



Sustainability Report 2013  
MCH Group

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Introduction <sub>3</sub>

---

CEO Statement <sub>4</sub>

---

Sustainability <sub>6</sub>

---

Economic <sub>10</sub>

---

Environmental <sub>14</sub>

---

Social <sub>20</sub>

Sustainability means satisfying present-day economic, environmental and social needs without restricting the possibility for future generations to satisfy their needs.

## Introduction

The MCH Group is a leading international group of live-marketing companies with a comprehensive services network spanning the entire exhibition and event market. It creates marketing platforms in the form of internationally and nationally leading exhibitions and offers the exhibiting companies bespoke solutions for their successful participation in these exhibitions. With its infrastructure in Basel, Lausanne and Zurich, as well as its event services, the MCH Group is also involved in a large number of corporate and public events in addition to exhibitions and congresses.

The MCH Group with its head office in Basel takes in the exhibition companies in Basel, Lausanne and Zurich which are not only responsible for staging a large number of MCH exhibitions but are also in charge of running these exhibition and congress venues. The MCH Group also owns the event service companies of Rufener in Zurich, Expomobilia in Effretikon and Winkler Multi Media Events in Wohlen.

The holding company MCH Group Ltd. is listed on the SIX Swiss Exchange (Domestic Standard).

The MCH Group's current exhibition portfolio takes in around 100 MCH and third-party exhibitions with some 20 000 exhibiting companies and 2 300 000 visitors. The service companies operate all over the world, implementing way above 1 000 projects each year.

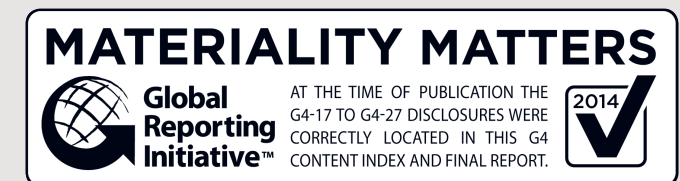
Information on the MCH Group:  
[www.mch-group.com](http://www.mch-group.com)

The MCH Group is publishing a detailed sustainability report for the first time for the 2013 business year. This report has been drawn up in compliance with the internationally recognised guidelines of the "Global Reporting Initiative" (GRI), Level GRI G4 "Core".

Our sustainability reporting takes in the present sustainability report, the GRI content index (in German only) and an annex with detailed information on individual indicators (in German only). It has been drawn up in the context of the 2013 Annual Report to which reference is made at different points.

The sustainability report, GRI content index and the annex are only published online. They are available on the MCH Group website:  
[www.mch-group.com](http://www.mch-group.com)  
News / Reports

With its sustainability reporting, the MCH Group has obtained the "Materiality Matters" icon for fulfilment of the G4 Guidelines at the "Core" level.



# CEO Statement

The overriding objective of the MCH Group is to ensure its long-term business success for the benefit of all stakeholders. Its economic success is essentially based on two fundamental pillars: on the one hand, on the corporate strategy that was adopted in 2005 and which has been further developed and consistently implemented since then and, on the other hand, on the link between public and private interests that is a characteristic feature of the company's shareholders and its strategic and operational management.

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## Growth strategy

The corporate strategy is aimed at continuous, stable growth. The main focus is on the further expansion of the products and services offered in the field of the marketing platforms (exhibitions and events) and marketing solutions (event services), further boosting the international nature of the portfolio, and the development of digital offerings to supplement and extend the group's live-marketing business. The further development of the group is to be achieved both organically and through selective cooperation and acquisitions.

The MCH Group's unique network with its three strategic business fields of exhibitions, event infrastructure and event services, plays a key role in the implementation of the strategy: through the synergies that result with the group's own event services, it is possible to increase the share of the added value chain in the exhibition business. At the same time, with the event services, new market potential can be tapped in the national and international exhibition and event market.

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René Kamm  
CEO MCH Group



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## Public Private Partnership

The MCH Group is committed to Switzerland as a location and, in particular, to its infrastructure locations of Basel, Lausanne and Zurich as the priority venues for staging its own exhibitions. It safeguards the interests of the locations by securing the major macro-economic effects that the group's activities trigger for the exhibition and congress sites.

The upholding of the interests of these locations is ensured through the 49-percent holding of the cantons of Basel-Stadt, Basel-Landschaft, Zurich and the City of Zurich in its holding company and through the representatives of the public entities in its Board of Directors. Since the economic impact on the locations is a function of the company's success, the public entities support the company's success and profit-orientated alignment. They are in favour of exhibitions being staged in other locations too, as well as

the expansion of location and/or exhibition-independent activities, insofar as these contribute towards the company's success and are not to the detriment of its own locations.

The MCH Group is under the management of the Board of Directors and the Executive Board of the holding company. This ensures the efficient management of the group as a whole and secures the optimum implementation of the integrated cooperation model for the individual business fields. As a listed company, the MCH Group also adheres to the provisions of relevance to corporate governance in the current legislation and in the directives issued by the SIX Swiss Exchange.

Economic, environmental and social sustainability is an important success factor for the MCH Group and is thus of great importance in its strategic decisions. The group promotes sustainable behaviour in all areas and at all levels.

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## Sustainability

The MCH Group's corporate activity has a high sustainability value. Its marketing platforms and solutions contribute to the success of a large number of companies and different industries. The major economic impact instigated by its activities ultimately benefits the local community in the form of tax income. The implementation of the group's strategy takes into account, in equal measure, the interests of the customers, the interests of the locations of Basel, Lausanne and Zurich, and the interests of private shareholders.

Exhibitions bring together supply and demand at a specific point in time and in a specific place. This time and space-based concentration has key advantages for all the partners involved and it also makes sense from the environmental angle in that it obviates the need for a large amount of travel all over the globe. In addition, exhibitions provide excellent platforms for taking up sustainability issues, reflecting on these and contributing to progress in this respect.

The operation of the exhibition sites and the staging of the events are, however, highly intensive in respect of environmental aspects such as energy, traffic and waste, etc. In the context of sustainability reporting, great attention is thus paid to environmental issues, since these are of particular relevance for the group's local setting. The MCH Group endeavours to keep the burden on the environment as low as possible. One example of this is the new hall complex in

Basel which was completed in 2013. This was awarded the Minergie Label BS-054 by the Basel-Stadt Minergie Certification Office.

In a large number of other areas too, the MCH Group has been committed to responsible development for many years already, including, for example, in the protection of intellectual property. It is a member of «Stop Piracy», the Swiss anti-counterfeiting and piracy platform that was set up by the Federal Institute of Intellectual Property in 2005. For 30 years, it has supported the BASELWORLD Watch and Jewellery Show in the fight against counterfeited and pirated goods through a unique arbitration board.

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## Objectives

The MCH Group, which has its roots in the «Schweizer Mustermesse» in Basel that dates back almost 100 years, has undergone striking development in many different ways within the national and international exhibition and event sector. Measured in terms of its sales, it has a market share of some 60 percent in Switzerland, while ranking amongst the ten biggest exhibition companies worldwide. Sustainability is one of the decisive factors in this success, since it calls for a sustainable economic, environmental and social performance.

