



OWNERSHIP STRUCTURE AND CORPORATE GOVERNANCE

(Report by the Board of Directors for 2009)

pursuant to article 123-bis of the Consolidated Finance Act, article 89bis of the Consob
"Issuer's Regulations" and art. IA.2.6 of the "Istruzioni al Regolamento dei Mercati
organizzati e gestiti da Borsa Italiana S.p.A."

Approved on March, 10th 2010

Registered Offices: Piazza Annigoni 9,b - Florence
Share Capital: Euro 2.755.711,73 fully paid-in
Florence Company Registry Office no. Flo17-68727 - REA 467460
Fiscal code/Vat no. 04628270482
Web site: www.dada.dada.net

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1. Introduction

In order to provide adequate disclosure, information is provided on the corporate governance system adopted by the Company and the Group and on the shareholder structure, as well as further information required by article 123 bis of Legs. Decree 58/98 (hereafter also the "CFA") 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.

The Self-Governance Code of listed companies prepared by the Committee for the Corporate Governance of listed companies (hereafter the "Code") 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 Regulation of Markets organised and managed by Borsa Italiana S.p.A., 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 the CFA and article 89 bis of CONSOB regulation No. 11971/99 in relation to Issuers (hereafter "Issuers Regulation").

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 covers 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 periodically approved the Criteria Document of the above-mentioned internal Code on Corporate Governance, with which some resolutions were adopted under the Code.

2. SHAREHOLDERS

2.1. Shareholder structure; Powers to increase share capital and authorisation to purchase treasury shares

The share capital of Dada S.p.A. amounts to Euro 2,755,711.73 and is composed of 16,210,069 ordinary shares of a par value of Euro 0.17 each. Dada S.p.A. is listed on the MTA market of the Italian Stock Exchange in the STAR segment.

In accordance with the By-laws:

- The shares are indivisible and freely transferable. Every share has the right to one vote. The shares are nominative and, if fully paid, as permitted by law, can be to bearer. The conversion from one type to another is permitted at the expense of the shareholder. The Company can issue shares (of special categories) and financial instruments in favour of employees of the Company and subsidiary companies in accordance with the provisions of article 2349 of the civil code. In the case that, for any reason, a share or the rights to the shares belong to more than one person, the rights of the owners must be exercised by a common representative (Article 7: “Shares”);
- In addition to the ordinary shares, that attribute to the shareholders equal rights, categories of shares may be created having different rights including the division of losses (Article 8: “Category of shares”);
- The Company can issue bonds to the bearer or nominative, including convertible in accordance with law, determining the conditions relating to the placement. The Company can also issue, in accordance with the provisions of law, financial instruments that both attribute voting rights and those that do not attribute voting rights (Article 10: “Bonds and financial instruments”).

At December 31, 2009, the share capital of Dada S.p.A. is composed entirely of ordinary shares; therefore no other categories of shares exist within the limits and rights connected to them. The Company did not issue bonds or any financial instruments.

In relation to the powers to increase the share capital in accordance with article 2443 of the civil code reference is made to the description contained in the section dedicated to the Stock Option Plans in the Financial Statements at December 31, 2009 as well as the relative information documents prepared in accordance with article 84bis of the Issuers’ Regulations, documentation also available on the internet site of the Company.

The Shareholders’ Meeting of April 23, 2009 revoked the authorisation of April 24, 2008 relating to the purchase and sale of treasury shares and renewed the authorisation of the Board of Directors, to acquire, in one or more occasions, in full or in part, within 18 months from the date of the resolution, up to a maximum number of ordinary shares representing 10% of the share capital at a price not lower than 20% and not above 10% compared to the reference price traded on the stock exchange on the day prior to each purchase and however for a total amount not above the reserves available resulting from the latest approved financial statements and within the distributable profits; the Shareholders’ Meeting on the same date also authorised the Board of Directors to hold treasury shares already in portfolio or acquired resulting from

the present authorisation, in order to undertake sales/purchases, exchanges, conferment etc. as well as the acquisition of investments.

The utilisation of the treasury shares, in relation to those already in portfolio or those that may be acquired due to the present authorisation renewal, may be carried out within three years of the approval by the Shareholders' Meeting at a price or at a valuation not lower than 95% of the average price recorded in the previous thirty stock exchange trading days prior to the sales deed or, if prior, to the official deeds of commitment. The terms of this authorisation expire on October 23, 2010.

At December 31, 2009, the company does not hold treasury shares in portfolio.

2.2. Restrictions on the transfer of securities

Under article 7 of the By-laws, the shares of Dada S.p.A. are freely transferable.

The restriction on the transfer of Dada S.p.A. shares relating to the three shareholder pacts are described below, the content of which were communicated to Consob on the dates indicated below:

- shareholder pact signed on November 11, 2008 between RCS MediaGroup S.p.A. with registered offices in Milan, Via San Marco No. 21 and Paolo Barberis, born in La Spezia on December 8, 1967, relating to, according to that announced by the subscribers, 8,025,101 Dada S.p.A. shares held by RCS MediaGroup S.p.A. and 870,000 Dada S.p.A. shares held by Paolo Barberis and therefore a total of 8,895,101 Dada S.p.A. shares, accounting for 54.87% of the total ordinary shares issued; this agreement was communicated to CONSOB on December 20, 2008 (published in the relevant section of the www.consob.it site, as well as the company website www.dada.dada.net);

- agreement signed on October 10, 2002 between Dada S.p.A. and RCS MediaGroup S.p.A., with registered offices in Milan, Via San Marco 21, regarding 2,417,957 ordinary shares of Dada S.p.A. amounting to 14.9% of the ordinary shares issued; this agreement was communicated to CONSOB and published on the relevant section of the website www.consob.it, as well as on the internet site of the Company www.dada.dada.net;

- agreement signed between Dada S.p.A. and Messrs. Marco Magnocavallo, born in Milan on February 2, 1973 - concerning 31,250 shares owned by this latter, Francesco Magnocavallo born in Milan on May 26, 1971 - concerning 13,506 shares owned by this latter, Filippo Bassoli born in Milan on March 15, 1974 - concerning 13,275 shares owned by this latter and Luca Wilson Lizzeri born in Milan on August 1, 1970 concerning 9,192 shares owned by this latter. This agreement was communicated to CONSOB on July 8, 2008 and based on which Messrs. Marco Magnocavallo, Francesco Magnocavallo, Filippo Bassoli and Luca Wilson Lizzeri undertook to maintain the above indicated securities until the approval of the financial statements for 2009.

