



CORPORATE GOVERNANCE

(Report by the Board of Directors for 2007)

Registered Offices: Viale Giovine Italia, 17 - Florence
Share Capital: Euro 2.755.711,13 fully paid-in
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CONTENTS

1. Introduction
2. Role and functions of the Board of Directors
3. Composition of the Board of Directors
4. Independent Directors
5. Chairman of the Board of Directors
6. Management of Corporate Information
7. Directors' Interests and Transactions With Related Parties
8. Internal Committees of The Board Of Directors
9. Appointment of Directors and the Nominations Committee
10. Remuneration Committee
11. Internal Control System
12. Relations with institutional investors and other shareholders
13. Shareholders' Meetings
14. Statutory Auditors

1. Introduction

The Self-Governance Code of listed companies prepared by the Committee for the Corporate Governance of listed companies indicates an adequate corporate organisational model to manage the Company, the enterprise risks and potential conflicts of interest that can arise between directors and shareholders and between majority and minority shareholders. This model is therefore in line with the principles of international best practice. Its adoption is voluntary and not obligatory.

Borsa Italiana S.p.A., in the Instructions of the Regulations of the New Market, Section IA. 2.6, requires that listed companies must prepare a specific communication annually relating to its organisational choices in view of the recommendations made by the Corporate Governance Committee, to be made available to the shareholders together with the documentation required for the Annual Shareholders' Meeting to approve the annual accounts. In this communication, the Board of Directors of listed companies that have not applied the recommendations of the code or only applied them in part, must provide information on the reasons for this decision. Similar provisions are contained in article 123 bis of Legs. Decree 58/98 (hereafter also the "CFA") and article 89 bis of CONSOB regulation No. 11971/99.

The Chairman of the Board of Directors of Dada S.p.A. announced, on behalf of the Board, that the company approved on November 9, 2006 the internal code on Corporate Governance, which cover the regulations relating to the corporate governance adopted by the Board of Directors of Dada S.p.A. and of the Board of Statutory Auditors of the company, and in relation to the regulations applicable to this latter, are in compliance with the Self-Governance Code of listed companies updated in March 2006.

The Board therefore approved the Criteria Document of the above-mentioned internal Code on Corporate Governance, with which some resolutions were adopted in application of the Code.

In order to provide adequate disclosure, information is provided on the application of the Self Governance Code for listed companies, indicating which recommendations have been effectively applied and in which manner, having regard to the Self-Governance Code and providing adequate information on which recommendations have not been applied, either partially or delayed.

Shareholding structure:

At the date of the present report, based on the communications received in accordance with articles 120 and 122 of Legislative Decree No. 58 of 1998, the significant holdings in the share capital of Dada S.p.A. are:

RCS Media Group S.p.A. 46.54%
Paolo Barberis 5.36%
Simona Cima 2.35%
Alessandro Sordi 2.40
Angelo Falchetti 2.16%
Jacopo Marelli 2.10%
Oyster Sicav 2,24%
Eurizon Inv. SGR 2.34%
Axa World Fund Sicav 2.15%

It is recalled that a shareholder agreement currently exists between Rcs MediaGroup S.p.A. and Paolo Barberis, Angelo Falchetti, Jacopo Marelli, Alessandro Sordi and Marco Argenti,

originally signed on November 11, 2005. Reference should be made to the communications made in accordance with law for further information.

2. Role and functions of the Board of Directors

Article 1 of the Self Governance Code:

1. The Company is managed by a Board of Directors that meets on a regular basis and which is organised and operates in a manner to guarantee an effective and efficient performance of its functions.

2. The directors act and deliberate in a knowledgeable and independent manner pursuing the creation of value for the shareholders. In line with this objective, where the Company, in accordance with the law is subject to the direction and coordination and/or control by third parties, the Directors of the Company, in the undertaking of the offices held, must also take into account the directives and policies defined for the group to which the company belongs, as well as the benefits deriving from belonging to the group.

GENERAL CRITERIA

i) the Board of Directors, in the undertaking of its responsibility to determine and identify the strategic objectives of the Company and of the Group, in addition to its activities in accordance with the company's by-laws, and within the powers delegated internally to deal with third parties, exclusively:

a) examines and approve the strategic, industrial and financial plans of the Company and of the Group which the Company heads, the corporate governance of the Company and the structure of the group;

b) evaluates the adequacy of the organisational, administration and general accounting system of the Company and of its subsidiaries having strategic importance, which has been implemented by the corporate boards with particular reference to the internal control system and to the management of a conflict of interests;

c) assigns and revokes the delegation of powers to the chief executive officers as well as of the general managers, where present, and the executive committee, establishing the limits and manner of exercising such power and the frequency of reporting, normally for a period not beyond three months, through which the appointed bodies must report to the directors on the activities performed in relation to the powers conferred;

d) establishes, after examining the proposals of the relevant Remuneration Committee and after having consulted with the Board of Statutory Auditors, the fee to be paid to executive directors and those who hold specific offices, as well as dividing the total fees to which the directors are entitled among the individual members of the board, if this has not already been decided by the shareholders' meeting;

e) evaluates the general operational performance, taking into account, in particular, the information received from executives, as well as periodically comparing the results with the budgets;

f) examines and approves the operations of the Company and its subsidiaries, when these operations have a significant strategic, economic, or financial importance for the Company, with particular attention to the situations in which one or more directors have an interest on their own behalf or on behalf of third parties and, in general, in the transactions with related parties; they establish general criteria to identify significant transactions;

g) undertakes, at least once a year, a valuation on the size, on the composition and on the functioning of the Board and on the committees, and where necessary, expresses opinions on the appointment of professional persons to the Board;

h) provides information, in the corporate governance report, on the application of the present Article I and, in particular, on the number of meetings of the Board and of the Executive Committee, where present, which were held during the year and on the relative percentage of participation of each director.

The above-mentioned self-governance code has been implemented in the governance structure of the Company which recognises to the Board of Directors a central role within the Company, and in relation to this it should be noted that article 20, letter E of the By-laws of Dada S.p.A., largely in conformity with the provisions of the Self-Governance Code on Corporate Governance, establishes that “The Board of Directors can delegate its powers to an Executive Committee and/or to one or more Directors determining the limits of the powers delegated. The powers indicated in article 2381 of the Civil Code cannot be delegated, nor those that are not permitted by current legislation. The Executive Committee and the Executive Directors report to the Board of Directors in the following board meeting in relation to the most important economic, financial and equity operations of the company.

