of our news.

Electronic distribution

| channels | 2013 | 2014 | 2015 |
|---|-----------|------------|------------|
| Visits at www.youthhostel.ch | 1,536,893 | 1,709,912 | 1,499,527 |
| Unique visitors at www.youthhostel.ch | 995,556 | 1,105,171 | 978,641 |
| Average number of visits per day | 4,211 | 4,685 | 4,108 |
| Number of pages opened | 6,020,274 | 6,651,951 | 5,950,541 |
| Number of bookings via online systems | 58,006 | 64,058 | 57,635 |
| Overnight stays resulting from online bookings | 194,666 | 211,800 | 194,252 |
| Revenue resulting from online bookings | 9,390,74 | 10,366,362 | 10,533,563 |
| Average revenue per overnight stay in CHF | 48.24 | 48.94 | 54.23 |
| Paid intermediary fees in CHF | 678,616 | 856,397 | 807,263 |

Media relations

As in previous years, there was great media interest in the Swiss Youth Hostels over the course of 2015. Gstaad Saanenland Youth Hostel and the wellnessHostel⁴⁰⁰⁰ in Saas-Fee continued to attract particular interest. Media releases reporting on the offers and activities of our organisation were published monthly. In Switzerland alone, there were 534 related newspaper or magazine articles, 175 online reports, 41 radio and 12 TV reports. The equivalent value of such reporting lies at around CHF 6 million. There was likewise remarkable media presence abroad, with several publications in Germany, the United Kingdom and France, among others.

Cooperations

We actively seek out cooperations, which represent an effective instrument for the promotion of our range of services in new guest segments. In the year under review, we enjoyed good cooperation with the following partners: AFS Intercultural Programs Switzerland, Alpamare, Berlitz Language School, BMC Racing Cup, Coop Hello Family, CSS Insurance, Die Post, ESKIMOS, Fair Trade Town, Graubünden Ferien, IG Schweiz mobil, KV Basel, KV Schweiz, KV Zurich, REKA Swiss Travel Fund, Rent a Bike, SBB, Schtifti Foundation/Gorilla, Schweizer Jugend forscht, STC, Denk an mich Foundation, SwissSki, Swiss Snow Academy, Swiss Snowboard Girls, Swiss Trails, Transa, WWF, young caritas und ZFV.

Engagement and partnerships

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 1 April 2016, these are:

Baden Municipality of Baden | **Berne** Real estate department City of Berne | **Dachsen-Rhinefalls** Canton of Zurich | **Fribourg** Municipality of Fribourg | **Klosters** 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 | **Schaan-Vaduz** Schaan-Vaduz Youth Hostel Foundation | **Saas-Fee** Aqua Allalin Commune of Saas-Fee | **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 presence

Since 2011, Swiss Youth Hostels has pursued a strategic partnership with Switzerland Tourism. An extensive partnership for political lobbying was agreed with the Swiss Hotel Association. The lobbying cooperation will take place at all stages of the legislative process on the basis of 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

Parahotellerie Schweiz was founded in January 2011 by Swiss Youth Hostels, the Swiss Travel Fund Reka, Interhome AG, Heberga AG (TCS Camping), and Bed & Breakfast Switzerland. The defined objectives of this cooperation are the strengthening of all partners, joint representation of political interests, improved public perception and knowledge sharing.

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 and projects.

René Dobler occupies a seat on the «Consultancy Committee for Sustainability» of the Swiss Hotels Association. Fredi Gmür is President of Parahotellerie Schweiz, Board Member of the Swiss Tourism Federation (STF), on the Advisory Board for the Swiss Hostels Association, member of the Tourism Council of Switzerland Tourism, 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 every opportunity to present the «Sustainable Swiss Youth Hostels» business model 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 Board members in a range of working groups.

A task force has been created to optimally meet the challenges of digitisation within the international network. It is tasked with analysing the existing systems and making recommendations for optimisation. Janine Bunte is actively involved in this task force. The USA, Australia, Argentina and China are also represented. The 2016 World Conference, which takes place in London in September, will decide over future digital alignment.

Hostelling International in figures:

- 83 countries
- 63 member associations
- 3 associated organisations
- Licensed youth hostels in 23 countries
- Approximately 3,900 youth hostels
- 37.7 million overnight stays annually
- 3.4 million national members, plus 1 million guest members
- 4.5 million annual visits to www.hihostels.com
- GBP 12 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 (Stayokay) each own a 50% share. The managing directors of these organisations 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.

Our third year of sole responsibility for the HI-Q quality assurance system project was also completed successfully. The system, which was extended into the more sustainable HI-Q+S management system, was subject to testing in pilot establishments. Above all, the globally very different national associations, which are often somewhat loose and have frequently changing contact persons, continue to be a source of difficulties. An extension of the contract was agreed with all project partners.

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. In March 2015, Stephan Kurmann, President of the Swiss Youth Hostels Association, was elected to the board of the EUFED.

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. An intense exchange of know-how took place with representatives of the German Youth Hostel State Association of Bavaria. The chairmanship of the German Youth Hostel Association held its closed conference in spring at the Zurich Youth Hostel. This was rounded off with a visit to Interlaken Youth Hostel, where they met and shared experiences with the Executive Board and management of Swiss Youth Hostels. Hostel wardens from the German Youth Hostel State Association of Westfalen-Lippe travelled to Switzerland, with visits to the Basel, Interlaken and Saas-Fee hostels. In addition, the sustainability officers of the national associations met in Interlaken.

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).



Schweiz Tourismus.
Mitglied



GASTROSUISSE



öbu
works for
sustainability.



Economic performance

42/43

The budget for the year under review was adopted in November 2014. At this time, the signs of positive development were very good, resulting in expectations of record turnover. There was a strong possibility that the CHF 50 million mark would be topped for the first time. By as early as 15 January, this dream was well and truly over. The decision of the Swiss National Bank to not further support the minimum exchange rate for the euro had created a completely new situation.

The foreign market responded extremely quick to the overvaluation of the Swiss franc, and in the following months demand from the euro area failed to materialise. To make matters worse, the 2015/2016 winter season started extremely unfavourably with a lack of snow and shorter-than-usual Christmas holidays. In addition, we were faced with dumping prices from the 4 and 5-star hotels, which went as low as the price level of the youth hostels. This was felt most strongly in the tourism destinations in the mountain regions.

By the end of January, we had adjusted our planning to the new market situation as well as redefined our annual priorities. These principles subsequently formed the core of ongoing decision making at all stages.

Planning & leadership (increased efficiency at all levels/areas; cost management as absolute priority; flexible workforce planning; close management for all employees; doing without «nice to have»),

keeping & retaining guests (increased efficiency instead of dumping; creation of surprising effects; offering services not ordinarily expected by the guest; active bonus offers, selling evening meals and memberships),

offer guaranteed quality (increase the level of quality and service – more value for money; flexibility with offers, service and pricing).