2.3. Significant shareholdings

Based on the communications received in accordance with article 120 of Legislative Decree No. 58/1998 and as shown in the shareholders' register of Dada S.p.A. at December 31, 2009, the shareholdings above 2% of the share capital were as follows:

Party	Shares held	Percentage of Share Capital
RCS MediaGroup S.p.A.	8,025,101	49.5069%
Paolo Barberis	870,000	5.3670%
Alessandro Sordi	380,000	2.3442%
Simona Cima	360,277	2.2226%
Angelo Falchetti	350,341	2.1613%
Jacopo Marello	341,487	2.1066%

On January 18, 2010, RCS Mediagroup S.p.A. announced it had increased on January 15, 2010 its holding in Dada S.p.A. to 8,225,101 shares, equal to 50.741% of the share capital.

At the date of the approval of the present report there were no further changes in relation to that stated above.

2.4. Securities which confer special rights; Employee holdings: method of exercise of voting rights; Voting restrictions

No shares were issued which confer special rights of control or share participation to employees which provide specific mechanisms in relation to the exercise of the voting right. The By-laws of the Company do not contain any restrictions on voting rights.

2.5. Shareholder Agreements pursuant to article 122 of Legislative Decree No. 58/1998

The company is aware of the following significant shareholder pacts as per article 122 of Legislative Decree No. 98/1998:

- shareholder pact signed on November 11, 2008 between RCS MediaGroup S.p.A. with registered offices in Milan, Via San Marco No. 21 and Paolo Barberis, born in La Spezia on December 8, 1967, relating to, according to that announced by the subscribers, 8,025,101 Dada S.p.A. shares held by RCS MediaGroup S.p.A. and 870,000 Dada S.p.A. shares held by Paolo Barberis and therefore overall a total of 8,895,101 Dada S.p.A. shares, accounting for 54.87% of the total ordinary shares issued.
- shareholder pact signed on October 10, 2002 between Dada S.p.A. and RCS MediaGroup S.p.A., with registered office at Milan, Via San Marco 21, concerning 2,417,957 ordinary shares of Dada S.p.A. amounting to 14.9% of ordinary shares issued.

The complete extract of the stated agreements is available in the relevant section of the Consob website (www.consob.it) as well as the Company website (www.dada.dada.net).

2.6 Change of control clauses

No significant agreements are in place in which Dada or its subsidiaries pursuant to article 93 of Legs. Decree 58/1998 are part of, or which could take efficacy, be modified or extinguished through change of control of Dada S.p.A..

The American operating companies of the Group, in carrying out their normal activities, have undertaken contracts of a commercial nature which, as is normal for such types of contracts, include clauses that require in the case of “assignment” of the contract by one of the parties (including also changes in direct/indirect control of one of the parties) consent of the other party.

2.7 Management and direction activity

In accordance with article 37, No.2 of the Consob Issuers’ Regulations, it is stated that Dada S.p.A. is not under the control and direction of the parent company RCS MediaGroup S.p.A. In fact, this latter does not influence the operations of Dada. Dada S.p.A., acting under its own management, trading and financial autonomy and independently examines and approves, among other matters, its operations and strategic plans, as well as its procedures and organisational, management and control models. In relation to this, the Corporate Governance Report of the holding company is of particular note (last publication on the date of approval of the present report), whereby – among other matters – it is expressly stated that the Board of Directors of this latter exercised its stated strategic functions (for example the approval of significant operations) respecting the independent management of subsidiaries with listed shares on regulated markets and in particular those not subject to coordination and direction by the same RCS MediaGroup S.p.A.; this independent responsibility is expressly stated in relation to the activities necessary for the formation of the internal control systems.

2.8. Modification of the following articles of the Company Statutes:

The By-laws may be amended:

- with resolution of the Extraordinary Shareholders’ Meetings, which in accordance with article 18 of the same By-Law, are correctly constituted, in first and in second convocation, with the participation of shareholders that represent the percentage of share capital indicated respectively in articles 2368, second paragraph and 2369 third paragraph of the civil code and in third convocation with the participation of shareholders representing at least one-fifth of the share capital. The Extraordinary Shareholders’ Meeting pass resolutions, both in first, second and third convocation, with the favourable vote of at least two thirds of the share capital represented in the Shareholders’ Meeting;
- with resolution of The Board of Directors, as permitted by article 2365 of the civil code, in accordance with article 22 of the same By-Law on the following matters:
 - i. mergers, in the cases specified in Articles 2505 and 2505 bis of the civil code. spin-offs in accordance with article 2506-ter c.c.;
 - ii. the reduction of the share capital in the case of return of shares by shareholders;
 - iii. modify the company By-laws in compliance with law;
 - iv. re-locating the registered office within the national territory.

*

No agreements have been signed between the Company and the Directors which provide indemnity in the case of resignation or dismissal or revocation of office without just cause or termination of employment following a public purchase offer.

3. Board of Directors

3.1. Role and functions of the Board of Directors

Article 1 of the Self Governance Code:

Principles

1. The Issuer 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, the Directors of the Company, in the undertaking of their duties, must also take into account the directives and policies established for the group to which the Company belongs as well as taking advantage of the benefits deriving from belonging to the group.

