

a&o

Sustainability Report

2023

June 2024

everyone
can travel –
today, tomorrow
and in the
future



About a&o

a&o Group was founded in 2000 and is today the biggest privately run hostel chain in Europe, operating 38 hostels in 25 cities. The hostels are located in 14 German cities as well as in Austria, the Czech Republic, Denmark, Hungary, Italy, the Netherlands, Poland and Scotland. As of today, a&o offers over 26,800 beds across single, double, family and multi-bed rooms. The a&o concept of combining the most important and guest-oriented elements of hotels and youth hostels under one roof differentiates the company from other hostel operators. Seminar/conference areas, outdoor spaces, communal kitchens and a bar are also part of the a&o Hostels' offer. Generally, the concept contains three pillars: professionalism, easy-to-access central locations and openness to everyone.

A flexible, dynamic and committed workforce as well as a centrally managed sales and marketing team ensure a&o can keep costs well below the industry average, which in turn generates tangible benefits for all guests. With this concept, a&o turned into a market leader in the hostel segment – attractive for price-conscious youth and family travellers.

a&o grew over the years from its own resources, with profit flowing back directly into the company. To finance new properties in European cities and to modernise existing hotels, a&o gained Stepstone and Proprium as investors in 2023. This enables a&o to maintain steady growth in exciting European tourist destinations.

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Foreword by the CEO



Oliver Winter
a&o CEO

Dear friends of a&o,

The a&o hostel concept is unique: 'everyone can travel' affordably and in central locations throughout major European cities! This founding idea is now a fascinating reality for our guests in 38 hostels in nine European countries. Just as we embarked on our journey to become the leading private hostel operator, a&o is now working hard to expand this position and combine this goal with the sustainable transformation of our company.

For me, the latter is far more than just a buzzword. After all, the fascinating and positive effects of travel should not be overshadowed by the negative impacts of our industry. This is why a&o has defined a clear sustainability strategy and a measurable implementation plan, just as it does for its economic development. All of these have verifiable, transparent targets. We proactively tackle them, especially in situations where a&o can make a noticeable contribution to the environment and society.

Because we take responsibility for sustainability – which may not always be perfect and is also cost and time-intensive – what we have achieved in terms of ESG is nevertheless impressive. Here are just a few examples of our achievements: Our CO₂e emissions have decreased by over 77.87% since 2015 – to just 3.32 kg of CO₂e per overnight stay. Except for two, all a&o hostels are GreenSign certified – most of them at Level 4, although we are particularly proud that our hostel in Venice has set a benchmark by achieving the top rating of Level 5. Furthermore, we continuously implement and evaluate sustainable accommodation offers for our guests. All these initiatives contribute to making the communicated 'a&o Mission Zero Emissions' a reality in 2025.

Significant milestones were also achieved in the social dimension last year. With our established requirements for sustainable sourcing, we are taking our suppliers and service providers with us on our journey. Although not mandatory for us, an additional a&o policy on human rights lays the foundation for a risk-based due diligence process, which is now being addressed.

All these successes and accomplishments of the a&o staff, suppliers and guests should not obscure the fact that there is still a lot to do. For older existing buildings, in particular, further large financial investments are required for energy-efficient renovations. For this alone, a&o has budgeted 20 million euros for the next five years. Given that, we are delighted to have Stepstone and Proprium on board as investors who also share our sustainability ambitions.

In addition, we will also step up our efforts to get the a&o workforce, our guests, suppliers and service providers behind the sustainable a&o corporate culture that is increasingly shaping our identity. This will not happen from one day to the next – but there is no way around it, if 'everyone can travel – today, tomorrow and in the future' is to apply in the future.

Therefore, we invite you to be an active part of a&o's journey towards a more sustainable future with our second edition of the 'a&o Sustainability Report'. I look forward to receiving your suggestions as we move forward, together.

Yours,

Oliver Winter, a&o CEO



1 Sustainable Corporate Governance at a&o – the ‘G’ of ESG

Sustainability at a&o means creating lasting economic added value for us as a company, its employees and its partners – while at the same time addressing ecological and social impacts along the value chain. This applies both to corporate governance (the ‘G’ of ESG) and to tackling environmental and social challenges (the ‘E’ and ‘S’ of ESG).

By having set such a framework for the a&o corporate management, we continuously drive the systematic anchoring of sustainability issues in our operating business. On the path to an ever more sustainable company, we have set short-, medium- and long-term targets across all dimensions. These are tracked, monitored and reported quarterly to the Executive Board.

In 2022 we established a strategic sustainability management process based on a thorough materiality assessment in a structured and focused manner. This includes defining strategic sustainability priorities and measures and providing communication about our commitments, achievements and challenges.

To integrate sustainability into a&o’s governance and management, the following targets and timeframes have been set and addressed (see table 1.1 below).

Table 1.1: a&o targets for sustainable governance.

Target	Target Horizon	Status 2022	Status 2023
Sustainable Business Strategy			
Conduct a materiality assessment according to the new requirements of the Corporate Sustainability Reporting Directive (CSRD)	2024	N/A	20%
Set up core KPIs, interim and long-term targets and integrate them into the steering of the company	2024	40%	70%
a&o Management			
Strengthen diversity in the a&o management composition	2024	In progress	In progress
Integrate sustainability into the a&o compensation scheme (where appropriate)	2024	50%	80%
Implement ISO 9001	2025	N/A	40%
Policies and Guidelines			
a&o Code of Ethics - Formulate, approve and communicate to all employees	2023	80%	100%
a&o Responsible Sourcing Policy - Communicate to all suppliers	2023	40%	100%
- Roll out for key suppliers (including the definition of joint efforts)	2023	10%	100%

IMPROVED CONSTANT WORSENER TARGET ACHIEVED



Figure 1.1
The most relevant Sustainable Development Goals for a&o.

1.1 Sustainable Development Goals – a&o’s Contributions

We are aware that our value creation processes at a&o have positive but also negative effects on social and environmental aspects as outlined by the United Nations’ Sustainable Development Goals (SDGs). To prioritise the most relevant SDGs for our business, we undertook an in-depth comparison of the a&o value chain in 2022 against all 17 SDGs.

As a result, the ones most relevant for a&o are SDGs 6, 7, 8, 11, 12 and 13 (see figure 1.1 above). This is why, these six goals have been especially considered in the materiality assessment and subsequent sustainable business strategy.