The circumstances led us to more closely scrutinise our strategies and our range of offers and services, and to analyse our costs in all areas. We also analysed the roles, responsibilities and competences of the various departments and those of the employees in the Service Centre in Zurich. Comprehensive measures based on these findings were implemented in all areas of the hostels and at the Service Centre in Zurich. These were designed to be socially acceptable and at the same time meet the medium-term strategic direction of the organisation. Moreover, all supply contracts were reviewed and in some cases renegotiated. From 2016, this will result in cost savings of approximately CHF 400,000.

Thanks to the immediately introduced measures, we nevertheless managed to generate an operating revenue of CHF 46.58 million, a decrease of CHF 0.79 million (–1.7%) on the previous year. At CHF 62.36, the average return per overnight stay is higher than the previous year (+3.2%). Thanks to the high cost sensitivity of all our employees, the margins are above those of the previous year (food 73.6%; beverages 58.7%; kiosk and non-food 41.7%; ticket sales 30.1%). Nevertheless, there was an overall loss of CHF 0.82 million.

Key figures

| | 1992 ¹⁾ | 1996 ²⁾ | 2000 ³⁾ | 2004 | 2008 | 2012 | 2014 | 2015 |
|--|--------------------|--------------------|--------------------|------------|------------|------------|------------|------------|
| Revenue | | | | | | | | |
| Operating revenue in million CHF | 17.51 | 20.45 | 23.89 | 27.64 | 40.68 | 43.06 | 47.37 | 46.58 |
| Bed revenue | 2,319 | 2,560 | 4,709 | 6,099 | 7,843 | 8,012 | 8,442 | 8,312 |
| Revenue per overnight stay | n/a | 36.44 | 41.68 | 47.88 | 51.81 | 56.93 | 60.41 | 62.36 |
| Occupancy rates (own hostels) | 43.3% | 38.2% | 43.9% | 44.8% | 52.4% | 48.3% | 48.9% | 45.2% |
| Result | | | | | | | | |
| Cash flow in million CHF ⁴⁾ | 1.78 | 2.00 | 4.28 | 5.89 | 10.45 | 8.77 | 9.13 | 8.28 |
| Liquidity ratio III | 174% | 133% | 98% | 136% | 112% | 143% | 149% | 141% |
| Organisational capital | 19% | 1% | 7% | 34% | 25% | 41% | 42% | 38% |
| Return on equity in % | – | – | – | – | 3% | 0.25% | 0.25% | 0.00% |
| Return on equity in CHF | – | – | – | – | 2,327,983 | 228,511 | 263,099 | – |
| Productivity (in CHF) | | | | | | | | |
| Productivity per employee | 81,455 | 88,470 | 125,926 | 137,990 | 161,046 | 152,138 | 154,269 | 150,142 |
| Total value creation | n/c | 10,782,865 | 13,096,859 | 15,161,396 | 21,194,567 | 23,957,585 | 26,572,132 | 25,883,136 |
| Value creation for employees | 9,140,613 | 10,324,851 | 11,643,355 | 13,187,228 | 18,112,930 | 20,873,301 | 23,199,435 | 23,521,021 |
| Value creation for public sector | n/c | 1,134,541 | 1,046,925 | 1,326,257 | 2,025,707 | 2,056,011 | 2,557,093 | 2,574,186 |
| Value creation in the organisation | n/c | –676,527 | 406,578 | 647,911 | 1,055,930 | 1,028,273 | 815,605 | –212,071 |

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/a not available, n/c not collected

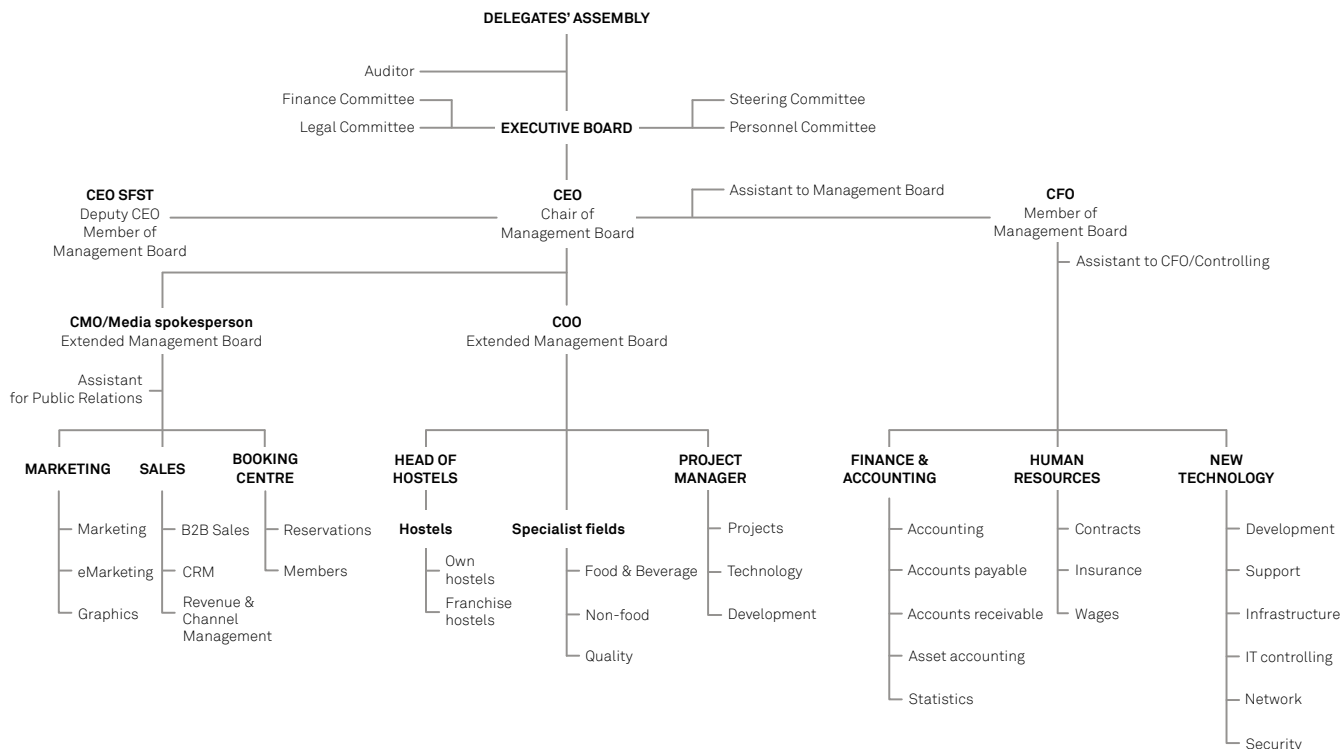


STRUCTURE & CORPORATE GOVERNANCE

44/45

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

Elected until 31 December 2019

The members (91,342) choose 20–80 delegates for the duration of 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.

The election of delegates was publicised in the summer of 2014 in order to allow the election commission to review the nominations in early 2015. In March 2015, following a silent vote, the Executive Board confirmed the proposed delegates for the period of office 2016 to 2019.

