

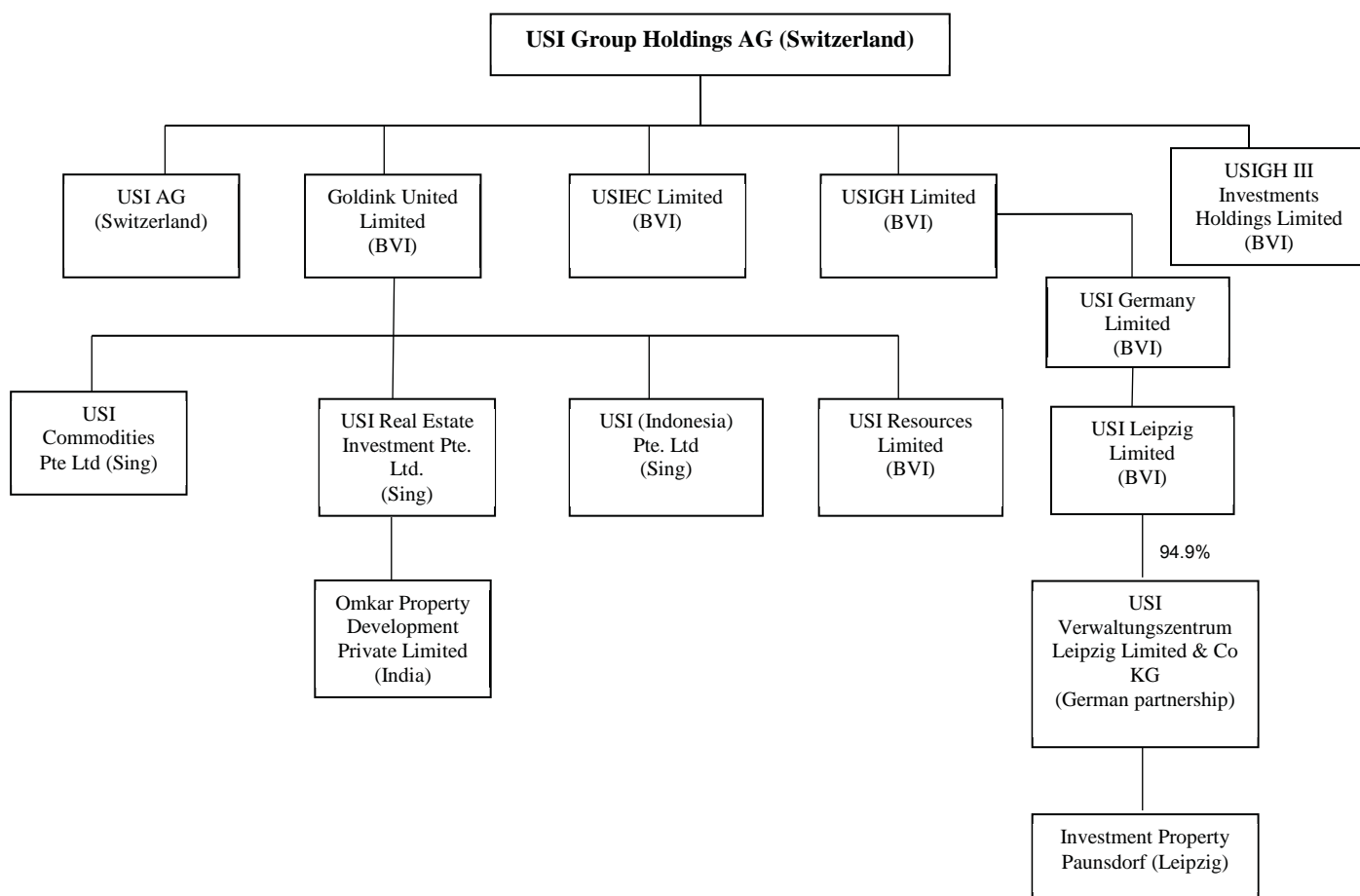
I Corporate Governance

This report describes certain key information relating to corporate governance at USI Group Holdings AG (the "**Company**"). The report's content is structured along the disclosure items of the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange currently in force.

1 Group Structure and Shareholders

1.1 Group Structure

At 31 March 2016, the corporate structure of the group of companies controlled by the Company (the "**USI Group**") was as follows (for the internal organizational structure, refer to sections 3.4 and 4):



All holdings are 100% unless otherwise stated.

The Company has its address at Bleicherweg 66, CH-8002 Zurich, Switzerland and its registered shares are listed on the SIX Swiss Exchange under the International Reporting Standard. For its ISIN, Security Number and SIX Swiss Exchange Symbol see section 9. The Company's market capitalization as at 31 March 2016 was CHF 128,478,894.

At 31 March 2016, the principal shareholdings of the USI Group were in the following non-listed companies:

Company and Domicile	Number of Shares Owned	Type of Shares and Nominal Value	Share Capital in issue	Direct/ Indirect Ownership %	Voting Rights %
USIGH Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1039705	10,000	Ordinary US\$ 0.01	US\$100	100	100
USI AG Bleicherweg 66, CH-8002 Zurich, Switzerland, Registered number: CH-020.3.927.468-9	150,000	Ordinary CHF 100	CHF 15,000,000	100	100
USI Germany Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1440436	1	Ordinary US\$ 1.00	US\$1.00	100	100
USI Leipzig Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1417877	1,000	Ordinary No nominal value	-	100	100
USIGH III Investments Holdings Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1531975	2	Ordinary US\$ 1.00	US\$2.00	100	100
USIEC Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1660465	2	Ordinary No nominal value	-	100	100
Goldlink United Limited Vanterpool Plaza, 2 nd Floor, Wickhams Cay 1, Road Town, Tortola, BVI, Registered number: 1774044	40,000	Ordinary US\$ 1.00	US\$40,000	100	100
USI Commodities Pte Ltd 67 McNair Road, Townerville, Singapore, Registered number: 201511518H	50,000	Ordinary S\$1.00	S\$50,000	100	100
USI Real Estate Investment Pte Limited 67 McNair Road, Townerville, Singapore, Registered number: 201503006R	1,000	Ordinary US \$1.00	US\$1,000	100	100
USI (Indonesia) Pte Ltd 67 McNair Road, Townerville, Singapore, Registered number: 201503405D	1,000	Ordinary US \$1.00	US\$1,000	100	100
USI Resources Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1683484	1	Ordinary US \$1.00	US\$1.00	100	100
Omkar Property Development Private Limited 37 Krishnaswamy Avenue, Mylapore, Chennai 600004, Tamil Nadu, India, Registered number U70100TN2015PTC099260	600,000	Indian rupees ("INR") 10	INR 6 million	100	100

The USI Group also owns a 94.9% interest in a German partnership named USI Verwaltungszentrum Leipzig Limited & Co KG.