The MCH Group is the first exhibition company to submit a sustainability report on the basis of the internationally recognised GRI standard. This bears witness to its desire to promote sustainable behaviour in all areas and on all levels, to constantly improve its sustainability indicators and to assume a leading position in its industry in respect of sustainability too.

René Kamm,  
CEO MCH Group



# Sustainability

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## Objectives

With the implementation of its corporate strategy for further expanding its national and international market position, the MCH Group also wishes to assume a leading role with regard to sustainability in the exhibition and event industry.

A growth strategy and a strong market position, stability through the structurally anchored partnership of private enterprise and the public sector, a major economic impact, horizontal and vertical synergy effects within the group network (value added chain and also locations and product portfolio) and good corporate governance. These are factors that characterise the MCH Group and, at the same time, underline the fundamental sustainability of the company, its business model and its development.

These factors also have a key influence on the objectives and strategy approaches that are summarised below with regard to the individual sustainability categories.

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## Economic

With its marketing platforms and solutions, the MCH Group wishes to contribute towards strengthening the corresponding industries together with their national and international clientèle. It is noted for the exceptional quality of its products and services, which it achieves through its specialist competence and capacity to innovate, its thorough knowledge of the industries, its strong customer orientation and its ability to anticipate market changes.

As market leader, it is working towards the future-oriented further development and strengthening of its own exhibition and event sector. It is playing a pioneering role in various ways, such as with its private-sector orientation, its group network and the corresponding cooperation model, and also in the strategic and conceptual further development of its portfolio. It supports national and international industry associations.

The MCH Group endeavours to constantly improve on its resource efficiency in a bid to further strengthen its competitiveness. Investment in infrastructure, operation and the provision of services is performed on the basis of economic and environmental criteria.

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## Environmental

The MCH Group invests continuously in the optimisation of its ecological indicators: in the construction and operation of its buildings and systems through increasing energy efficiency, employing renewable energies and reducing emissions; in its logistics through in-house-developed logistics and transport concepts and, as far as possible, underground delivery to reduce the burden on the environment and the local neighbourhood; and in the production of stands and equipment through the selection of materials, energy-efficient production and also climate-neutral offers.

The company wishes to further promote the environmentally aware behaviour of its employees at their workplace and make available the necessary resources for further reducing the burden on the environment. Ecological aspects are to increasingly play a decisive role in the selection of suppliers and materials, giving precedence to suppliers from the local region and suppliers who can furnish the corresponding proof of sustainability, for example.

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## Social

The MCH Group wishes to assume its social responsibility. It subscribes to the fundamental values of a democratic state governed by the rule-of-law. It respects human dignity and the values of other cultures. It regards respecting the legal provisions and the application of serious business practices as a matter of course.

The MCH Group's employees are offered attractive working conditions, building on a success-orientated culture of motivation and personal responsibility. They are supported in their further development through in-house and external initial training and continuing education programmes.

The MCH Group supports a range of institutions and organisations in the social and cultural fields, with no expectation of receiving anything in return.

The MCH Group has some 250 registered trademarks and constantly conducts proactive checks on the protection they afford. In addition to this, the group is committed to protecting intellectual property and fair trade in a unique manner in the framework of the BASELWORLD Watch and Jewellery Show.

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## Definition of report content and implementation (G4-18, G4-26)

In the run-up to this sustainability report already, regular talks were held with the different stakeholder groups which provided the points of departure for determining the materiality of the aspects. In defining the report content and its corresponding implementation, the MCH Group followed the procedure recommended by the GRI:

1. Identification: The procedure adopted for the reporting in accordance with GRI G4 and an overview of the aspects to be covered were discussed in meetings and individual talks with internal and external stakeholders. The focus here was on the strategic relevance of the aspects, the possibility of exerting an influence on them and the impacts of the aspects both within and outside the organisation. The internal stakeholders who were actively involved in the implementation additionally conducted a feasibility check.

2. Prioritisation: In prioritising the aspects, importance has been attached to taking up topics for this first report that satisfy the criteria of materiality and reportability for the internal and external stakeholders.

Key criteria adopted in defining the aspects or their relevance were the significance of their economic, environmental and social impacts both inside and outside the company and their influence on assessments and decisions of stakeholders.

3. Validation: All the stakeholder groups were taken into account for defining and implementing the report content (Overview and Relevance see pages 8 and 9). The Executive Board and the Board of Directors of MCH Group Ltd. have approved the sustainability reporting.

4. Review: With the publication of the present report, the content is being reviewed together with the stakeholder groups involved so far and also with additional stakeholder groups. The report content will be extended accordingly in the report for the current year.

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## Reporting (G4-18, G4-25 see third paragraph)

With its sustainability reporting as per the GRI Guidelines, the MCH Group wishes to strengthen the regular and systematic dialogue with its stakeholder groups – especially its customers, suppliers, partners, shareholders and employees – and with the whole setting within which it operates. These can have a decisive influence on the company's economic, environmental and social performance and also make a key contribution towards identifying opportunities and risks in good time.

In this first sustainability report, the MCH Group is placing the focus on the business fields of Exhibitions and Event Infrastructure, i.e. on its core business of organising and staging exhibitions at its own exhibition sites.

In each case, the aspects included were defined by consulting ten in-house and external stakeholders whom the MCH Group considers to be of relevance for both the company and the exhibition and event sector (employees and top management, plus customers, shareholders, partners and persons from the company's environment). Their relevance was established on the basis of two questions: Does the stakeholder group have a decisive influence on the economic, environmental or social performance of the MCH Group? Is the stakeholder group affected to a decisive extent by the economic, environmental or social performance of the MCH Group?

The stakeholder groups concerned have confirmed that the aspects selected are of great relevance, such as the economic performance for customers and shareholders, the economic impacts and emissions for the local setting, and employment for the group's employees (Overview and Relevance see pages 8 and 9).

The MCH Group uses a wide range of communication channels and instruments for communication and dialogue with its stakeholders: corporate communication, platforms, networks, internet and intranet, relationship management, individual talks, and commitment in associations and in organisations at the group's locations. The stakeholders involved have rated the MCH Group's initiative in publishing a sustainability report as highly positive. There is a high

level of interest in information of this kind. The present report is to be taken as a basis for involving all the different stakeholder groups more extensively and intensively over the years to come.

With the inclusion of all the companies that make up the MCH Group, the necessary processes have been put in place during the compilation of the present report. These are to be further optimised and continually aligned to the further development of the group's sustainability reporting.

