

The core behaviours of the MCH Group: passion, professionalism, entrepreneurial spirit, agility, trustworthiness.

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## Local community

The MCH Group is committed to institutions that promote the economy and business locations by actively and transparently supporting them through its membership and/or partnership in specific projects (see Annex, page 4).

On political issues directly affecting the company, the MCH Group publicly expresses its points of view. It does not get involved in political discussions that do not affect the company or its business activity.

The economic impact of the MCH Group's business activity and the assumption of its obligations towards its local communities are described in the "Economic" chapter (page 13).

The MCH Group is reluctant to take on sponsoring commitments, since it is dependent on contributions from the public purse for big infrastructure investments and is itself a partner of sponsors at a large number of events. It makes a distinction between sponsoring commitments that involve the provision of corresponding (communicative) services in return and support which is provided without any expectation of receiving anything in return. In both cases, what it provides can be financial contributions, services and/or the supply of materials (Location Partner).

The financial contributions and the materials and services that the MCH Group provided to different organisations in 2016 had a total value of some CHF 300 000.

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## Protection of intellectual property

The MCH Group's brands constitute a significant enterprise value. Brand protection provides legal security and is a clear indication that the intellectual property rights of the corresponding brand belong to the MCH Group and are also protected by the group. At present, some 250 word and picture brands are registered for the MCH Group at the Swiss Federal Institute of Intellectual Property (IGE) in Bern.

Corporate Legal & Management Services checks the IGE report on the registered brands each week. In the event of brands of the MCH Group being violated, the protection afforded by these brands is enforced by legal means.

The MCH Group is a member of "Stop Piracy", the Swiss anti-counterfeiting and anti-piracy platform that was set up by the Federal Institute of Intellectual Property in 2005. For 30 years, the MCH Group has been committed to the protection of intellectual property in the context of the Baselworld Watch and Jewellery Show and supports the fight against counterfeited and pirated goods. At Baselworld, anyone who considers that their intellectual property rights have been violated through the presentation of an object at the show can have recourse to the show's own arbitration board – the Baselworld Panel. The arbitration board decides within a single working day whether the rights to a design, brands, patents of invention or copyright-protected works have been violated.

The Baselworld Watch and Jewellery Show is an official supporter of the Responsible Jewellery Council (RJC). The RJC campaigns for responsible practices in the jewellery industry – from the mining of the precious metals, via their processing, right through to the retail trade. The more than 700 companies that have been RJC-certified in the meantime guarantee compliance with the corresponding ethical, human-rights, and social and ecological principles.

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## Employment

At the end of the 2016 reporting year, the MCH Group had a total of 632 permanent employees. The number of employees thus increased by 14 permanent employees in the reporting year (2.3%). This number includes employees at all the companies wholly owned by the MCH Group. It similarly includes India Art Fair (IAF), in which the MCH Group has had a majority holding since 2016.

The MCH Group offers its employees attractive working and employment conditions for the standard wages on the market. A bonus system commensurate with the different company levels ensures that a large number of employees benefit from the success of the group as a whole and the individual business units, on the one hand, and from the attainment of their personal targets, on the other hand, the latter being agreed on in a discussion with their supervisor.

Employees on permanent contracts/Companies	31.12.2016		31.12.2015	
MCH Group Ltd.		25		24
MCH Swiss Exhibition (Basel) Ltd.		320		306
MCH Swiss Exhibition (Zurich) Ltd.		29		29
MCH Beaulieu Lausanne SA		34		46
MCH Global Ltd. (since 2016)		3		0
Reflection Marketing AG		11		8
Rufener Events Ltd		27		24
Expomobilia AG		93		96
Winkler Multi Media Events AG		90		85
Total		632		618

Hierarchy levels/Gender	31.12.2016		31.12.2015	
	Male	Female	Male	Female
Board of Directors MCH Group	8	3	9	2
Executive Board MCH Group	5	0	5	0
Management subsidiaries	17	3	14	2
Managerial staff	99	40	97	39
Employees	245	223	250	211

Nationalities/Gender	31.12.2016		31.12.2015	
	Male	Female	Male	Female
Switzerland	269	176	275	176
Germany	53	33	54	28
France	11	8	11	8
Italy	3	4	4	4
Austria	1	2	2	1
USA	2	3	2	1
China	2	19	1	16
India	7	5	0	0
Other	16	18	17	18

Time spent on further training (hours)	2016		2015	
	Male	Female	Male	Female
Senior management	71	0	50	0
Management	540	88	303	351
Employees	799	324	458	738

Under the lead of Human Resources, the Executive Board and senior management have formulated the competences, values and conduct that the employees of the MCH Group are to strive for. These are set out in the following core behaviours: passion, professionalism, entrepreneurial spirit, agility and trustworthiness. The newly formulated “Corporate Culture” is geared to the company’s future-oriented development. The core behaviours serve as a guideline in the recruitment process for new employees. They have also been channelled into the agreed targets and individual performance assessment process in a number of companies.

#### Training and education

Employees are constantly supported in their further personal and professional development through internal training and continuing education programmes, as well as through financial support for attending external courses and training sessions.

Further details on employment and on training and education may be found in the Annex, on pages 2 – 4 and 13 – 14.

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## Governance

The MCH Group adheres to the provisions of relevance to corporate governance in the current legislation, in the directives issued by the SIX Swiss Exchange and in the rules of conduct contained in the Swiss Code of Best Practice. The company's basic fundamentals include all the essential principles to ensure that the management, supervision and transparency of the company are in accordance with good corporate governance.

Details of Corporate Governance may be found in the 2016 Annual Report:

> [www.mch-group.com](http://www.mch-group.com)  
“News”/“Reports”

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## Corruption

Exhibition and event organisers are fundamentally subject to a certain passive risk of corruption. In the exhibition business, it is possible, for example, for exhibiting companies and suppliers to want to obtain advantages (stand positioning, receipt of orders, etc.) by the corresponding means. Corrupt behaviour of this type would have a considerable influence on the configuration of an exhibition, impairing its quality and ultimately jeopardising its existence

An anti-corruption agreement has been part of the General Terms of Employment of the MCH Group since 1992 and this is signed by all employees as part of their contract of employment.

The provisions governing the admission of exhibiting companies provide protection against the risk of passive corruption. Admission is based on clear-cut criteria that are set out in the Exhibition Regulations. They also include criteria that have to be fulfilled by the exhibitor, such as the observance of human rights. For Art Basel, where the selection of the exhibitors to be admitted to the show is performed by an international committee, a two-stage admission procedure has been introduced with the possibility of an appeal.

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## Compliance

In the course of 2016, there were no suspicious circumstances which would have necessitated a check on the group's business locations or business practices with regard to an increased risk of corruption. There were no confirmed cases of corruption.

Compliance with the anti-trust law and the provisions of the Swiss Federal Competition Commission is actively supported and ensured by Corporate Legal & Management Services. In 2016, no proceedings were brought against the MCH Group on account of anti-competitive practices or the formation of cartels or monopolies.

No fines or other penalties were issued to the MCH Group in 2016 on account of violations of laws, regulations or rules of conduct

- with regard to the impact of products and services on the safety and health of people;
- in respect of the sale of banned or disputed products and services;
- in conjunction with advertising, sales promotion and sponsoring activities;
- with regard to violating the private sphere of customers and the loss of customer data;
- regarding the provision and use of products and services.