1.2 Significant shareholders

The Company had the following major shareholders (3% or more of voting rights) as at 31 March 2016:

Name of Holder (Beneficial Owner)	No of Shares	Percentage ownership of total equity capital and voting rights
Mr Thirupathur Lakshmanan Chandran ¹ 11 Tg Rhu Rd 14-02 436896, Singapore	5,442,037	36.00%
Nallan Chakravarthy Rangesh ² 03-20, 3 Colman Street Peninsula Shopping Centre, 179804, Singapore	4,100,000	27.13%
USI Group Holdings AG ³ Bleicherweg 66, CH-8002 Zurich, Switzerland	1,341,458	8.87%
Venus Global Macro Fund Limited c/o Catamaran Corp Ltd, A-1C Sector 16, Noida, U.P. 201301, India	570,125	3.77%
Community of Heirs of Dr Victor Lanfranconi ⁴	564,658	3.74%
Other shareholders	3,096,886	20.49%
Total	15,115,164	100%

¹ The 5,442,037 Shares are held by TLC Developments Limited (“**TLC**”) (a BVI corporation with registered address at Nerine Chambers, PO Box 905, Road Town, Tortola, BVI). TLC is owned as to 100% by Mr Chandran, a non-resident Indian domiciled in Singapore.

² The 4,100,000 Shares are held by NCR Developments Limited (“**NCR**”) (a BVI corporation with registered address at Nerine Chambers, PO Box 905, Road Town, Tortola, BVI). NCR is owned as to 100% by Mr Rangesh, a UK resident living in Singapore.

³ USIGH Limited (Nerine Chambers, Road Town, Tortola, BVI), a 100% subsidiary of USI Group Holdings AG, further owned, as at 31 March 2016, CHF 17,526,250 of USIGH Limited 6.25% senior secured guaranteed convertible notes due March 2019 (ISIN XS0493478555) (convertible into 1,130,726 Shares, equivalent to 7.48% of the Company's total issued share capital). USIGH Limited has issued such convertible notes in the aggregate nominal amount of CHF 42,040,000 (convertible into 2,712,258 Shares, equivalent to 17.94% of the Company's total issued share capital; see also section 2.7)

⁴ Consisting of Beatrix Lanfranconi-Spaeti (Altstadstrasse 54, 6045 Meggen), Patrick Markus Lanfranconi (Einsiedlerstrasse 82, 8802 Horgen) and Stefanie Katrin Lanfranconi (Edenstrasse 16, 8045 Zürich); represented by the heirs' representative, Dr. Harold Grüniger (Homburger AG, Prime Tower, Hardstrasse 201, 8005 Zurich).

Disclosure notices of significant shareholdings made to the Company and the SIX Swiss Exchange Ltd Disclosure Office during the 12 months under review pursuant to art. 120 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (until 31 December 2015, art. 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading) may be viewed on the exchange's electronic publication platform at the following address:

<http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

1.3 Cross-shareholdings

Save as disclosed herein, there are no cross-shareholdings between the Company and any other entity that would exceed 5% of capital or voting rights on both sides.

2 Capital structure

2.1 Capital

As at 31 March 2016:

2.1.1 The Company's issued share capital amounts to CHF 151,151,640, divided into 15,115,164 registered shares with a par value of CHF 10 each, fully paid in.

2.1.2 The Company's conditional capital for management and advisers amounted to CHF 15,115,160 and the conditional capital for bondholders and other creditors amounted to CHF 60,460,660.

2.1.3 The Company's authorized capital amounted to CHF 75,575,820 and expires on 16 September 2016.

2.2 Authorized and conditional capital

2.2.1 Authorized capital

Pursuant to an authorization in Article 3c of the Company's articles of incorporation (the "**Articles**") the Company's board of directors (the "**Board**") may increase the share capital in the amount of up to CHF 75,575,820 until 16 September 2016 through the issuance of up to 7,557,582 fully paid in additional registered shares with a nominal value of CHF 10 each. An increase in partial amounts is permitted. The date of issuance, the issue price, the payments with regard to the issue price, the dividend entitlement as well as the allocation of not-exercised subscription rights shall be determined by the Board. The Board may restrict or withdraw subscription rights in connection with mergers, acquisitions of interests, financing and/or re-financing of mergers or acquisitions of interests, or other investment projects, national or international placements of shares, conversion of loans or other equity securities into shares and for the broadening of the shareholder basis. The new registered shares are subject to the restrictions specified in Article 4 of the Articles (see section 2.6.1).

2.2.2 Conditional capital

According to Article 3a of the Articles the share capital may be increased by a maximum amount of CHF 15,115,160 through the issuance of up to 1,511,516 fully paid registered shares with a nominal value of CHF 10 each through the exercise of option rights granted to the members of the Board or of the management and to advisers of the Company or its subsidiaries. The subscription rights of the shareholders are excluded. The conditions of the option rights, the issue price, the dividend entitlement as well as the type of contribution shall be determined by the Board. The acquisition of registered shares through the exercise of option rights as well as every subsequent transfer of shares are subject to the restrictions set forth in Article 4 of the Articles (see section 2.6.1).

Furthermore, according to Article 3b of the Articles the share capital may be increased by a maximum amount of CHF 60,460,660 through the issuance of up to 6,046,066 fully paid registered shares with a nominal value of CHF 10 each through the exercise of conversion rights, warrant rights or option rights which have been or will be granted to bondholders or other creditors of the Company or its subsidiaries. The subscription rights of the shareholders are excluded. The conditions of the option rights and of the conversion rights, the issue price, the dividend entitlement as well as the type of contribution shall be determined by the Board. The Board may restrict or withdraw the right for advance subscription (*Vorwegzeichnungsrecht*) of the shareholders in connection with (i) the financing (refinancing inclusively) of acquisitions of enterprises or parts thereof, participations or other investment projects of the Company and/or its subsidiaries or (ii) the issuance of bonds with option or conversion rights on national or international capital markets. If the right of advance subscription (*Vorwegzeichnungsrecht*) is excluded, (i) the bonds or bonds with warrants (*Anleihen oder*

Optionsanleihen) have to be offered at market conditions, with (ii) the period of time for exercising the conversion and the options rights being not more than 10 years from the issue date (or from the time of any reset of their terms), and (iii) the exercise price of the new registered shares corresponding to the market conditions at the time of issue (or reset of terms). The acquisition of registered shares through the exercise of conversion and/or option rights as well as every subsequent transfer of these shares shall be subject to the restrictions set forth in Article 4 of the Articles. Part of this conditional capital (namely, a maximum number of 2,712,258 shares) has been reserved for issues of shares pursuant to the securities referred to in section 2.7.

2.3 Changes in capital in the past three years

At the Annual General Meeting of the Company in June 2013, shareholders of the Company resolved that the nominal value of each registered share would be reduced from CHF 68.85 to CHF 10 once the shares referred to in the following paragraph were registered in the Commercial Register of the Canton of Zurich. This resulted in a reduction in share capital of CHF 57,984,787.30 (from CHF 67,837,767.30 to CHF 9,852,980), which per the Annual General Meeting was used to offset accumulated losses.

Also at the Annual General Meeting in June 2013, the shareholders resolved on an ordinary increase of share capital for purposes (i) of the acquisition by the Company of all shares of Goldlink United Limited (“**Goldlink**”) and (ii) of the conversion of certain indebtedness into share capital. In September 2013, this transaction was executed. In the transaction, 11,241,463 new shares were issued to Infinite Group Holdings Limited in exchange for all shares of Goldlink, and 2,888,403 shares were issued to creditors of the Company in a conversion of debt into share capital. This resulted in a total increase to share capital of CHF 141,298,660 (from CHF 9,852,980 to CHF 151,151,640).