General criteria

1. The Board of Directors:
 - a) examines and approve the strategic, industrial and financial plans of the Issuer and of the Group which the Company heads, the corporate governance of the Issuer and the structure of the group;
 - b) evaluates the adequacy of the organisational, administration and general accounting system of the Issuer and of its subsidiaries having strategic importance, which has been implemented by the executive directors 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 executive directors and the executive committee, establishing the limits and manner of exercising such power and the frequency of reporting, normally not above 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 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 Issuer 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.
2. The directors accept the office only when they believe they can diligently carry out the tasks in the necessary time period, also taking into account the number of other directorships or statutory auditor offices they hold in other listed companies in regulated markets, including abroad, in financial companies, banks, insurance companies and unlisted large companies. The Board, on the basis of the information received from the directors, annually reports in the Corporate Governance report the offices held by directors or statutory auditors in these companies.
 3. The Board expresses its opinion on the maximum number of offices of director or statutory auditor as per the previous paragraph, which can be considered compatible with a current undertaking of the office of director of the issuer. General criteria are set out based on the commitment related to each role (executive director, non executive or independent), also in relation to the nature and to the size of the companies in which the roles are held as well as whether belonging to the group of the issuer. Account may also be taken of the participation of the directors in internal committees of the board.
 4. Where the Shareholders' Meeting, in order to meet requirements of an organisational nature, authorises a general and prior exception to the prohibition of competition as per article 2390 of the Civil Code, the Board of Directors evaluates each situation and reports at the next Shareholders' Meeting. For this purpose, each director informs the board, on the acceptance of the appointment, of any activities exercised in competition with the issuer and, subsequently, of any significant changes.

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 22, first paragraph of the By-laws of Dada S.p.A. establishes that "The Board of Directors is invested with the complete powers of ordinary and extraordinary administration of the Company and can therefore carry out all actions considered necessary for achieving the corporate objectives, excluding only those reserved to the shareholders' meeting, while article 20, letter E of the By-laws in line with the internal Corporate Governance code 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 the powers that may not be delegated by law, the following powers may not be delegated by the Board of Directors:

- 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 to 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 administrative body can, in addition, nominate general directors determining their duties and powers and can also nominate procurers for single deeds or category 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 December 3, 2008 and subsequently confirmed in the meeting of May 8, 2009, following the appointment of the new Board of Directors by the Shareholders' Meeting of April 23, 2009, 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 in 2009 specifically relating to some significant operations.

Finally, article 22, second paragraph, of the Company By-laws attributes powers to the board, in accordance with article 2365 of the civil code, except where otherwise provided for by articles 2420 ter and 2443 of the civil code, for resolutions concerning:

- a) mergers, in the cases specified in Articles 2505 and 2505 bis of the civil code, including spin-offs in accordance with article 2506-ter c.c.;
- b) the opening and closing of secondary offices;
- c) the reduction of the share capital in the case of return of shares by shareholders;
- d) modify the company By-laws in compliance with law;
- e) the transfer of the registered office in the national territory.

In accordance with article 24 of the By-laws, the Board of Directors appoints, upon obligatory approval of the Board of Statutory Auditors, the executive responsible for the preparation of the corporate accounting documents in accordance with article 154 bis of Legislative Decree 58/98.

The appointed person must hold 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. The Board of Directors establishes the duration of the appointment which may also, with prior obligatory approval, but not binding on the Board of Statutory Auditors, revoke the office of the executive responsible for the preparation of the corporate accounting documents, providing furthermore a new conferment of the office.

The Board of Directors appointed Mr. Federico Bronzi, executive responsible for the preparation of the corporate accounting documents in accordance with article 154 bis of Legislative Decree 58/98.

In its meetings (the last one being on May 8, 2009 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.

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.

It also underlined that the Company has approved the Procedures for the management of 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 income, equitable 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 responsibilities conferred to them.

With regard to the maximum number of offices which each director of Dada 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 of significant size, 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, 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.

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 mandatory 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 Chairman and the Chief Executive Officer, as well as dividing the total remuneration to which the directors are entitled among the individual members of the Board.

In accordance with the By-laws, the Board of Directors meets periodically and at least on a quarterly basis, inform the Board of Statutory Auditors on the activities undertaken and on the most important economic and financial operations carried out by the Company or by subsidiary Companies, and report on any operations with potential conflict of interest or that are affected by any person that exercises management or coordination activities.

The meetings of the Board of Directors must enable the overall direction provided in relation to the delegated powers from the Board of Directors to the Executive Committee, if constituted, to the Delegated Directors, of the activities assigned to the General Managers and to the single Special Procurers.

In 2009, the Board of Directors held 10 meetings. At the date of the preparation of the present document, in 2010 two meetings of the Board of Directors had been held, 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.

At the board meetings, reasonably in advance of the meeting, except in the case of necessity and urgency, all of the members of the Board of Directors are provided with the relevant documentation and information – also through extensive and detailed notes on the Matters on the Agenda – to allow the Board to express knowledgeably on the material matters proposed for examination, in conformity with article 20, letter B of the By-laws.

3.2. Nomination and replacement of directors

Article 6 of the Self Governance Code:

Principles

1. The nomination of the directors is made in a transparent manner. This guarantees, among other matters, timely and adequate information on the professional and personal characteristics of the candidates.
2. The Board of Directors assesses whether to set up a nomination committee, composed of a majority of independent directors.

General criteria

1. The slates of candidates, together with the professional and personal information, as well as whether they qualify as independent directors in accordance with article 3, must be filed at the registered office of the company at least 15 days before the date fixed for the Shareholders' AGM. The slates, together with the information on the candidates, are published in a timely manner on the internet site of the issuer.

The By-laws, in the latest version issued on November 10, 2009, at article 19, provide that the Company shall be administered by a Board of Directors composed of a minimum of 3 and maximum of 15 members appointed, including non shareholders, by the Shareholders' Meeting that from time to time determine the number.

The members of the Board of Directors are appointed for a period of three years and their mandate expires at the date of the Shareholders' Meeting that approves the financial statements relating to the last year of their appointment, or the period from time to time determined by the Shareholders' Meeting in accordance with the provisions of article 2383, paragraph 2 of the civil code.