In particular, they report on operations in potential conflict of interest or on those of an atypical or unusual nature compared to the normal operations of the company. The same information must be provided to the Board of Statutory Auditors.

In addition to powers that cannot be delegated under law, the Board of Directors has exclusive competence for:

- the determination of the general management strategy;
- the remuneration of the directors appointed to carry out particular duties (where this has not been already decided by the Shareholders’ Meeting) and the division of the total remuneration among the individual members of the Board of Directors and of the Executive Committee;
- the creation of committees and commissions determining their duties, responsibilities and functioning, including with the purpose of modelling the corporate governance in accordance with that established in the self-regulation code of listed companies;
- the approval of important economic, financial, and equity transactions, with particular reference to transactions with related persons.

The board of directors can, in addition, nominate general managers determining their duties and powers and can also nominate procurers for single deeds or categories of deeds.

The criteria for the determination of particularly significant operations, that may not be delegated, were indirectly fixed through the structure of the delegated powers made by the Board in the meeting of May 9, 2006 (and subsequently re-evaluated in the meeting of July 27, 2007) and thus from a quantitative and qualitative viewpoint. In particular, from a quantitative view point, all operations are considered significant whose value is above Euro 3 million. From the qualitative viewpoint, significant operations are considered, without regard to their value, as being the approval of the strategic, industrial and financial plans of the company and the corporate structure of the group, acquisitions, mergers, disposals, conferment of equity investments, quotas, business units, the incorporation of joint ventures, the purchase of buildings and company assets and the concession and granting of loans of significant amounts, that may not be delegated.

In order to clarify the identification of the significant operations, while maintaining the above-mentioned criteria, the Board of Directors approved the Procedure for the conclusion and execution of the significant operations with related parties or with a director having an interest on February 12, 2007.

The criteria for the determination of the significant operations were and are already in part indirectly fixed through the executive powers and, in particular, by the qualitative and

quantitative limits, and therefore from a quantitative and qualitative viewpoint, but they were specifically outlined in the above-mentioned Procedure for the conclusion and execution of the significant operations, with related parties or in which a director has an interest; this procedure provides for the identification of the criteria characterising significant operations, which includes the most important extraordinary operations and in any case those above a value of Euro 3 million, at the same time including ad hoc procedures for the approval of these operations which require Board approval or the appointment of third party experts or of the Internal Control Committee.

This procedure was applied during 2007 specifically relating to some significant operations.

In its meetings (the last one being on 27/07/07 and referred to in greater detail in the following paragraph), the Board approved the corporate governance system as resulting from the system of powers and proxies delegated currently in force within the company in conformity with the matters previously outlined.

In its meetings, the Board also examined and approved the operations of significant strategic, economic, equity or financial importance, in relation to both the Company and its subsidiaries.

The Board also confirmed the approval of the group structure and positively evaluated the organisational, administrative and general accounting structure of the company and its subsidiaries with strategic importance; the organisational structure was verified under different profiles, including through the activities of the internal control committee and is based on a system of procedures and controls, largely centralised on the corporate structures of the parent company; in addition, Dada S.p.A. and its subsidiaries with strategic importance have an internal control system which is largely based on a series of analyses and procedures. In addition, the Ethical Code and the Organisational Model as per Legislative Decree No. 231/2001 were adopted, as was the Procedure for the management of confidential and privileged information.

In relation to this, it is reported that the Board, in line with the criteria used for the preparation of the present Report, defines subsidiary companies with strategic importance as each subsidiary in accordance with law which undertakes its principal activities in the sectors of Internet and communications and has the obligatory requirement to audit their financial statements in accordance with the Consolidated Finance Act, or each subsidiary which, by its economic, equity or financial size, or by the particular characteristics of its activities, is defined as such by the Chairman of the company.

In relation to significant operations, with related parties and the management of conflicts of interest, the procedures already adopted based on the above-mentioned Self-Governance Code of listed companies was further confirmed by the approval of the specific procedure for the conclusion and execution of significant operations, with related parties or with a director having an interest.

The Board also established that the executive boards report at least quarterly on the activities undertaken in relation to the delegations conferred to them.

With regard to the maximum number of offices which each director of Dada may have in a company listed on a regulated market or whose shares are quoted on regulated markets (including overseas) in financial, banking, or insurance companies or of significant size, in 2007 the Board considered the limit which should be imposed for the effective execution of the role of Director of the Issuer.

Following this analysis it was considered appropriate to introduce a limit to the maximum number of offices which each director of Dada S.p.A. may hold in a company listed on a regulated market or whose shares are quoted on regulated markets (including overseas) in financial, banking or insurance companies or companies of a significant size and which considers the role covered by the Director as one which requires discriminatory judgement and whether

belonging or not to the Dada Group. The limits introduced did not give rise to any issues or conflict with the offices effectively held by the Directors of the Issuer.

In particular, each Executive Director of Dada may not hold Executive Director positions within other large companies (as listed in the previous paragraph), but may simultaneously hold other offices (up to a maximum of seven) as non Executive Director, including as independent director or standing statutory auditor (or member of another supervision board) of companies of a significant size.

However, each Non Executive Director of Dada may hold offices up to a maximum of 5 Executive Directorships in other listed companies in regulated markets as indicated above, and up to a maximum of 12 offices of non Executive Director.

In order to correctly outline the application of the regulation, companies of a significant size are considered those which in the previous year were not permitted to prepare financial statements in abbreviated form.

A number of exceptions are applicable to the above-mentioned regulations:

- in the case of offices held within the Dada Group or in subsidiaries directly or indirectly held by Dada S.p.A., these offices are not included;
- in the case in which these offices are held in holding companies, subsidiaries or other companies subject to common control, the offices held are considered as a single office.

Finally it should be noted that these limitations are not imperative as the Board of Directors has the right to make exceptions to the above-mentioned limits by means of a resolution.

The Board also determined, as further described in the present report, after examining the proposals of the Remuneration Committee and after having consulted the Board of Statutory Auditors, the remuneration of the Executive Directors, as well as dividing the total remuneration to which the directors are entitled among the individual members of the Board.