Other than as identified above, in the three past years, there were no other changes to the Company's issued share capital.

2.4 Shares and participation certificates

As at 31 March 2016, the Company has 15,115,164 registered shares with a par value of CHF 10 fully paid in. The shares rank equally among each other in all respects (including in respect of entitlements to dividends and liquidation proceeds). Each share confers one vote in the shareholders' meeting.

The Company has not issued any participation certificates.

2.5 Profit sharing certificates

The Company has not issued any profit sharing certificates.

2.6 Limitation on transferability and nominee registrations

2.6.1 Limitations on transferability for each share category; indication of statutory group clauses and rules for granting exceptions

Article 4 of the Articles provides that:

2.6.1.1 The Board can refuse the approval of an acquirer of registered shares as a shareholder with the right to vote, if the holdings of the shareholder together with his shares already registered, exceed the limit of 2% of all the shares recorded in the commercial register. Legal entities and associations that are linked together by capital, voting power, management or in other manner, as well as all persons, entities and partnerships that are acting in concert with a view to circumvent the percentage limit, are deemed one person.

2.6.1.2 Acquirers of registered shares shall be registered in the share register as shareholders with the right to vote upon request if they expressly declare to have acquired the registered shares in their own name and for their own account. If an acquirer of shares is not prepared to provide this declaration, the Board may refuse to register him as a shareholder with the right to vote.

2.6.1.3 If registered shares are acquired by inheritance, division of an estate, or marital property law, the acquirer may not be refused as a shareholder.

2.6.1.4 After hearing the shareholder concerned, the Board may cancel, with retroactive effect as of the date of registration, entries in the share register as a shareholder with the right to vote, if these were made because of wrong information by the acquirer. A shareholder shall be immediately informed of such cancellation.

2.6.2 Reasons for granting exceptions in the year under review

During the year, the Board granted two exceptions from the 2% limitation (see section 2.6.1.1) to TLC Developments Limited in respect of its acquisition of a 36% interest in the Company and NCR Developments Limited in respect of its acquisition of a 27.13% interest in the Company. TLC and NCR are owned by individuals who have been known to the Board for several years and who have been assisting the Company with procuring real estate investments in India. TLC and NCR confirmed to the Company that they needed to have the ability to exercise voting rights over their shares. As a result, the Board granted the exceptions since it wanted to encourage the investment by TLC and NCR and use their assistance to procure potential investment opportunities for the Company.

The Board did not grant any other exceptions from the 2% limitation in any instances during the year under review.

2.6.3 Nominee registration

Pursuant to Article 4 of the Articles, the Board can register nominees as shareholders with the right to vote, based on separate regulations or individual agreements. No separate regulations have been adopted and the board makes decisions on whether to register nominees as shareholders with the right to vote on a case by case basis, depending on the underlying beneficial owner and proposed nominee. Depending on the circumstances of each case, the board may require the beneficial owners and/or nominees to enter into a separate agreement with the Company. There are no such agreements currently in place.

During the year under review, the Board agreed that St James Investment Management limited and Marble Arch Investments PCC Limited would be registered as nominees, for specific beneficial owners known to the Company, with the right to vote in respect of 4,050,000 and 1,055,885 shares of the Company respectively. The board does not currently apply any fixed percentage limits, any given group clauses in respect of nominee registrations or any other specific registration requirements.

2.6.4 Procedure and conditions for cancelling statutory privileges and limitations on transferability

The Articles do not provide for any privileges. The limitations on the transferability of shares (see section 2.6.1) may be abolished by a vote of the absolute majority of the shares represented at a shareholders' meeting.

2.7 Convertible bonds and warrants/options

The Company has issued the following convertible bonds, warrants or options.

2.7.1 CHF 42,040,000 of 6.25% Convertible Bonds Due 2019 ("2019 Bonds")

In September 2010, USIGH Limited issued CHF 25,000,000 of convertible bonds due 2015 (the "**2010-2015 Bonds**"). The 2010-2015 Bonds had a principal amount of CHF 100 each, a cash coupon of 4%, a yield to maturity of 6.25% and a conversion price of CHF 120. Before the amendment referred to below, at 31 March 2014, 2010-2015 Bonds in the aggregate principal amount of CHF 17,884,200 were held by third parties and the remainder by USIGH Limited.

Subject to adjustment under their terms, 149,035 registered shares with a nominal value of CHF 10 each of the Company would have had to be issued under the terms of the 2010-2015 Bonds if all third-party bondholders fully exercised their conversion rights. By 31 March 2014, no shares had been issued under the 2010-2015 Bonds.

On 31 March 2014, the terms of the 2010–2015 Bonds were amended by bondholders' consent and the overall aggregate of principal amount of 2010-2015 Bonds was increased to CHF 42,040,000. The coupon was increased to 6.25% per annum and the redemption premium payable on maturity was replaced with a one-time interest payment in the form of additional bonds. The conversion price was reduced to CHF 15.50 and the maturity extended to 31 March 2019 (the 2010-2015 Bonds as so amended and increased the "2019 Bonds"). In order to convert the 2019 Bonds, conversion notices must be received by the conversion agent by the fifth business day prior to 31 March 2019. As at 31 March 2016, 2019 Bonds in the aggregate principal amount of CHF 24,513,750 were held by third parties and the remainder by USIGH Limited. Assuming all of the 2019 Bonds were converted, 2,712,258 registered shares with a nominal value of CHF 10 each of the Company would have to be issued.

3 Board of Directors

The members of the Board are responsible for the strategic direction and oversight of the Company. As at 31 March 2016, the Board consisted of four individuals.

	Nationality	Function	Member since
Executive members			
Dr. Volkert Klaucke ¹	German	Executive Chairman	2005
Non-executive members			
Dr. Doraiswamy Srinivas	USA/GB	Vice chairman	2005
David Quint	USA/GB	Member	2005
William W. Vanderfelt	GB	Member	2005

¹ On 30 July 2015 it was announced that Volkert Klaucke, who had been a non-executive member of the Board since September 2014, reassumed responsibilities as Chief Executive Officer and Executive Chairman.

In January 2016, Ravi Singh resigned as an (executive) member of the Board.

3.1 Members of the Board

Dr Volkert Klaucke (1944), German citizen, has over 30 years of experience in investment banking. He worked for nearly 20 years at Deutsche Bank in Luxembourg, Tokyo, New York and Frankfurt where he was primarily responsible for corporate finance and mergers and acquisitions. Dr Klaucke joined Pricewaterhouse, Frankfurt in 1991-1994 as a Partner and Member of the Corporate Finance Executive Committee for Europe. From 1994-1995, he was Managing Director of Mees Pierson, Germany. Dr Klaucke has served on the boards of directors and advisory committees of various European and American corporations including Caisse Depot et Consignation GmbH in Frankfurt, Deutsche Börse in Düsseldorf and Vespucci Income Shares Inc. (a subsidiary of Munich Re) in New York. Dr Klaucke holds a doctorate in Business Management from the University of Hamburg. Dr Klaucke is also a member of the board of the German Foundation against World Hunger.