The Directors must possess the requisites required by the current legal regulations in force and by the By-laws of the company and are re-electable. The number of independent directors must be in accordance with the requirements of article 148, paragraph 3 of Legislative Decree No. 58 of 1998.

The Board of Directors was appointed by the Shareholders' Meeting based on slates with the minimum participation quota of the share capital required for the presentation of the slates of candidates currently 2.5% of the share capital, as subscribed at the date of presentation of the slate or representing a lower percentage fixed by law or regulations. Each slate must contain a number of candidates considered independent in accordance with law amounting to at least the minimum provided by the pro-tempore regulations in force and accompanied by the curriculum vitae of the candidate containing information on personal and professional characteristics and must be filed at the registered offices of the company at least 15 days before that established for the Shareholders' Meeting in first call.

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. The slates are published in a timely manner on the Internet site of the Company.

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.

3.3. Composition of the Board of Directors

Article 2 of the Self Governance Code:

Principles

1. The Board of Directors is composed of executive and non-executive directors.
2. The non-executive directors provide their specific expertise in the board meetings, contributing to the undertaking of balanced decisions and providing particular attention to areas which may give rise to conflicts of interest.
3. The number, the expertise, the authority and the availability of time of the non executive directors is such to guarantee that their opinion can have a significant impact on board resolutions.
4. The concentration of offices held should not be with one person.
5. The Board of Directors, where operational powers have been delegated to the chairman, provides adequate information in the corporate governance annual report in relation to the reasons for this organisational choice.

General criteria

1. Executive directors are:
 - the executive directors of the issuer or of a subsidiary with strategic importance, including the relative chairman when they are attributed individual powers of management or when they have a specific role in the strategies of the business;
 - the directors that hold offices in the issuer or in a subsidiary with strategic importance, or in the parent company where the office also regards the issuer;
 - the directors that are members of the executive committee of the issuer, when an executive director has not been appointed or when the participation at the executive committee, taking into account the frequency of the meetings and the relative resolutions, results in de facto, the systematic involvement of its members in the current management of the issuer.

The attribution of powers for the sole cases of urgency to directors not holding operational powers does not in itself configure as executive directors, except where these powers are utilised on a frequent basis.
2. The directors must be aware of the tasks and responsibilities relating to the appointment. The chairman of the Board of Directors ensures that the directors expand their knowledge on the business activities, also with reference to regulatory norms, so they may correctly carry out their office.
3. Where the chairman of the Board of Directors is the principal person responsible for the management (chief executive officer), or where the office of chairman is held by the person

that controls the issuer, the Board appoints an independent director as lead independent director, which acts as a point of reference and coordination of the contributions of the non executive directors and, in particular, of the independent directors as per article 3 below.

The current Board of Directors of Dada S.p.A., appointed by voting of slates by the Shareholders' Meeting of April 23, 2009 – with the exception of the Director Claudio Cappon, co-opted by the Board of Directors on July 27, 2009 as replacement for the resigned Director Paolo Aurelio Gatti – is comprised of 14 members as follows, whose office expires with the Shareholders' Meeting for the approval of the financial statements for the year ending December 31, 2011, with the exception of the Director Claudio Cappon whose mandate will expire, in accordance with law, at the next Shareholders' Meeting of the Company.

The Shareholders' Meeting of April 23, 2009 also appointed Paolo Barberis as Chairman of the Board of Directors of the Company and resolves that the Directors are exonerated from the non competition obligation in accordance with article 2390 of the civil code.

Members of the Board of Directors	
Name and Office	Place and date of birth
Paolo Barberis (Chairman)	La Spezia, 08/12/1967
Barbara Poggiali (CEO and GM)	Milan, 04/03/1963
Lorenzo Lepri (Vice GM)	Rome, 11/12/1971
Salvatore Amato	Florence, 23/05/1956
Alberto Bigliardi	Curtatone (MN), 03/11/1944
Claudio Cappon	Rome, 09/07/1952
Giorgio Cogliati	Rome, 20/02/1963
Alessandro Foti	London (UK), 26/03/1963
Matteo Novello	Camposampiero, (PD) 4/12/1962
Monica Alessandra Possa	Milan, 18/10/1964
Vincenzo Russi	Lanciano (CH), 01/01/1959
Riccardo Stilli	Sanremo, (IM) 01/06/1962
Giorgio Valerio	Milan, 13/07/1966
Danilo Vivarelli	La Spezia, 06/06/1964

At the first meeting following the appointment by the Shareholders' Meeting of April 23, 2009, on May 8, 2009, the Board of Directors confirmed the same organisational structure and signatory powers approved by the Board of Directors meeting of December 3, 2008 which establishes in particular Paolo Barberis as Chairman, in his strategic role, Barbara Poggiali as Chief Executive Officer and Director General and Lorenzo Lepri as Vice Director General and Chief Corporate Officer.

Chief Executive Officer Barbara Poggiali was attributed powers in all management areas with a maximum limit in single exercise of Euro 1 million, increased to Euro 3 million in the case of public tenders, in every case with the faculty to delegate to third parties.

Taking account of that stated above, in 2009 the Executive Directors were the Chairman, given his strategic role in the company, and the Chief Executive Officer Barbara Poggiali, as well as the Director Lorenzo Lepri, this latter due to his role of deputy general manager and with specific power of attorney.

Director Lorenzo Lepri - who, as mentioned, also fulfils the organisational role of Vice Director General - with power of attorney of the Company has the power to sign within a maximum limit of Euro 500,000 for single exercise in the following areas: market and investor relations; control, administrative, finance and tax; purchases, resources, logistics and offices; legal and disputes; merger & acquisitions; strategic planning.

In conformity with the requirements of the provisions introduced through article 1.C.2 of the Self-Governance Code, the most significant roles held by members of the Board of Directors of Dada S.p.A. at December 31, 2009 (including therefore offices in other listed companies, financial, banking, or insurance companies, or of significant size) are provided below.