Overview

Company (G4-17)	Products and services	Sustainability aspects (G4-19)
<p>MCH Swiss Exhibition (Basel) Ltd. with Exhibit &amp; More AG</p> <p>MCH Swiss Exhibition (Zurich) Ltd.</p> <p>MCH Beaulieu Lausanne SA</p>	<p>Exhibitions      Approx. 40 own exhibitions in Basel, Zurich, Lausanne and at other locations</p> <p>Event Infrastructure      Messe Basel Messe Zürich Beaulieu Lausanne</p>	<p>Economic</p> <ul style="list-style-type: none"> <li>– Economic performance</li> <li>– Economic impacts</li> </ul> <p>Environmental</p> <ul style="list-style-type: none"> <li>– Energy</li> <li>– Emissions</li> </ul> <p>Social</p> <ul style="list-style-type: none"> <li>– Employment</li> <li>– Training and education</li> <li>– Local communities</li> <li>– Anti-corruption</li> <li>– Anti-competitive behaviour</li> <li>– Compliance (competition)</li> <li>– Protection of intellectual property, trade mark protection</li> <li>– Product and service labelling</li> <li>– Customer privacy</li> <li>– Compliance (customer data)</li> </ul>
<p>Rufner Events Ltd with Oceansalt LLC</p> <p>Expomobilia AG with Techno Fot AG</p> <p>Winkler Multi Media Events AG</p>	<p>Event Services      Event management Stand construction and interior solutions Multi-media equipment</p>	
<p>Stakeholders (G4-24)</p>		
<p>Customers</p> <p>Local setting</p> <p>Suppliers</p> <p>Partners</p> <p>Organisations</p> <p>Shareholders</p> <p>Media</p> <p>Competitors</p> <p>Employees</p>	<p>Organisers, exhibitors, visitors to exhibitions and events, those ordering event services</p> <p>Hotels and restaurants, transport companies, police, political authorities and organisations, business, tourist and environmental associations, neighbours</p> <p>Construction and ancillary trades, communication, safety, energy, logistics</p> <p>Official partners of the MCH Group (catering, cleaning, etc.)</p> <p>Associations in the exhibition and event sector (national, international)</p> <p>Exhibition and event sector (national, international)</p>	

Details of the determination of the sustainability aspects and their relevance for the stakeholder groups may be found on page 6f of the Annex.



Boundary of the report within the organisation (G4-20)  
 Materiality of the aspects (✓)

	Company	Products and Services
Economic performance	✓	
Economic impacts	✓	
Energy	✓	✓
Emissions	✓	✓
Employment	✓	
Training and education	✓	
Local communities	✓	✓
Anti-corruption	✓	
Anti-competitive behaviour	✓	
Compliance (competition)	✓	
Protection of intellectual property, trade mark protection	✓	✓
Product and service labelling	✓	✓
Customer privacy	✓	✓
Compliance (customer data)	✓	✓

Key aspects for stakeholders (G4-27)  
 Top 3

Customers	Economic impacts Product and service labelling Protection of intellectual property, trade mark protection
Local setting	Economic impacts Local communities Energy, emissions
Suppliers	Economic performance Economic impacts Local communities
Partners	Economic performance Economic impacts Local communities
Organisations	Economic performance Training and education Compliance (competition)
Shareholders	Economic performance Economic impacts Local communities
Media	Economic performance Economic impacts Local communities
Competitors	Economic performance Economic impacts Protection of intellectual property, trade marks
Employees	Employment Economic performance Product and service labelling

# Economic

## At a Glance 2013

Events		Income statement	CHF million
Exhibitions	83	Operating income	472.6
Exhibitors	14 983	Exhibitions	330.6
Visitors	2 057 804	Event Infrastructure	28.4
Exhibition space m <sup>2</sup> gross	1 198 438	Event Services	113.6
Congresses	39	EBITDA	80.0
Various hall/room rentals	743	EBIT	40.6
Performances Musical Theater	388	Group profit	30.5
Projects		Balance sheet	CHF million
Event management	72	Total assets	930.0
Stand construction and fittings	337	Equity	356.3
Multi-media	1 380	Liabilities	573.7
Employees (on permanent contracts)		Share price	CHF
as per 31.12.2012	633	as per 31.12.2012	54.50
as per 31.12.2013	636	as per 31.12.2013	59.55

Details of business activity and the 2013 financial year may be found in the Annual Report 2013: [www.mch-group.com](http://www.mch-group.com) News / Reports

## Economic performance

In terms of income, the MCH Group has featured among the top ten exhibition companies worldwide for many years. Measured in terms of the sales of Swiss exhibition companies, the MCH Group has a market share in excess of 60% in Switzerland. At CHF 472.6 million, the MCH Group achieved the highest operating income in its history in the 2013 business year. Despite higher depreciations and a

higher financial outlay for the new hall complex, the group profit, at CHF 30.5 million, is above that for the previous year of 2013 when more non-annual exhibitions were staged. A higher group profit was only achieved in 2007 and 2010, which were years which benefited exceptionally from the individual exhibition rotas.

The operating income in the 2013 business year was up 21.1% on the previous year. This considerable increase is due first and foremost to the success of the world shows of BASELWORLD and Art Basel in Basel, Miami Beach and Hong Kong, as well as to the stand construction business. With the new concept for BASELWORLD that was implemented in conjunction with the commissioning of the new hall complex, a new price system and an extended range of services were introduced at the same time. The production of a large number of new stands also had a positive impact on stand construction business. These special effects of BASELWORLD 2013 will not, however, be repeated to the same extent in coming years.

## Economic impacts

Exhibitions, congresses and events generate a major direct and indirect economic benefit. A number of studies show that exhibitions produce indirect returns that are eight to ten times greater than their own turnover (see “Indirect returns”, page 11).

There are also other effects that cannot be expressed in figures: in particular the positive impact of successful exhibitions as marketing platforms for the industry in question and the positive impact of successful participation for the exhibiting companies. At the locations at which the events are staged, exhibitions frequently have a “lighthouse effect” for tourism through their reach and appeal which are transmitted to the city or country in question. The Basel region, for instance, benefits from the fact that the globally leading events of BASELWORLD, Art Basel in Basel, Art Basel in Miami Beach and Art Basel in Hong Kong carry the name of their “home city” throughout the world.

Exhibitions – and especially consumer shows – frequently have a social function too. The openings of Muba, Züspa or the Comptoir Suisse, for example, are regional social events where representatives of the world of business, politics, culture and sport all meet up.

The fair grounds in Basel (since 1917), Lausanne (since 1919) and Zurich (since 1945) are historically anchored in their locations and have developed there over time, accompanied by the corresponding commitment of the public, which is reflected inter alia by the holdings of the local public entities in the MCH Group. The MCH Group's main activities are focused on these locations. Its commitment to these locations is also underlined through the investments it makes there. The MCH Group has invested CHF 430 million in the new hall complex in Basel which was completed in 2013. With this new complex, the group now has the infrastructure to ensure that the big shows – and especially BASELWORLD – will still be able to be staged in Basel in future too. This will also secure the economic effects that are derived from this show.

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#### Service quality and customer satisfaction

The MCH Group wishes to stand out through top-quality products and services. This quality forms the basis for its decisive success factors: the high industry relevance of the fairs and events as marketing platforms and the high level of customer satisfaction with the individual services.