‘At a&o, we prioritise sustainable and responsible sourcing practices. Our ‘a&o Responsible Sourcing Policy’ guides us in partnering with suppliers, who share our commitment to environmental care and ethical behaviour. Together, we aim to minimize waste, reduce our environmental impact and promote fair labour practices within our supply chain.’

Yosif Georgiev
Director of Procurement

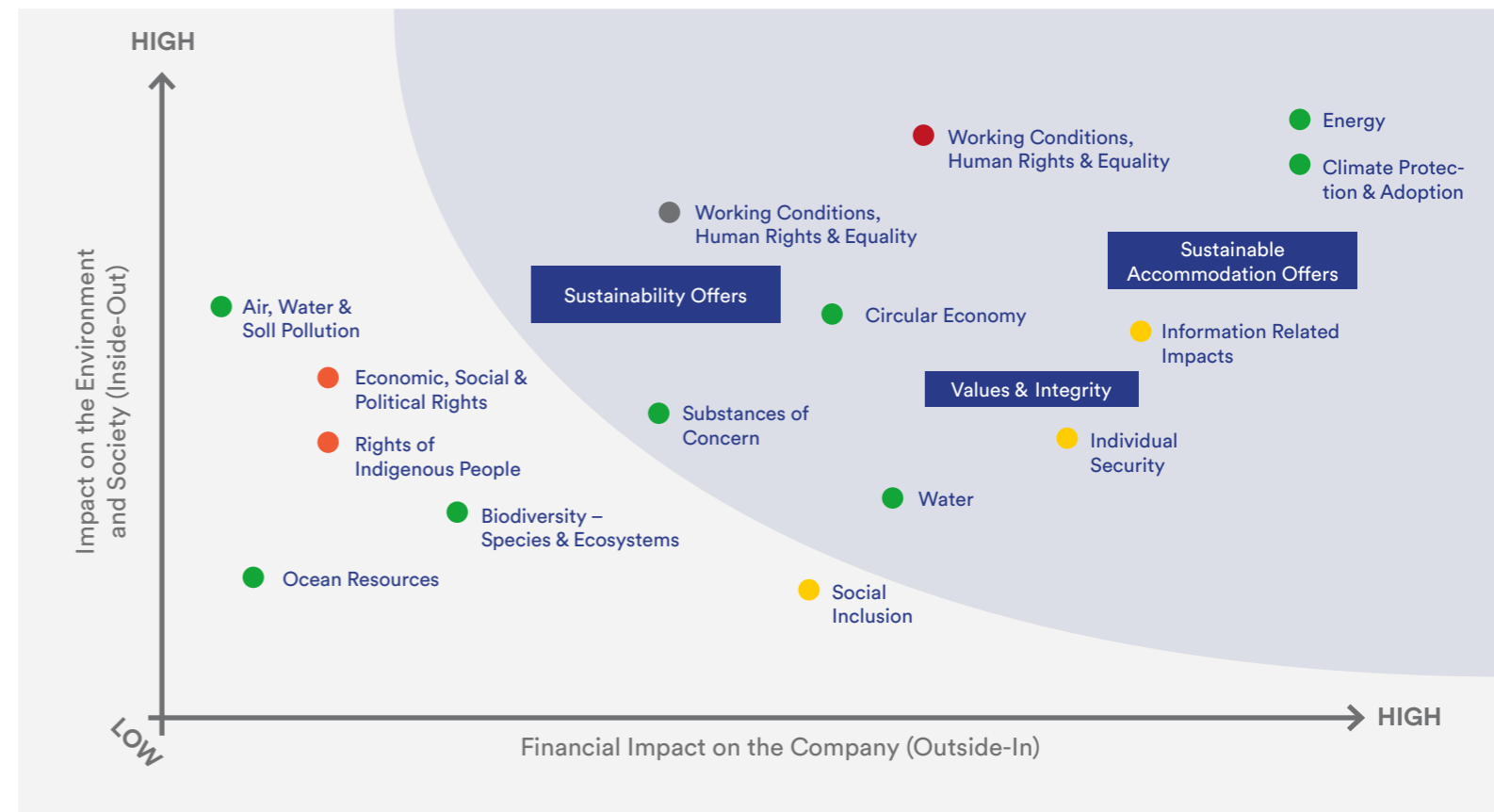
1.2 Materiality Assessment – Priority Fields of Action for a&o

To identify particularly strategic sustainability issues, a&o conducted a comprehensive materiality analysis in 2022 (fulfilling, at that time, the Non-Financial Reporting Directive [NFRD]). This year, the materiality assessment was slightly updated towards the new regulatory requirements of the Corporate Sustainability Reporting Directive (CSRD). Its full implementation – especially through the applications of the principle of ‘double materiality’ – is in preparation for the upcoming report.

As such, an analyst first reviews important sustainability framework conditions for their relevance to a&o – including the United Nations SDGs, legal requirements, etc. Furthermore, both the financial impact (see x-axis in figure 1.2) and the impact on environment and society (see y-axis, formerly ‘relevance for stakeholders’) have been slightly updated based on internal and external expert judgement towards the CSRD requirements.

Figure 1.2
‘a&o Materiality Matrix’

- GOVERNANCE
- ENVIRONMENT
- EMPLOYEES
- VALUE CHAIN
- AFFECTED COMMUNITIES
- CONSUMERS & END USERS



1.3 a&o Sustainable Business Strategy

In the reporting year 2023 and according to the materiality matrix, the most significant sustainability aspects for a&o remain unchanged – all of them have been clustered and are systematically embedded in a&o’s operational business (see figure 1.3).

Figure 1.3:
Strategic focal points of the sustainable a&o corporate strategy.