- **Barbara Poggiali**, Director Finelco S.p.A. Group;
- **Alberto Bigliardi**, Director of Lucchini S.p.A., TOP - Terminal Offshore Piombino S.p.A., Lucchini RS S.p.A., Chairman of the Board of Statutory Auditors of HDI Assicurazioni S.p.A.;
- **Giorgio Cogliati**: Director of Raisat S.p.A., RCS International NewsPapers BV and RCS International Books BV
- **Alessandro Foti**, Independent Director of Camfin S.p.A. and Vice Chairman of Board of Directors of Ferretti S.p.A.
- **Matteo Novello**: Chairman and Chief Executive Officer of Sfera Editore S.p.A., Chairman di Digicast S.p.A., Pubblibaby S.p.A., Editrice Abitare Segesta S.p.A., RCS Direct S.r.l., Rizzoli Publishing Italia S.r.l., Sfera Service S.r.l., Sfera Direct S.l., Fera Bebe S.l., Sfera Editores Espana S.l., Sfera Editores mexico S.A. and of Trend Service S.A., Director and General Director of RCS Periodici S.p.A. and Director of RCS Digital S.p.A., all companies belonging to the RCS MediaGroup S.p.A. Group;
- **Vincenzo Russi**, Director General of CEFRIEL (consortium company with limited liability);
- **Riccardo Stilli**, Chairman of RCS Factor S.p.A., Director of RCS Pubblicità S.p.A., RCS Libri S.p.A., Unidad Editorial SA, m-dis Distribuzione Media S.p.A. and Flammarion S.A., all companies belonging to the RCS MediaGroup S.p.A. Group;
- **Giorgio Valerio**, Chief Executive Officer - Italian Newspaper Sector - of RCS Quotidiani S.p.A., Director of Unidad Editorial SA, Chairman and Chief Executive Officer of RCS Digital S.p.A., Chairman of City Italia S.p.A., Director of Digicast S.p.A., RCS Sport S.p.A., Editoriale Corriere di Bologna S.r.l., Editoriale Fiorentina S.r.l., Agenzia

ANSA S.c.a.r.l. and RCS International NewsPapers BV, all companies belonging to the RCS MediaGroup S.p.A. Group.

The chief executive officer reports 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 with approval of the current report made a positive evaluation in relation to the numbers on the board, its composition and its function.

4. Independent Directors

Article 3 of the Self-Governance Code provides:

Principles

1. 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.
2. 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.

General criteria

1. The Board of Directors assesses the independence of its non-executive members 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 subsidiaries, trusts or interposed persons, they control the issuer or are capable of exercising significant influence, or participate in a shareholder agreement through which one or more parties can exercise control or significant influence on the issuer.
 - b) If they are, or were in the previous three years, a relevant member of the issuer or of one of its subsidiaries with strategic importance or of a company subject to common control with the issuer, or of a company or of a body that, even together with others through a shareholder agreement, controls the issuer or is able to exercise significant influence on the issuer;
 - c) directly or indirectly (for example through subsidiary companies or where they are a relevant member, or as partner of a professional advisory firm or a consultancy company), has, or has had in the previous year, a significant commercial, financial or professional relationship:
 - with the issuer, a subsidiary, or with some relevant members;
 - with a party that, also together with others through a shareholder agreement, controls the issuer, or - in relation to companies or bodies - with the relevant members;or is or was in the previous three years, an employee of one of the above parties;
 - d) if they receive or have received in the previous three years, from the issuer or a subsidiary or parent company a significant additional remuneration other than the

- “fixed” fee of non-executive director of the issuer, including incentive participation plans relating to the performance of the company, including share-based payments;
- e) if they were a director of the issuer for more than nine years of the past twelve years;
 - f) if they are an executive director in another company in which an executive director of the issuer is a director;
 - g) if they are a shareholder or director of a company or of an entity belonging to the network of the auditors of the issuer;
 - h) if they have a close family member in a situation described in the previous points.
2. For the purposes of the above, “relevant members” of a company or of a body are as follows: the chairman of the body, the legal representative, the chairman of the Board of Directors, the executive directors and senior management of the company or of the body considered.
 3. The number and the duties of the independent directors are adjusted in relation to the size of the Board and the activities undertaken by the issuer; they are also such to permit the constitution of internal committees of the board, in accordance with the recommendations of the Code. Where the issuer is subject to the management and coordination by a third party or is controlled by an operator, directly or through other subsidiary companies, in the same sector of activity or in similar sectors, the composition of the Board of Directors of the issuer is appropriate to guarantee adequate independence in the management and therefore the creation of value for the shareholders of the issuer.
 4. After the appointment of an independent director and at least once a year, the Board of Directors assesses, on the basis of the information provided by the party concerned or in any case available to the issuer, the relations, which could exist or appear as such to compromise the independent judgment of this director. The Board of Directors report on the outcome of its evaluations, on the appointment, through a communication to the market and, subsequently, in the corporate governance report, adequately indicating the reasons if the parameters differ from those indicated in the present applicative criteria.
 5. The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of its members. The results of the controls are made available to the market in the corporate governance report.
 6. The independent directors meet at least once a year in the absence of the other directors.

The Board of Directors of Dada S.p.A. appointed by the Shareholders’ Meeting of April 23, 2009, following the cooption of the Director Claudio Cappon, is composed of six independent directors (Salvatore Amato, Alberto Bigliardi, Claudio Cappon, Alessandro Foti, Vincenzo Russi and Danilo Vivarelli): Salvatore Amato, Alberto Bigliardi, Alessandro Foti, Vincenzo Russi and

Danilo Vivarelli before the Shareholders' Meeting filed (also Claudio Cappon on the meeting of the Board of Directors of July 27, 2009) declarations of independence in accordance with the new edition of the Self-Governance Code of article 148, paragraph 3 of Legislative Decree No. 58/1998 and the regulations of Borsa Italiana applicable to the Company.

The Board of Directors in its meeting of May 8, 2009, and in relation to Claudio Cappon in the meeting of July 27, 2009, approved the independence of the above stated Directors, subsequently confirming such on the approval of the present 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 on the independence of the Directors, in light of their declarations, in accordance with the Self-Governance Code and the information available to the Company, is reconfirmed with the approval of the present annual report on Corporate Governance by the Board.