In 2007, the Board of Directors held 9 meetings. At the date of the preparation of the present document, one meeting of the BoD had been held in 2008, while for the current year a total of 6 meetings are planned. The by-laws provide that the Board meets at least on a quarterly basis. The percentage of participation of each director at the meetings is indicated in table 1 attached to the present report.

The members of the Board of Directors are provided with the necessary documentation within a reasonable time period in advance, except in the case of urgency, in order that the Board may express opinions in an informed manner on the matters on the agenda.

3. Composition of the Board of Directors

The Self-Governance Code states that the Company is managed by a Board of Directors that meets on a regular basis and which is organised and operates in a manner which guarantees an effective and efficient performance of its functions.

The directors act and deliberate in a knowledgeable and independent manner pursuing the creation of value for the shareholders. In line with this objective, the directors, in the undertaking of the office held, must also take into account the directives and policies established for the group to which the company belongs as well as the benefits deriving from belonging to the group.

The Board of Directors of Dada S.p.A. is composed of 13 members: they were elected at the shareholders' meeting held on April 21, 2006, with the exception of the Directors Riccardo Stilli and Roberto Ravagnani, co-opted by the Board on November 9, 2006 replacing the resigning Directors, Vittorio Colao and Aldo Bisio and confirmed by the shareholders' meeting

of April 20, 2007; the Director Monica Alessandra Possa was co-opted by the Board on July 27, 2007 to replace the resigning Director Alberto Ronzoni. All of the board members offices expire with the approval of the annual accounts for the year ended December 31, 2008 with the exception of Monica Alessandra Possa, whose office will expire at the next Shareholders' Meeting.

Members of the Board of Directors		
Name	Place and date of birth	In office from
Paolo Barberis	La Spezia 08/12/1967	21/04/2006
Marco Argenti	La Spezia 16/03/1967	21/04/2006
Angelo Falchetti	Senigallia (AN) 14/09/1967	21/04/2006
Salvatore Amato	Florence 23/05/1956	21/04/2006
Danilo Vivarelli	La Spezia 06/06/1964	21/04/2006
Raffaello Napoleone	Rome 30/10/1954	21/04/2006
Monica Alessandra Possa	Milan 18/10/1964	27/07/2007
Riccardo Stilli	Sanremo (IM) 01/06/1962	09/11/2006
Giorgio Valerio	Milan 13/07/1966	21/04/2006
Barbara Poggiali	Milan 04/03/1963	21/04/2006
Lorenzo Lepri	Rome 11/12/1971	21/04/2006
Pietro Varvello	Vigevano 18/07/1965	21/04/2006
Roberto Ravagnani	Monza (MI) 04/05/1968	09/11/2006

Composition of the BoD at March 10, 2008

The directors, in such capacity, act with the objective of creating value for the shareholders and deliberate in complete autonomy with prior exhaustive knowledge of the facts, which may also be obtained from information distributed before each board meeting.

The Board of Directors is composed of executive and non-executive directors. The Executive Directors are the Chairman and Chief Executive Officer and the Directors with delegated powers and therefore Angelo Falchetti, Lorenzo Lepri and Marco Argenti.

The powers attributed to the executive directors are contained in the Board resolution of 27/07/2007. The Executive Director Angelo Falchetti has been delegated the following powers: A) relations with the market and investors, B) administration, finance and tax, C) personnel, D) logistics and office purchasing, F) sales and marketing, G) production, technical, network and software, H) community; in the exercise of the powers delegated to Angelo Falchetti, he may represent the company for each individual exercise of the power with single signature up to a maximum amount of Euro 1 million.

The Executive Director Marco Argenti has been delegated the following powers: F) sales and marketing, G) production, technical, network and software, H) community.

In the exercise of the delegated powers held, the Executive Director Marco Argenti can represent the Company with single signature up to a maximum amount of Euro 500,000.

The Executive Director Lorenzo Lepri has been delegated the following powers: A) relations with the market and investors, E) disputes, I) Merger & Acquisitions, L) Strategic planning.

In the exercise of the delegated powers held, Lorenzo Lepri can represent the Company with single signature up to a maximum amount of Euro 200,000.

In conformity with the requirements of the provisions introduced through article 1.C.2, the members of the Board of Directors of Dada S.p.A. that hold offices in other listed companies, financial, banking, or insurance companies, or of significant size, are provided below:

- Barbara Poggiali, director of RCS Broadcast S.p.A., Unidad Editorial SA, 3 Italia S.p.A., M-dis Distribuzione Media S.p.A., Rai Sat S.p.A. and RCS Digital S.p.A.;
- Raffaello Napoleone, director Pitti Immagine, Ente Moda Italia;
- Riccardo Stilli, director of RCS Pubblicità S.p.A., RCS Libri, unidad Editorial SA, m-dis Distribuzione Media S.p.A., RCS Factor and Flammarion SA;
- Giorgio Valerio, director of Rcs Quotidiani, RCS Digital and Unidad Editorial SA;
- Pietro Varvello, director of Finelco S.p.A. Group and RCS Broadcast S.p.A

The executive directors report to the Board on the most important activities undertaken in relation to the powers delegated to them and on the most important activities undertaken by the Company and its subsidiaries.

The Board of Directors made a positive evaluation in relation to the numbers on the board, its composition and its function.

4. Independent directors

The Self-Governance Code affirms an adequate number of non-executive directors are independent, indirectly, with the issuer or with parties related to the issuer, as they do not have, or have not recently had, relations that would affect their independent judgment.

The independence of the directors is periodically evaluated by the Board of Directors. The result of the evaluation of the Board is communicated to the market.