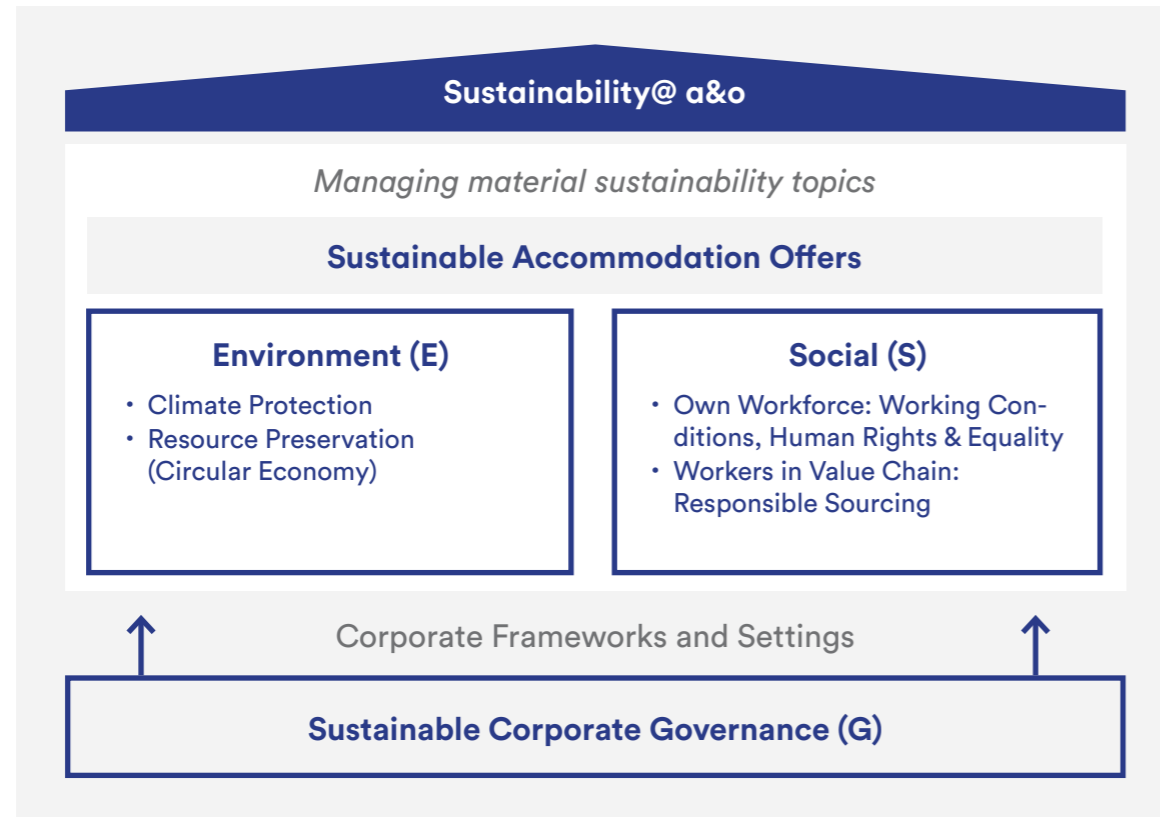
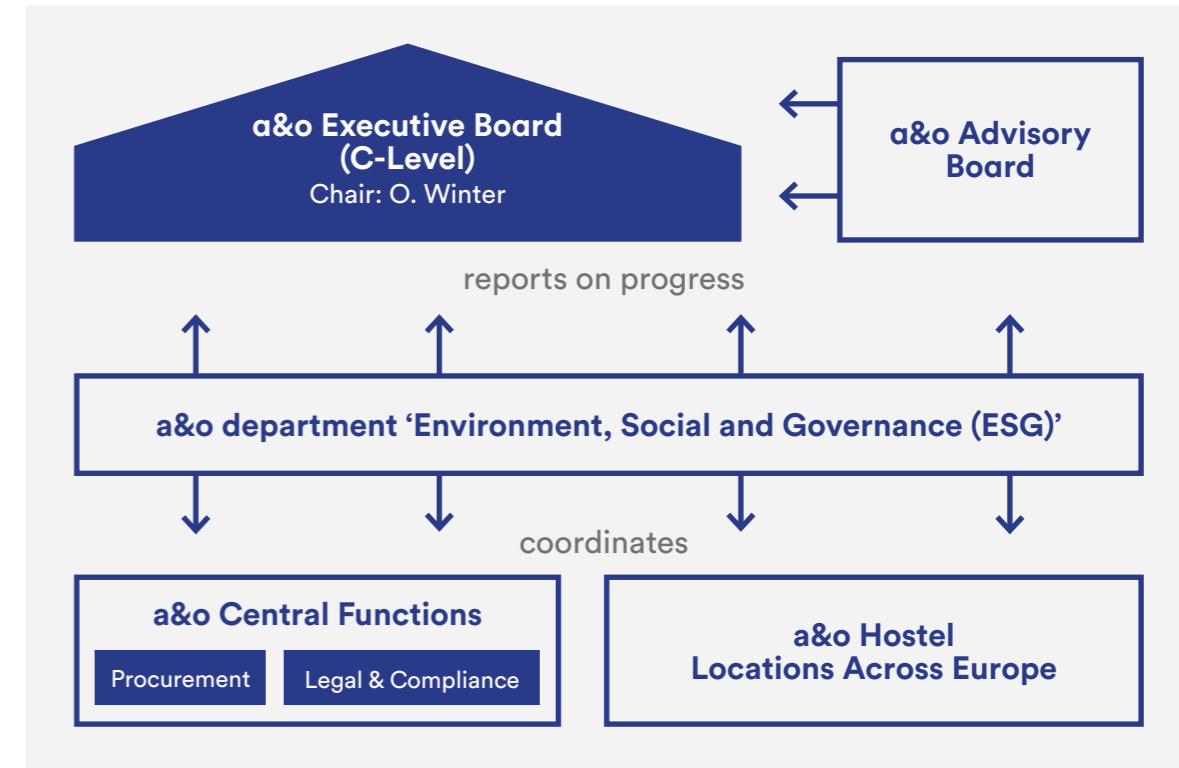


Figure 1.4:
Sustainability@a&o – Governance Structure.



1.4 Management-Approach to Sustainability

With a&o Hostels GmbH & Co. KG as the parent company, a&o has its headquarters in Berlin and operates under German law. The steering function has a five-member Executive Board, which is led by CEO, Oliver Winter. The Executive Board is responsible for making strategic decisions and overseeing regulatory, legal and compliance functions across the group to ensure effective operations and compliance with the applicable laws and regulations. The Executive Board is supported by an internationally composed Advisory Board, consisting of experienced members of the hospitality and leisure industry.

With sustainability as a core element of business, the Executive Board also serves as a&o’s highest sustainability decision-making body – operationally coordinated by a specifically set up department for ‘Environment, Social and Governance (ESG)’. Its staff manages the ESG work together with all necessary functions (such as Procurement, Legal, Marketing, Accounting, Finance and Construction) via an internal reporting process with detailed scorecards. Clearly defined responsibilities in the management and organisational structures for each of our business areas are designed to support this process. Key trends are reported quarterly to the Executive Board. Furthermore, knowing that our employees are pivotal to achieving our sustainability goals, a&o has additionally set up an ‘ESG Task Force’ in many of our hostels to generate, collect, investigate and suggest improvements in our approach to sustainability.