The MCH Group's events and services are generally noted for their high level of customer satisfaction, manifested inter alia in strong customer loyalty (renewed participation as an exhibitor/visitor at the next exhibition and renewed orders for services) and in their success in customer acquisition (new exhibitors at the exhibitions and new customers for services).

An exceptionally high level of customer satisfaction is found especially with the internationally leading shows in the fields of watches/jewellery and art/design. The new complex at Messe Basel has greatly boosted the quality of the infrastructure in Basel. At the same time, the external infrastructure (hotels/restaurants) is rated as critical and is barely able to provide the quality required for a world show. This is, however, being constantly improved through the expansion of the current offerings.

In the core business of exhibitions, exhibitor and visitor surveys, along with exhibitor advisory boards and the contacts maintained with industry associations, play a key role in positioning exhibitions in quality terms and in further developing the concepts behind the events. Specially targeted and coordinated key account management ensures that constant contact is maintained with customers. To promote customer satisfaction, training sessions are also offered in order to optimise the customers' participation in an exhibition.

Professionally designed, captured and evaluated exhibitor and visitor surveys are conducted for each exhibition in cooperation with external partners. These not only provide information on customer structure (geographic origin, decision-making competence, intention to participate at the next event), but also show the extent to which customers have attained their aims and how satisfied they are. Eminent representatives of the exhibitors generally form an exhibitor advisory board or committee that plays a decisive role especially in matters relating to the concept. Key stimulus also comes from the contacts maintained with the industry associations, which frequently actively support the event as co-organisers or patrons.

In the areas of event infrastructure and event services, customer satisfaction is established in personal discussions with the customer (organiser, infrastructure renter, those placing orders) and in standardised customer surveys.

On the basis of the survey results and customer contacts, measures are continually drawn up and implemented for further boosting customer satisfaction.

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#### Indirect returns

Only 20 to 25% of the expenditure incurred by an exhibiting company for their participation in an exhibition flows into the coffers of the exhibition organisers. Some 75 to 80% of the expenditure goes to different suppliers and service providers. This has been shown by a large number of studies on the economic impact of fairs, including a study that the MCH Group commissioned in 2006.

If the results of this study are extrapolated to the current figures, the following estimates can be derived. Exhibitors and visitors together spend some CHF 3 million each year on their participation in an MCH event at the locations of Basel, Lausanne or Zurich. This expenditure goes to the construction and ancillary industries (20%), the hospitality industry (30%), public transport operators (16%), the retail trade (6%) and different service providers (28%). These initial effects trigger sales of some CHF 7 billion as direct and indirect follow-on effects, resulting in an added value of some CHF 3.5 billion. This corresponds to some 40 000 jobs and tax income of some CHF 560 million for the confederation, cantons and communes.

Value added chain, provision of services and supplier groups

Value added chain	Organiser ▶	Infrastructure ▶	Event management ▶	Stand construction fittings ▶	Event technology ▶	Other services (catering, personnel, etc.) ▶	External services (food, transport, etc.)
MCH Group services	■	■	■	■	■		
Third-party services	■	■	■	■	■	■	■
Supplier groups (not exhaustive)	Marketing and communication, production of print products, ICT	Construction and ancillary industries, energy and water utilities, technical systems for buildings, disposal and cleaning, safety and security		Material suppliers (metal, wood, stone, glass, etc.) design, planning, production and assembly (if orders are not carried out by MCH itself)	Technical equipment, creative and production services (image, light, sound, special effects) film production		

The shares of the MCH Group and third parties in the value added chain can differ greatly as a function of the event. With MCH exhibitions at the group’s own locations, the MCH Group provides the services of organiser and infrastructure operator. For MCH exhibitions at other locations, the group only provides the services of an organiser. Added to this, further services can be provided for exhibiting companies, although the exhibitors may also obtain these services from third parties.

For third-party exhibitions, the MCH Group’s services primarily involve providing the infrastructure. Here too, exhibiting companies can purchase additional MCH services.

Between these two solutions, the full range of configurations for the provision of services is possible, and services are taken up on a highly different basis depending on the event or customer in question.

Further information on this may be found on page 4 of the Annex.

Influence of climate change

Climate change does not constitute a direct risk for the business activity of the MCH Group.

Regulatory risks can have a direct influence on the MCH Group’s financial result in that they can lead to rising costs (e.g. in the procurement of energy or in infrastructure maintenance). An increase in the cost incurred by exhibitors for taking part in an exhibition (such as for stand construction or mobility) can similarly have an impact on the MCH Group in that it leads to exhibitors reducing their exhibition budgets accordingly or dispensing with participation in an exhibition altogether.

The possibility of offering new technologies, products and services in a bid to resolve the challenges associated with climate change does, however, also open up opportunities for the MCH Group. Changes always generate a need for information. They thus supply “Content”, which the MCH Group, as an exhibition organiser, can use for the corresponding further development of its marketing and communication platforms. Through early anticipation of the changes, the company can acquire a first-mover advantage compared with the competition and strengthen its market position through the subject-specific competence that it develops.

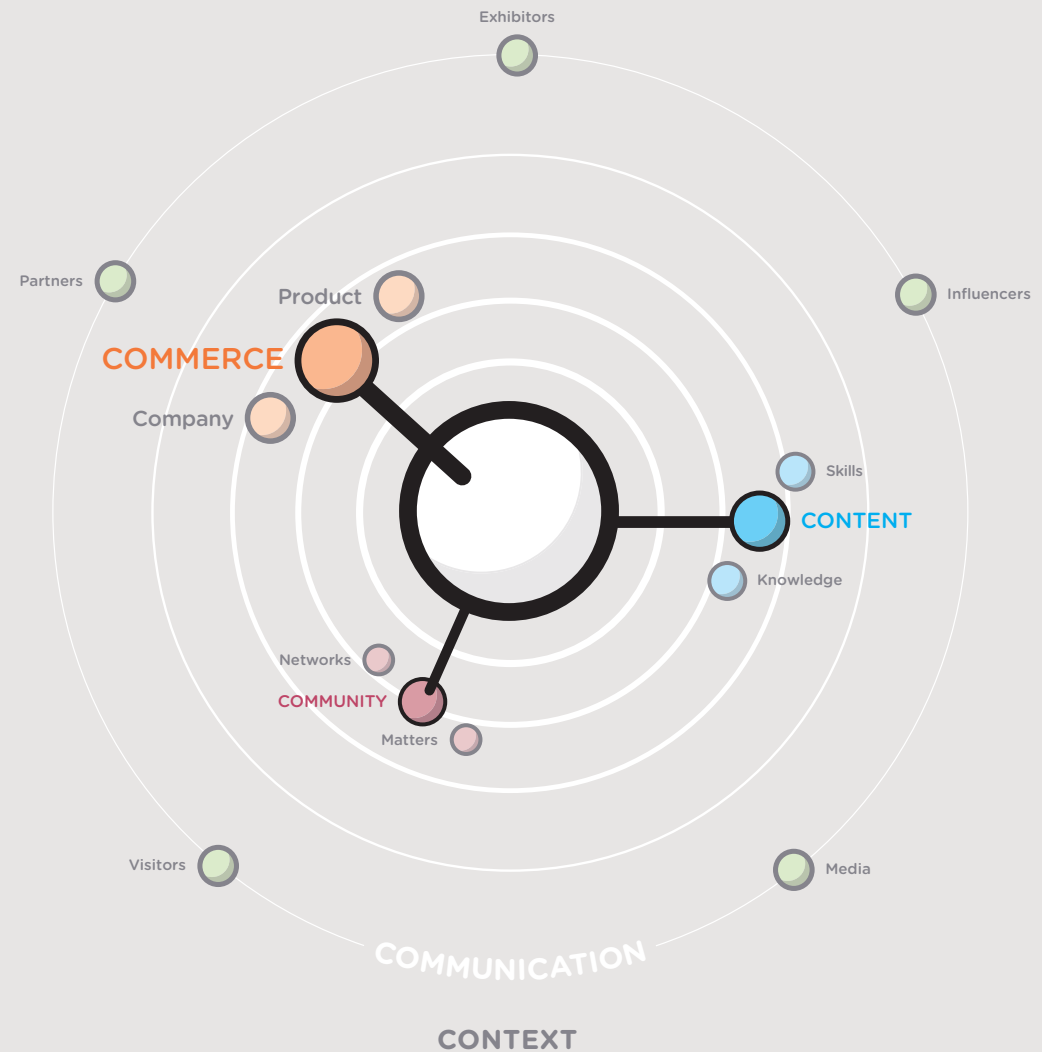
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### 5C Model