Article 3 of the Self-Governance Code recommends that the board of directors elect an adequate number of independent directors and attributes the duty to evaluate the independence of its non-executive members to the Board, with regard in particular to the substance rather than the form and taking into account that a director is normally not independent in the following situations:

- a) if, directly or indirectly, including through subsidiary companies, trusts or interposed persons, controls the issuer or is capable of exercising a significant influence, or participates in a shareholder agreement through which one or more parties can exercise the control or have a significant influence on the issuer;

b) if he is, or was in the previous three years, a significant member of the issuer, of a subsidiary with strategic importance or of a company under joint control with the issuer, or of a company or of an entity which, also together with others through shareholder agreements, controls the issuer or is able to exercise a significant influence;

c) if, directly or indirectly (for example through a subsidiary or through which it has a significant holding, or as a partner of a professional studio or a consultancy company), has, or had in the previous year, a significant commercial, financial or professional relationship:

- with the issuer, one of its subsidiaries or with relevant members thereof;

- with a party which, also together with others through a shareholder agreement, controls the issuer, or - relating to a company or entity - with the relative significant holdings or is, or was in the previous three years, an employee of one of the above-mentioned parties;

d) if receives, or has received in the previous three years, from the issuer or from a subsidiary or holding company a significant additional remuneration compared to the "fixed" emoluments of a non-executive director of the issuer, including the participation in incentive plans related to the performance of the company, including share-based payments;

e) if he was a director of the issuer for more than nine of the past 12 years;

f) if he held the role of executive director in another company in which an executive director of the Issuer is a director; g) if he is a partner or director of a company or of an entity belonging to the network of the audit company of the issuer;

h) if he is a close family member of a person relating to one of the situations in the previous points.

The Board of Directors of Dada S.p.A. nominated by the Shareholders' Meeting of April 21, 2006 includes three independent directors (Salvatore Amato, Raffaello Napoleone and Danilo Vivarelli): The three Directors before the Shareholders' Meeting filed declarations that they qualify as independent directors in accordance with the new edition of the Self-Governance Code (as per article 148, paragraph 3 of Legislative Decree No. 58/1998 and the regulations of the Italian stock exchange applicable to the Company); the Board meeting of May 9, 2006 positively evaluated the independence of the above-mentioned directors and subsequently confirmed the evaluation on the approval of the 2006 Corporate Governance Report.

The number and expertise of the current independent Directors is assessed as adequate by the Board of Directors, both in relation to the Regulations of Borsa Italiana and in relation to the constitution of the Committees in accordance with the provisions of the Self-Governance Code of listed companies and adequate guarantees of independent management. The independent Directors met during the year in the absence of the other directors.

The positive evaluation of the independence of the directors, in light of their declarations in accordance with the Self-Governance Code, is reconfirmed with the approval of the present annual report on the Corporate Governance by the Board and, also with the approval of the present report, the positive evaluation was made by the Board of Statutory Auditors on the correct application of the criteria and procedures utilised by the Board in this valuation.

5. Chairman of the Board of Directors

The role of the Chairman of the Board of Directors outlined by the Self-Governance Code is fundamental to ensuring an efficient functioning of the Board and efficient Corporate Governance: he is in fact responsible for the functioning of the Board, and of the distribution of information between directors.

According to the By-laws of Dada S.p.A., the Chairman of the Board of Directors is the legal representative of the company. The Chairman calls the Shareholders' Meetings, of which he is the chairman, verifying the correctness of the convocation and the procedures for voting. He also calls and establishes the agenda of the Board and ensures that all of the Directors receive in a timely manner (compatible with the requirements of confidentiality, urgency and the nature of the resolutions) the necessary documentation and information in order to vote in an informed manner.

The Board of Directors of Dada S.p.A. meeting of July 27, 2007 conferred all the operational powers to the Chairman of the Board of Directors, consequently also on the Chief Executive Officer with the same signature powers in all operational areas and with a spending limit of Euro 1 million, which increases to Euro 3 million in the case of participation at public tenders; in relation to this, it is noted however that among the three Executive Directors, also appointed by the Board on July 27, 2007, the executive powers were delegated in the different management areas, having been conferred the ordinary management of the business, in relation to their respective operational areas.

As the Chairman is not considered the principal and main person responsible for the operational management of the business, it was not considered necessary to appoint a Lead independent director.

6. Treatment of reserved information

The Directors and Statutory Auditors maintain maximum confidentiality with respect to the documents and information acquired in the performance of their duties, and conform to the procedure adopted by the Company for the internal management and public disclosure of these documents and information.

The Chairman and Chief Executive Officer, together with the Executive Directors ensures the correct management of corporate information; for this purpose, the Board of Directors implemented the recommendation of the Self-Governance Code, and on September 11, 2006 adopted, as replacement of the previous code, a new procedure which has the purpose to govern the internal management and external publication of Reserved Information, and in particular Confidential Information, relating to DADA S.p.A., to all subsidiaries, and/or financial instruments issued, in order to implement instruments which would prevent the non-compliance of legal obligations in relation to public communications and market abuse and avoid that the internal management of its information is undertaken in an inadequate manner and respects a general principle of confidentiality and that the external communication is not untimely, incomplete, or which in any case would result in asymmetric information, through an internal procedure which identifies the parties with the power to deal with confidential information and the criteria for the diffusion of the same; this is applicable to all companies of the DADA Group.

The procedure is therefore applicable to each subsidiary; in addition, the procedure is related to the internal procedure, also adopted by the Board, to maintain an updated register of the persons having access to confidential information in accordance with article 115-bis of the finance act and article 152-bis and thereafter of the Issuers' Regulations.

Internal Dealing

The Board of Directors of Dada S.p.A. on March 16, 2006 adopted the new Code of Conduct in relation to operations made on Dada shares and related financial instruments, subsequently modified on May 11, 2007 and prepared in accordance with article 152.6 and thereafter of the Consob Regulations adopted with Resolution No. 11971 and the Regulations of the Markets Organised and Managed by Borsa Italiana S.p.A. and introduced the so-called "black-out period", or a prohibitory period in which relevant parties may not carry out operations involving the company's shares in the 15 days preceding the Board of Directors' meetings called to approve

the draft financial statements, the half-year report and the quarterly reports; this code replaces the previous code adopted by the Company.

The Code governs the conduct that Relevant Persons must comply with in relation to operations undertaken by these latter and by persons strictly related to them on Financial Instruments (as defined), also in order to permit DADA S.p.A. to comply with the communication obligations to the market in accordance with the Issuers' Regulations, and in accordance with the procedures and terms contained in the Code.

7. Holdings of Directors and transactions with related parties

In relation to transactions with related parties, the Self-Governance Code provides that: "The board of directors adopts measures in order to ensure that the transactions in which a director has an interest, on his own behalf or on behalf of third parties, and those undertaken with related parties are undertaken in a transparent manner and applying criteria which are correct both in substance and in form."