With this governance structure, a&o has established an efficient and results-oriented planning and implementation process with the submission of the strategic priorities for ‘Sustainability@a&o’. To achieve the desired sustainability results in addition to our quality targets, we have set up a four-stage analysis and implementation process with the support of external sustainability experts. It was initiated by the Executive Board, which is also responsible for it. In this way, we first create transparency in a regular cycle, secondly, we focus on key areas that are relevant to us, thirdly, we implement target-oriented programs and finally, we communicate transparently about them.



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‘We are Europe’s No. 1: Fun, quality and service belong to our mentality. We communicate in a clear and conceptual manner externally and internally. We strive for the satisfaction of our guests and employees. We are the technical pioneers in the industry. In 2025, we will be Europe’s first net zero CO₂e emission hostel chain’.

1.5

a&o’s Mission, Values, Policies and Guidelines

As an underlying orientation to develop the core of a&o’s business, we have formulated a vision statement, a mission statement and corporate values. These correspond to our mentality and provide us guidance in our daily work. Even more specific guidance is provided by our ‘a&o Code of Ethics’ and our ‘a&o Responsible Sourcing Policy,’ both finalised in 2022. In 2023, we completed the set of policies and guidelines with a newly formulated ‘Declaration of Principles on Human Rights’ in light of the German Supply Chain Due Diligence Law.

1.5.1 Vision, Mission and Values

Our vision and mission statements at a&o have been developed through a broad process involving our founder, management and employees. They reflect the culture of our organisation and guide us in our work as we strive to achieve our goals.

‘Sustainability begins with a solid foundation. Our governance therefore embeds ESG principles to guide our practical actions. In collaboration with our employees, partners and guests, we are actively working towards a future where our actions continuously impact our communities positively, protect the environment and inspire sustainable practices within our industry.’



Arben Maliqi
Director of ESG

info
box**MISSION STATEMENT**

‘We stand for a simple, flexible hotel and hostel product with a good sense for guests, the right trends and the necessary courage, which bring us our unorthodox reputation in the travel industry. With our comprehensible concept, we aim to make guests pay only for the components they truly need and want. With a clear focus on costs and size, we offer our guests budget-priced accommodation at central locations. We operate at the lowest possible CO₂e emission level per guest overnight’.

1.5.2 Integrity and Compliance

[Click to read the ‘a&o Code of Ethics’](#)



In striving to live up to the expanded ambition of ‘everyone can travel – today, tomorrow and in the future’, we endeavour to act equally with integrity among ourselves, with business partners and as part of society. That is why, in 2022, we introduced the ‘a&o Code of Ethics’ for our employees, whom we all see as ambassadors of our company. This code supports them in overcoming legal and ethical challenges and provides guidance when making decisions. Compliance with the rules always has been a priority and is non-negotiable. There can be no compromises here.

The ‘a&o Code of Ethics’ applies to all a&o employees, and its contents and requirements have been comprehensively communicated to them through specially designed training courses. Through the ‘a&o Code of Ethics’, we demonstrate to our customers and business partners the values that are important to us in fostering a trusting relationship. We emphasise that our customer partnerships, which are at the heart of everything we do, are characterised by respectful and honest interactions.



[Click to read the ‘a&o Responsible Sourcing Policy’](#)

**1.5.3 Responsible Sourcing Policy**

In the reporting year 2023, a&o made significant progress in implementing the newly developed ‘a&o Responsible Sourcing Policy’. By formulating what is important to a&o in our purchasing decisions when it comes to social responsibility, environmental protection and responsible business conduct (with reference to the ‘a&o Code of Ethics’), we are making our suppliers more and more to a partner on our sustainability journey. We may not be the biggest player, compared to multinational hotel chains. Nevertheless, we trust that our suppliers share the same sustainability ambitions. Therefore, our Executive Board has mandated a&o procurement to integrate sustainability considerations in their decision-making.

The ‘a&o Responsible Sourcing Policy’ refers to applicable law and internationally accepted requirements pertaining to human rights, environmental protection and responsible business conduct. Therefore, the policy considers both potential adverse effects of operating a hostel as well as the consumption and use of materials and products sourced from global supply chains.

This means the ‘a&o Responsible Sourcing Policy’ applies to both a&o procurement staff and all our product suppliers and service providers alike. It defines minimum requirements (musts) and further expectations, which any responsible company should strive to meet.



1.5.4 Declaration of Principles on Human Rights

[Click to read the 'Declaration of Principles on Human Rights'](#)



Defined as a material topic and subsequently strategic priority, a&o in 2023 actively addressed human rights. Developed in 2023 (made public on the website in early 2024) a&o introduced its 'Declaration of Principles on Human Rights' in line with the German Supply Chain Due Diligence Law (Lieferkettensorgfaltspflichtengesetz, LkSG) – even though our company, due to our size, is not required to do so by law.

As a company in the European tourism industry, whose specific potential human rights risks also form the basis of this policy statement, we address two areas in particular. Firstly, respect for

human rights in our business area, i.e., directly in our local hostels. And secondly, regarding the services and goods we purchase (via national and international supply chains).

The 'Declaration of Principles on Human Rights', referencing already abstract human rights risks, will serve as underlying guidance for the following concrete risk assessments, to be rolled out in a risk-based priority until 2025 (for targets refer to table 3.1).



1.5.5 Transparency on Sustainability: Communication and Dilemmas

With this 'a&o Sustainability Report 2023' as part of our sustainability management, we publicly report for the second time on our commitment, achievements, goals and ambitions. However, we do not want to conceal the limits that we face as a medium-sized company, including what we can influence, where we are dependent on cooperation with business partners and where we encounter frameworks shaped by political institutions. Dilemmas or challenges in this sense include:

- Limited access to information about the origin of the materials we purchase, which are potentially critical to human rights.
- Due to our low purchasing volume, we are unable to influence the conditions in the supply chain or the conditions in the countries of origin.

'At a&o, legal work extends interpreting laws; it supports safeguarding the rights of all, including guests, employees and communities. The 'a&o Declaration of Principles on Human Rights' ensures compliance and fosters dignity and equality. Our commitment enhances our reputation and aligns us with global ethical standards.'