Dr Doraiswamy Srinivas (1951), U.S./UK citizen, is Chief Operating Officer of RP&C International Inc (an investment banking firm established in 1992 to provide specialist advisory services and financial solutions to public and private companies; "RP&C") and is a director of RP&C and related companies. He has advised the USI Group since 1989 and has been a director of various USI Group subsidiaries for more than 10 years. Dr Srinivas previously served as Managing Director, Corporate Finance at SBCI Swiss Bank Corporation Investment Bank in New York where he was responsible for private placements and structured finance in North America. He subsequently held similar positions at Leu Securities and Guinness Mahon Capital Markets (now Investec) in London. Dr Srinivas attended the University of St. Gallen and the Columbia Business School. He holds a doctorate in finance and economics.

Mr David Quint (1950), U.S./UK citizen, is a co-founder and Chief Executive Officer of RP&C. Prior to founding RP&C in 1992, Mr Quint served as Managing Director of Belden & Blake Corporation's United Kingdom subsidiary and as an attorney with Arter & Hadden. Mr Quint is a graduate of the University of Notre Dame where he received a degree in Modern Languages and a Juris Doctorate. He is also a non-executive director of Global Energy Development plc.

Mr William W. Vanderfelt (1942), UK citizen, served as a Managing Director of the Petercam Group, Belgium, a leading independent member firm of Euronext, Brussels until his retirement in 2001. He serves as a director of Phaunos Timber Fund.

For details on the operational management tasks of Dr Volkert Klaucke, as the Chief Executive Officer and Executive Chairman, please refer to section 4.1 below.

Dr Volkert Klaucke served as Executive Chairman of the Company from December 2013 until September 2014 when he became non-executive Chairman. On 30 July 2015 it was announced that Dr. Klaucke would reassume the role of Chief Executive Officer and Executive Chairman, which role he retained following the resignation of Ravi Singh in January 2016. Save as described herein, Dr Klaucke does not have any significant business connection with the Company or any of the Company's subsidiaries.

Dr Doraiswamy Srinivas and David Quint are shareholders of RP&C, and members of the senior management of both RP&C and its subsidiary St James Investment Management Limited ("**SJIM**"), which until September 2013 and from September to December 2013, respectively, acted as the USI Group's exclusive manager under respective management agreements. As from December 2013, SJIM has been acting as a permanent adviser and administrator for the USI Group (please refer to section 4 below). On 3 May 2016 the Company announced its proposed acquisition of RP&C. Subject to the foregoing, Dr Doraiswamy Srinivas and David Quint do not have any significant business connections with the Company or any of the Company's subsidiaries.

William W. Vanderfelt is also a non-executive director of USIGH Limited and Arundel AG (formerly known as USI AG), but otherwise did not have any involvement with any of the Company's subsidiaries, nor does he have any significant business connection with the Company or any of the Company's subsidiaries.

Other than as mentioned above, none of the non-executive directors had any executive responsibilities for the USI Group in the three financial years preceding the period under review.

3.2 Permissible outside mandates

Pursuant to Article 31 of the Articles, a member of the Board or of Executive Management may simultaneously hold no more than ten mandates outside the Company's group, in the supreme managing or supervising bodies of other legal entities that are obliged to be entered in the Swiss Commercial Register or a comparable foreign register. Of those, not more than four mandates may be in other listed companies. There are no limits on activities in not-for-profit entities, such as associations, societies and foundations. Several mandates within the same group of companies, and mandates performed at the behest of a company or group (including mandates in pension funds, joint ventures, and legal entities in which a significant interest is held) are counted as one mandate.

3.3 Elections and terms of office

Pursuant to the Articles, the members of the Board hold office for one year. A year is defined as the period from one ordinary shareholders' meeting to the next. Members of the Board and its Chairman may be re-elected after their tenure of office expires.

Members of the Board may stand for re-election to office on an annual basis. A separate vote is taken, at the Company's shareholders' meeting, in respect of each director who stands for election or re-election.

The Articles do not contain any rules that would deviate from statutory law with regard to the appointment of the Chairman or of the members of the Nomination and Compensation Committee.

3.4 Internal organizational structure

3.4.1 Board

The Board may take decisions on all matters which by law or the Articles are not allocated to the general meeting of shareholders (Article 698 of the Swiss Code of Obligations (hereinafter "CO")).

According to the internal organizational regulations of the Company of 27 July 2005, as amended (hereinafter the "**Regulations**"), the Board acts, in principle, as a collective body. Its members may not act alone on behalf of the Company and may not give instructions on their own, except where the Articles, the Regulations or a decision of the Board otherwise permit.

Each year at the first meeting following the annual general meeting of shareholders, the Board appoints a chairman (the "**Chairman**"). The Board chooses the secretary, who may or may not be a member of the Board. Re-election of any member is permitted for any position.

The Chairman has the following duties:

- chairing meetings of the Board and general meetings;
- determining the agenda for meetings of the Board except in cases where proposals are made by other members of the Board;
- representation of the Board to the public, to public authorities and to the shareholders;
- supervision of the execution of measures which have the approval of the Board;
- preparation of amendments to the Articles, conduct of the voting procedures and other matters to be addressed at any general meeting;
- in association with the Company's executive management team ("**Executive Management**"), preparation of materials concerning strategic planning, short-term corporate goals, financial planning and budgets to be approved by the Board;
- decisions concerning non-budgeted investments and expenditures up to CHF 2.25 million and up to CHF 100,000 respectively; and
- decisions requiring urgent action or in exceptional circumstances which would otherwise be addressed by the Board, the Nomination and Compensation Committee or the Audit Committee. Such decisions shall be submitted for approval to the responsible bodies as soon as possible.

Following his appointment in September 2014 and until his resignation in January 2016, Ravi Singh acted as Chief Executive Officer of the Company and the USI Group and took over responsibility for all executive functions related to management of the USI Group from Volkert Klaucke. Volkert Klaucke reassumed certain executive functions from July 2015, and reassumed all executive functions following Ravi Singh's resignation. Further information is set out in section 4.1.

3.4.2 Committees

There are two committees of the Board, the audit committee (hereinafter the "**Audit Committee**") and the nomination and compensation committee (hereinafter the "**Nomination and Compensation Committee**"). The Audit Committee presently consists of all members of the Board and is chaired by Dr. Volkert Klaucke. The Nomination and Compensation Committee presently consists of Dr. Volkert Klaucke, David Quint and William W. Vanderfelt, and is equally chaired by Dr. Klaucke.

In addition, the Board has formed a valuation committee for the purpose of reviewing valuations of the USI Group's subsidiaries and assets. This committee, which has not as yet taken up its activity, presently consists of all members of the Board and its precise duties, powers and authority remain to be determined in the form of a special charter.

3.4.2.1 Audit Committee

The responsibilities of the Audit Committee are determined in a special Audit Committee Charter. The Committee's primary duties are to:

- review the semi-annual and annual financial statements and consider whether they are complete and reflect appropriate principles;
- monitor the integrity and effectiveness of the Company's financial reporting process and systems of internal controls regarding finance and accounting, operational processes as well as manual and automatic finance and accounting data processing;
- oversee the qualifications of the public accounting firm engaged as the Company's independent auditor to prepare and issue an audit report on the financial statements of the Company;
- monitor the independence and performance of the Company's external and internal auditors (if any);
- provide for appropriate communication among the independent external auditors, advisers, Executive Management and the Board;
- review and monitor the Company's financial strategies and procedures; and
- report to the Board on the Audit Committee's activities and findings.