In accordance with this requirement, the "Procedure for the conclusion and execution of significant operations, with related parties or with a director having an interest" approved by the board provides that the realisation by the Company, directly or through a subsidiary company, of operations with related parties or with a director having an interest, must be undertaken in accordance with the criteria of transparency and be correct both in substance and form, and in consideration of the law and in particular the provisions of articles 2391 and 2391-bis of the Civil Code, and relative regulations. In particular, this procedure, for the part relating to transactions with related parties, identifies criteria for the identification of significant operations, both of a qualitative nature and relating to the value of the operation and requires the Board to be fully informed on the terms and conditions of the operation and of the evaluation procedure required; in the case of relevant operations under the procedure, the intervention of independent experts or the internal control committee is required. The procedure also provides that, where a Director has, on his own behalf or on behalf of third parties, an interest even potential or indirect, in relation to a transaction or matter subject to examination and approval by the Board of Directors, this Director must inform in a timely manner and exhaustively, the Board of Directors, in addition to the Board of Statutory Auditors - indicating the nature, the terms, the origin, and the amount of this interest - and abstaining from the meeting during the relative discussions, except where the Board does not consider this appropriate, taking into account the circumstances and also the necessity to maintain the required quorum.

8. Formation and functioning of the internal committees of the Board of Directors

The Self-Governance Code states that the Board of Directors forms one or more committees for the purposes of making proposals and of a consultative nature as illustrated in the subsequent paragraphs.

The Committees are created and operate in accordance with the principles and applicable criteria of the Self-Governance Code, as described below. In relation to this, the Board of Directors approved the regulations governing the activities of the two committees formed by the Board - the Remuneration Committee and the Internal Control Committee.

9. Appointment of Directors and the Nominations Committee

The Self-Governance Code provides that the nomination of the directors is made in a transparent manner. This guarantees, among other matters, timely and adequate information on the personal and professional characteristics of the candidates for the office. The Board of Directors evaluates whether to create an internal committee for nominations, composed of a majority of independent directors.

General criteria

The slate of candidates, together with the professional and personal information, as well as whether they qualify as independent directors in accordance with the Code, must be filed at the registered office of the company at least 15 days before the date fixed for the Shareholders' Meeting. The slates, together with the information on the candidates, are published in a timely manner on the Internet site of the Company.

In relation to this, it is noted that, and considering the application of the provisions of law and the company by-laws in relation to the nomination of the Board of Directors, on the convocation of the relative shareholders' meeting, and the relative documentation required to be presented before the shareholders' meeting in accordance with law, the Board recalls the above-mentioned recommendations.

Where formed, the committee for nominations may have one or more of the following functions:

a) propose to the Board of Directors, the candidates for the board in the cases provided by article 2386, first paragraph of the civil code, where it is necessary to replace an independent director;

b) indicate – provided there is compliance of law and of the company by-laws – candidates for the office of independent directors to be proposed to the shareholders' meeting of the company, taking account of any indications received from the shareholders;

c) provide opinions to the Board of Directors in relation to the size and composition of the Board and on the necessity to appoint professional persons to the Board.

Article 19 of the by-laws of Dada S.p.A. was amended in accordance with the Extraordinary Shareholders' Meeting resolution of June 29, 2007 in accordance with the new legislative provisions in relation to the appointment of the administrative board in accordance with the so-called savings law and by related CONSOB regulation; in particular, this resolution introduced the voting by slates, the necessity that at least one director was representative of the minority slate and the necessity that the Board of Directors is composed of a minimum number of independent Directors.

In order to address some of the salient points required by the new laws, the proposals for the appointment of members of the Board of Directors must be filed at the registered office at least 15 days before the Shareholders' Meeting. The shareholders may also present slates that, alone or together with other shareholders, hold at least 2.5% of the share capital with voting rights at an Ordinary Shareholders' Meeting at the date of the presentation of the slate or lower representations fixed by law or regulations. In addition, except for the minimum number reserved by law for the minority slate, the appointment of the directors is as follows:

a) from the slate that obtained the majority votes in the Shareholders' Meeting, all of the directors to be elected to the board, except the minimum number required by law from the minority slate, will be elected according to the progressive order with which they were listed in the slate;

b) from the slate that obtained the second largest number of votes, and that are not related in any manner, even indirectly, with the slate in the previous letter a) the minimum number of directors reserved by law for the minority slate will be elected, according to the progressive order in which they were indicated on the slate.

In relation to that above, consideration is not taken of the slates which have not obtained at least half of the votes required for the presentation of the slates. If only one slate is presented, the above procedure is not applied and the Shareholders' Meeting elects by statutory majority, all of the directors, according to the relative progressive order and up to the number of directors determined by the Shareholders' Meeting, with the election of at least the minimum number of independent directors pursuant to article 148, paragraph 3, of Legislative Decree No. 58/1998.

In the case where no slate is presented and in the case where a minimum number of directors are not elected as required by the company by-laws for the composition of the Board, the Board of Directors is, respectively, appointed or supplemented by the Shareholders' Meeting by statutory majority. In any case, the Shareholders' Meeting must ensure the election of at least the minimum number of independent directors pursuant to article 148, paragraph 3, of Legislative Decree No. 58/1998.

In relation to the present point, it should be noted that in the meeting of May 9, 2006, the Board, exercising a right expressly included in the Self-Governance Code and in consideration of the changes to the shareholding structure of the company, deliberated not to re-elect the nominations committee; the Self-Governance Code of the listed companies in fact recognises that the formation of this Committee normally arises in systems characterised by a high degree of shareholder dispersion, in order to ensure an adequate level of independence of the directors in comparison to management and that they undertake a function of particular importance in the identification of the directors in companies with a wide shareholder base.

10. Remuneration Committee

The internal Code on Corporate Governance recommends that the remuneration of the directors should be established in a sufficient manner to attract, maintain and motivate directors with the professional qualities required to manage the Company and also that the remuneration of the executive directors should be such as to provide motivation in the achievement of the primary objective of the creation of value for the shareholders over a long-term period.

The Code provides that the Board of Directors forms a remuneration committee composed of non-executive directors, the majority of which being independent directors.

The Remuneration Committee was created from within the Board of Directors, and currently consists of the following non-executive directors, the majority of which independent: Danilo Vivarelli (Chairman), Monica Alessandra Possa and Salvatore Amato; in relation to the composition of the Committee it is noted that in September 2007 the Director Barbara Poggiali, previously Chairman of the Committee, communicated to the company her renouncement of the role; consequently, the Board of Directors' resolution of September 5, 2007 appointed Monica Alessandra Possa as new member of the Committee and Danilo Vivarelli as the Chairman.