Amina Okita
Legal Counsel





2 Environmental Protection at a&o – the ‘E’ of ESG











At a&o, operational environmental protection is a central element of a holistic approach to sustainability. We manage it operationally and strategically, with a focus on climate protection and resource conservation in the context of a circular economy. Therefore, the Board of Management has set and approved the following targets for environmental initiatives:

Table 2.1: Environmental targets and time horizon.

Target	Target Horizon	Status 2022	Status 2023
Climate Protection			
a&o endeavours to be the first European hostel group to be Net Zero	2025	20,788.40 t CO ₂ e emissions after offsets with EECS certificates	20,219.06 t
Use only green electricity in all European hostels, guaranteed by individual green electricity purchasing contracts (in all locations where available)	2023	97% (Currently 37 of 38 houses use 100% green energy or EECS certificates)	97%
Extend the installation of photovoltaic systems in our hostels wherever possible	2026	20%	20% (Planned for 12 hostels in 2024)
Improve the energy efficiency ratings of our buildings and properties which are below level C (according to the Energy Performance Certificates, EPCs) by one class for each hostel	2026	All hostels have an energy efficiency performance certificate (EPC)	2 hostels completed; further ones planned 2024 onwards
Investigate increasing the number of hostels with CO ₂ e-neutral linen service to 80% and options to reduce the linen transport distances	2025	In progress	In progress
Shift the company vehicle fleet to 90% hybrid or full electric vehicle	2025	75%	100%
Offer special sustainability accommodation packages at select locations at minimal additional cost	2023	40%	100%

IMPROVED CONSTANT WORSENER TARGET ACHIEVED

The total CO₂-emissions for 2022 had to be adjusted from 20,766 t to 20,788 tones due to calculation errors by Gode Gaia.

Target	Target Horizon	Status 2022	Status 2023
Resource Preservation			
Eco pest control only by licensed contractors with non-hazardous cleaning materials	2024	75 %	100 %  
Installation of green building facades at five hostels	2023	10 %	100 %  
Enhance collaboration and dialogue with waste removers to improve the separation and recycling of materials at their sites, in order to increase the reuse of materials and promote a circular economy	2026	40 %	60 % 
Implement 'a&o Responsible Sourcing Policy' standards	2023	20 %	100 %  
Initiate ISO 5001 implementation for energy efficiency management	2026	N/A	10 %
Shorten food transportation by 10% annually by prioritising the procurement of local food sources	2027	50 %	70 % 
Discontinue offering tropical fruits and seafood	2026	0 %	100 %  
250 square metres of surface unsealing per year at a&o inner-city locations to improve rainwater infiltration	2026	10 %	In progress

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[Click to read the Sustainable Fitch Rating of a&o.](#)



2.1 Environmental Risk Management at a&o

Environmental risk management is an important building block in identifying and addressing potential environmental risks at an early stage. At a&o, we undertake this process both at a group level and individually at each hostel location we operate. Furthermore, our approach is also evaluated by external rating agencies, from Sustainable Fitch in early 2023, where we received an ESG entity Rating of '2'. We will continue to further consider recommendations by such rating agencies in our overall approach, seeking a joint effort from a&o and the financial sector.

As a practical example, we have initiated partnerships with external experts to conduct energy efficiency analyses on some of our hostels. Through these external assessments, we ensure an unbiased approach to have a solid basis to improve the energy efficiency of our hostels, as outlined in our targets.

2.2 Carbon Offset Initiatives

In our pursuit of achieving net zero emissions in 2025, we are exploring diverse and credible avenues for carbon offsetting that align with our sustainability goals. We've initiated discussions with European-based entities focused on environmental initiatives, particularly those involving regenerative practices that do more than just offset carbon – they contribute to ecosystem resilience. This approach is integral to our commitment to not only meet our carbon offset needs but also to enhance sustainability.

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REFERENCE SYSTEMS

- **United Nations Sustainable Development Goals (SDGs)**
- **Greenhouse Gas Protocol (GHGP) of the World Business Council for Sustainable Development (WBCSD)**
- **The Paris Climate Agreement, the climate protection targets of the 'European Green Deal', the German Climate Protection Act and the climate protection laws of the German federal states**
- **Internal: 'a&o Code of Ethics' and 'a&o Responsible Sourcing Policy'**

'In the DNA of our construction department lies the foundation of sustainability. Here commitment meets responsibility. As we build the future of our houses, we want our results to speak louder than words and ensure the way for a sustainable future.'

Thomas Püschel
Head of Construction

2.3 Climate Protection

‘In 2025, a&o will be Europe’s first net zero CO₂e emission hostel chain’. a&o sees environmental protection as one of the cornerstones of our holistic sustainability approach. Among the multitude of pressing issues, CO₂e – as a major climate-affecting component – is of key importance. This is why we invest a lot of effort to reduce the CO₂e footprint not only of every hostel but also of our entire group.

Key figures	Status 2022	Status 2023
CO ₂ e emissions according to the GHGP (in tons CO ₂ e)		
Scope 1: CO ₂ e released directly in the company from production (e.g., combustion processes)*	2,445.44 t	1,027.30 t
Scope 2: All emissions generated off-site – in the form of electricity, steam, (district) heating and cooling	5,588.33 t	5,842.78 t
Scope 3: CO ₂ e emissions released from upstream processes	12,754.63 t	13,348.98 t
Scope 3: CO ₂ e emissions released from downstream processes	Minimal	Minimal
Total emissions of a&o Hostels GmbH & Co. KG for Scope 1, 2 and 3	20,766 t	20,219.06 t
CO₂e emissions per overnight stay	3.74 kg	3.32 kg

* Scope 1 emissions have been reduced from 2022 to 2023. The primary reason for this reduction is the increase in invoices that were provided in 2023, resulting in a higher amount of data that was analysed. In addition, we also switched from gas to district heating at a&o München Hackerbrücke.

a&o began tracking its carbon footprint in 2015. We commissioned external experts to calculate our CO₂e footprint, and based on their findings, we have established a clear reduction path. Since 2015, we have successfully reduced our emissions from 15 kg to 3.32 kg CO₂e per overnight, achieving a reduction of 77.87%.

