

# Organisation & Management

MCH Group is under the management of the Board of Directors and the Executive Board of its holding company, MCH Group Ltd.

The Board of Directors has the following non-transferable and inalienable duties inter alia:

- top management of the company;
- definition of the corporate strategy and its implementation;
- definition of the organisation;
- configuration of the accounting, financial control and financial planning;
- appointment of the Executive Board entrusted with the management, and its supervision;
- compilation of the Annual Report and preparation of the General Meeting and the execution of its resolutions;
- submission of proposals to the General Meeting regarding approval of the remuneration for the Board of Directors and the management.

Details of the membership of the Board of Directors and the specialist committees, and shareholdings of the members of the Board of Directors:

## Annual Report | Board of Directors

The Executive Board appointed by the Board of Directors manages the business of MCH Group in accordance with the law, the Statutes, the Organisational Regulations and other guidelines and instructions issued by the Board of Directors. It is responsible for all key business transactions and matters which are of significance for or have an impact on the group as a whole and which are not reserved for the Board of Directors or the General Meeting by law or through internal regulations.

Details of the membership of the Executive Board and the shareholdings of the members of the Executive Board:

## Annual Report | Executive Board

## Statutes and Regulations

The Statutes of MCH Group Ltd. were approved by the shareholders of the then Schweizer Mustermesse AG on 14.05.2001, with a view to the merger of Schweizer Mustermesse AG and Messe Zürich AG for international trade fairs and special exhibitions.

At the General Meeting of 08.05.2009, § 1 of the Statutes was modified for purposes of changing the name of MCH Swiss Exhibition (Holding) Ltd. to MCH Group Ltd. In addition, the Statutes were modified at the General Meeting of 17.05.2010 through § 3a "Approved Share Capital". In line with this decision taken by the General Meeting, the share capital of MCH Group Ltd. was increased to CHF 60 065 750 in May 2011.

On 22.05.2014, the General Meeting approved a partial revision of the Statutes taking in not only the changes required by the "Ordinance against abusive remuneration in listed companies" (VegÜV) but also additional amendments which included the updating of the purpose clause and the deletion of the above-mentioned § 3a "Approved Share Capital".

On 27.11.2020, the Extraordinary General Meeting approved the following amendments to the Statutes: introduction of a formally selective opting up clause for Lupa Systems LLC (§ 5); a changed composition for the Board of Directors with a maximum of nine members, two of whom are delegated by the government of the Canton of Basel-Stadt and one of whom jointly by the government of the Canton of Zurich and the Zurich City Council (§ 8 and § 22); the lifting of the restrictions on voting rights and the amendment of the registration restrictions (§ 3 and § 5). These amendments to the Statutes became legally effective with the completion of the capital increases and the entry in the Commercial Register on 21.12.2020.

The Statutes, the Organisational Regulations and the Regulations governing the specialist committees are posted in German and English on MCH Group website:  
[www.mch-group.com](http://www.mch-group.com) | Investors | Governance

## Composition of the Board of Directors

Under the terms of § 22 of the Statutes of 21.12.2020, the Board of Directors comprises a maximum of nine members. It is made up of three representatives of the public-sector entities and three representatives of Lupa Systems, as well as three additional, independent members. In accordance with the Statutes, two members are appointed by the government of the Canton of Basel-Stadt and one member is appointed jointly by the government of the Canton of Zurich and the Zurich City Council. The remaining members are elected by the General Meeting.

With the Canton of Basel-Landschaft waiving its right to appoint a member of the Board of Directors, the Board of Directors has been made up of ten members since the Ordinary General Meeting of 2020. The further reduction to nine members will be completed at the General Meeting of 28.04.2021.

The members of the Board of Directors are generally non-executive members, as per the SIX Swiss Exchange Directive. From 03.08.2018 to 04.09.2018, the Chairman of the Board of Directors, Dr. Ulrich Vischer, was responsible for the operational management of the company as the delegate of the Board of Directors. From 04.09.2018 to 31.07.2019, Hans-Kristian Hoejsgaard was interim CEO of MCH Group. With the exception of these two transitional arrangements for limited periods, the members of the Board of Directors have never belonged to the operational management of MCH Group and have no significant business relationships with it. The relations between the representatives of the public sector entities and the company are based on the relationship that exists between these entities and MCH Group. In addition to other lawyers' offices, MCH Group also uses the services of Vischer AG in Basel. These mandates are awarded at the standard market rates to lawyers at the office and not to Dr. Ulrich Vischer.