The Board has not delegated any decision-making powers to the Audit Committee.

The Audit Committee has the authority to conduct or authorize investigations into any matter within the scope of its duties and responsibilities pursuant to the Audit Committee Charter. It is empowered to:

- retain outside counsel, accountants or other experts to advise the Committee or assist it in the conduct of an investigation;
- seek any information it requires from the Company's executives and employees – all of whom are directed to cooperate with the Audit Committee's requests – or external parties;
- meet with the Company's executives, officers, external auditors, outside counsel and other advisers, as deemed necessary or appropriate.

3.4.2.2 Nomination and Compensation Committee

The responsibilities of the Nomination and Compensation Committee are determined in the Articles and in a special Nomination and Compensation Committee Charter.

Article 27 of the Articles provides that, subject to the powers of the shareholders' meeting, the Company's compensation committee has the following responsibilities:

- monitoring compliance with the compensation principles pursuant to law, the Articles, and regulations, and with the resolutions of the shareholders' meeting on compensation;

- submitting proposals to the Board on the definition of principles, assessment criteria and qualitative and quantitative targets in connection with compensation within the parameters of the law and the Articles;
- submitting calculations and proposals to the Board on the qualitative and quantitative targets for determining variable compensation;
- submitting proposals to the Board regarding the amounts of fixed compensation to be paid to members of the Board, and fixed and variable compensation to be paid to members of Executive Management;
- preparing and submitting to the Board a draft of the compensation report; and
- all other actions required of it by law, the Articles or regulations.

The Charter for the Nomination and Compensation Committee further specifies that its primary duties are to:

- assist the Board in discharging its responsibilities relating to compensation of directors of the Company and of members of Executive Management;
- approve or establish proposals for all compensation plans, policies and programmes relating to compensation and benefits for directors, Executive Management and direct employees (if any);
- propose to the Board compensation of directors, members of Executive Management and direct employees (if any);
- ensure that newly elected directors receive the appropriate introductions and orientation and the elected directors receive the adequate continuing education and training to fully discharge their obligations;
- assist the Board in identifying individuals who are qualified to become Board or Executive Management members, when vacancies arise;
- recommend to the Board the director nominees for the next annual shareholders' meeting;
- recommend to the Board a set of corporate governance principles to be published in a directive on corporate governance;
- prepare any disclosure statement on compensation and corporate governance required by applicable law, regulations or the rules of a stock exchange on which the Company's shares are listed or traded;
- lead the Board in its annual review of the Board's performance; and
- recommend to the Board director nominees for each committee.

The Board has not delegated any decision-making powers to the Nomination and Compensation Committee.

The Committee has the authority to conduct or authorize investigations into any matter within the scope of its duties and responsibilities pursuant to the Nomination and Compensation Committee Charter. It is empowered to:

- retain outside counsel, accountants or other experts to advise the Committee or assist it in the conduct of an investigation;
- seek any information it requires from the Company's executives and employees – all of whom are directed to cooperate with the Committee's requests – or external parties;

- meet with the Company's executives, officers, external auditors, outside counsel and other advisers, as deemed necessary or appropriate.

3.4.3 Work methods of the Board and its committees

3.4.3.1 Board

The Chairman, or the secretary, convenes the meetings of the Board as often as business affairs of the Company require, usually not less than four times each year. Meetings are also held by telephone conference and actions may be taken pursuant to circular resolutions, if no member of the Board requests in writing that the item to be resolved or discussed be considered at a physical meeting. The usual length of the meetings is 1-2 hours. In the year under review, six meetings were held. At all meetings, a senior officer of SJIM was present. External legal consultants may attend meetings at the invitation of the Chairman.

The Nomination and Compensation Committee reports its actions at meetings of the Board were relevant. The Audit Committee reports to the Board as required at each Board meeting about its activities, decisions, findings and recommendations. It reports at least semi-annually on the interim and final accounts at the board meeting which approves such accounts. The two Committees' primary duties and responsibilities are set out above (see section 3.3.2).

3.4.3.2 Audit Committee

In the year under review no separate meeting of the Audit Committee was held as all Audit Committee duties were assumed by the Board as a whole.

3.4.3.3 Nomination and Compensation Committee

In the year under review no separate meeting of the Nomination and Compensation Committee was held as all Nomination and Compensation Committee duties were assumed by the Board as a whole.

3.5 Definition of areas of responsibility

The Board has the responsibilities and duties set forth in the CO, in particular in Article 716a CO.

Furthermore, the Regulations state that the following matters shall be reserved to the Board:

- passage of resolutions regarding any authorised capital increases as well as any resulting amendments to the Articles;
- determination of the beginning and the end of each fiscal year of the Company pursuant to the Articles;
- the adoption of any stock option plan and the issuance of shares to option holders on exercise of such options;
- the formation, acquisition, merger, sale and/or liquidation of subsidiaries with a value in excess of CHF 2.25 million;
- the acquisition, sale and hypothecation of assets with a value in excess of CHF 2.25 million;
- the initiation and/or settlement of judicial and administrative proceedings or disputes of any nature with a value in excess of CHF 100,000;
- business decisions of a long-term nature or which involve unusual or extraordinary risks;

- the approval of expenditures or obligations in excess of CHF 100,000 for individual transactions or CHF 1,000,000 in the aggregate in any one fiscal year, unless such expenditures do not exceed the budget or other Board approved guidelines;
- the entry into any transaction which is not in the ordinary course of business of the Company, including any sale or lease of the Company's assets in excess of CHF 2.25 million;
- the entry into new projects with expenditures or obligations in excess of CHF 2.25 million, unless such projects have been approved in the Company's budget or other Board approved documents;
- the conclusion of any merger arrangements between the Company and any other entity or the decision to wind up or liquidate the Company, including any proposals to be made to shareholders at a general meeting of shareholders regarding the merger, liquidation or winding-up of the Company;
- the formation or acquisition of interests in other companies, irrespective of their legal form, or the purchase of other businesses in whole or in part if the value of any such purchase exceeds CHF 2.25 million;
- regarding subsidiaries of the Company:
 - the execution, alteration or termination of articles of association;
 - the voluntary liquidation, merger or continuation of a subsidiary after the occurrence of any matter requiring its liquidation;
 - the approval of the annual accounts and the distribution of dividends or other distributions to shareholders, or the exercise of any other shareholders' rights;
 - the appointment and/or termination of managers and Board members as well as the execution, alteration or termination of employment or pension arrangements with managers or Board members;
 - the resolution of matters which, pursuant to law or the articles of association, require the approval of the shareholders;
- any participation in revenues or profits of the Company in any form except commissions which can be viewed as usual in the trade, or the provision of benefits or remuneration to individual employees in excess of CHF 50,000 p.a.;
- the grant of pension entitlements to any employees;
- any decisions concerning the appointment of permanent advisers or administrators to the Company;
- borrowing in excess of CHF 500,000;
- the grant of a loan or the creation of a contingent liability to, or in respect of, third parties in excess of CHF 500,000;
- the approval of any transaction between the Company and members of the Board;
- the adoption and/or alteration of the Regulations.

In accordance with Article 716b CO, and subject to inalienable and reserved matters as described above, the Board has delegated all executive management functions of the Company to its Executive Management, whose responsibilities are set out below (see section 4.1).