2.3.1 Climate Protection for a&o Buildings

With a&o on the path towards becoming a CO₂e net zero company, we are already taking the next steps for our buildings to further improve our climate balance in the triad of ‘avoid, reduce and compensate’. With this in mind, we are placing particular focus on areas with the highest potential for savings. As for our buildings, these measures include among others:

- We changed our power supply to green electricity at all locations besides a&o Warszawa Wola, thereby substantially reducing our Scope 2 emissions.
- We improve building insulation and procure heating energy through district heating or biogas where possible.
- We investigate the environmental and economic benefits of heat pump installation at selected locations.
- We are installing or extending photovoltaic (PV) systems wherever viable.
- We are improving the energy efficiency ratings of all our buildings and properties.
- By 2026, we commit to elevating every hostel’s energy efficiency rating currently rated below Level C, according to the Energy Performance Certificates (EPCs), to at least one classification higher than its status in 2022.



2.3.2 Climate Protection for a&o Operations

While we focus on the CO₂e emissions from Scope 1 and 2, we are nevertheless aware of the challenges for Scope 3 emissions – upstream and downstream. These particularly relate to the procurement and delivery of all long-lasting hostel equipment such as furniture, machinery, kitchen equipment and many other fixtures. Furthermore, a wide range of consumables from food and beverages to cleaning materials have a substantial impact on our Scope 3 CO₂e emissions.

For the cost-effective procurement of a wide range of investment and consumable goods, our leverage to reduce the CO₂e footprint of a&o Hostels may sometimes be limited. This applies particularly to suppliers with which we have only small purchasing volumes. Here, we are implementing our ‘a&o Responsible Sourcing Policy’, which will help and motivate our suppliers to adhere to the same high standards of environmental protection that we follow ourselves. Therefore, our purchasing department has included the ‘a&o Responsible Sourcing Policy’ to all newly closed contracts in 2023 as a mandatory addendum.

In other areas, our measures are very specific. A practical accession of a&o’s efforts to reduce the transportation distances of food applies to our hostel in Venice. In the past, many of the products we procured were based solely on cost from Austria. As a&o has set itself the target to reduce the CO₂e impact on transportation, we have changed to a more sustainable local supply.

Another example of a&o’s endeavours to reduce CO₂e emissions is our decision to no longer offer tropical fruit and seafood at our buffets, as these products often have very long supply routes and thereby generate substantial emissions on their way to our hostels. We have replaced these products with more locally produced items.

Another factor that we can strongly influence is our vehicle fleet. 90 per cent of our company vehicles are already fully electric, or hybrid and we have a plan to further shift our vehicle fleet towards exhaust emission-free vehicles.

Similarly, the transportation, treatment and disposal of waste generated in our hostels also contribute towards Scope 3 emissions. Therefore, we undertook several efforts, to reduce those emissions (see chapter on circular economy).

And finally, business travel and employee commuting generate Scope 3 CO₂e emissions. To this end, incentives are provided to employees to use public transport to reduce emissions.

2.4 Resource Conservation and Recycling Management

On the environmental side, our focus is not only on climate protection but also on resource conservation and our commitment to the recycling economy. This is in line with the sometimes differing requirements at our European locations but also goes beyond this.

For a&o, resource conservation and recycling management are relevant for a multitude of products we procure as investments and as consumables. Our investments include all building-related materials and fixtures, from furniture and kitchen equipment to a variety of cleaning equipment. Consumables include all food, beverages, cleaning chemicals and much more.

As many of the resources we purchase and use in our business will eventually become waste, we need to consider not only their function and cost-effectiveness during their use phase but also how to manage them during the end-of-life phase (EoL). To integrate the requirements of a circular economy into daily operations in the best possible way, a&o employees in particular are called upon to contribute their ideas for greater resource efficiency and to involve our guests as valuable partners.



Furthermore, our 'a&o Responsible Sourcing Policy' supports our efforts. Here, suppliers must use natural resources, such as water, raw materials or energy, as consciously and economically as possible in their production processes. Wherever technically and qualitatively possible, suppliers should use secondary, bio-based and renewable materials. With this approach, we aim to extend out as far as possible into the upstream processes of our suppliers. This also reaches into the downstream processes of a&o where recycling efforts and waste avoidance (in line with the hierarchy of 'prevent, reduce, recycle, recover and dispose') will be continuously intensified. Here we work together with collection contractors to improve the separation processes of some waste at our hostels but foremost at their specialised separation facilities. The process of waste generation at source and the highly efficient separation of waste must work together. Service suppliers can then effectively ensure separation and recycling activities at their facilities to redirect the maximum percentage of materials into the circular economy.

In Germany, for example, we have streamlined our waste removal contacts to one major supplier. This guarantees that waste from all our German hostels is sorted and separated in the contractors sorting and recycling facilities, even if wastes cannot be sorted already at our hostels, for example, due to very restricted spaces available.





3 Social Commitment of a&o – the ‘S’ of ESG

Alongside governance and environmental protection, the social dimension (the ‘S’ of ESG) forms the third important pillar of a&o’s commitment to sustainability. We have also set ourselves ambitious goals for the future – particularly concerning our workforce, human rights (both within our operations and throughout our supply chain) and the communities we impact.

Table 3.1: Social commitment targets.

Target	Target Horizon	Status 2022	Status 2023
Employees			
Implementing a company health management programme	2024	N/A	20%
Creating sustainability training for all employees	2024	10%	50% ↗
Developing and implementing a biennial employee satisfaction survey	2024	In progress	In progress
Implementing human resources software	2023	50%	80% ↗
Human Rights			
Developing a human rights policy statement	2023	10%	100% 🚩
Conducting an abstract human rights risk assessment	2023	10%	50% ↗
Assessing concrete human rights at 38 (=100%) a&o locations	2024–2025	10%	20% ↗
Addressing all potentially human rights-critical materials and products	2023–2025	10%	40% ↗
Integrating human rights decision-making criteria in procurement processes and purchasing conditions	2023	30%	100% 🚩

↗ IMPROVED ↔ CONSTANT ↘ WORSENER 🚩 TARGET ACHIEVED

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REFERENCE SYSTEMS

- Sustainable Development Goals of the United Nations (SDGs)
- UN-Guiding Principles for Business and Human Rights
- Universal Declaration of Human Rights of the United Nations
- Core Labour Standards of the International Labour Organisation (ILO)
- Requirements of the German Occupational Health and Safety Acts (in Germany the ArbSchG)
- Internal: ‘a&o Integrity Code’, ‘a&o Responsible Sourcing Policy’ and the ‘Declaration of Principles on Human Rights’



Table 3.2: Employees at a&o – key figures.