The objective of this Committee, confirmed by the Board on the approval of its regulations, is:

- to present to the Board proposals for remuneration of the executive directors and of the other directors holding specific offices, monitoring the application of the decisions adopted by the board;
- periodically evaluating the criteria adopted for the remuneration of the senior management with strategic responsibility, review the application based on the information provided by the executive directors and formulate to the Board of Directors general recommendations;
- with reference to the utilisation of the stock options and to the other incentive systems based on shares, the Remuneration Committee presents to the board its recommendations in relation to their utilisation and all the significant technical aspects in relation to their form and application, and in particular makes proposals to the Board in relation to the incentive systems considered most appropriate and monitors the progress and the application of the plans approved by the shareholders' meeting proposed by the Board.

The decisions of the Remuneration Committee must be made in such a manner that no director can influence the determination of his remuneration, allowing their participation only in the areas in which their remuneration is not under discussion.

The total remuneration to be attributed to the Board was fixed by the Shareholders' Meeting of April 4, 2006, which also confirmed the amount for attending each board meeting.

In relation to the total remuneration, the Board, with the assistance of the Committee, has therefore identified the remuneration of directors with specific roles, attributing a significant part to the achievement of the objectives indicated by the Board. Similarly, a significant part of the remuneration of the senior management with strategic responsibility is related to the achievement of specific objectives. However, the remuneration of the non-executive directors is related to the commitment requested of each director and is not related to the economic results of the Company. The executive directors and the managers with strategy responsibility are also beneficiaries of stock option plans, as this instrument is considered effective for the loyalty and retention of management.

During 2007, the Committee undertook a benchmarking analysis on the remuneration of the Company's top management and presented to the Board of Directors its proposals for the remuneration of Executive directors and provided its indications on the general criteria of the remuneration of the top managers, and also on the adoption by the Board of the stock option plans for the Top management of Dada S.p.A. and its subsidiaries. In relation to this latter after the end of the year 2007, the Committee also presented to the Board a proposal for a specific intervention on a part of the options already previously assigned to a director operating on the US market, and in application of the stock option regulations for senior management. The proposal was approved. Minutes are kept of the Committee meetings.

11. Internal Control

The Self-Governance Code defines the internal control system as the overall rules, procedures and organisational structures aimed at permitting, through an adequate process of identification, measurement, management and monitoring of the principal risks, a healthy, correct and coherent management of the enterprise with its set objectives.

An effective internal control system contributes to safeguarding the company's assets, the effectiveness of the business operations, the reliability of the financial information, the

compliance with law and regulations. The Board of Directors evaluated the adequacy of the internal control system in relation to the requirements of the enterprise.

The Board of Directors ensures that its evaluations and decisions relating to the internal control system, to the approval of the financial statements and the half-year reports and the relationships between the issuer and the external auditors are supported by adequate instructions. For this purpose, the Board of Directors created an internal control committee composed of non-executive directors, the majority of which independent directors. If the issuer is controlled by other listed companies, the internal control committee is composed exclusively of independent directors. At least one member of the committee has adequate accounting and financial experience, to be evaluated by the board of directors on the nomination.

The Internal Control Committee of Dada S.p.A., in compliance with the provisions of law and the internal Code on Corporate Governance, is composed entirely of independent directors; the members of the committee are as follows: Salvatore Amato (Chairman), Raffaello Napoleone and Danilo Vivarelli; among the directors, Mr. Vivarelli has adequate accounting and financial experience.

The Board of Directors appointed the CEO Angelo Falchetti as the person responsible for supervising the operations of the internal control system.

As indicated in the internal regulations of the Committee, the Internal control committee, which undertakes general consultative and proposal functions, in addition to assisting the Board of Directors in undertaking its duties, indicated by the Self-Governance Code:

a) evaluates, together with the executive responsible for the preparation of the corporate accounting documents and with the auditors, the correct utilisation of the accounting principles and, in relation to the Group, their uniformity in the preparation of the consolidated financial statements;

b) on request, the executive director, where necessary, expresses an opinion on specific aspects relating to the identification of the principal business risks as well as the planning, realisation and management of the internal control system

c) examines the work plan prepared by the person responsible for internal control as well as the periodic reports prepared by this person;

d) evaluates the proposals made by the external audit firms for the audit appointment, as well as the work plan prepared by the auditors and the auditors opinion and management letter;

e) reviews the efficiency of the audit;

f) undertakes additional duties which may be attributed by the Board of Directors in relation to transactions with related parties;

g) reports to the Board, at least on a half-yearly basis, on the approval of the financial statements and on the half-year report, on the activities undertaken as well as on the adequacy of the internal control system.

The chairman of the Board of Statutory Auditors or another statutory auditor designated by him attends the internal control committee meetings.

In accordance with the above-mentioned Self-Governance Code, the Board of Directors, with the assistance of the Committee, defined the guidelines for the internal control system and periodically verified the adequacy and the functioning of the control system, and also on the examination and approval of the half-yearly reports presented by the committee on the activity undertaken.

On the proposal of the Committee, the Board also approved the guidelines on the control system in order that the principal risks relating to the issuer and its subsidiaries are correctly identified, and adequately measured.

The annual evaluation on the adequacy, efficiency and effective functioning of the internal control system was positively renewed during the Board meeting of 10/03/2008 on the presentation by the Committee of the Report on the activities undertaken during the second half of 2007 and based on the considerations and results of the Committee.

Minutes of the Committee meetings confirming their proper regulation are kept.

In relation to the control structure, it is noted that in 2006 there were two persons responsible for the internal control committee; in consideration of the changes made to the Self-Governance Code and to the change in the organisational structure of the company, on February 12, 2007, the Board, on the proposal of the executive director and having consulted with the Committee, approved a different structure of the persons responsible for internal control, in favour of the confirmation of the person responsible for internal control Mr. Carlo Ravazzin and appointing Mr Leonardo Bonciani in the role as Company Contact Person responsible for internal control.