3.6 Information and control instruments vis-à-vis senior management

The Executive Management provides the Board with a copy of management accounts on a quarterly basis. In addition, each member of the Board is provided, within 60 days after the end of each interim reporting period, with a provisional half-yearly report and, within 90 days after the end of each fiscal year, with a provisional annual report.

Furthermore, members of Executive Management who are present inform the Board at each Board meeting (i.e. usually not less than four times a year) of all current matters, important events and deviations from the budget. Extraordinary transactions and issues must be reported by Executive Management to the Board immediately. Each member of the Board is entitled to request and receive information on all matters of the Company and has access to the Company's and the Company's subsidiaries' property, records and personnel. Board members may make use of this right by requesting documents, in particular in the area of financial planning and reporting.

The Audit Committee's primary duties and its authority are set out above (see section 3.4.2.1). The Company has not appointed an internal audit function. Its risk management is described in the notes to the financial statements (see Notes 4 and 37 to the consolidated annual financial statements and Note 7 to the stand-alone annual financial statements). The Board does not use any IT-based Management Information System (MIS) for its information.

4 Executive Management and Permanent Advisers

From September 2014 until 1 May 2015, the Company's Executive Management team consisted of Ravi Singh (Chief Executive Officer) and Hamsa Shadaksharappa (Executive Vice President – Corporate Development). Hamsa Shadaksharappa resigned from Executive Management as of 1 May 2015, and on 30 July 2015 it was announced that Dr. Volkert Klaucke was reassuming executive functions as Executive Chairman alongside the Chief Executive Officer. In January 2016, Ravi Singh resigned as Chief Executive Officer of the Company and Volkert Klaucke reassumed all executive functions in his capacity of Executive Chairman and Chief Executive Officer.

Under an advisory agreement of October 2014, which amended and replaced a prior agreement entered into in December 2013 between the same parties, SJIM provides support as investment adviser and administrator to the USI Group, but does not perform any executive management functions (see section 4.2 below).

As concerns permissible outside mandates of members of Executive Management, see section 3.2.

4.1 Executive Management

Executive Management is responsible for the day-to-day management of the Company's business, under the overall supervision of the Board. The Board has delegated all executive management functions of the Company that are not reserved to the Board or to the Chairman (please refer to sections 3.4.1 and 3.5 above) to Executive Management.

As at 31 March 2016, Executive Management comprised Volkert Klaucke alone (following the departure of Ravi Singh and Hamsa Shadaksharappa from the Executive Management in January 2016 and May 2015, respectively). Volkert Klaucke, as Executive Chairman and Chief Executive Officer, is responsible for directing and overseeing all operational management tasks concerning the day to day business of the USI Group.

	Nationality	Function	In office since
Volkert Klaucke	D	Executive Chairman and Chief Executive Officer	2015

4.2 Permanent Advisers

4.2.1 Advisory Agreement with SJIM

The USI Group has appointed SJIM, a subsidiary of RP&C, to advise and assist in the administration of the Company and the USI Group, pursuant to an advisory and administration agreement dated 1 October 2014 (the "**Advisory Agreement**"), which amended and replaced a prior agreement entered into in December 2013 between the same parties. The registered office of SJIM is c/o Cim Global Business, 33 Edith Cavell Street, Port Louis, Mauritius.

The Advisory Agreement has no fixed term. The Company can terminate the appointment of SJIM, inter alia, by giving not less than 24 months' written notice to SJIM.

Pursuant to the Advisory Agreement, SJIM is entitled to receive from the USI Group an aggregate annual fee in cash (exclusive of applicable taxes and duties) (the "**Fee**") equal to \$1,050,000 or such other amount as may be agreed by the parties from time to time in writing. In the absence of other agreement, the Fee will be subject to adjustment in line with inflation. SJIM may allocate a portion of its Fee to its affiliates and third parties at its sole discretion.

In consideration of the provision by RP&C (SJIM's ultimate parent company) of registered and representative office facilities in England to certain members of the USI Group, the USI Group further pays to RP&C an aggregate fee of £200,000 per calendar year or portion thereof that such services are provided. Such fee is subject to annual increases to accommodate changes in business rates, maintenance and other operating costs as measured on 1st January of each year.

4.2.2 Duties of SJIM as Adviser

Pursuant to the Advisory Agreement, SJIM has the following duties as adviser to the USI Group, subject to the supervision and instructions of the Executive Management:

- identifying potential acquisitions which meet the criteria laid down by the USI Group for acquisitions from time to time and the generic identification of funding needs and opportunities;
- advising the USI Group generally in connection with conditions in the capital markets;
- carrying out reviews and evaluations of the USI Group's assets whenever SJIM shall deem such actions are necessary or when the Board shall reasonably so require;
- advising generally on the holding of assets;
- assisting the administrator with the administrative requirements in order to implement the USI Group's and Executive Management's decisions;
- supplying, as and when requested by the USI Group, such information as may be in its possession or may reasonably be obtained or provided by it;
- providing to the USI Group on a quarterly basis a summary of all corporate finance transactions undertaken during the previous quarter as well as an analysis of current market conditions;
- attending quarterly meetings of the boards of the USI Group and/or Executive Management (when invited to do so) for the purposes, inter alia, of discussing the information provided as described above; and
- providing the USI Group with such additional generic advice as the USI Group shall require for the purposes of properly assessing its assets and investments; and
- providing investor relations services as reasonably required by the USI Group.

SJIM will use the services of RP&C and related companies in fulfilling its duties as adviser under the Advisory Agreement.

4.2.3 Duties of SJIM as Administrator

Pursuant to the Advisory Agreement, SJIM has the following duties as administrator to the USI Group:

- maintaining all necessary books and records of the Company and certain of its subsidiaries required by law or deemed necessary for the proper operation of their assets and investments. Such documents shall be kept in accordance with statutory provisions for the time being in force;
- preparing and delivering all statutory returns for the Company and certain of its subsidiaries to the registrar of companies and other competent authorities and performing all duties and services normally performed by the secretary of such companies;
- dispatching to shareholders, to creditors, to directors and to the statutory auditors of the Company such circulars, notices of meetings, reports and other written material as may be required or as may be requested from time to time;
- informing the USI Group and Executive Management from time to time of all amounts due and payable by the USI Group and, on the instructions of Executive Management, paying on behalf of the companies of the USI Group and from their funds all costs, expenses and taxes properly charged to or levied on the USI Group;
- upon the instruction of the USI Group, administering the taking out and maintaining in the name of companies of the USI Group such policies of insurance as the USI Group shall determine to be appropriate;
- submitting to the USI Group and Executive Management such reports and information as they may reasonably require from time to time and, in consultation with the chairmen of the USI Group and Executive Management, preparing an agenda in advance of each board and Executive Management meeting and distributing a copy of it together with any supporting papers to members of the boards and Executive Management prior to each meeting;
- preparing and circulating draft minutes of meetings for approval by the boards and executive management;
- administering all bank accounts and investments of the Company and certain of its subsidiaries in accordance with the instructions of Executive Management; and
- with the agreement of the USI Group, arranging the retaining of such outside firms of auditors, lawyers, taxation advisers or other agents as shall be deemed desirable by Executive Management to properly administer the assets of the USI Group.