The Board of Statutory Auditors verifies the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of its members, reporting the outcome of these controls in the Report to the Shareholders' Meeting.

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, 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.

In 2009, in line with the review of the organisational structure of the Company approved at the Board of Directors' meeting of December 3, 2008 and confirmed by the Board of Directors in its new composition, following the appointment by the Shareholders' Meeting of April 23, 2009, the Chairman of the Board of Directors has carried out a strategic role within the Group. 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 privileged information

Article 4 of the Self Governance Code:

Principles

1. 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.

General criteria

1. The executive directors ensure the correct management of corporate information; for this purpose the Board of Directors adopted a procedure for the internal management and external communication of documents and information relating to the issuer, with particular reference to price sensitive information.

The Board of Directors implemented the recommendation of the Self-Governance Code, and on November 11, 2006 adopted, in place of the previous code, a new procedure which governs 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 fulfils a general principle of confidentiality and that the external communication is not untimely, incomplete, or which in any case would result in inaccurate 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 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, article 9 of the Self-Governance Code provides:

Principles

1. 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.”

General criteria

1. The Board of Directors, having consulted with the Internal Control Committee, establish the procedures for the approval and execution of the transactions undertaken by the issuer, or its subsidiaries, with related parties. In particular, they define the specific transactions (or determine the criteria to identify the transactions), which must have prior approval by the Internal Control Committee and/or the opinion of independent experts.
2. The Board of Directors adopts appropriate and adequate operating measures to identify and to manage the situations in which a director has an interest on his own behalf or on behalf of third parties.

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 significant 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 therefore 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. 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, following the appointment by the Board of Directors on May 8, 2009, and currently consists of the following non-executive directors, the majority of which independent: Danilo Vivarelli (Chair), Monica Alessandra Possa and Salvatore Amato. The objective of this Committee, confirmed by the Board of Directors 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 23, 2009, which also confirmed the amount for attending each board meeting and the committee meetings.

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. A significant part of the remuneration of top management is related to the reaching of specific objectives.

The remuneration of the non-executive directors is in line with the duties requested of each director, established by the Board of Directors and not related to the performance of the company. The executive directors and top management are also beneficiaries of share-based payments (so-called Stock Option plans), as this instrument is considered effective for the loyalty and retention of management.

During 2009, the Committee undertook an analysis on the remuneration of the Company's top management and presented to the Board of Directors its proposals for the remuneration of

directors with specific offices, as well as the assignment of stock options, 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 these latter plans, the Committee also presented to the Board, which has given its approval, some proposals for specific actions on a part of the options assigned, within the regulations of the stock option plan for top management.

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

10. Internal Control

Article 8 of the Self-Governance Code provides:

Principles

1. The internal control system is 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 safe, correct and coherent management of the enterprise with its set objectives.
2. An effective internal control system contributes to the safeguarding of the company assets, the efficiency in the business operations, the reliability of the financial information and compliance with law and regulations.
3. The Board of Directors assesses the adequacy of the internal control system with the characteristics of the business.
4. 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 must have 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, and also following the appointment of the latest member on May 8, 2009, is composed entirely of independent directors; the members of the committee are as follows: Salvatore Amato (Chairman), Alessandro Foti and Danilo Vivarelli; among the directors, Mr. Vivarelli has adequate accounting and financial experience.

The Board of Directors appointed the CEO Barbara Poggiali 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 March 10, 2010 on the presentation by the Committee of the Report on the activities undertaken during the second half of 2009 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 2009 the role of the Person responsible for Internal Control was assigned to Mr. Carlo Ravazzin. 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 and Control 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, reconstituted following the renewal by the Shareholders' Meeting of April 2009 and comprising the independent Director Danilo Vivarelli, the statutory auditor Claudio Pastori and the Head of Internal Control Carlo Ravazzin, in 2009 undertook an on-going verification of the organisational model, with particular regard to matters concerning workplace security which the legislature enacted through Legislative Decree 231/2001, approving the health and workplace management system (SGSL) and the new ad hoc protocol of the organisational model 231 relating to workplace security, thereafter approved by the Board of Directors of the Company.

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.

In 2009, the Internal Control Committee approved the proposal for guidelines for the internal control system, which was subsequently validated by the Board of Directors of the Company, and as part of its activities examined the issues brought to the attention of the Committee by the Person responsible for Internal Control.

The activities of the Committee relating to the verification of workplace security procedures are particularly noted.

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.

In relation to that reported above, it is noted that with regard to article 36 and 39 of Consob Regulation No. 16191/2007 and subsequent modifications in relation to subsidiaries based outside the EU (hereafter the "Markets Regulation"), the Company has preliminarily identified the subsidiary companies constituted and regulated by laws of States not belonging to the European Union (hereafter "Outside EU Companies") which it is believed fall within the ambit of such conditions. In view of the data contained in the financial statements of the previous year and of the audit activities, four subsidiary companies are recognised (the three US companies Dada USA Inc., UPOC Networks Inc., Dada Entertainment LLC and the Brazilian company Dada Brasil Servicos de Tecnologia Ltda) which at December 31 exceeded the relevant individual size parameters as set out in article 151 of the Issuers' Regulations.

The above-mentioned companies were provided with the significant internal procedural indications relating to the compliance, as well as the possibility of verification and obtainment of specific evidence, in relation to:

- i) provision to the appointed company for the auditing of the company financial statements of information necessary to conduct the control of annual and half yearly accounts of the Company;
 - ii) the presence of an administrative-accounting system drawn up to provide to senior management and the above stated auditors the results, balance sheet and financial situation necessary for the preparation of the consolidated financial statements.
- necessary, although substantially already implemented, with respect to that contained in paragraph 1 of article 36 of the Markets Regulation.

