

Yearly Corporate Governance Report of Damiani S.p.A.

Financial year from
1 april 2007 to 31 march 2008

Prepared pursuant to articles 124 BIS,
of Legislative Decree 58/98
(Consolidated Law on Finance),
89 BIS to CONSOB
(Italian National Commission for Listed
Companies and the Stock Exchange)
Regulation 11971/99 and to
article IA.2.6 of the Regulatory Instructions of
the Italian Stock Exchange

Dear Shareholders,

In observance of the applicable legislation and regulations, as well as the Regulatory Instructions of the Italian Stock Exchange and taking into account the *"Experimental format for the corporate governance report"* issued by the Stock Market Management Company, the Board of Directors of Damiani S.p.A. gives below a full informational document on its own system of *"Corporate Governance"*, with reference to the principles contained in the Corporate Governance Code (March 2006 edition).

This Report, which also contains information on the ownership statements pursuant to article 123, BIS, paragraph 2, of the CONSOB Regulation 11971/99, will be also made available in the section *"Investor Relations - Corporate Governance"* on the website www.damiani.com, within the timeframes set by the relative legislation that is currently in force.

1. GENERAL COMPANY GOVERNANCE STRUCTURE (ISSUER PROFILE)

1.1 The company's system of corporate governance in general.

The corporate governance system of Damiani S.p.A. is the traditional one, the so-called Latin model and, therefore, its corporate bodies are the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. The Board of Directors consists of two committees set up within the Board itself: the Internal Control and Corporate Governance Committee and the Remuneration Committee. Both committees play an advisory and proposing role, with the aim of facilitating the functional running and the activities of the Board.

A) The shareholders' meeting

The authority, role and functioning of the Shareholders' Meeting are provided by law and by the company's Articles of Incorporation (by-laws), currently in force, which we hereby make reference to.

B) The board of directors

The Board of Directors consists of five to fifteen members, whose number is fixed, from time to time, by the Shareholders' Meeting. The Board appoints a Chairman among its members and, if required, can also appoint one or more Vice Chairmen.

As provided by the Articles of Incorporation the Chairman, or anyone taking his place, legally acts on behalf of the company, both towards third parties and in judicial proceedings, with his single signature, being entitled to file lawsuits and pleas, as well as suits of annulment and appeal to the Supreme Court, to appoint lawyers and attorneys for the disputes. Moreover, legal representation is granted severally, within the limits of the powers granted by the Board of Directors, to one or more members of the Board, also acting in the quality of appointed managing directors.

As detailed below, the Board of Directors is granted the most wide range of powers for the ordinary and extraordinary management of the company, with the only exception of those reserved by law to the Shareholders' Meeting, including the power to pass resolutions on mergers in those cases provided for by articles 2505 and 2505 BIS of the Italian Civil Code, the setting up and shutdown of branch offices, the choice of those directors who can legally represent the company, the reduction (writing down) of Share Capital (capital stock) in case of shareholders' withdrawing, the adjustment of the Articles of Incorporation to any law provision and the transfer of the registered office within the national territory.

C) The committees

As provided by the Corporate Governance Code, the Board of Directors must be provided with an Internal Control and Corporate Governance Committee and a Remuneration Committee, having advisory and proposing functions. On the other hand it was not believed necessary, as of today, to set up an Appointment Committee.

D) The board of statutory auditors

Consisting of three statutory and two substitute members, it is the company's control body. This Board must supervise on the company's compliance with the law and the Articles of Incorporation, as well as on the compliance with the standard principles of accounting and administration and that the company gives appropriate instructions to its internal bodies and subsidiary companies. The Board of Auditors must also supervise on the adequacy of the company's organizational structure, on its internal control and accounting administration systems, as well as examining or arranging any required audit. Furthermore, the Board must also supervise that the regulations - provided by Corporate Governance Codes set by companies managing regulated markets and by trade associations - are met, as hereby officially declared.

2. INFORMATION ON THE OWNERSHIP SETUPS ON THE DATE OF APPROVAL OF THIS REPORT (AS PER ARTICLE 123, BIS, CONSOLIDATED LAW ON FINANCE)

(A) Share capital structure

The whole Share Capital of Damiani S.p.A. consists of ordinary shares with voting rights, listed on the computerized stock market, in the STAR (High Profile Securities Segment), managed by Borsa Italiana S.p.A. (Italian Stock Exchange).