Avesani Giancarlo, Melano | Bianchin Patricia, Neuchâtel | Buschor Trudi, Moosseedorf | Fuchs Edwin, Zollikon | Furger Christine, Arlesheim | Giacomazzi Gaia, Zurich | Gisler Alfred, Lucerne | Granacher Bernhard, Kreuzlingen | Gruber Veronika, Gelterkinden | Haag-Lochmann Helen, Hirzel | Hafner Andrea, Zurich | Haug-Kern Esther, Zurich | Haug Tobias, Zurich | Kasser Rosemarie, Küsnacht | Keller-Giovanon Helene, Ossingen | Lemberg Susanne, Zofingen | Lutz Béatrice, Birsfelden | Mathies Andreas, Ettingen | Meier Nicole, Zurich | Meyer Stefan, Zuzwil | Montandon Jonathan, Neuchâtel | Mottier André, Ste-Croix | Müller Karin, Bonstetten | Palme Sabine, Zug | Ramsperger Rolf, Neuhausen am Rhein | Sager Adrian, Interlaken-Unterseen | Schmid Denise, Zollikofen | Schmid Theres, Münsingen | Schoch-Sutter Carmen, Märstetten | Schwyter-Faist Yolanda, Zezikon TG | Städler-Bischof Esther, Wattwil | Steidle Christine, Arboldswil | Steiger Thomas, Muttentz | Steinmann Rolf, Cham | Strehler René, Zurich | Streuli Cornelia, Steinhausen | Thut Tobias, Pfäffikon | Uhlemann Luzia, Untervaz | Vogel Manon, Hinwil | Weber Kathrin, Matzingen | Zulliger-Senn Annemarie, Volketswil | Zürcher Eva, Gonten

Executive Board

Elected until 31 December 2019

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

At the delegates' meeting of 13 June 2015, the President and Executive Board members were confirmed by acclamation for the 2016–2019 period of office.

- Abegg Thomas, Businessman, Wilen bei Wollerau (since 17.04.2010)
- Denzler Corinne, CEO, Ascona (since 13.03.2015)
- Egloff Markus, Manager, Zurich (since 08.03.2003)
- Furrer Daniel, Tourism professional, Lucerne (since 03.12.2004)
- Hitz Ursula, Housewife, Stein am Rhein (since 31.12.2015)
- 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)
- Michel Abegg Corinne, Head of HR, Zurich (since 25.11.2015)
- 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 (until 31.12.2015)
- Denzler Corinne, Vice President (from 01.01.2016)
- Roffler Erwin, Vice President (from 01.01.2016)

Finance Committee

Egloff Markus, President | Abegg Thomas | Roffler Erwin

Legal Committee

Martin Pierre | Müller Christoph

Personnel Committee

Bunte Janine | Dobler René | Furrer Daniel | Gmür Fredi | Kurmann Stephan | Müller Christoph

Chief Executive Officer

Fredi Gmür, CEO since 01.04.1996, leads the operational business of the Swiss Youth Hostels Association and is responsible for implementing the business contents. He is entrusted with all powers that are not expressly assigned to another body by law, statutes or regulations issued by the Executive Board.

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 Management Board

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

- Arnold Tanja, CMO SYH (since 14.09.2015)
- Kerstholt Oliver, CMO SYH (until 31.10.2015)
- Levy René, COO SYH (since 01.08.2014)

Heads of department

The heads of department are responsible for implementing the agreed objectives in their department.

- Lutz Walter, Project Manager (since 01.01.1996)
- Peterhans Michael, Head of Hostels Central (since 01.10.2014)
- Schelbert Florian, Head of Hostels West/South (since 07.01.2014)
- Schempp Kurt, Project Manager (since 01.10.2010)
- Wyrsh Sylvia, Head of Hostels East (since 15.06.2015)

Employee Committee

Elected until 31 December 2018

The Employee Committee represents the interests of all employees to the management and the Executive Board.

- Raimann Angela, Application support executive, Zurich Service Centre (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, Berne

Honorary members

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

Management teams

As at April 2016

Avenches Edith & Mohamed Dhyaf | **Baden** Dennis & Anja Kaufmann | **Basel** Tobias Wettstein & Sandra Neuhaus | **Beinwil am See** Michael Müller | **Bellinzona** Nicoletta Federspiel | **Berne** Daniel Fahrni & Adrian Sager | **Brienz** Guido Weber | **Brugg** Saba Krezdorn & Yesra Guldinmann | **Château-d'Oex** Andreas Mehmman | **Dachsen-Rheinfall** Rahel Stricker | **Davos** Mathias Häusler & Sylvia Spring | **Delémont** Marek Wildenhain | **Engelberg** Petra & Fredy Liem | **Fällanden** Martin Käser | **Fiesch** Pierre Lehmann | **Figino** Juliana Realini | **Fribourg** Sylvia Genuetta Plöger | **Gersau** Jürg & Manuela Haupt | **Grindelwald** Esther Suter & Cornelia Streit | **Gstaad** Saanenland Andreas Mehmman | **Interlaken** Ueli Zürcher | **Klosters** Tamara Busse | **Kreuzlingen** Bernhard Granacher | **Lausanne** Uros Vuckovic | **Le Bémont** Clément Milani | **Leissigen** Osvaldo de Armas | **Locarno** Rosemarie Weyer & Carmen Gambetta | **Lugano** Lotti & Roland Majek | **Luzern** Basil Schmid | **Mariastein-Rotberg** Thomas Krämer | **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.** Mario Caduff | **Sion** Laurent Perret | **Solothurn** Nestor Philipp Cohen | **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 | **Zofingen** Gisela Vogt | **Zug** Sabine Palme | **Zurich** Christian Meixner & Claude Braun

Employees in the Zurich Service Centre

As at April 2016

Arnold Tanja CMO | Bassi Manuel Graphic Designer Marketing | Brügger Robin Head of Marketing | Bruhin Eveline Finance & Accounting | Buffoni Aldo Head of Projects SFST | Bunte Janine CFO SYH/SFST | Burnier Melanie Finance & Accounting | Chanton Andreas Key Account Manager | Dobler René CEO SFST | Efe Kübra Trainee in Administration | Fricke Marco Head of Finance & Accounting | Friedrich Esther Human Resources | Gerster Tanja Customer Relationship Manager | Gmür Fredi CEO SYH | Grossenbacher Yvonne Finance & Accounting | Häfeli Hans-Urs Project Manager SFST | Hafner Andrea New Technology | Hedinger-Schwyn Sandra Assistant CEO | Hierholzer Brigitte Finance & Accounting | Imboden-Bellwald Ariana Sales | Kirtskhalia Tatia Revenue & Channel Manager | Lang Andrea Dept. of Non-Food & Quality | Lehmann Lisette Human Resources | Levy René COO | Lippik Katrin Head of Booking Centre | Lips Barbara Booking Centre | Lutz Walter