The MCH Group has developed a model that helps to understand the way in which participating in an exhibition has the impact of an integral and integrating marketing action programme, and how this impact can be exploited and further developed. This is the 5C model whose “Cs” stand for Commerce, Content, Community, Communication and Context.

The 5C model supports both the strategic and conceptual steering of the products – and hence the development of the portfolio as a whole. It serves as a multi-dimensional cockpit, which can be used to continuously check the key cornerstones of an exhibition and anticipate trends in good time. It is also used to define and flesh out the conceptual highlights of an event and provides support in evaluating developments and innovations on the basis of a uniform system.

It can thus specifically determine the successful mix and align the exhibition platform to defined needs. In the ideal case, this will take place with the exhibition organiser, exhibitors, industry representatives and opinion leaders all working together closely. Finally, it is also possible to derive specific measures from the 5C model which will not only help an event to develop further as a platform but will also provide decisive support to exhibitors in achieving the desired success from their participation in the exhibition.



# Environmental

For the reporting in the environmental category, the focus is on the exhibition grounds in Basel, Lausanne and Zurich. As production locations, these account for the biggest share of the company's performance in terms of energy efficiency and emissions and are thus of great relevance for the environment. While the MCH Group is the owner of the exhibition sites in Basel and Zurich, it runs Expo Beaulieu as a tenant, renting the infrastructure from the Fondation de Beaulieu.

A further focus is on the stand construction company Expomobil, whose sustainability strategy and sustainability measures are of relevance for a large number of customers.

The MCH Group continually invests in optimising energy efficiency and minimising environmental emissions at its exhibition sites in Basel and Zurich. A photovoltaic system was installed on the roof of Hall 1 in Basel in 1999 already, making it possible to use solar energy. Vegetation was also planted on the roof in conjunction with this. The system has a panel area of 1 900 m<sup>2</sup> and an output of 215 000 kWh per year. In 2009, a photovoltaic system with a panel area of 1 200 m<sup>2</sup> and an output of 150 000 kWh per year was put in place on the roof of Messe Zürich. The existing systems at the MCH Group locations are continuously optimised in terms of efficiency and energy-saving. Fossil fuels were almost completely eliminated at Messe Basel in 2013.

Delivery traffic to the exhibition and congress site is steered via a checkpoint-based system. Wherever possible, deliveries are made underground, thus keeping the traffic impact in neighbouring areas to a minimum. Waste disposal at the events is organised according to the "polluter-pays" principle, with waste being sorted and disposed of in the correct manner. The MCH Group promotes the use of public transport to its events by offering special combined travel and admission tickets.

The MCH Group provides the necessary resources to ensure that, with energy-saving measures and segregated waste, the burden on the environment can be reduced to a minimum. It promotes environmentally-aware behaviour in its employees – including with the sustainability report in accordance with the GRI Guidelines.

The MCH Group is active on the Board of Trustees of the "pro Aqua - pro Vita" Foundation, which presents the Swiss Environmental Prize at Swissbau. With prize money of CHF 50,000, the Swiss Environmental Prize is one of the highest-value awards in this category in Switzerland.

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## New hall complex at Messe Basel – Minergie-Label BS-054

When the new complex was built, great value was attached to attaining the maximum possible energy efficiency. The new complex satisfies stringent energy standards in respect of both the insulation of the shell and the resource-saving generation of the necessary heat and refrigeration energy. All heating, ventilation and refrigeration systems are operated only when required, and the majority of the waste heat generated is used.

The Basel-Stadt Minergie certification agency has awarded the new Messe Basel complex the BS-054 Minergie label, which was developed especially for the new exhibition hall building at MCH Messe Basel. In addition to this, the target values of SIA Standard 380/4 are met with regard to lighting and ventilation/air-conditioning.

In cooperation with an investor, a photovoltaic system has been installed on the roof of the new hall complex, which feeds some 1 080 000 kWh electricity into the grid via the IWB, Industrielle Werke Basel, every year. This technically and economically optimised photovoltaic system is four times the size of the existing solar units on the roof of Hall 1 constructed at the end of the 1990s.

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Expomobilia – CO<sub>2</sub>-neutral exhibition stand and, as of 2014, 100% green electricity

Expomobilia places great value on ensuring that stand structures have a long life and can be re-used many times over. This it achieves inter alia by using a wide range of materials incorporating re-usable or biologically degradable components, as well as lights equipped with long-life bulbs which consume only a small amount of electricity.

A CO<sub>2</sub> climate protection calculator for exhibition stands and interior fittings helps customers make sure that their exhibition stand is 100% climate-neutral. This was developed especially for the purpose by Expomobilia in cooperation with myclimate, the Swiss nonprofit foundation for voluntary climate protection. This environmental commitment is rewarded by a certificate.

Expomobilia operates two photovoltaic systems at its sites in Effretikon and Fehraltorf with an overall surface area of 3 000 m<sup>2</sup>. These generate an average of 435 000 kWh per year, giving rise to an annual reduction of 32 295 kg CO<sub>2</sub>-e per year. Expomobilia acquires the heat it needs for its company buildings from the district heating network that is run off environmentally-friendly vegetable oil by the Canton of Zurich's electricity utility.

In 2013, Expomobilia's energy consumption amounted to 1 223 MWh. Of the total energy consumed, 221 MWh (18%) was renewable energy. The direct and indirect emissions were 230 227 kg CO<sub>2</sub>-e. Details of the energy consumption and emissions may be found on page 17.