The present Share Capital, wholly subscribed and paid up, is EUR 36,344,000 (thirty six million three hundred and forty four thousand) and it is divided into 82,600,000 (eighty two million six hundred thousand) ordinary shares, having the nominal value of EUR 0.44 (zero point forty four) each. On the approval date of this Report a promotion plan based on financial instruments is being made: for any further details please make reference to the financial statements (see the Directors' Report), made available to the public as provided for by law, as well as to the *"Informational Document pertaining to the Remuneration Plan based on shares (Stock Options)"* made as provided for by article 84 BIS, of CONSOB Regulation 11971/99, as can be seen in the *"Investor Relation"* section of the website www.damiani.com.

(B) Restriction on transfer of securities

The Articles of Incorporation of Damiani S.p.A. do not set any restrictions/limits regarding the transfers of shares or their ownership, or referring to the approval by the corporate bodies or the shareholders of any new shareholders in the corporate structure.

(C) Significant holdings of the share capital

Based on the entries in the Shareholders' Book and the available updates at the approval date of this Report, including the communications Based on the entries in the Shareholders' Book (Register of Members) updated on the date of approval of the present Report, including any communication received by the company as provided for by article 120 of legislative Decree 58/98, as well as on the basis of any other available information, those parties being, both directly or indirectly, owners of shareholdings exceeding 2% of the subscribed and paid up Share Capital, are the following:

Shareholders	Ordinary shares	% age of the share capital
GUIDO ROBERTO GRASSI DAMIANI	49,697,758 (1)	60.109 %
of which:		
- Directly	4,140,808	5.01 %
- Indirectly through Leading Jewels SA	43,356,950 (1)	52.49 %
- Indirectly through Damiani S.p.A. (own shares held)	2,200,000	2.663 %
GIORGIO ANDREA GRASSI DAMIANI	5,047,371 (2)	6.11 %
SILVIA MARIA GRASSI DAMIANI	4,687,371 (2)	5.68 %
DGPA SGR S.P.A.	4,229,946	5.12 %

(1) Of which 616,379 of bare ownership with voting rights. (2) Of which 163,373 of bare ownership with voting rights.

(D) Owners of securities with special control rights

The company has not issued any securities granting special controlling rights and the Articles of Incorporation do not provide for/grant any special powers for specific shareholders or for owners of particular kind of shares.

(E) Employee shareholdings

The Articles of Incorporation of Damiani S.p.A. neither provide for any restrictions or limitation regarding voting rights nor to financial rights referring to shares held by employees.

(F) Restrictions on voting right

The Articles of Incorporation of Damiani S.p.A. neither directly provide for any restrictions or limitations regarding the voting rights, nor the financial rights linked to the shares are separated from their ownership.

(G) Agreements between shareholders pursuant to article 122 of the consolidated law on finance

On the approval date of this Report, pursuant to article 122 of Legislative Decree 58/1998 ("Consolidated Law on Finance") a Shareholders' agreement is in force and it was signed, by the Damiani siblings, Guido, Giorgio and Silvia on 9 September 2007. This agreement was published, pursuant to article 122 of the Consolidated Law on Finance, and following amendments, in the daily newspaper "La Repubblica" on 18 November 2007 and it was registered with The Company Register of Alessandria (AL) on 19 November 2007.

The companies whose shares are the subject of the agreement are D Holding S.A. and Leading Jewels S.A., the latter being the owner of a direct controlling holding in Damiani S.p.A.

For further information regarding this reference should be made to the extract of the agreement published on the CONSOB website www.consob.it.

(H) Appointment and replacement of directors and amendments to the articles of incorporation

As provided for by article 147 ter of the Consolidated Law on Finance, the Articles of Incorporation of Damiani S.p.A. (article 16) provide that the election of the Board of Directors has to take place by voting list procedure, with an election of a director from the list coming second, (the other members of the Board having been taken from the most voted list).

Only those shareholders owning a shareholding at least equal to the one set by Consob - as provided for by law and regulations - have the right to present lists of candidates among the directors to be elected. Furthermore, as provided for by the corporate governance principles undersigned, the candidates' curricula - containing statements and certificates as provided by law, must be registered at least fifteen days before the first call of the Shareholders' Meeting. Any replacement of directors is regulated under the provisions of the law.