Project Head SYH | Mastrobuoni Lea Head of Booking Centre | Meyer Nina Carole Intern Marketing & Booking Centre | Münger Laura Assistant CEO | Nicotera Ralph Resp. Construction/Maintenance/Projects SFST | Nosdeo-Carchidi Maria Finance & Accounting | Oliveira Luisa Trainee in Administration | Peterhans Michael Head of Hostels Central | Raimann Angela New Technology | Riss Carla Intern Marketing & Booking Centre | Rogantini Luca Assistant CFO | Salzmann Patricia Sales Manager Groups | Schelbert Florian Head of Hostels West/South | Schempp Kurt Project Manager SYH | Schibler Petra Resp. Construction/Maintenance/Projects SFST | Schober Martin Head of Infrastructure & Security New Technology | Shafai Yeganeh Booking Centre | Spörri Matthias Resp. Construction/Maintenance/Projects SFST | Steiner Mike New Technology | Sturm-Kühne Sandra Booking Centre | Wettstein Thalia Assistant PR and CMO | Widmer Gianna Booking Centre | Widmer Olivier Booking Centre | Wyrsh Sylvia Head of Hostels East | Zbinden Sylvia Booking Centre | Zollinger Markus Head of Human Resources

Benefactors

Private individuals

Regula Andres, Starrkirch-Wil | René Bergamin, Lenzerheide/Lai | Philippe Bertil Cottier, Preverenges | Damien Bianchin, Morges | Gerrit-Jan Bossen, Plan-les-Ouates | Max Bosshard-Rodewald, Wollerau | Sylvia und Ralph Brühlmann, Savigny | Dr. med. Jürg Brunner, Flawil | Noël Chablais, Cologny | Paula und Peter Donatsch-Thommen, Allschwil | Peter Gertsch-Saxer, Grindelwald | Helmut Gmeiner, Schaan | Daniel Habegger, Gland | Hans Handschin, Basel | Dr. med. Irene Heuss-Amstutz, Basel | Regula-Catrina Hug, Flanthey | Christina Hug, Weiningen ZH | Myrta und Martin Junger, Forch | Ruth und Wilhelm Känel-Nägeli, Gais | Maria und Norbert Kaufmann, Schaan | Jakob Kienast, Hemishofen | Jakob Knuchel, Brunnenthal | Karin Köhler, Hinteregg | Mr & Ms Läderach-Büttikofer, Berne | Arno Lechthaler, Münstair | Irene und Domenic Lingenhag, St. Moritz | Martin Luginbühl, Islisberg | Martin Meier, Winterthur | Emil Meier, Eglisau | Urs Metzger, Stein am Rhein | Ursula Mohr-Buxtorf, Wädenswil | Wolfgang Mosimann, MuttENZ | Anton Muff, Emmenbrücke | Richard Müller-Zweifel, Château-d'Oex | Karliso Neff, Rickenbach | Emil Pfister, Gommiswald | Adelheid und Ulrich Pfister-Kaufmann, Gelterkinden | Elie Rouvier-Singenberger, Zurich | Martin Schmidt, Zimmerwald | Terezija und Roland Stampfli, Wisen SO | Rolf Steinmann, Cham | Tse-Lee Uh, Zurich | Hans Kaspar Wagner, Winterthur | Jörg Weber, Witterswil | Heidi und Karl Weiss-Baumann, Dietikon | William Mansell Wright, Tolochenaz | Michael Zähler, Hemishofen | G. Zollinger, Bettlach | Hans Zulauf, Brugg AG

Companies

Adank Davos AG, Davos Dorf | Arcon Informatik AG, Cham | Bäckerei Müller AG, Solothurn | Bäckerei-Konditorei Schulz, Reinach AG | Brauerei Schützengarten AG, St. Gallen | Dätwyler Linopalast AG, Zurich | Durex SA, Delémont | Flück Haustechnik AG, Brienzen | Garage H.U. Eugster AG, Zurich | GEGGUS Schweiz GmbH, Wildegg | Globepaddler Bielersee AG, Nidau | Herzog Bau und Holzbau AG, Menzikon | Hilding Anders Switzerland AG, Schänis | Hotel Albris AG, Pontresina | Illycafé AG, Thalwil | Josef Amann AG, Vaduz | Koller Elektro AG, St. Moritz | LO Holding Lausanne-Ouchy SA, Lausanne | Malloth Holzbau AG, St. Moritz | Maus AG, Eschenz | Max + Martin Strasser Ofenbau + Plattenbeläge, Stein am Rhein | Plácido Pérez, dipl. Bauingenieure GmbH, Bonaduz | Preisig Käse und Wein, Richterswil | Prowema GmbH, Pfäffikon ZH | Puracenter AG, Lenzerheide | R. Rageth GmbH, Scharans | Reinhard Schreinerei AG, Lucerne | Romande Energie Holding SA, Morges | Rugenbräu AG, Interlaken | Spescha Haustechnik AG, Lenzerheide | Sweet Dreams Collection AG, Reinach | Turrian + Kohli SA, Château-d'Oex | Uffer Holz AG, Savognin | Zäch Elektro + Telekom AG, Fällanden | Zahner Fischhandel AG, Gommiswald

Municipalities

Brugg AG | Erlenbach ZH | Fällanden ZH | Gerzensee BE | Horgen ZH | Küsnacht ZH | Metzerlen-Mariastein SO | Mosnang SG | Oberdorf SO | Riehen BS | Schafisheim AG | Unteriberg SZ | Vaz/Obervaz GR | Wallisellen ZH | 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. Good relationships with members, effective cooperation between the organisation management and Executive Board, and a remuneration system for employees and managers that is both success-oriented and in keeping with current standards all are characteristic elements of our corporate governance. 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.

As a general principle, the members of the Executive Board provide their services free of charge on the basis of the corporate governance guidelines for non-profit organisations in Switzerland and the Swiss NPO code. Any resulting actual expenses are reim-

bursed. 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 to them, 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 | 2014 | 2015 |
|---------------------------|--------------------|--------------------|--------------------|------|------|------|------|------|
| 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