In 2014, Expomobilia will cover its entire electricity requirements of 383 MWh with Swiss green electricity obtained from FAIR POWER, an independent green electricity specialist. In addition to the purchase of 100 MWh solar electricity, 283 MWh will be obtained from certified Swiss hydroelectric power plants. The FAIR POWER certificate guarantees that this electricity has been generated environmentally and is fed into the grid for Expomobilia. The CO<sub>2</sub> share from hydroelectric power generation will be fully offset by the Fair Recycling Foundation.

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## Energy consumption and emissions

Energy consumption at the exhibition sites in Basel (including the administrative building), Beaulieu Lausanne and Zurich totalled 43 817.298 MWh in 2013. The share of renewable energy used was 95.9 %.

The direct and indirect greenhouse gas emissions of these three exhibition sites was 591 390 kg CO<sub>2</sub>-e in 2013.

Details of the energy consumption and emissions may be found on pages 16 - 19.

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## Emission report of the SBB CFF FFS

In the context of their professional activity, employees of the MCH Group in 2013 undertook a total of 1 077 business trips using the Swiss Federal Railways SBB CFF FFS. This corresponds to 269 500 person kilometres (transport of one person over a distance of one kilometre). Just under 40 % of these trips were carried out with national rail season tickets and day tickets and around 60 % with multi-journey or single tickets.

By taking the train rather than using cars, MCH Group Ltd. has saved 50 000 kg CO<sub>2</sub>-e emissions. This corresponds to the average emissions caused by 12 people in the course of a year.

(Source BahnUmwelt-Center SBB, Bern)

## Messe Basel

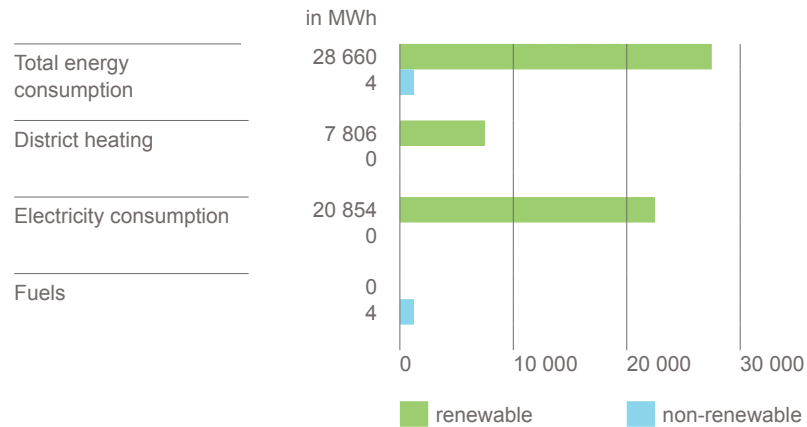
Messe Basel has exhibition space totalling 141 000 m<sup>2</sup>, of which 122 000 m<sup>2</sup> is in the two main halls 1 and 2. In 2013, a total of 21 exhibitions were staged in the exhibition halls, attracting 5 730 exhibiting companies and 921 425 visitors, as well as 10 further events.

The Congress Center Basel has 16 congress and conference rooms which hold up to 3 000 people. In 2013, a total of 251 events were held in these rooms, with 123 534 participants. Twenty-five of these events were national and international congresses.

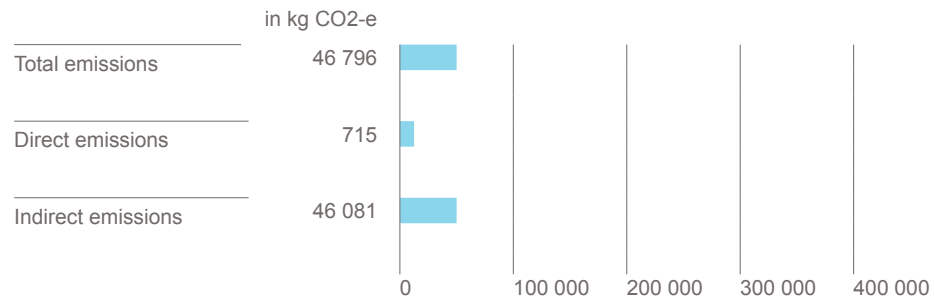
The Musical Theater Basel seats 1 500. A total of 133 performances were staged there in 2013, with 101 000 spectators.

The new hall complex was brought into operation in Basel in 2013. This was built over the period 2010 to 2013 for CHF 430 million. The exhibition site in Basel is thus now highly compact and offers a high functional quality.

## Overall energy consumption Messe Basel 2013 | 28 664 MWh



## Total emissions Messe Basel 2013



## Energy and emissions

Overall energy consumption in 2013 is by far the highest at this, the biggest of the MCH Group's exhibition locations, totalling 28 664 MWh. At the same time, the CO<sub>2</sub> emissions are lowest here compared with the other sites.

The energy used for electricity and district heating comes virtually 100 % from renewable energy sources. Direct emissions are very low, since almost 100 % of the heating is provided by renewable district heating, and use is made primarily of electric vehicles. The district heat obtained from IWB is CO<sub>2</sub>-neutral. The indirect emissions listed are the result of the electricity being made available.

The completion of the new hall complex in spring 2013 gave rise to additional energy requirements. A photovoltaic system was set up on the roof of the new building in December 2013. This will feed some 1 080 000 kWh electricity into the IWB Basel grid each year. This electricity counts as 100 % renewable.

In the reporting year, the administrative buildings used 522.103 MWh energy, which came 100 % from renewable energy sources.



## Beaulieu Lausanne

The exhibition site in Beaulieu Lausanne is owned by the Fondation de Beaulieu. Since 2009, the MCH Group has been operating the Beaulieu Lausanne exhibition site as a tenant, on behalf of the Fondation de Beaulieu.

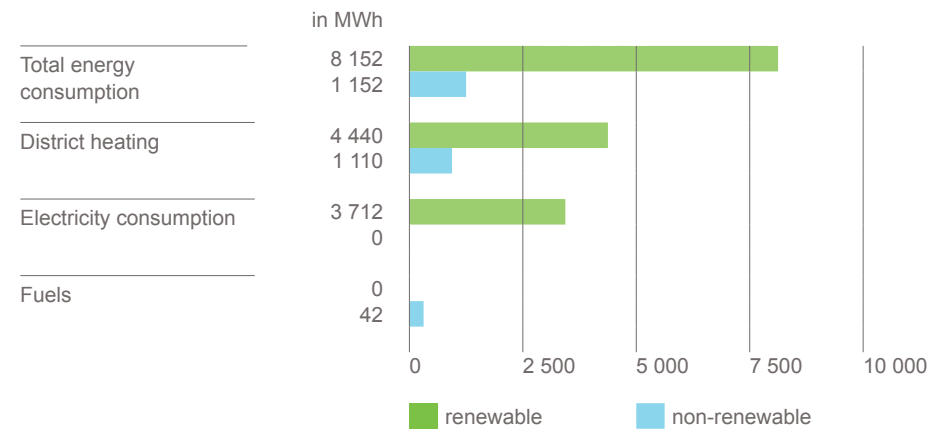
Expo Beaulieu Lausanne has exhibition space totalling 50 500 m<sup>2</sup>. In 2013, a total of 25 exhibitions were staged in the exhibition halls, attracting 2 694 exhibiting companies and 350 273 visitors, as well as 5 further events.