(I) Delegated powers regarding share capital increases and authorizations to buy own shares

The Ordinary Shareholders' Meeting of 22 February 2008 authorized the Board of Directors, pursuant to article 2357 and the following ones of the Italian Civil Code, to buy the company's own shares up to a maximum number of 8,250,000 (eight million two hundred fifty thousand) ordinary shares and, in any case, not exceeding one tenth of the Share Capital, during a period of 18 months starting from the resolution date namely, within 22 August 2009. The resolution also provided for the power to dispose of these shares that may have been bought, without any time limit, in one or more lots, even before all the purchases are made.

The transfers of shares, pursuant to article 132 of the Consolidated Law on Finance and article 144, BIS of CONSOB Regulation 11971/99, can be made on the regulated stock markets, as provided for by the organizational and management regulations of the relevant markets, which do not allow a deliberate connection between purchase and sales offers, so as to ensure the same in treatment that all shareholders.

On 29 February 2008 the Board of Directors passed a resolution, in line with the aforementioned resolution passed by the Shareholders' Meeting, regarding a plan to purchase the company's own shares for a maximum number of 2,200,000 and at a maximum price of Euros 8,800,000 to be finalized, under the provisions of the law and regulation in force, between 1 March 2008 and 9 June 2008.

With press release issued on 29 May 2008 the company informed the market that the share purchase transactions referring to the aforementioned plan were concluded, specifying the following:

- That the purchase transactions, begun on 4 March 2008, ended on 28 May of this year.
- That during that time the company bought a total of 2,200,000 ordinary shares, amounting to 2.663 % of its Share Capital in 53 Stock Exchange sessions.
- That all the purchases were made on the Stock Exchange at market prices and the weighted average unit price was Euros 2.1176 per share for an overall amount of Euros 4,658,758.
- That the purchases were carried out as provided by the law and provisions in force.

On 13 June 2008 the Board of Directors passed a resolution, in line with the aforementioned Shareholders' Meeting resolution, agreeing on a further plan to purchase the company's own shares for a maximum number of 6,050,000 shares and, therefore, within the limits authorized by the Shareholders' Meeting.

(L) Clauses on change of control

At the publishing date of this Report the company has undersigned two loan agreements which, do not contain any clauses affecting their effectiveness, or implying their termination in case of any change in the controlling position of the company (the so called provisions of "change of control"), however, their terms provides for the bank the right of withdrawal in case of a merger or split off of the company. More in detail the aforementioned agreements are the following:

- A loan agreement with Interbanca undersigned on 31.12.2005 with duration until 31.12.2010;
- A loan agreement with Medio Credito Centrale undersigned on 30.11.2005 with duration until 30.11.2010.

Change of control clauses are also referred to in some rental contracts undersigned by the two subsidiary companies, Damiani Hong Kong and Damiani USA, on the opening of some POS. Specifically:

- DAMIANI HONG KONG entered into 2 agreements granting the other party the right to rescind the contract in case of a change in the structure of the entities controlling the company, apart from the fact that the company itself is quoted on stock markets. These are rental contracts for the two POS of Damiani Hong Kong located in the Elements and IFC Malls.
- DAMIANI USA entered into 4 rental contracts that provides for the termination of the agreement itself in case of change of the structure of those subjects controlling the company. These rental contracts refer to shops located in the King of Prussia Mall, Hawaii, Los Angeles and New York.

(M) Directors' indemnity in the event of resignation, dismissal or termination of employment agreement, also as the result of a takeover bid

As of the date of this Report no agreements have been entered into between the Issuer and the directors that provides for any indemnity in the event of resignation or dismissal of employment without just cause. Furthermore, no provisions referring to cases of termination of employment resulting from a takeover bid have been provided for.

3. ADOPTION OF THE PRINCIPLES CONTAINED IN THE CORPORATE GOVERNANCE CODE (MARCH 2006 EDITION)

The company believes that conforming its internal Corporate Governance structures to those recommended by the Corporate Governance Code is a valid and important opportunity to consolidate its trustworthiness in the eyes of the markets.