Key Figures	2022	2023
Total workforce (fixed staff and part-time)	1,200	1,306
Turnover rate at headquarters (excluding part-time staff)	12,5%	14,5%
Gender ratio of total workforce (m / f)	Top Management 85% / 15% Middle Management 58% / 42%	770 / 536
Investment in education / training	EUR 250,000	EUR 300,000
Reported occupational health incidents / deaths	12 / 0	5 / 0

IMPROVED CONSTANT WORSENER TARGET ACHIEVED

3.1 Own Workforce at a&o

Our 1,306 employees (fixed staff and part-time) use innovative thinking and diverse skill sets to provide our guests with an exceptional travelling experience. Every day they do everything to ensure we continue to thrive as a company, and we are proud to have such a committed team working together towards our shared goals. a&o believes in prioritising the health and well-being of our employees. We understand that a healthy and motivated team is essential to our success and our reputation as an attractive employer. To support our team, our human resources efforts include a variety of initiatives such as a group pension scheme organised through direct insurance, rigorous health and safety standards, ongoing training and education opportunities and competitive compensation models.

The requirements for occupational health and safety in operating our hostels and their administration at our company are regularly checked and documented for potential hazards. Any necessary measures are implemented. This includes among other things, ergonomic workplaces, procedures for handling hazardous substances, fire protection, the safety of electronic devices and systems, machine safety, noise protection and lighting or preventive measures for the avoidance of back/muscle injuries and other illnesses. a&o employees are also regularly trained in this area.

We are committed to the health and safety of our employees, customers and community. We have an established incident reporting system in place, and sharing information about these incidents is crucial for learning and improving our practices. Furthermore, a&o will establish a corporate-wide system for health management by the end of 2024.

Fortunately, there have not been any serious injuries or loss of life at any of our facilities in 2023. However, five (2022: 12) health and safety incidents have been reported, and we are working continuously to keep these to a minimum.

‘Sustainability matters to me personally and professionally. a&o’s sustainability mission played a vital role in my hiring process. I appreciated seeing efforts at every level, from small actions to major initiatives.’

Makyla Bishop
Communications Manager



3.2 Human Rights and Responsible Supply Chain at a&o

We bear responsibility within the scope of possibility for respecting and safeguarding human rights, as well as ensuring fair conditions in our supply chain. This forms one of the strategic pillars of our sustainability strategy. Therefore, we conduct systematic human rights due diligence, which we began in 2023 with an abstract risk assessment (see also 'Declaration of Principles on Human Rights'). A concrete risk assessment will follow. We aim to ensure that no human rights violations occur at our hostel operations and, in reference to the supply chain, that our products are produced and offered without any human rights violations. In our procurement process, we prioritise working with associations, organisations and suppliers who share our values and commitment to human rights whenever possible.

There may be potential risks of human rights violations in the a&o value chain at our locations, but to the best of our knowledge, we are not aware of any violations within our hostels or among service providers working for us. Regarding our supply chain, it might be possible that some of the goods we purchase (e.g., food and beverages) may present human rights issues, even if the countries of origin adhere to international laws and regulations. In light of this, we have initiated a dialogue with selected main suppliers and have incorporated the results into our procurement processes.

'a&o, it's more than a workplace – it's a collaborative ecosystem where every voice is valued, ideas become action and sustainability is core. Inspired by colleagues, we shape and implement ESG strategies.'

Cedric Coy

Executive Assistant & Head of ESG Task Force



The ESG Task Force met for its first face-to-face meeting in February 2023 to discuss future plans for the team!



3.3 a&o Corporate Citizenship

In addition to our business activities, a&o prioritises being a good corporate citizen, engaging in targeted social sponsorship around our hostel locations throughout Europe. Defined focus areas include sport, art, environment, science, education, social affairs and emergency aid. These are deliberately chosen to open our hostels directly for social purposes and contribute to cities worth living in. In addition to group-wide funding, we also empower local hostel management to address social challenges in their specific environment.

a&o Sport Sponsoring



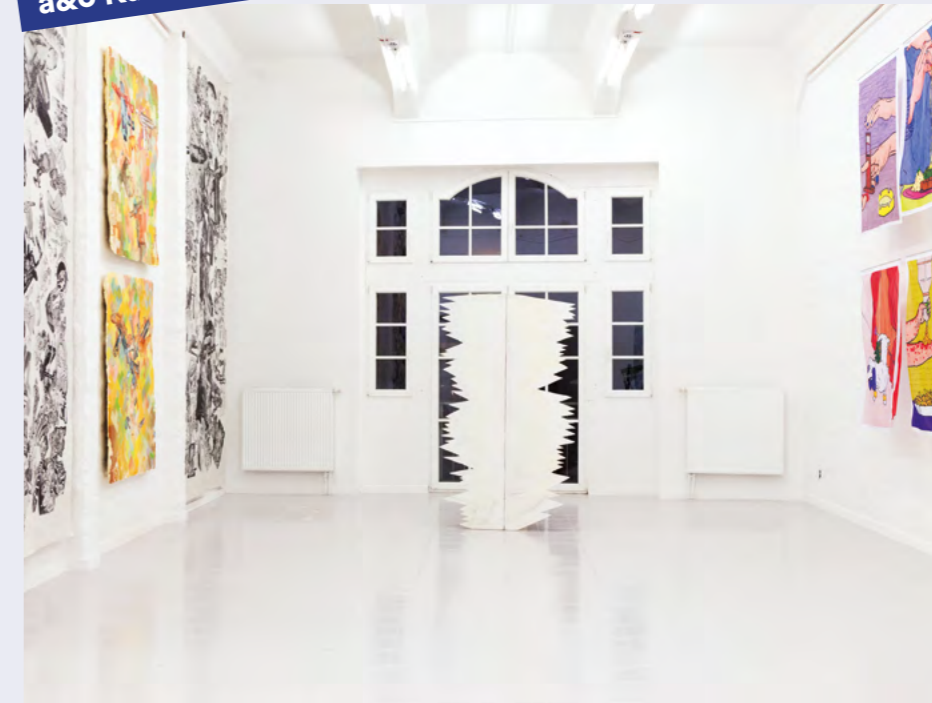
Over 2,000 overnight stays were provided for FC Union Berlin, the DESG German Speed Skating and Short Track Association, Hachinohe Japan Juniors, FC Hansa Rostock, the youth partner of ALBA Berlin, Eisbären Juniors Berlin and ttc berlin eastside.