SJIM will use the services of RP&C and related companies in fulfilling its duties as administrator under the Advisory Agreement.

5 Compensation, shareholdings and loans

Details on compensation and participation of members of the Board and of Executive Management are disclosed on Note 31 to the Consolidated Financial Statements and within the Compensation Report.

5.1 Method of determining compensation and share ownership programmes

The Nomination and Compensation Committee is competent to present proposals, for decision by the Board, regarding the Company's general compensation policy for directors, Executive Management and direct employees (if any). The Board determines, normally upon proposal by the Nomination and Compensation Committee, the amount of any remuneration payable to its members and to members of Executive Management. Persons whose remuneration is decided upon do not have a right to participate in the relevant

meeting, or otherwise to participate in the process. The Company does not employ external advisers or use external benchmarks for fixing compensation.

5.2 Rules on compensation in the Company's Articles

In Articles 33-37 of the Articles, the Company has adopted rules on compensation of members of the Board and of Executive Management, and related matters, in accordance with the Swiss Federal Council's Ordinance against Excessive Compensation in Listed Stock Companies of 20 November 2013.

5.2.1 Principles applicable to performance-related pay; allocation of equity securities, convertible rights and options; and additional amounts for new members of Executive Management

Board of Directors

Article 33 of the Articles provides that members of the Board receive a fixed compensation for their work.

The Board may decide that part of the compensation is paid, instead of a cash payment, in Shares (which may or may not be restricted), or in reversionary subscription rights or options for Shares. The Board shall, in that case, specify the time of the grant, the term of the restriction (if any) or vesting period, and any discounts applying in consideration of the term of the restriction (if any) or vesting period. The Board may provide that upon the occurrence of certain events designated in advance, such as the termination of a mandate or a change of control, restrictions or vesting periods shall remain in effect or be shortened or cancelled. The value attributed to compensation paid in the form of Shares or of reversionary subscription rights or options shall be their fair value at the time of the grant, determined in accordance with such valuation methods as the Board considers most appropriate to establish that value.

Executive Management

Article 35 of the Articles provides that members of Executive Management receive a fixed compensation and a variable compensation for their work.

Pursuant to Article 36 of the Articles:

- variable compensation for members of Executive Management shall be subject to the achievement of qualitative and quantitative targets. The Board shall annually set common and individual targets, which shall be determined so as to promote the long-term interests of the Company and its shareholders, and shall judge the degree to which they have been achieved. In deciding on the award of variable compensation, the Board may also take account of extraordinary achievements unrelated to pre-determined targets;
- the amount of variable compensation may not be higher than 200% of the fixed compensation of the member concerned for the same period;
- At the option of the Board, variable compensation may be paid in cash, in Shares (which may or may not be restricted), or in reversionary subscription rights or options for Shares. The Board shall specify the time of the grant, the term of the restriction (if any) or vesting period, and any discounts applying in consideration of the term of the restriction (if any) or vesting period. The Board may provide that upon the occurrence of certain events designated in advance, such as the termination of an employment or mandate or a change of control, restrictions or vesting periods shall remain in effect or be shortened or cancelled, that compensation shall be paid on the assumption that targets have been met, or that compensation is no longer due. The value attributed to compensation paid in the form of Shares or of reversionary subscription rights or options shall be their fair value at the time of the grant, determined in accordance with such valuation methods as the Board considers most appropriate to establish that value;
- the Board shall issue regulations governing the details.

Pursuant to Article 37 of the Articles, if new members of Executive Management are appointed after approval has been given by the shareholders' meeting of the aggregate maximum amount of the fixed compensation for the members of Executive Management, the additional amount of fixed compensation available for each new

member is 120% *pro rata temporis* of the highest fixed compensation paid to a member of Executive Management in the financial year preceding the last ordinary shareholders' meeting. The shareholders' meeting is not required to approve this additional compensation.

5.2.2 Loans, credit facilities and post-employment benefits for members of the Board and of Executive Management

Article 30 of the Articles provides that loans and credit facilities extended to members of the Board or of Executive Management may not exceed a principal amount of CHF 1.5 million (or equivalent amount in another currency) in the case of any member.

The Articles do not provide for the grant of post-employment benefits to members of the Board or or Executive Management.

5.2.3 Vote on pay at the shareholders' meeting

Board

Article 34 of the Articles provides that at each ordinary shareholders' meeting, the meeting shall resolve with binding effect on the approval of the aggregate maximum amount of the fixed compensation for the members of the Board for the one-year term ending at the next ordinary shareholders' meeting.

Executive Management

Article 37 of the Articles provides that:

- at each ordinary shareholders' meeting, the meeting shall resolve with binding effect on the approval of the aggregate maximum amount of the fixed compensation for the members of Executive Management for the then current financial year;
- at each ordinary shareholders' meeting, the meeting shall resolve with binding effect on the approval of the aggregate amount of the variable compensation for the members of Executive Management for the immediately preceding financial year.

5.3 Compensation in the year under review

During the year under review, Dr. Volkert Klaucke acted as Non-Executive Chairman and, from 30 July 2015, as Executive Chairman and had the right to receive an annual fixed fee of CHF 60,000 per annum, before statutory deductions. This figure includes remuneration for his position as a member of the Board. Total compensation for Volkert Klaucke for the year ended 31 March 2016 (for Board and Executive Management duties combined) was CHF 60,000. Ravi Singh was Chief Executive Officer until his resignation on 26 January 2016 and had the right to receive a fixed annual fee of US\$250,000 per annum (CHF 240,666), before statutory deductions. For the pro-rated period up to the date of his resignation, Ravi Singh was entitled to US\$210,625 (CHF 204,290). This amount includes remuneration for his position as a member of the Board, for which he was entitled to CHF 7,970 for the pro-rated period. Each of William Vanderfelt, Dr. Doraiswamy Srinivas and David Quint were entitled to a fee of CHF 30,000 per annum for their services as non-executive members of the Board.

The annual compensation provided by the Group to Dr. Klaucke and the other directors and to the CEO was decided by the Board in a discretionary decision in which all members of the Board participated, and applies (to the extent relevant) until modified by the Board (i.e., there is no pre-defined review period).

The compensation noted above is expressed in terms of annual fees and may differ from the actual charge in the financial statements for the year ended 31 March 2016 (disclosed in Note 31 to the Consolidated Financial Statements and the Compensation Report) due to the effects of foreign exchange and timing differences.

5.4 Share Ownership Programmes

The Company currently does not have any share ownership programmes for members of the Board or of Executive Management.

6 Shareholders' participation

6.1 Restrictions of voting rights and representation

Apart from the limitations on the transferability of Shares (see section 2.6.1), there are no restrictions on the exercise of voting rights.

A shareholder may be represented at the shareholders' meeting by his legal representative, by the independent proxy, or by another duly authorized representative who does not need to be a shareholder.

Article 15 of the Articles provides that each ordinary shareholders' meeting shall elect an independent proxy for a term of office of one year, running until the end of the next ordinary shareholders' meeting. Re-election is permitted. A shareholders' meeting may remove the independent proxy with effect from the end of the meeting. If the independent proxy is unable to perform his duties, the Board must appoint an independent proxy for the term up to the end of the next shareholders' meeting. Voting proxies and instructions that have already been issued remain valid, provided that the shareholder does not expressly give other instructions. The Board shall make arrangements to permit shareholders to issue proxies and instructions to the independent proxy also by electronic means, and determine the respective details. The independent proxy can be represented by another person at the shareholders' meeting. He remains fully responsible for the performance of his duties. The independent proxy is obliged to exercise the voting rights represented by him in line with the instructions given. If he receives no instructions, he shall abstain from voting.