Therefore, on 27 June 2007, the Board of Directors passed, a specific resolution which, together with other resolutions, were meant to carry into effect of the principles of the Corporate Governance Code, as shown in detail below; such resolutions have been further carried into effect during the fiscal year as of 31 March 2008.

Before further describing the structure of the Issuer's Corporate Governance, we point out that during the meeting of 27 June 2007, the Board of Directors of the holding Damiani S.p.A. identified, as a "subsidiary company of strategic importance", Damiani International B.V., a company incorporated under Dutch Law; however, the Board of Directors believes that such statement does not significantly affect the Issuer's Corporate Governance structure.

4. MANAGEMENT AND COORDINATION ACTIVITIES

Damiani S.p.A. is not subject to management and coordination control either by the direct parent company Leading Jewels S.A., which holds 52.49% of its Share Capital, or by the indirect one of D. Holding S.A., pursuant to article 2497 and following ones of the Italian Civil Code, and it manages and coordinates its own subsidiary companies.

As provided by the corporate governance principles, as detailed further on, any transactions of particular strategic, economic, and financial importance referring to the Damiani Group are subject to the jointly examination and exclusive approval of the Issuer's Board of Directors which, as of 13 June 2008, consists of 3 non-executive directors, two of whom are independent as provided by article 3 of the Corporate Governance Code.

It is deemed that the expertise and the authoritativeness of the non executive and independent directors and their significant importance in the making of the Board's decisions, is a further guarantee that all the decisions of the BOD are taken solely in the interest of Damiani S.p.A. and that there are no directives or interferences by any outside parties, having interests different from those of the Group.

5. BOARD OF DIRECTORS

5.1 COMPOSITION

The current Board of Directors was appointed during the Shareholders' Meeting of 27 June 2007 and, during the same meeting, it has been resolved that the total number of directors is eight (8) and their office will be terminated on the Shareholders' Meeting for the approval of the Financial Statements as of 31 March 2010. We hereafter provide a personal profile for each director, as provided for by Article 144 of CONSOB Regulation No. 11971/99.

1) **Guido Roberto Grassi Damiani**, Chairman and Managing Director, joined the company in 1994 and he was in charge both with the Italian sales network and marketing, introducing new strategies and contributing significantly to the group's development. He took the helm of Damiani Group in 1996. He holds a university degree, with honours, in Sociology as well as a diploma in Gemmology from the International Gemmological Institute. Before joining the family business he had a successful real estate career for a few years.

2) **Giorgio Andrea Grassi Damiani**, Vice President, is in charge with the raw material purchasing, product development, and business relations, as well as being the Chairman and President of Damiani USA.

He joined the family business in 1990, immediately upon graduating from a technical business high school. Within the company, he learned various aspects of the goldsmith's art and got familiar in different business fields, especially focusing on the evaluation and acquisition of precious raw materials. Afterwards he became Head of International Distribution, acquiring a vast knowledge of foreign markets in the process. He then managed three main business fields, namely the Raw Material Purchasing, Creation, and Product Development Areas, while being contemporarily Art Director. He was the recipient of a Diamonds International Award in 1994.

3) **Silvia Maria Grassi Damiani**, Vice Chairman of Damiani Group in charge with External Relations and Image Group, has also been responsible for the Image Group and VIP Relations Manager, choosing many international celebrity stars as an effective way of testimonial advertising. She started her career in the family business in 1985, getting experienced in pearl purchasing while being part of the creative staff. A 1996 Diamonds International Award winner, she also holds an MBA from IPSOA as well as a diploma in Gemmology from the International Gemmological Institute.

4) **Giulia De Luca**, Executive Director with supervision over internal control is also serves as CEO and CFO. A university graduate in Political Science, her professional career dates back from 1979, starting to work in a small business before moving to a professional firm. Over time she has held roles of increasing responsibility, acquiring various managerial experience in the areas of metal mechanics, plant engineering and large-scale retail, while working in administration, finance, audit, trade, and human resources. She joined Damiani in 1999 and currently sits on the Boards of some of the companies of the Group.