FINANCIAL REPORTING

50/51

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 | 2015 in CHF | in % | 2014 in CHF | in % |
|---|----------------|----------------------|--------------|----------------------|--------------|
| Assets | | | | | |
| Current assets | | | | | |
| Liquid assets | | 8,624,765.12 | 64.3 | 9,968,431.83 | 70.1 |
| Accounts receivable from third parties | | 1,050,801.37 | 7.8 | 906,159.94 | 6.4 |
| Accounts receivable from related parties | | 490,431.15 | 3.7 | 164,349.95 | 1.2 |
| Del credere | | -122,405.00 | -0.9 | -88,513.00 | -0.6 |
| Accounts receivable trade | 1 | 1,418,827.52 | 10.6 | 981,996.89 | 6.9 |
| Other accounts receivable | 2 | 421,689.06 | 3.1 | 375,960.42 | 2.6 |
| Merchandise in stock | | 420,390.51 | 3.1 | 405,621.27 | 2.9 |
| Inventories heating material | | 115,306.55 | 0.9 | 152,357.75 | 1.1 |
| Value adjustment inventories | | -107,135.00 | -0.8 | -111,599.00 | -0.8 |
| Inventories | 3 | 428,562.06 | 3.2 | 446,380.02 | 3.1 |
| Active deferred charges | | 440,135.52 | 3.3 | 259,234.55 | 1.8 |
| Current assets | | 11,333,979.28 | 84.5 | 12,032,003.71 | 84.6 |
| Fixed assets | | | | | |
| Vehicles | | 70,443.00 | 0.5 | 98,183.75 | 0.7 |
| Equipment | | 1,095,316.47 | 8.2 | 1,141,412.22 | 8.0 |
| Mobile tangible assets | 4 | 1,165,759.47 | 8.7 | 1,239,595.97 | 8.7 |
| Renovations | | 197,356.81 | 1.5 | 155,325.73 | 1.1 |
| Immobile tangible assets | 4 | 197,356.81 | 1.5 | 155,325.73 | 1.1 |
| 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 | | 1,363,318.28 | 10.2 | 1,395,123.70 | 9.8 |
| Loan «Valbella» to related party | | 29,070.00 | 0.2 | 58,140.00 | 0.4 |
| Loan «Davos» to related party | | 680,000.00 | 5.1 | 740,000.00 | 5.2 |
| Earmarked loans to related parties | 6 | 709,070.00 | 5.3 | 798,140.00 | 5.6 |
| Earmarked assets | | 709,070.00 | 5.3 | 798,140.00 | 5.6 |
| Fixed assets | | 2,072,388.28 | 15.5 | 2,193,263.70 | 15.4 |
| Assets | | 13,406,367.56 | 100.0 | 14,225,267.41 | 100.0 |
| Liabilities | | | | | |
| Outside capital | | | | | |
| Accounts payable to third parties | | 2,156,307.22 | 16.1 | 2,415,342.73 | 17.0 |
| Accounts payable to related parties | | 0.00 | 0.0 | 0.00 | 0.0 |
| Accounts payable trade | 7 | 2,156,307.22 | 16.1 | 2,415,342.73 | 17.0 |
| Prepayments from guests | | 3,037,963.90 | 22.7 | 3,019,977.26 | 21.2 |
| Miscellaneous short-term liabilities | 8 | 869,337.29 | 6.5 | 386,333.02 | 2.7 |
| Other liabilities | | 3,907,301.19 | 29.1 | 3,406,310.28 | 23.9 |
| Deferrals, membership subscriptions | | 893,533.66 | 6.7 | 825,788.76 | 5.8 |
| Other transitory deferrals | | 1,096,545.69 | 8.2 | 1,402,318.12 | 9.9 |
| Deferrals | 9 | 1,990,079.35 | 14.8 | 2,228,106.88 | 15.7 |
| Short-term outside capital | | 8,053,687.76 | 60.1 | 8,049,759.89 | 56.6 |
| Assurance of guarantee risks | | 214,500.00 | 1.6 | 214,500.00 | 1.5 |
| Provisions | 10 | 214,500.00 | 1.6 | 214,500.00 | 1.5 |
| Long-term outside capital | | 214,500.00 | 1.6 | 214,500.00 | 1.5 |
| Outside capital | | 8,268,187.76 | 61.7 | 8,264,259.89 | 58.1 |
| Organisational capital | | | | | |
| Capital as at 1 January 2003 | | 1,465,631.02 | 10.9 | 1,465,631.02 | 10.3 |
| Acquired free capital | | 3,672,548.78 | 27.4 | 4,495,376.50 | 31.6 |
| Free funds | | 0.00 | 0.0 | 0.00 | 0.0 |
| Organisational capital | | 5,138,179.80 | 38.3 | 5,961,007.52 | 41.9 |
| Liabilities | | 13,406,367.56 | 100.0 | 14,225,267.41 | 100.0 |