The Board of Directors constitutes itself unless the General Meeting has the power to constitute the Board (election of the Chairperson and the members of the Governance, Nomination and Compensation Committee (GNCC), which assumes inter alia the function of the remuneration committee).

The Board of Directors' meetings are generally also attended by the members of the Executive Board – without the right to vote – and, if required for individual transactions, by other members of the management and external experts.

# Specialist Committees of the Board of Directors

The Governance, Nomination and Compensation Committee (GNCC) is a specialist committee that advises the Board of Directors on the execution of its duties in the fields of corporate governance, human resources planning at Board of Directors and Executive Board level, and the remuneration policy and remuneration to be paid to the Board of Directors and the Executive Board. It provides the Board of Directors with an appropriate report of its activities and findings at least once a year. The GNCC submits proposals to the Board of Directors on all issues relating to remuneration which are incumbent upon it in its function of remuneration committee as per the provisions of the "Ordinance against abusive remuneration in listed companies" (VegÜV). The GNCC has no decision-making powers of its own. Apart from the members of the Board of Directors elected by the General Meeting, the GNCC meetings are also attended by the Group CEO and, if necessary, by the Head of Corporate Human Resources. The latter abstain from the proceedings when issues concerning them are discussed.

The Audit Committee (AC) is a specialist committee which supports the Board of Directors in supervising the financial and accounting systems, the financial reporting, the auditors and also the risk management and internal control system. The AC has no decision-making powers of its own. Apart from the members of the Board of Directors who sit on the AC, the AC meetings are attended by the Chairman of the Board of Directors, the Group CEO and Group CFO and also, as a rule, by the representatives of the statutory auditor.

As part of the ongoing strategy process, the Board of Directors also set up a Strategy Committee (SC) in spring 2019 to take a detailed look at all the strategic issues and prepare for the Board's deliberations on these. The SC is a standing technical committee formed from members of the Board of Directors. It has no decision-making powers of its own.

In the 2020 financial year, the Board of Directors also deployed a Steering Committee for a limited period of time to manage and support the responsible project team in drawing up and implementing the package of measures for strengthening the capital structure and shareholder base. This Committee also undertook the preparations for the corresponding deliberations by the Board of Directors. The Steering Committee was made up of members of the Strategy Committee.

## Board of Directors' Meetings

In the 2020 business year, the Board of Directors held six ordinary half-day meetings (in February, March, April, June, August and November). It additionally held a further ten meetings, each lasting between one and three hours.

In the reporting year, the GNCC held eight meetings, the AC five meetings and the SC similarly five meetings. The Steering Committee for drawing up and implementing the restructuring programme performed its duties in numerous meetings and discussions – on an almost daily basis during certain phases.

The Board and committees met in their standard composition in each case. When dealing with the project to strengthen the capital structure and the shareholder base, representatives of the external financial and legal advisers were present. Due to the protection measures adopted during the Covid-19 pandemic, the majority of members participated in the meetings via a video conference in most cases.

# Management and control instruments

The duties and competences of the Board of Directors and the Executive Board are governed by the Statutes, the Organisational Regulations and the Regulations of the specialist committees. Data on the current and expected course of business is continuously recorded in a controlling, 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 data. In addition, prior to each meeting, the Executive Board compiles a written report for the Board of Directors on the current course of business in the different divisions. If exceptional events occur, the Board of Directors is notified without delay. The Chairman of the Board of Directors maintains constant intensive contact with the Group CEO and the Group CFO.

Following the emergence of the Covid-19 pandemic, contingency plans were immediately drawn up for all business areas in March 2020. Various scenarios were calculated for the development of the business environment and business activities as well as for the associated impact on the company's financial situation and especially its liquidity. The contingency planning has been updated several times as the situation has developed and has been deliberated on by the Board of Directors. It will continue to be periodically updated.

## Risk Management and Internal Control System

The MCH Group has a corporate risk management function. Corporate risk management acts as an advisory unit on behalf of the Audit Committee and the Executive Board and supports the group in risk management, in the further development of the internal control system (ICS) and in the establishment of a formal compliance management system. Over the past business year, corporate risk management has conducted various strategic, financial, operational and regulatory examinations.