Congrès Beaulieu Lausanne has 34 congress and conference rooms which hold up to 5 400 people. In 2013, a total of 248 events were held in these rooms, with 77 900 participants. Fourteen of these events were national and international congresses.

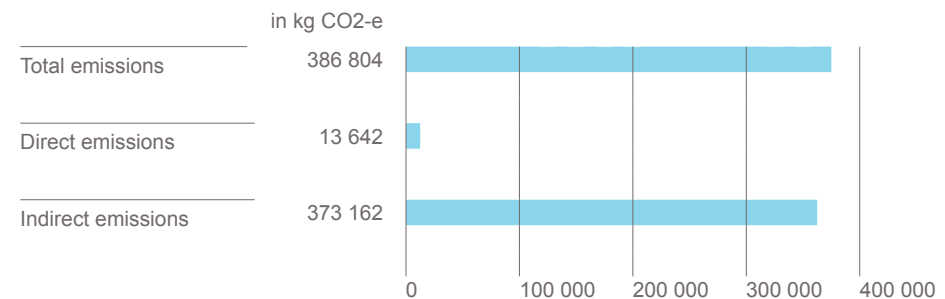
The Théâtre Beaulieu Lausanne seats 1 844. In 2013, 72 performances were staged there with 80 459 spectators.

The new South Hall complex was brought into operation in 2011. The North Hall complex and the main building with the congress tract and the theatre no longer meet up to present-day requirements on all counts. There are no specific plans for renovating them as yet.

## Overall energy consumption Beaulieu Lausanne 2013 | 9 304 MWh



## Total emissions Beaulieu Lausanne 2013



## Energy and emissions

The overall energy consumption at the Beaulieu Lausanne exhibition site in 2013 was 9 304 MWh. More than 87 % of the overall energy consumed came from renewable energy sources. The direct emissions are attributable to the fuel consumed for vehicles. The main cause of the comparatively high indirect emissions is the use of district heat and electricity.

## Messe Zürich

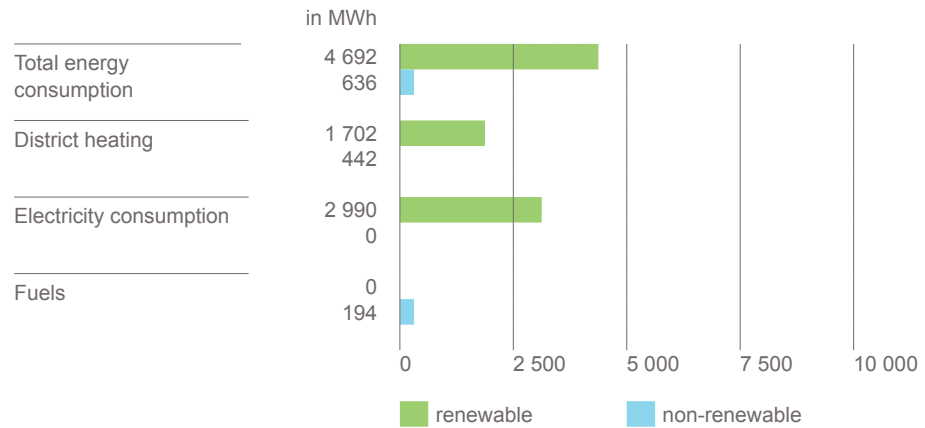
Messe Zürich has exhibition space totalling 30 000m<sup>2</sup>. In 2013, 34 exhibitions were staged in the exhibition halls, attracting 6 014 exhibiting companies and 616 492 visitors, as well as 13 further events.

In the reporting year, a total of 255 small events with 3 000 participants were staged in the conference rooms at Messe Zürich.

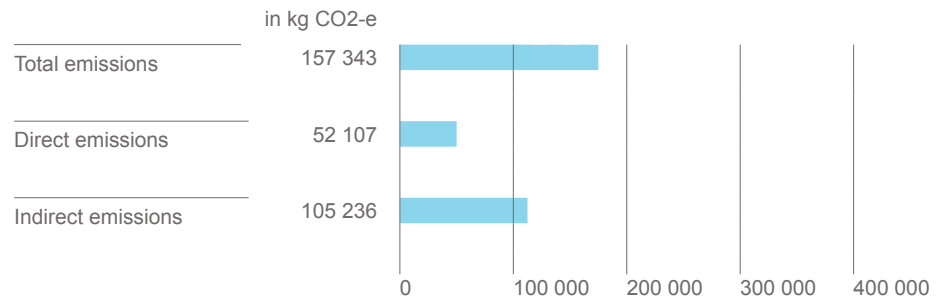
The Theater 11 Zürich seats 1 500. In 2013, 203 performances were staged there with 141 000 spectators.

The exhibition halls, which were commissioned in their present form in 1998, are characterised by their operational functionality, which is reflected in the very high capacity utilisation.

## Overall energy consumption Messe Zürich 2013 | 5 328 MWh



## Total emissions Messe Zürich 2013

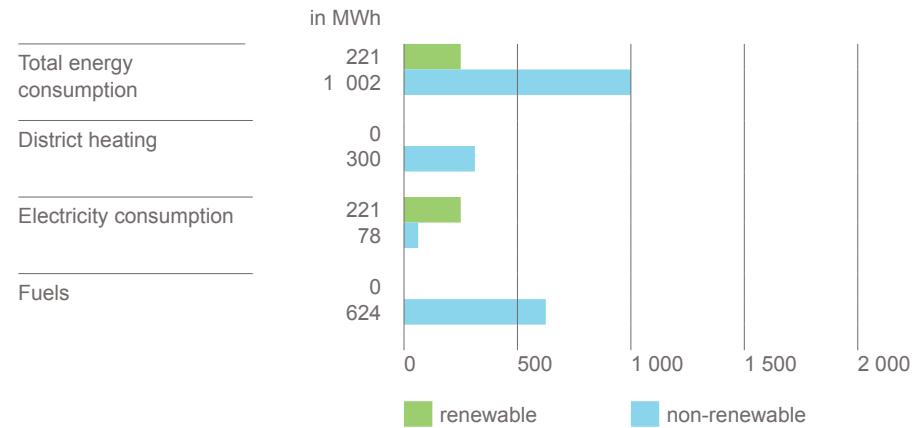


## Energy and emissions

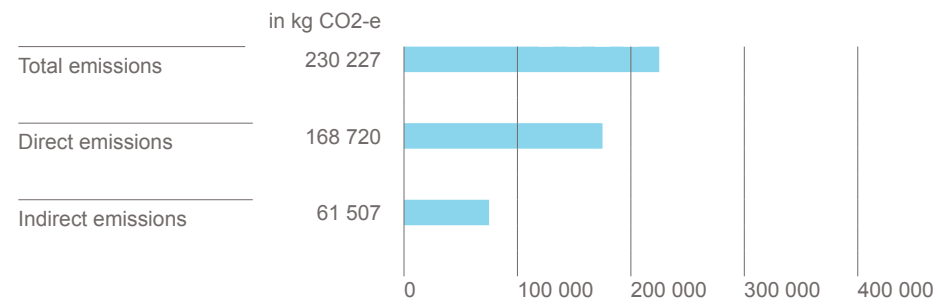
More than 88 % of the overall energy of 5 328 MWh consumed in 2013 came from renewable energy sources. The direct emissions are due primarily to the consumption of non-renewable fuels (heating oil and petrol and diesel), while the indirect emissions are due chiefly to the district heating. The heating required in the halls varies to a surprisingly high degree as a function of the exhibition organiser and the individual needs.