11. Principle characteristics of the risk management and internal control systems in relation to financial disclosure

11.1 Introduction

The Dada Group has adopted a system of procedures and processes such as to guarantee the reliability, the accuracy, the trustworthiness and the timeliness of the financial information as well as to allow the correct functioning of the internal control system in order to monitor and mitigate the relative risks relating to the financial disclosure process as applied to the company. The System of processes and procedures was drawn up and implemented by Top Management in line with the model established by the CO.SO Framework (Entity Level Assessment). In this regard, the CO.SO Framework establishes the internal control system as “a system of mechanisms, procedures and instruments aimed at ensuring the reaching of corporate objectives”.

Within the Dada Group, the drawing up and structuring of processes is carried out taking account of the internal organisation and developments within the regulatory environment. In relation to the first, financial risk evaluation and the self assessment of risk control is implemented through elements regarding: the integrity and the conduct code, valuation of skills, the philosophy and the operational style, the attribution of powers and responsibilities as well as policies, processes and procedures implemented by Human Resources.

In this regard, activity relating to the guaranteeing of the continual updating of operational and processes and procedures is undertaken, as well that relating to the adequacy of the internal control system within the financial disclosure process. In particular this activity is aimed at verifying that all of the components of the CO.SO Framework are correctly and continually applied.

The key elements are illustrated below: “environment of control”, “valuation of risk”, “control activity”, “information and communication” and “monitoring”.

In particular the monitoring activity is periodically carried out also with recourse to internal communications, staff meetings, written experts’ opinions and a process which allows for the testing of controls, the definition of the remediation plan, the action plan, up to the follow-up of results of the exceptions established.

11.2 Significant characteristics

The system of accounting and administrative procedures is implemented to guarantee the functioning of the internal control system relating to financial disclosure, regarding and applied both by the Parent Company Dada S.p.A. and all of the subsidiary companies, both direct and indirect.

In this remit, the two significant procedures are represented by “closure and reporting” and “consolidation”, where in a clear manner the following are defined: the accounting standards (which are updated regularly), the utilisation of the accounts plan of the Group, the structure of the consolidated reporting packages, the identification and the management of inter-group transactions and the consolidation process.

The documentation was provided to all subsidiary companies of the Parent Company, to ensure the correct application of the same.

The correct functioning of the Internal control system of financial disclosure provides that a process for the identification of financial risks is drawn up. Also for these activities the Dada

Group referred to the CO.S0. Framework stated above and in particular identified the areas of greatest significance where risks of errors may occur (including fraud) in the various types of financial disclosure documents, in particular the financial statements and the half-yearly and quarterly reports.

The process has a number of stages:

- a) Identification of risks of error on financial disclosure, as well as the sources upon which they are based. Greater emphasis is given to processes and financial statements accounts of greater significance in the financial communication;
- b) Structuring of the controls on the corporate processes aimed at preventing and managing risks of errors identified above;
- c) Carrying out of control activities and monitoring defined in the previous point. The test on controls are carried out annually and relate to all of the corporate and Group structures involved in the same processes. The Dada Group has appointed Reconta Ernst & Young – principal external auditor of the Group – which was conferred a specific appointment for the testing activities. This appointment is limited to the provision of professional and methodological support both for the drawing up of testing techniques and the execution and formalisation of periodic tests.
- d) Wherever the execution of the above-defined controls identify procedural gaps or potential areas of improvement, a remediation plan is drawn up, with consequent extension and re-execution of the controls.

12. Relations with institutional investors and other shareholders

Article 11 of the Self-Governance Code provides:

Principles

1. The Board of Directors promotes initiatives in order to favour the greatest participation possible of the shareholders at shareholder meetings and that facilitate the exercise of the rights of the shareholders.
2. The Board of Directors actively attempts to establish a continual dialogue with its shareholders based on an understanding of their reciprocal roles.

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 (www.dada.dada.net), 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 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

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. 58/58, can be represented, through written proxy, by any person that is not one of the parties mentioned in article 2372 of the civil code.

In accordance with the Shareholders’ Meeting regulation above anyone who, based on law or the company By-laws, having the right to attend the Shareholders’ Meeting, shall be identified, at the entry to where the Shareholders’ Meeting is held, through the presentation of appropriate identification documentation or by other means of recognition and present the valid documentation for admission, in conformity with that established in the convocation notice.

Employees of the Company or of group companies or other persons may participate, where their presence is considered useful by the Chairman of the meeting in relation to the issues to be dealt with and for the carrying out of the work.

The Chairman, in setting out the matters on the agenda and the replies to the arguments, may be assisted by some of the directors or statutory auditors or parties which may validly participate at the shareholders' meeting. The order of the discussions as per the convocation notice, may be varied by the Chairman and other matters can also be dealt with, at the discretion of the Chairman, except on the request of the shareholders' meeting.

The Chairman establishes the procedures for the matters on the agenda, manages and regulates the discussions giving the floor to the shareholders that have made a request in accordance with the present article, to the directors' or statutory auditors or to persons having the right to attend the Shareholders' Meeting.

For this purpose the Chairman establishes the procedures to request an intervention and the order in which they take place ensuring the persons who have requested the floor have the possibility of a brief reply.

The Chairman ensures the correctness of the discussions and adopts all appropriate measures to impede that the normal carrying out of the Shareholders' Meeting work is disturbed.

All the shareholders having the right to vote have the right to take the floor on the matters under discussion in order to request clarifications and express their opinions. The request by the shareholders to take the floor shall relate exclusively to the matters on the agenda. Attendees who wish to take the floor must make the request to the Chairman presenting the request in writing containing an indication of the matter on the agenda, after he has read the agenda and until the discussions on the matter have not been declared closed on that issue.

The Chairman can establish on the opening of the discussion, also in consideration of the matters on the agenda, the maximum duration of the interventions – in any case not above 15 minutes – and the replies – in any case not above 2 minutes – in order to favour the widest participation of the shareholders in the discussion.

The Chairman will request a conclusion to the interventions and to the replies when they exceed the maximum duration established or they are not pertinent to the matters in discussion and, after having made this request, take the floor from any shareholder that does not respond to such a request.