The function of the person responsible for internal control is to verify whether the operational processes of the “normal” controls are adequate compared to the potential risks, making recommendations to management and to the control committee, where necessary, on the adoption of all the measures required to eliminate risks of a financial nature and to improve the efficiency and effectiveness of business processes.

The activity of the person responsible for internal control is continually directed at the identification of further areas of risk, to be reported to the Control Committee for the adoption of appropriate measures.

The person responsible reports to the internal control committee and to the board of statutory auditors; in addition, he also reports to the executive director responsible for supervising the functioning of the internal control system. In particular, he reports on the manner in which the management of the risks is undertaken, as well as compliance of the plans defined for their containment.

The Manager and the Internal Control Committee consult with the Supervisory Board of the Group established in accordance with Legislative Decree 231/2001 also in the application and verification of the procedures as per Legislative Decree 231/2001 (governing the administrative responsibility of legal persons), for the purposes of the adoption of the most appropriate preventive and control model. The activities of the Supervisory Board, comprising the independent Director Danilo Vivarelli, the statutory auditor Piero Alonzo and the Head of Internal Control Carlo Ravazzin, in 2007 undertook an on-going verification of the organisational model, with particular regard to matters concerning workplace security, which the legislature has recently enacted through Legislative Decree 231/2001.

The above-mentioned committee defines the procedures in order to examine, identify and resolve new potential risk areas in accordance with the current organisational structures and responsibilities.

The company also created an internal audit department, under the responsibility of the Person Responsible for Internal Control, an external party to the Company and head of this Department in consideration of his competence and experience already matured in relation to the companies of the Dada Group.

The audit firm of the Issuer is Reconta Ernst & Young S.p.A., appointed by the shareholders' AGM of April 2006 and appointed as auditor for the period 2006-2011.

Federico Bronzi was appointed as the executive responsible for the preparation of corporate accounting documents. He has been the Administration Director of Dada S.p.A. since 2000 and holds all the statutory requirements necessary, and therefore has adequate expertise in the administrative and financial field confirmed through experience matured covering managerial roles in administrative/accounting activities and/or financial and/or control undertaken within the Company and/or at other companies.

12. Relations with institutional investors and other shareholders

The Self-Governance Code states that the Board of Directors promotes initiatives in order to favour the greatest participation possible of the shareholders at shareholder meetings and facilitates the exercise of the rights of the shareholders.

The Board of Directors actively attempts to establish a continual dialogue with its shareholders based on an understanding of their reciprocal roles.

The Committee for Corporate Governance consider that it is in the interest of the company to implement a continual dialogue with all shareholders and with institutional investors, including nominating a person responsible, and if necessary, creating a corporate structure dedicated to this function.

The Board of Directors operates in a timely manner and facilitates the access of significant information to the shareholders, in order to ensure that these latter can exercise their rights in a knowledgeable manner. For this purpose, the Company has created a separate section on its Internet site, easily identifiable and accessible, in which, in accordance with the provisions of law and the internal procedure for the management and communication of corporate information of importance to the shareholders is made available concerning the issuer, such as the manner for participation in the exercise of the voting rights in shareholder meetings, the documentation relating to the matters on the agenda, including the list of candidates for the role of director or statutory auditor.

The Board also appointed the Executive Director Lorenzo Lepri as Investor Relator and created a department for this function.

Financial communication activity is carried out through press releases and periodic meetings with the financial community in order to pursue the principal of information symmetry and in respect of "price sensitive" information.

13. Shareholders' Meetings

Article 12 of the Self-Governance Code underlines the central role that the Shareholders' Meeting must have in the life of a company, as a fundamental forum of corporate debate and relations between the shareholders and the Board of Directors.

On the proposal of the Board of Directors, the Shareholders' Meetings must approve a regulation that indicates the procedures to be carried out in order to permit the functioning of

the Shareholders' Meetings, without however affecting the rights of each shareholder to express their opinion on the matters under discussion.

In order to facilitate the participation of the shareholders at the shareholders' meeting of the company, the Board of Directors convenes the meetings in locations easily accessible from the headquarters of the company and from central stations; in addition, the shareholders' meetings are called in the early afternoon in order to facilitate the participation of shareholders from outside of the city.

The shareholders' meetings are governed by Regulations approved by the shareholders' meeting in 2001, whose adoption was considered appropriate, for a correct and normal functioning of the meetings. The regulations are available at the registered office of the company and govern the organisation of the shareholders' meetings, the right of shareholders to attend meetings, executive powers of the Chairman of the Shareholders' Meeting and other matters related to the meeting.

The company encourages and facilitates the widest possible participation of the shareholders at the Shareholders' Meetings, providing, in respect of the Governance on price sensitive communications, the information, requested by the shareholders relating to the company, in order to enable informed voting at the shareholders' meetings. The participation at the Shareholders' Meetings is regulated by the provisions of law and current regulations on the matter. For the participation at the Shareholders' Meetings the shareholder must file at the registered office of the company, in accordance with the procedures established in the convocation notice, at least two days prior to the date fixed for the first convocation, specific communication given in accordance with the current regulations to the intermediary appointed holding the securities.

The shareholder having the right to participate at the Shareholders' Meeting, subject to the provisions for proxies contained in Legislative Decree No. 58/98, can be represented, through written proxy, by any person that is not one of the parties mentioned in article 2372 of the civil code.

14. Statutory Auditors

The Self-Governance Code provides that the appointment of the statutory auditors is made in a transparent manner. This guarantees, among other matters, timely and adequate information on the professional and personal characteristics of the candidates.

The statutory auditors act with autonomy and independence also in relation to the shareholders who elected them.

The issuer prepares the measures which guarantee an efficient undertaking of the duties of its board of statutory auditors. The Self-Governance Code provides that the statutory auditors act in a transparent manner.

Article 24 of the by-laws of Dada S.p.A. was amended by the Extraordinary Shareholders' Meeting resolution of June 29, 2007 in accordance with the new legislative provisions in relation to the appointment of the board of statutory auditors under the so-called savings law and by related CONSOB regulation; in particular this resolution introduced the requirement that at least one statutory auditor is elected from the minority slate, as well the limit in relation to the maximum amount of offices of direction and control that may be held.

The by-law in particular provides that the slates must be filed at least 15 days before the first convocation of the shareholders' meeting and establishes that only the shareholders that,

alone or together with other shareholders, holding at least 2.5% of the share capital with voting rights at an Ordinary Shareholders' Meeting at the date of the presentation of the slate or lower representations fixed by law or regulations, may present slates.