The MCH Group's ICS takes in all the processes, methods and measures prescribed by the Board of Directors and Executive Board and constitutes an integral part of risk management and a key element of corporate governance for the MCH Group. It is aimed first and foremost at ensuring the prompt and correct accounting of all business processes and the periodical availability of reliable data on the company's financial position. The key processes and controls, together with their implementation, are verified and documented on a systematic and readily comprehensible basis to this end. When acquisitions are made, we aim to bring the internal control procedures of the acquired entities into line with those of the MCH Group as rapidly as possible.

The MCH Group continually aligns its ICS to the effectiveness of its business processes and to compliance with laws and regulations. The weak points identified in this way are rectified by means of selective actions. The Audit Committee of the MCH Group monitors the ICS.

The MCH Group's risk management deals with strategic, financial, operational and also regulatory risks. In the reporting year, the different business risks were identified in group workshops and individual interviews and assessed in terms of their potential level of impact and the probability of their occurrence. During subsequent consolidation, the most important risks for the group are identified and evaluated. These risks are then reduced to an acceptable level through targeted management measures and, where addressable, are integrated in the company's strategy and operating business. The risk assessment was verified by the Audit Committee (AC) and adopted by the Board of Directors.

In the reporting year, numerous additional risk assessments were performed in addition to the regular risk management process, which is repeated at least once a year. Particular weight was attached to risk management in the decisions taken regarding events. Risk management was actively included in the preparations and ongoing situation analyses on a permanent basis.

The most important risks for the MCH Group are described below for the individual risk categories. The MCH Group continues to regard the impact of the Covid-19 pandemic on its business activities as one of the key risks for the group. MCH recognises the overarching interaction with other identified risks, which could also affect the group's course of business in the near future.

### **Strategic risks**

The opportunities identified include the consolidation and growth of internationally leading exhibitions and platforms, as well as the further development in the area of digitalisation, which has been intensified and accelerated not least by the pandemic. The MCH Group is assuming that the ongoing implementation of its corporate strategy will be decisive in countering the risks arising from developments such as these.

By integrating risk management in its strategic projects, the company is endeavouring to optimise the sustainability and value retention of the investments made.

### **Financial risks**

The ongoing implications of the different measures adopted by the authorities to contain the Covid-19 pandemic will continue to remain a determining factor for the MCH Group's business performance in the near future. With the entry of the new anchor investor, Lupa Systems, the MCH Group's capital base has been secured for the near future.

The economic situation in general and the development of the respective industries, in particular, has a direct influence on customers' financial standing, the level of investments made in marketing and foreign currency fluctuations. Appropriate risk management measures have been initiated at the MCH Group at a strategic, financial and operational level.

### **Operational risks**

The MCH Group is expecting the measures introduced by the authorities to combat the pandemic to still last for an extended period of time. These will continue to have a significant impact on the MCH Group's operational business and are set to limit or prevent its ability to hold events. Despite this, the MCH Group continues to aim for operational excellence in all matters so as to achieve maximum satisfaction on the part of its customers, in particular. With the ongoing implementation of its corporate strategy, the MCH Group is aligning itself to the ever more rapidly changing market conditions. This implementation is also actively contributing to continuous improvements in the external conditions.

### **Regulatory risks**

The increasing regulatory requirements and framework conditions, together with the MCH Group's international development, are increasing both the complexity of the different issues and the group's exposure. The MCH Group is thus continually adapting its organisation and processes to this end so as to ensure that potential regulatory risks can be identified at an early stage and the required measures triggered in good time.

## Information policy

MCH Group pursues a policy of open and objective communication as a matter of principle. It complies with the rules of the SIX Swiss Exchange as far as its information practice is concerned. It maintains regular contact with investors and the media, including investor conference calls and media talks regarding important topics such as the annual and half-year financial statements. All the key information may be found on the MCH Group website:

- Ad hoc information  
[www.mch-group.com](http://www.mch-group.com) | Investors | Ad hoc publications

- Media releases  
[www.mch-group.com](http://www.mch-group.com) | News
- Reports  
[www.mch-group.com](http://www.mch-group.com) | Investors | Reports
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