6.2 Statutory quora

Resolutions of the general meeting of shareholders are passed by the majorities set forth in the applicable legal provisions. The Articles do not change the applicable majorities.

6.3 Convocation of the general meeting of shareholders

The general meeting of shareholders must be called, at the latest, twenty days prior to the day of the meeting.

6.4 Agenda

One or more shareholders representing together at least ten percent of the share capital or shareholders representing shares with an aggregate par value of one million Swiss Francs may request items to be included in the agenda for a general meeting of shareholders. Items for inclusion in the agenda shall be requested at least 60 days prior to the meeting in written form listing the items and the proposed motions of such shareholder(s).

6.5 Record date for entry into the share register

The record date for the inscription of registered shareholders into the share register in view of their participation in the general meeting of shareholders, as set by the Board, is a date falling in between 10 and 20 days prior to the meeting. There are no rules on the granting of exceptions.

7 Changes of control and defence measures

7.1 Duty to make an offer

According to Article 7 of the Articles, persons acquiring shares of the Company directly, indirectly or acting in concert with third parties shall be exempt from the obligation to make a public purchase offer pursuant to Article 32 of the Swiss Federal Act on Stock Exchanges and Securities Dealing (since 1 January 2016: Article 135 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading), irrespective of the number of voting rights conferred by the shares acquired ("**opting out**").

7.2 Change of control clauses

There are no change of control clauses in place which would trigger any obligations to members of the Board or of Executive Management, or to other officers of the Company, in the event of a change of control.

8 Auditors

PricewaterhouseCoopers AG, Zurich ("PwC"), are the Company's auditors.

8.1 Duration of the mandate and term of office of the lead auditor

PricewaterhouseCoopers AG, Zurich assumed its existing auditing mandate upon the formation of USI Group Holdings AG in 2005. PwC was also the auditor of the former companies Scana Holding AG and Regedo Holding AG. They were re-elected as auditors for the financial period ending 31 March 2016 by the Annual General Meeting held on 15 September 2015.

The lead engagement partner, Roger Kunz, responsible for the existing auditing mandate took up office in respect of the financial period ending 31 March 2014.

The Board proposes to the annual general meeting due to be held on 20 September 2016 to re-elect PricewaterhouseCoopers AG as auditors for the 2016/7 financial year. The rotation interval applicable to the lead engagement partner is seven years (art. 730a para. 2 CO).

8.2 Auditor remuneration

The total auditor remuneration for the 2015/16 consolidated financial statements and all group companies is estimated in the table below. In addition, PwC also performs certain tax work for the group companies. This tax work is not performed by the audit team. The estimated fees for this tax work is also set out in the table below:

Auditor's remuneration	For the year ended 31 March 2016
<i>in USD</i>	
Audit and audit related services	262,845
Tax compliance consulting and related services	75,413
	338,258
Total tax related fees / audit and audit related services	22.2%

8.3 Informational instruments pertaining to the external audit

The external auditor is accountable to the Audit Committee, the Board and ultimately to the shareholders. The Board reviews the external auditor's professional credentials, assisted in its oversight by the Audit Committee.

Cooperation and flow of information between the auditor and the Board/Audit Committee

Most communication between the auditors and the Company are facilitated by officers of RP&C and SJIM, such as Ralph Beney (Chief Financial Officer of RP&C and director of SJIM) and Adam Horwood and Stephen Jeavons (members of the RP&C and SJIM accounting team) who liaise with the Executive Management team and the Board. The services provided by such officers are provided pursuant to the Advisory Agreement, see section 4.2.3 above. There is an ongoing dialogue and periodic meetings are arranged between the auditors, Executive Management, and officers of RP&C/SJIM throughout the year. The auditors are provided with copies of agreements, bank statements and other materials relating to the USI Group for the relevant financial period to assist them in their audit work.

Officers of RP&C/SJIM keep the Board and Executive Management updated on a regular basis about the content of such dialogue and meetings and the progress on the external audit. A representative attends each board meeting of the Company to answer any relevant questions the Board and Executive Management may have.

The Board, the Audit Committee and Executive Management also liaise directly with the auditors regarding the annual audit work to be carried out and discuss the results of such audits. On request, representatives of the auditors attend meetings of the Board and of the Audit Committee in which such matters are discussed. At the relevant Board or Audit Committee meetings, the auditors present a detailed planning report and a detailed report on the conduct of the audit of the financial statements. This details findings on material financial accounting and reporting issues in addition to findings on the Group's internal control system (ICS).

The Audit Committee (or the full Board) reviews and approves in advance all planned audit services and any non-audit services provided by the external auditor. It discusses the results of annual audits with the external auditor, including reports on the financial statements, necessary changes to the audit plans and critical accounting issues.

The external auditor shares with the Audit Committee (or full Board) its findings on the adequacy of the financial reporting process and the efficacy of the internal controls.

The auditor informs the Audit Committee (or full Board) about any differences of opinion between the external auditor and management encountered during the audits or in connection with the preparation of the financial statements.

In the year ended 31 March 2016, representatives of the auditors were present at all meetings of the Board in which matters concerning the Audit Committee's responsibilities were discussed (namely, at one such meeting).

For additional information, please see also section 3.4.

Evaluation of the external auditor and independence, performance and fees

The Board annually reviews the selection of the auditors in order to propose their appointment to the General Meeting. The Board or its Audit Committee assesses the effectiveness and the quality of the auditors as well as their independence based on the reports received and general discussions. Their quality, their knowhow, their cost consciousness and timely reporting are major factors in the assessments of the auditor's work. PricewaterhouseCoopers AG monitors its independence throughout the year and confirms this to the Audit Committee annually.

This assessment measures the external auditor's performance against a number of criteria, including: understanding of Company's business; technical knowledge and expertise; comprehensiveness of the audit plans; quality of the working relationship with management; and clarity of communication. It is compiled based on the input of key people involved in the financial reporting process and the observations of the Audit Committee members.

The Audit Committee (or the full Board) reviews annually the audit fees as well as any fees paid to the external auditor for non-audit services. Please see section 3.4 for further information.

In accordance with the Swiss Code of Obligations and to foster external auditor independence, the lead audit partner rotates his or her role after seven years.

9 Information policy

Financial reporting consists of semi-annual and annual reports. Financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and in compliance with Swiss law.

The Company shall publish information according to the following schedule:

Reporting

- July 2016 - Publication of audited annual report and accounts for the year ended 31 March 2016

- December 2016 - Publication of unaudited accounts for the six months ending 30 September 2016

Meetings of Shareholders

27 September 2016 - Annual General Meeting of shareholders

The news releases of the Company (including releases issued pursuant to ad-hoc publicity rules) are available under www.usigroupholdings.ch/?task=usi01, where stakeholders may also subscribe to the Company's e-mail alert service to receive its news releases.

Additional information and all publications (including this annual report) are available under www.usigroupholdings.ch

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