The procedure for electing Statutory Auditors shall be as follows:

from the slate which obtained the highest number of votes in the Shareholders' Meeting, based on the progressive order, 2 standing members and 2 alternate members;

from the slate that obtained the second largest number of votes, and that are not related in any manner in accordance with law, even indirectly, with the slate in the previous letter a), based on the progressive numbering of the slate, the remaining standing members, from which the chairman of the Board of Statutory Auditors is elected and the other alternate member.

For the purposes of the appointment of the statutory auditors as per letter b) in the previous paragraph, in the case of parity between slates, the candidate presented by the shareholder with the largest holding will prevail or, the largest number of shareholders.

In the case where two or more slates have obtained the same highest number of votes and where they are not related, even indirectly, with the shareholders who presented or voted in favour of the other, a further ballot takes place.

Where only one slate is presented, all candidates on this slate are elected with the votes of those representing a majority of the share capital at the Shareholders' Meeting.

Where no slate is presented, the Shareholders' Meeting appoints the Board of Statutory Auditors by the majority vote of the share capital represented at the Shareholder' Meeting.

In the latter case, the Chairman of the Board of Statutory Auditors is the first on the slate presented or the person nominated by the shareholders' meeting where no slate was presented.

The positive evaluation on the independence of the current Statutory Auditors in accordance with the Self-Governance Code is carried out on the appointment and with the approval of the present annual report on Corporate Governance by the Board.

The Board of Statutory Auditors, during 2007, met with the Internal Control Committee and with the audit firm.

TABLE 1: BOARD OF DIRECTORS

(information on attendance in 2007)

BOARD OF DIRECTORS								INTERNAL CONTROL COMMITTEE		REMUNERATION COMMITTEE	
OFFICE	MEMBER	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT	INDEPENDENT .CFA	% HOLDING	OTHER OFFICES	MEMBER	% HOLDING	MEMBER	% HOLDING
CHAIRMAN	PAOLO BARBERIS		X			100					
EXECUTIVE DIRECTOR	ANGELO FALCHETTI	X				88.8					
EXECUTIVE DIRECTOR	MARCO ARGENTI	X				88.8					
DIRECTOR	GIORGIO VALERIO		X			70	5				
DIRECTOR DELEGATO	LORENZO LEPRI	x				100					
DIRECTOR	DANILO VIVARELLI			X	X	77.7		X	100	X	100
DIRECTOR	ALBERTO RONZONI (*)		X			57.1	1				
DIRECTOR	SALVATORE AMATO			X	X	88.8	1	X	100	X	100
DIRECTOR	RAFFAELLO NAPOLEONE			X	X	77.7	2	X	33		
DIRECTOR	RICCARDO STILLI		x			77.7	6				
DIRECTOR	BARBARA POGGIALI		X			100	6			X(***)	100
DIRECTOR	PIETRO VARVELLO		X			88.8	1				
DIRECTOR	ROBERTO RAVAGNANI		X			100					
DIRECTOR	MONICA ALESSANDRA POSSA (**)		X			100				X(****)	100
NUMBER OF MEETINGS HELD IN THE YEAR			BOD: 9					INTERNAL CONTROL COMMITTEE: 3		REMUNERATION COMMITTEE: 4	

(*) director resigned 26/07/2007

(**) director since 27/07/2007

(***) member of the Committee until 03/09/2007

(****) member of the Committee since 05/09/2007

TABLE 2: BOARD OF STATUTORY AUDITORS

OFFICE	MEMBER	IN OFFICE SINCE	SLATE	INDEPENDENCE FROM CODE	PERCENTAGE OF ATTENDANCE AT BOARD MEETINGS	NUMBER OF OTHER OFFICES HELD
CHAIRMAN	PIER ANGELO DEI	21/04/2006	m	X	100%	3
STATUTORY AUDITOR	PIERO ALONZO	21/04/2006	M	X	100%	3
STATUTORY AUDITOR	MASSIMO CREMONA	21/04/2006	M	X	33%	10
ALTERNATE AUDITOR	FRANCESCA PIRRELLI	21/04/2006	M	X		
ALTERNATE AUDITOR	CLAUDIO PASTORI	21/04/2006	M	X		
					NUMBER OF MEETINGS IN YEAR: 4	
					Shareholders may present a slate for the appointment of the statutory auditors alone or together with other shareholders, if they represent at least 2.5% of the shares with voting rights at an ordinary shareholders' meeting.	

TABLE 3: OTHER REQUIREMENTS OF THE GOVERNANCE CODE

	Y E S	NO	Summary of any differences from the recommendations of the Code
Powers delegated and transactions with related parties			
The BoD has attributed powers defining:			
a) limits	x		
b) functioning	x		
c) and periodical information?	x		
The BoD reviews and approves the transactions of an important economic and financial nature (including transactions with related parties)?	x		
The BoD has defined guidelines and criteria for the identification of “significant” operations?	x		
The above guidelines and the criteria are described in the report?	x		
The BoD has defined specific procedures for the review and approval of operations with related persons?	x		
Are the procedures for approval of transactions with related parties described in the report?	x		
Procedures for the most recent appointment of directors and statutory auditors			
Was the candidature for director filed at least 10 days in advance?	x		
The candidature for director is accompanied by full and complete information?	x		
Were the appointments for statutory auditor filed at least 10 days in advance?	x		
The candidature for statutory auditor is accompanied by full and complete information?	x		
Shareholders’ Meetings			
The company has approved Shareholders’ Meeting Regulations?	x		
The Regulation is attached to the report (or indicated where it can be obtained)?	x		
Internal Control			
Has the company appointed persons responsible for internal control?	x		
Are they hierarchically independent from Business Area managers?	x		
Organisational internal control dept. (ex art. 9.3 of the Code)			The person in charge of Internal Control is the head of the Internal Audit department, Mr. Carlo Ravazzin and in undertaking these activities avails of an appointed assistant within the Company.
Investor relations			
Has the Company appointed an investor relations manager?	x		
Structural unit and references (address/telephone/fax/email) of investor relations manager	x		IR Manager: Mr. Lorenzo Lepri, Milan, Via della Braidà, 5 Tel. 02540271, lorenzo.lepri@staff.dada.net