a&o | KUNSTHALLE

Since its establishment in 2018, the a&o Kunsthalle in Leipzig has become a prominent cultural hub, celebrating its fifth anniversary in 2023. Directed by Tanja Heuchele, the venue has hosted over 350 artists from across Europe, focusing on socially critical and multimedia exhibitions with a commitment to accessibility. Supported by public funding and dedicated volunteers, it offers free entry and has seen a rise in school visits and cultural interest.

a&o Kunsthalle

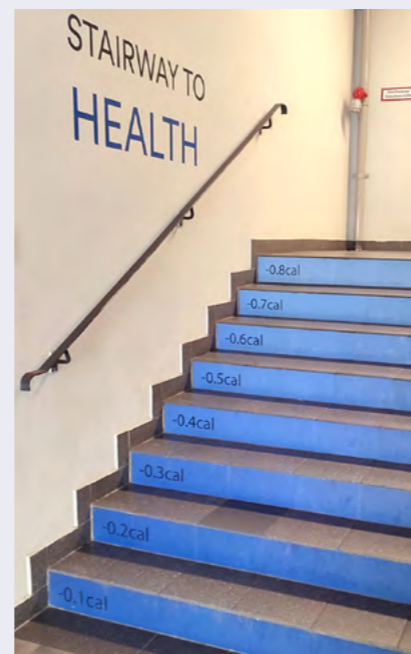


a&o educare

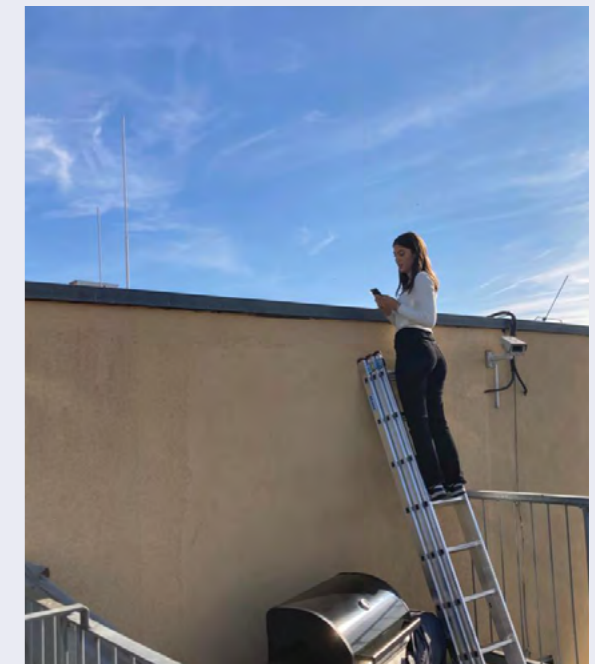
The non-profit organization 'a&o educare e. V.' was established in 2023 and is an important pillar in our social commitment.

For both employees and guests, a&o educare develops projects on sustainability education, based on the '17 UN Sustainable Development Goals (SDGs)'. The association pursues its goals by implementing such innovative educational programs in the a&o hostels or, for example with an app project for the solidarity-based financing of school trips.

Environment & Science



A splendid event organised by a&o educare e. V. at the a&o headquarters in Berlin: Children from the 'Europa Miniköche Eifel' bake freshly delectable waffles for a&o employees.



Together with the Fresenius University of Applied Sciences Wiesbaden, 'a&o Insect Hotels' were created. The first of its kind will be built in Frankfurt in 2024, with more of them to come.





Appendix

Report Profile The 'a&o Sustainability Report 2023' is oriented on the reporting requirements of the CSRD and the Global Reporting Initiative (GRI) – without, however, fully following its requirements as a medium-sized company. The reporting period is the year 2023. We are currently planning annual updates, with the next report for 2024 to be published in 2025 – then complying with the requirements of the CSRD.

CO₂e Calculation In general, climate justice means that for the climate-impacting gases released directly or indirectly by a company, corresponding emission quantities are simultaneously avoided elsewhere. In order to create the conditions for this, a&o has commissioned Dr. Heger & Experten as an experienced service provider with the survey of the corporate CO₂e footprint. Data from original documentation, like supplier invoices, were analyzed, transformed and calculated into CO₂e emissions by Code Gaia GmbH and then forwarded to Dr. Heger & Experten. For the 2023 GHG-Emissions Analysis Code Gaia used a hybrid approach of invoice-based- and activity-data analysis. To fill data gaps extrapolation was used. Refrigerant emissions in 2023 were excluded from Scope 1. A&o will strive to establish a reliable data basis on refrigerants as soon as possible. Scope 3 still is very challenging regarding the collection of reliable data. A&o made significant progress in the 2023 report versus the 2022 report. All CO₂e emissions include the following seven greenhouse gases covered by the Kyoto Protocol: Carbon dioxide (CO₂), Methane (CH₄), Nitrous oxide (N₂O), Hydrofluorocarbons (HFC), Perfluorinated hydrocarbons (PCF), Sulphur hexafluoride (SF₆) and Nitrogen trifluoride (NF₃).

The calculation of the CO₂e footprint used the internationally recognized method of the Greenhouse Gas Protocol (Scope 1, 2 and 3) – for delimited, selected standard products and under the following system limits:

Accounting period Calendar year 2023

Organizational Boundaries All 38 European hostels and headquarters of the a&o Hostels GmbH & Co. KG Adalbertstr. 50, 10179 Berlin

Reference products Inexpensive accommodation centrally located for backpackers, youth groups, families and business travellers, co-working spaces and conference rooms

Evaluation Measures Recognized emission factors are used to determine the a&o CO₂e foot-print – e.g., those of the German Federal Environment Agency (UBA) or the British Department for Environment, Food and Rural Affairs (DEFRA)

In line with the requirements of the Greenhouse Gas Protocol, all CO₂e emissions were included – those in the company itself, eight categories in the upstream chain and a further seven categories in downstream product use and disposal. In the assessment, Dr. Heger & Experts classified all CO₂e-contributions from approximately 1 percent of total CO₂e emissions as relevant. Heger & Experts classified all CO₂e-contributions from approximately 1 per cent of total CO₂e emissions as relevant.

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You can find additional information on sustainability at a&o at:
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