For the exhibition infrastructure in Zurich, an energy management system was in place until two years ago, with the aim of analysing and optimising energy consumption. The findings on the system and on energy consumption have led to recurrent annual savings of 32 000 kWh since then. The continuous verification and alignment of the heating, ventilation and cooling system is making a further key contribution towards reducing energy consumption (such as through optimising the multi-stage switching on the cold generator).

Overall energy consumption Expomobilia 2013 | 1 223 MWh



Total emissions Expomobilia 2013



Expomobilia

Expomobilia, which was founded in Switzerland in 1973, is specialised in exhibition stand construction and interior fittings – design, concept, production and assembly. The production operations, from the inscription workshop to the metalworking shop, are all located under a single roof and are closely networked with each other.

In 2013, Expomobilia implemented 337 projects, 249 of which were in Switzerland. Most of these projects involved the full range of services, from design through to production and assembly.

Energy and emissions

In 2013, by way of an exception, some 82 % of the overall energy consumption of 1 223 MWh did not come from renewable energy sources – on account of a malfunction at the energy supplier’s (the Langhag combined heat and power generation plant which suffered the malfunction is generally run off vegetable oil, a renewable energy). This has had an

impact on the indirect emissions, which would normally be significantly lower, i.e. only 18 000 kg CO2-e rather than the current 67 734 kg CO2-e. The use of non-renewable fuels has a decisive influence on the direct emissions (heating oil at one location and petrol and diesel for vehicles).

The MCH Group takes on commitments as a sponsoring partner in the fields of society and social affairs (e.g. the Theodora Foundation and, as of 2014, Colour Key Basel), business (including as a partner of the Swiss Innovation Forum), culture (e.g. the Basel Tattoo and the Sommerblues Festival) and sport (including FC Basel, ZSC Lions, Sm'Aesch Pfeffingen). The financial contributions and the materials and services provided had a total value of some CHF 500 000 in 2013.

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## Local Community

In the light of the MCH Group's interests in its local communities in conjunction with its operations, and also the participation of public entities in the company and the key importance of the external infrastructure for the group's business activity, the MCH Group is committed to institutions that promote the economy and the business location by actively supporting them in a transparent manner through its membership or partnership in specific projects. On political issues directly affecting the company, the 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 (pages 10 - 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 or the supply of materials (Location Partner).

Alongside this, the MCH Group has an annual budget of CHF 100 000 for supporting social and cultural institutions in the immediate vicinity of its locations.

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## Employment

The MCH Group supports a goal and success-oriented culture of personal responsibility and motivation. It offers its employees attractive working conditions for the standard wages on the market. A bonus system commensurate with the different company levels ensures that as many employees as possible benefit from the company's success, on the one hand, and the attainment of their personal targets, on the other, the latter being agreed on in a discussion with their supervisor. Where possible, flexible working hours promote the correct balance between work and private life.

The MCH Group supports its employees in their further development through internal training and continuing education programmes, as well as through attendance at external courses and training sessions. Managerial employees are supported in their professional and personal development so as to ensure that they can furnish the performance expected of them in their day-to-day work. Managers are offered, inter alia, a two-year internal leadership development course as well as internally organised meetings on selected leadership topics which are run by external coaches, plus individual training sessions.

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## Employees

At the end of 2013, the MCH Group had a total of 636 permanent employees (601.5 full-time equivalents). In addition to the holding company with 21 employees, 388 employees work in the exhibition companies and 227 in the event services field. In 2013, 64 % of the permanent employees were men and 36 % women.

When staging its own exhibitions and also in the event services field, the MCH Group works with a large number of temporary employees, freelance assistants and subcontractors.

For the Art Basel international art shows, the number of temporary employees and freelancers is around 250 and, for the World Watch and Jewellery Show, 130. For smaller national exhibitions, the number is generally two to three dozen.

In the case of big stand construction projects, the share of freelancers and subcontractors working for Expomobilia can be as high as 90 %. Winkler Multi Media Events has recourse to a pool of some 450 freelancers who can be called upon to supplement their own employees.

Details of employment may be found on pages 2 and 3 of the Annex and on page 12 of this report.

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### Trade mark protection

The MCH Group's brands constitute an enterprise value which, although not shown on the balance sheet, exceeds the group's fixed assets by a long way. 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. Not all these registered brands are still "active".

The Legal Department 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.

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### Commitment in the field of watches and jewellery

The MCH Group is a member of "Stop Piracy", the Swiss anti-counterfeiting and piracy platform that was set up by the Federal Institute of Intellectual Property in 2005. For 30 years, MCH Group has been committed to the protection of intellectual property in the context of the BASELWORLD World 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, patent of invention or copyright-protected works have been violated.

For its commitment in this respect, the Global Anti-Counterfeiting Group (GACG) presented the exhibition management of BASELWORLD with the 2010 GACG Award, the so-called "Trophée de l'Authentique".

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 300 companies that have been RJC-certified in the meantime guarantee compliance with the corresponding ethical, human rights, social and ecological principles.

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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.

The duties and competences of the Board of Directors and the Executive Board are governed by the Statutes, the Organisational Regulations and the Regulations governing the specialist committees. Data on the current and expected course of business is recorded on a continuous basis in a control, planning and information system. The Executive Board draws up regular business reports for submission to the Board of Directors on the basis of this underlying system. If exceptional events occur, the Board of Directors is notified straightaway.

The MCH Group's risk management (RM) covers financial, strategic, operative and also regulatory risks. The risks are first identified in the MCH Group's different risk centres, with the key risks for the group and the accompanying measures being defined by the Executive Board. The resultant key risks are then reduced to acceptable risks through selective action and integrated in the corporate strategy. This process is repeated at least once a year.

Details of Corporate Governance may be found in the 2013 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 the products, impairing their quality and ultimately jeopardising their 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. These are based on clear-cut criteria that are set out in the Exhibition Regulations. These 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 2013, 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 the Legal Department. In 2013, 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 2013 on account of violations of laws, regulations and 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 customers' privacy and the loss of customer data;
- regarding the provision and use of products and services.

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