The Chairman can also request persons to leave the meeting, for all of the discussion, to the shareholders, despite being warned, that do not permit the proper carrying out of the Shareholders' Meeting work.

During the meeting the Chairman, where he believes necessary, can suspend the Shareholders' Meeting work for a brief period providing the reason for this decision.

Once the interventions, the replies, and the response to the replies are completed, the Chairman declares the discussion closed.

The voting of the shareholders' meeting is made by open ballot. Before commencing the vote, the Chairman establishes the procedure for expression, recording and counting of the votes and can fix a maximum term within which the vote must be expressed.

At the end of the voting the ballot is made by the Chairman of the meeting, even with the assistance of the Secretary or Notary, declaring to the meeting the results of the voting.

For any matters not contained in the present Regulations the provisions are applied of the Civil Code, specific law and the company By-laws; in particular, the Chairman as per the company By-laws adopts the solutions considered most appropriate for the carrying out of the Shareholders' Meeting work.

14. Statutory Auditors

Article 10 of the Self-Governance Code provides:

Principles

1. The nomination 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.
2. The statutory auditors act with autonomy and independence also in relation to the shareholders who elected them.
3. The issuer prepares the measures which guarantee an efficient undertaking of the duties of its board of statutory auditors.

Article 25 of the By-laws of Dada S.p.A. provides that the Board of Statutory Auditors is composed of 3 standing members, of which one acting as Chairman and two alternate members appointed by the Ordinary Shareholders' Meeting and that the members so appointed remain in office for three years and are re-electable. The Statutory Auditors must possess the relevant requisites established by law and by the relevant regulations, also with regard to the holding of multiple offices. Statutory Auditors may not be elected if they are ineligible by law.

The By-laws also provide, in conformity with law and applicable regulations, that at least one statutory auditor is appointed by the minority slate, that the Chairman of the Board of Statutory Auditors is appointed by the shareholders' meeting from among the statutory auditors elected from the minority slate, as well as the limit of offices of direction and control that may be held.

The By-Laws in particular provide 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.

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.

Currently the Board of Statutory Auditors, appointed by the Shareholders' Meeting of April 23, 2009 is comprised of Silvio Martini Bianchi, Chairman, Claudio Pastori and Cesare Piovone Porto Godi, Statutory Auditors and Maria Stefania Sala and Michele Galeotti Alternate Auditors.

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 2009, met with the Internal Control Committee, the Supervisory and Control Board and with the audit firm.

SUMMARY DATA

TABLE 1: BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS							INTERNAL CONTROL COMMITTEE		REMUNERATION COMMITTEE		
Office	Members	Executive	Non Executive	Independent	% (*)	Other Offices	Member	% (*)	Member	% (*)	
Directors in Office											
Chairman	Paolo Barberis		X		100						
Chief Executive Officer	Barbara Poggiali	X			100						
Director	Lorenzo Lepri	X			100						
Director	Salvatore Amato		X	X	60		X	66.66	X	33.33	
Director	Alberto Bigliardi (1)		X	X	85.71						
Director	Claudio Cappon		X	X	80						
Director	Giorgio Cogliati		X		100						
Director	Alessandro Foti		X	X	71.43	1	X	100			
Director	Matteo Novello		X		28.57						
Director	Monica Alessandra Possa		X		100				X	100	
Director	Vincenzo Russi		X	X	85.71						
Director	Riccardo Stilli		X		70						
Director	Giorgio Valerio		X		30						
Director	Danilo Vivarelli		X	X	90		X	100	X	100	
Directors no longer in office											
Director	Pietro Varvello (2)		X		100						
Director	Roberto Ravagnani (2)		X		66.66						
Director	Paolo Aurelio Gatti (2)		X		100						
Director	Raffaello Napoleone (2)		X	X	100		X	50			
Number of meetings held in the year		Board of Directors: 10					Internal Control Committee: 3		Remuneration Committee 3		

(*) Percentage of participation of Directors at the BoD meetings and Committee meetings in 2009

(**) The number of offices of statutory auditor held in other listed companies on regulated Italian and foreign markets. A more detailed list relating to the offices held is contained in the Corporate Governance Report and Shareholder Structure at section 3.3.

(1) Relating to the minority slate

(2) Resigned at Shareholders' Meeting of April 23, 2009

(3) Appointed Director by the Shareholders' Meeting of April 23, 2009 and resigned on July 14, 2009

TABLE 2: BOARD OF STATUTORY AUDITORS

OFFICE	MEMBER	Slate: (*)	INDEPENDENCE AS PER CODE	PERCENTAGE OF ATTENDANCE AT BOARD MEETINGS	NUMBER OF OTHER OFFICES HELD (**)
Statutory Auditors in office					
Chairman	Silvio Bianchi Martini	m	X	100	2
Statutory Auditor	Cesare Piovene Godi	M	X	100	2
Statutory Auditor	Claudio Pastori	M	X	90	
Alternate Auditor	Maria Stefania Sala	M	X	-	
Alternate Auditor	Michele Galeotti	M	X	-	
Statutory Auditors no longer in office					
Chairman	Pierangelo Dei	M	X	100	
Statutory Auditor	Piero Alonzo	M	X	100	
Statutory Auditor	Claudio Pastori	M	X	90	
Alternate Auditor	Maria Stefania Sala	M	X	-	
Alternate Auditor	Francesca Pirrelli	M	X	-	
		NUMBER OF MEETINGS IN YEAR: 7			
		Shareholders may present a list 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.			

(*) M: majority slate; m: minority slate

(**) The number of offices of statutory auditor held in other listed companies on regulated Italian markets. The complete list relating to the offices held is contained in the attachments to the Board of Statutory Auditors Report.

TABLE 3: OTHER REQUIREMENTS OF THE GOVERNANCE CODE

	YES	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.
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: Dott. Lorenzo Lepri, Florence, Piazza Pietro Annigoni 9/b, Tel. 055 2002107, lorenzo.lepri@dada.net