Statement of accounts

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| From 1 January to 31 December | Notes in annex | 2015 in CHF | in % | 2014 in CHF | in % |
|---|----------------|-----------------------|---------------|-----------------------|--------------|
| Operating revenue | | | | | |
| Restaurant revenue | | 15,776,761.39 | 33.9 | 16,016,831.21 | 33.8 |
| Merchandise revenue | | 2,357,189.08 | 5.1 | 2,084,771.18 | 4.4 |
| Restaurant and merchandise revenue | | 18,133,950.47 | 38.9 | 18,101,602.39 | 38.2 |
| Lodging revenue | | 25,801,717.55 | 55.4 | 26,239,643.89 | 55.4 |
| Other service revenue | | 1,369,278.27 | 2.9 | 998,166.37 | 2.1 |
| Service and lodging revenue | 11 | 27,170,995.82 | 58.3 | 27,237,810.26 | 57.5 |
| Annual membership subscriptions | | 1,775,040.20 | 3.8 | 1,914,246.28 | 4.0 |
| Single-day membership subscriptions | | 991,293.54 | 2.1 | 1,049,259.95 | 2.2 |
| Membership subscriptions | 12 | 2,766,333.74 | 5.9 | 2,963,506.23 | 6.3 |
| Benefactor contributions | | 33,012.30 | 0.1 | 35,007.80 | 0.1 |
| Earmarked contributions | | 130,029.90 | 0.3 | 139,597.23 | 0.3 |
| Free contributions | | 0.00 | 0.0 | 5,000.00 | 0.0 |
| Benefactor contributions | 13 | 163,042.20 | 0.4 | 179,605.03 | 0.4 |
| Franchise fees | | 109,776.20 | 0.2 | 154,734.03 | 0.3 |
| Administrative contribution, related parties | | 90,000.00 | 0.2 | 90,000.00 | 0.2 |
| Miscellaneous operating revenue | | 45,250.30 | 0.1 | 67,728.15 | 0.1 |
| Other operating revenue | | 245,026.50 | 0.5 | 312,462.18 | 0.7 |
| Allowances | | -1,455,632.23 | -3.1 | -966,573.59 | -2.0 |
| Commissions credit cards and Reka | | -248,839.45 | -0.5 | -260,220.77 | -0.5 |
| Reservation commissions | | -5,213.33 | 0.0 | -7,848.13 | 0.0 |
| Losses from receivables | | -186,512.00 | -0.4 | -193,722.55 | -0.4 |
| Decrease in earnings | 14 | -1,896,197.01 | -4.1 | -1,428,365.04 | -3.0 |
| Operating revenue | | 46,583,151.72 | 100.0 | 47,366,621.05 | 100.0 |
| Operating expenses | | | | | |
| Restaurant expenses | | -4,374,633.16 | -9.4 | -4,442,522.45 | -9.4 |
| Merchandise expenses | | -1,635,785.83 | -3.5 | -1,871,557.05 | -4.0 |
| Material expenses | | -706,229.94 | -1.5 | -700,151.36 | -1.5 |
| Third-party services | | -1,561,705.58 | -3.4 | -1,277,156.02 | -2.7 |
| Expenses for materials, merchandise & third-party services | 15 | -8,278,354.51 | -17.8 | -8,291,386.88 | -17.5 |
| Wages | | -19,404,117.35 | -41.7 | -19,078,393.30 | -40.3 |
| Social benefits | | -3,168,077.55 | -6.8 | -3,047,876.71 | -6.4 |
| Other personnel expenses | | -672,809.75 | -1.4 | -706,743.90 | -1.5 |
| Work performed, third-party | | -276,016.40 | -0.6 | -366,421.40 | -0.8 |
| Personnel expenses | 16 | -23,521,021.05 | -50.5 | -23,199,435.31 | -49.0 |
| Rental and leasing expenses, third-party | | -561,412.39 | -1.2 | -587,988.14 | -1.2 |
| Rental and leasing expenses, related party | | -8,046,856.55 | -17.3 | -7,905,632.24 | -16.7 |
| Other facility expenses | | -65,776.05 | -0.1 | -60,290.90 | -0.1 |
| Maintenance of buildings and installations | | -563,924.62 | -1.2 | -652,886.40 | -1.4 |
| Employee contributions, lodging | | 586,877.25 | 1.3 | 593,900.95 | 1.3 |
| Facility expenses | 17 | -8,651,092.36 | -18.6 | -8,612,896.73 | -18.2 |
| Maintenance, repairs, replacements and leasing | | -731,046.90 | -1.6 | -831,351.38 | -1.8 |
| Vehicle and transport expenses | | -185,299.57 | -0.4 | -189,880.39 | -0.4 |
| Property insurance and taxes | | -628,949.44 | -1.4 | -524,069.30 | -1.1 |
| Energy and disposal expenses | | -2,168,791.30 | -4.7 | -2,102,517.09 | -4.4 |
| Administrative expenses | | -1,369,352.79 | -2.9 | -1,334,593.46 | -2.8 |
| Advertising expenses | | -1,215,100.76 | -2.6 | -1,399,584.68 | -3.0 |
| Miscellaneous operating expenses | | -88,434.66 | -0.2 | -40,340.29 | -0.1 |
| Other operating expenses | | -6,386,975.42 | -13.7 | -6,422,336.59 | -13.6 |
| Depreciation | 4 | -610,757.18 | -1.3 | -594,674.68 | -1.3 |
| Operating expenses | 18 | -47,448,200.52 | -101.9 | -47,120,730.19 | -99.5 |
| Operating result | | -865,048.80 | -1.9 | 245,890.86 | 0.5 |
| Result due to disposal of tangible assets | | 1,348.75 | 0.0 | -7,624.20 | 0.0 |
| Financial expenses | | -48,911.41 | -0.1 | -93,999.86 | -0.2 |
| Financial revenue | | 89,783.74 | 0.2 | 76,663.06 | 0.2 |
| Financial result | | 40,872.33 | 0.1 | -17,336.80 | 0.0 |
| Annual results before allocation of organisational capital | | -822,827.72 | -1.8 | 220,929.86 | 0.5 |
| Allocation to acquired free capital | | 822,827.72 | 1.8 | -220,929.86 | -0.5 |
| Annual result | | 0.00 | 0.0 | 0.00 | 0.0 |

Cash flow statement

| From 1 January to 31 December | 2015 in CHF | 2014 in CHF |
|---|----------------------|---------------------|
| Withdrawal of acquired free capital | -822,827.72 | 220,929.86 |
| Depreciation | 610,757.18 | 594,674.68 |
| Allowances for inventories | -4,464.00 | 3,865.00 |
| Allowances, earmarked loans to related parties | 29,070.00 | 29,070.00 |
| Profits from sales of tangible assets | -1,348.75 | 0.00 |
| Increase/decrease in accounts receivable trade | -436,830.63 | 771,620.63 |
| Increase/decrease in other receivables | -45,728.64 | -198,247.55 |
| Increase/decrease in inventories | 22,281.96 | -19,309.86 |
| Increase/decrease in prepaid expenses | -180,900.97 | 82,327.01 |
| Increase/decrease in accounts payable trade | -259,035.51 | 424,517.41 |
| Increase/decrease in other liabilities | 500,990.91 | 72,445.83 |
| Increase/decrease in deferrals | -238,027.53 | 5,732.15 |
| Cash flow from operating activities | -826,063.70 | 1,987,625.16 |
| Investments in tangible assets | -588,393.01 | -710,297.22 |
| Disposals of tangible assets | 9,441.25 | 72,439.00 |
| Profits from sales of tangible assets | 1,348.75 | 0.00 |
| Disposals of earmarked loans to related parties | 60,000.00 | 60,000.00 |
| Cash flow from investment activities | -517,603.01 | -577,858.22 |
| Change in liquid assets | -1,343,666.71 | 1,409,766.94 |
| Balance of liquid assets as at 1 January | 9,968,431.83 | 8,558,664.89 |
| Balance of liquid assets as at 31 December | 8,624,765.12 | 9,968,431.83 |
| Change in liquid assets | -1,343,666.71 | 1,409,766.94 |

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 | 4,495,376.50 | 0.00 | -822,827.72 | 0.00 | 3,672,548.78 |
| Free funds | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Annual result | 0.00 | -822,827.72 | 822,827.72 | 0.00 | 0.00 |
| Organisational capital | 5,961,007.52 | -822,827.72 | 0.00 | 0.00 | 5,138,179.80 |

Annex to the annual financial statement

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General

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.

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 2015. 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 13 June 2016, 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 |

Situation report

The situation report will be published in full in the business report. This will be available at the following address from 13 June 2016:

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

A digital copy will also be available at www.youthhostel.ch from 13 June 2016.

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.

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 43,369 (previous year CHF 83,775) of advance payments to suppliers. Suppliers' invoices concerning the reporting period of the following year were paid during current reporting period.

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 | Depreciations | Book value as at 31.12. |
|---------------------------------|----------------------------|-------------------|-----------------|-------------------|----------------------------|
| Vehicles | 98,183.75 | 0.00 | 0.00 | 27,740.75 | 70,443.00 |
| IT | 281,129.93 | 131,343.96 | 0.00 | 225,092.48 | 187,381.41 |
| Machines/equipment | 428,174.82 | 114,307.50 | 9,441.25 | 104,986.80 | 428,054.27 |
| Furniture | 336,319.09 | 157,762.00 | 0.00 | 119,608.70 | 374,472.39 |
| Small items | 95,788.38 | 100,080.85 | 0.00 | 90,460.83 | 105,408.40 |
| Mobile tangible assets | 1,239,595.97 | 503,494.31 | 9,441.25 | 567,889.56 | 1,165,759.47 |
| Renovations | 155,325.73 | 84,898.70 | 0.00 | 42,867.62 | 197,356.81 |
| Immobile tangible assets | 155,325.73 | 84,898.70 | 0.00 | 42,867.62 | 197,356.81 |

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 capital and votes. 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

In the course of 2015, 379,781 (previous year 400,047) guests were accommodated in our establishments, corresponding to 746,988 (previous year 784,132) overnight stays.

12. Membership subscriptions

The number of members as at 31 December 2015 (cut-off date) was 91,342 (previous year 95,042).

13. Contributions from benefactors

Earmarked contributions include CHF 130,030 (previous year 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 of CHF 128,421 (previous year CHF 55,452) include bad debts, the increase in del credere risk in the amount of CHF 33,892 (previous year CHF 35,376) and CHF 24,199 (previous year CHF 102,895) of 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 the administration of the member database.

16. Personnel expenses

In 2015, 310 full-time workloads were distributed across 512 permanent positions and 45 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). In 2015, no variable rent payment was factored into the calculations.

18. Administrative expenses

| | 2015 in CHF | 2014 in CHF |
|--|-----------------------|-----------------------|
| Operating expenses | | |
| Expenses for materials, merchandise and third-party services | -8,278,354.51 | -8,291,386.88 |
| Personnel expenses | -20,613,280.90 | -20,198,091.21 |
| Facility expenses | -8,243,064.51 | -8,205,988.18 |
| Other operating expenses | -5,220,417.88 | -5,233,996.54 |
| Depreciation | -428,422.71 | -392,007.26 |
| Total operating expenses | -42,783,540.51 | -42,321,470.07 |
| Administrative expenses | | |
| Personnel expenses, administration | -2,907,740.15 | -3,001,344.10 |
| Other administrative expenses | -1,574,585.39 | -1,595,248.60 |
| Depreciation | -182,334.47 | -202,667.42 |
| Total administrative expenses | -4,664,660.01 | -4,799,260.12 |
| Total | -47,448,200.52 | -47,120,730.19 |
| Administrative expenses as % of operating revenue | 10.0% | 10.1% |

Further information

| Accounts payable to pension institutions | 2015 in CHF | 2014 in CHF |
|---|-----------------------|----------------|
| Occupational pension fund | Credit balance | Credit balance |

Remuneration of committees

In 2015, remuneration of fees and reimbursement of expenses in the amount of CHF 70,908 (previous year CHF 68,938) was paid out to members of the Executive Board. Of this total, CHF 69,095 are attributable to the Chairman (previous year 66,005).

In 2015, fees for auditors amounted to CHF 49,100 (CHF 49,100). This was paid exclusively for the performance of audit services.

Fundraising expenses

In 2015, fundraising expenses amounted to CHF 7,137 (previous year CHF 6,959).

Quasicontractual obligations

A long-term lease is in place until 30.04.2026 for the offices of the Service Centre in Zurich. The liability up to the expiration of the lease is CHF 3,231,750.

The rental and lease agreements with the Swiss Foundation for Social Tourism in Zurich can be terminated within 12 months.

Events after the balance sheet date

No significant events have occurred after the balance sheet date and until the adoption of the financial statements that might affect the informative value of these financial statements, or which have to be disclosed here.

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 Hotels which comprise the balance sheet, income statement, cash flow analysis, statement of changes in equity and notes for the year ended 31 December 2015. 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 2015 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, 4 April 2016 / aw

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



wellness
Hostel

OUTLOOK & PRIORITIES FOR 2016

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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

We have adjusted to the new market situation and aligned our budget and planning accordingly. The networking and sustainability strategies were also subjected to review. The successes of the previous years and the single-minded implementation of our strategy has resulted in financial reserves. This gives us the confidence to consistently pursue this path of renewal and growth, and to remain committed to our current network and sustainability strategy. Our healthy financial position also means that we do not need to take any short-term decisions that are not in keeping with our social and environmental principles.

Already implemented measures are contributing to cost optimisations in the current year of 2016. The personnel planning is oriented towards demand. Strict cost management is applied at all

levels. Activities in online and offline sales have been initiated, and segment-specific offers are expected to result in additional overnight stays at the individual hostels.

We are committed to our pricing policy and will not allow the dumping prices of competitors to push us into offering services at prices that do not cover costs. Nevertheless, we will monitor the market supply continuously and adapt if necessary.

As at mid-March, the booking level for 2016 was 96.8% of last year's figure. Following the unreliable snow conditions at the beginning of the year, the booking behaviour of guests for the winter months of January to April was somewhat conservative. From May onwards, the booking status is at the same level, giving us cause for cautious optimism.

Ongoing development

Berne Youth Hostel

The project competition was finally announced in 2013 after the successful signing of all contractual foundations for a building permit and a loan in 2010 of CHF 3 million, as well as the conclusion of extensive preliminary clarifications. The solution «Eifach so, gäu Pesche» by Aebi & Vincent Berne finally emerged as winner.

In the year under review, the winning project was intensively developed, enabling the building permit process to begin in early 2016. When renovation work is completed, the Berne Youth Hostel will have approximately 180 beds and will fit seamlessly in the TOP category in the Swiss Youth Hostels network. The smaller room units in Berne, with two to six beds as well as wet cells in some rooms, will ensure high quality, simple comfort. The start of construction is anticipated for late autumn 2016; the opening for spring 2018.

Burgdorf Castle

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. The Burgdorf landmark will once again be open to the public and will take its important place in the history of the Canton of Berne and of Switzerland. The preservation and revitalisation of the castle grounds is predominantly based on a conversion into a youth hostel. There will also be a catering outlet, banquet facilities and museums, and even the registry office will be based at the castle. The type of use is aimed at maintaining and respecting the existing architectural and spiritual heritage of the castle grounds.

The intensive efforts to financing of the project came to a successful close in 2015. Detailed planning will be carried out in 2016.

Diverse projects

A large number of project ideas at existing and new locations (Crans-Montana, Dachsen, Fribourg, Geneva, Laax, Lucerne, Neuchâtel, Schaan-Vaduz, Bernese Seeland) remain in development.

Target table 2016

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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 hostel visit by department management per month open; 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 New concept for the Q system and Q labels |
| ibex fairstay label EU Ecolabel | Recertification | On recertification, establishments should achieve at least the same number of points |
| Planning | Create detailed planning for 2017 and general planning for 2018 | Handovers/takeovers of hostels to take place according to check list and documented in writing |
| Hostels in general | Safeguard hostel handovers/takeovers | Regular inspection by hostel managers |
| | Increase safety on playgrounds | Handovers/takeovers of hostels to take place according to check list and documented in writing |
| Operational maintenance | Zero tolerance for defective articles and dirt/graffiti | Regular monitoring and compliance to the concept of operational maintenance |
| Network | Development of the network in Switzerland | At least one new construction/renovation project in planning/implementation |
| Barrier-free youth hostels | Accessibility on the homepage | Certification of the «Access for All» homepage |
| | Expansion of services for people with impairments | Organisation of awareness courses for employees |
| Marketing & Sales | Development of marketing concept and planning of medium-term measures | Marketing concept and medium-term measures planned and in implementation |
| Marketing & Sales | Development of online/offline sales at association and operational level | Sales concept developed and in implementation |
| | Compile planning for the next two years: develop detailed planning for 2017 and general planning for 2018 | Planning drawn up |
| | Structured sales throughout the year | Annual planning |
| | Target group-oriented bundling of offers at regular prices | Sales at regular prices |
| | Intensification of cooperation with national associations and HI | Offline/online sales of overall Swiss Youth Hostels range of offers via distribution channels of national associations and www.hihostels.com |
| | Focus on Switzerland and Germany as well as the future markets of South Korea and China | Focus on our defined target markets; maintain respective shares |
| | Close cooperation with regional partners/service providers at the locations of the top YHs | Active cultivation of contacts and utilisation of synergies; strengthening of presence and increase in brokerage volume |
| eMarketing | New SYH website and mobile website | Conception and realisation are completed |
| | Promotion of interactions on social media | Ongoing new entries with sales character 70,000 newsletters ordered 15,000 followers on Facebook and Twitter |

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 ordinary maintenance | At least one hostel visit by department management per open month; at least one quality audit per hostel per season |
| Food & Beverage | Quality assurance through purchasing from contractual suppliers | 100% purchasing from defined suppliers |
| | Recipe database including calculations | Preparation, training, application |
| | Breakfast | Adapted, expanded range of offers |
| | Food concept for small groups | Established implementation in all hostels; no guest complaints |
| | Additional offers at the kiosk | Definition of expansion of offers and suppliers |
| Hygiene | Consistent implementation and updating of the hygiene concept | No objections during monitoring |
| | Implementation of hygiene training | All skilled employees receive one intensive training session; at least one hygiene training per season at operational level |
| Guests | Concept for nurturing of regular guests | Concept development and implementation |
| Guest feedback | External guest rating systems | Ongoing monitoring of development against previous year; derived measures implemented at the appropriate level |
| | 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% involved in complaints management |
| Satisfaction | Maintain guest satisfaction at a high level | Satisfaction level of at least 80% |
| Overnight stays | Maintain overnight stays, taking into account economic, operational and construction-related changes | 800,000 overnight stays |
| Membership base | Increase membership | At least 100,000 members |
| Membership revenue in CHF | Increase membership revenue | At least CHF 2,800,000 (year and day memberships; minimise free memberships) |

For our employees

| Field of action | Our aims | Key performance indicator |
|---|--|--|
| Introduction | Introduce every employee 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 |
| Basic and advanced training | Training management at the appropriate levels, with integration of external sector offers (Swiss Hotel Association, GastroSuisse). | Participate in at least two basic/advanced training courses (internal and/or external) |
| 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 |
| Monitoring of holidays and days off | Checking of holidays and days off for every employee, monitored by the direct supervisor | Consistent documentation |
| Social counselling | Make all employees aware of the services and contact partners in the external social counselling centre | Appropriate utilisation of the MOVIS social counselling centre |
| Retirement planning | The financial position of the retirement pension foundation should secure the pensions of the employees | Coverage ratio of over 103% |
| 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 positions throughout the year | 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 cooperation between Employee Committee and management/Executive 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 department 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 according to ecological principles |
| Space heating, CO ₂ loading | Reduction of CO ₂ loading compared with 2000 | At least 55% |
| Electricity consumption | Limiting of energy consumption per overnight stay | Maximum 5 kWh |
| Water consumption | Limit water consumption per overnight stay | Maximum 150 litres |
| CO ₂ compensation | Active sale of CO ₂ compensation | 50% of guests compensate |
| Products and materials | Environmentally sound purchasing | Defined standards are met |
| Waste and disposal | Reduction in food waste | Compliance with margins for kitchen; training |
| 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 | Products |
| Marketing | Environmental commitment of SYH is an integral component of marketing activities | Reporting |
| Communication | SYH's environmental commitment is an integral component of communication activities | Reporting |
| | SYH's environmental commitment is open and clear to see for hostel guests | Active information for guests |

For our commercial viability

| Field of action | Our aims | Key performance indicator |
|---|--|---|
| Market development | Systematic customer care of regular guests | Develop concept for nurturing of regular guests and implement initial measures |
| | Keep Switzerland and euro area share (FITs, groups and schools) compared to 2015 | Overnight stays at least at 2015 level |
| National presence | Close cooperation with marketing organisations and service providers in tourism destinations | Functioning partnerships; systematic nurturing of contacts; active selling of our products |
| | Active cooperation with Parahotellerie Switzerland, the 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 efforts to strengthen the Hostelling International network on an international level |
| | Promote bilateral cooperation with national associations | Active cooperation with national associations |
| 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 2017–2019 |
| Pricing | Active revenue and channel management | Revenue optimisation |
| Cost/benefit management at Service Centre in Zurich | Every interaction is reviewed for effectiveness, efficiency (cost and personnel resources) and corrective measures are initiated | Management costs below 10% |
| Operating revenue in CHF | Increase revenue | CHF 49.8 million |
| Bed revenue in CHF | Increase revenue from beds | CHF 8,900 per bed |
| Revenue per overnight stay in CHF | Revenue per overnight stay at least at 2015 level | CHF 62.36 per overnight stay |
| Margin calculation | Maintain minimal margins for food, beverages, kiosk non-food and ticket sales | Counting as minimal margins are: Food 74%; beverages 55%; kiosk non-food 25%; Ticket sales minimum mark at company level 30%–40% |
| 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 | 3% 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 | All youth hostels must at least cover costs in line with profit margin II |
| Liquidity ratio III | Maintain liquidity ratio III at 2015 level | Liquidity ratio of at least 141% |
| Organisational capital | Maintain organisational capital at 2015 level | Organisational capital at least 38% |
| Return on equity | Return on equity of the SFST | 1% |
| Incoming revenue in CHF | Group queries are handled by the Sales department | Revenue CHF 700,000 |
| E-commerce revenue in CHF | Bookings via E-commerce | CHF 12 million, of which at least 50% via www.youthhostel.ch |
| Cross-selling revenue in CHF | Actively promote booking opportunities for partners in every youth hostel | Revenue CHF 450,000 |
| | Promote cross-selling through regional cooperations | Cooperation partners |
| Productivity per employee in CHF | Flexible personnel planning, adaptation to business performance | Productivity: Company level CHF 160,000 Hostel level CHF 173,000 |
| IQMS | Ongoing review and optimisation of administrative processes | All administrative processes by IQMS are reviewed, optimised and documented |
| IT infrastructure | Upgrading of IT hardware (central server) | Upgrading completed |
| | Highest possible availability | Maximum downtime 16 hours per year (excluding time required for planned maintenance/updates) |
| Risk management | Continuous review of risks according to IQMS specifications, adaption to new circumstances and taking appropriate measures | Review and definition of measures; risk minimisation |



Swiss Youth

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