5) **Stefano Graidì**, Executive Director of Damiani, holds a degree in Political Economy from Bocconi University in Milan. He is a Certified Public Accountant registered on the Roll of Accounting Auditors. Previously he worked for the Pirelli Group in various positions of responsibility in International Taxation before becoming Joint Director of both Taxation and Operational Sectors. In addition, he gained prior experience in Switzerland in the areas of finance and administration of Pirelli International, a listed company. He played an active role in both the restructuring of the tyre sector as well as in the public listing of Tyre Holding on the Amsterdam Stock Exchange. A journalist and lecturer, he is currently a partner in Tax Advisors S.A. of Lugano.

6) **Giancarlo Malerba**, Non Executive Director and Chairman of the Internal Control and Corporate Governance Committee, as well as the Remuneration Committee, holds a degree in Business Management from Bocconi University in Milan. He began his career in 1986 in KPMG, where he played a managerial role in the banking and financial sectors. A Certified Public Accountant, he is listed in the Roll of Accounting Auditors as well as being a partner in the Biscozzi Nobili Tax Law Firm. He is an expert in the civil and tax law aspects of consolidated financial statements and he has frequently published articles in magazines and trade journals on taxation and financial reporting.

7) **Lorenzo Pozza**, Non Executive and Independent Director of Damiani, is also a member of the Internal Control and Corporate Governance Committee as well as of the Remuneration Committee. He is a Business graduate from Bocconi University in Milan, where he is also an Associate Professor of Business Economics and, since 2003, Director of the CLELLS (Law and Business Administration) Program. Prior to that he served as Director of Bocconi's MiAA (Masters in Accounting and Auditing) Program. A Certified Public Accountant, he is listed in the Roll of Accounting Auditors.

8) **Fabrizio Redaelli**, Non Executive and Independent Director, was named Lead Independent Director by the Board of Directors on 12 September 2007. He is also a member of the Internal Control and Corporate Governance Committee as well as of the Remuneration Committee. A Certified Public Accountant who is also listed in the Roll of Accounting Auditors, he runs his own accounting firm, Studio Redaelli & Associati, in Milan. He holds a degree in Business Management from Bocconi University, where he is a Senior Professor of Real Estate and Business Finance for the School of Business Management.

The existence of executive and non executive, as well as independent and non independent requirements has been confirmed by the Board of the Directors as provided by Articles 2 and 3 of the Corporate Governance Code of 14 March 2006 and most recently, during the Board Meeting of 13 June 2008.

In order to properly apply the principles of corporate governance, as already pointed out, on 27 June 2007 the Board identified Damiani International B. V. as a "company of strategic importance" for the Damiani Group S.p.A., confirming such conclusion even on 13 June 2008.

The following table lists/details all relevant information pertaining to each Board Member, taking into account that all current Board Members were appointed by the Shareholders' Meeting of 27 June 2007.

Position	Board Member	Title held since	Executive	Non executive	Independent	% Board	No. of relevant appointments
President and Chairman	Guido Grassi Damiani	27/06/07	YES	NO	NO	100%	v. All. A
Vice President	Giorgio Grassi Damiani	27/06/07	YES	NO	NO	80%	v. All. A
Vice President	Silvia Grassi Damiani	27/06/07	YES	NO	NO	93%	v. All. A
Director	Giulia De Luca	27/06/07	YES	NO	NO	100%	v. All. A
Director	Stefano Graidi	27/06/07	YES	NO	NO	100%	v. All. A
Director	Giancarlo Malerba	27/06/07	NO	YES	NO	100%	v. All. A
Director	Lorenzo Pozza	27/06/07	NO	YES	YES	85%	v. All. A
Director	Fabrizio Redaelli	27/06/07	NO	YES	YES	80%	v. All. A

Meeting frequency

Board of Directors	13
Internal Controls & Corporate Governance Committee	3
Remuneration Committee	2

Members	Position	Internal controls committee	% ICC	Remuneration committee	% CC
Giancarlo Malerba	President	X	100 %	X	100 %
Lorenzo Pozza	Member	X	100 %	X	100 %
Fabrizio Redaelli	Member	X	100 %	X	100 %

As of the date of the present Report, Gabriella Colombo Damiani currently holds the title of Honorary President. This honorary position does not have an expiration date, but since 1 October 2007 Ms. Colombo Damiani has not received any remuneration for such position/role/appointment.

Maximum number of offices held in other companies

Regarding application criterion 1.C.3. of the code, it is highlighted that at the approval date of this Report the Board had not set down its view, as being generally effective, regarding the maximum number of offices of director and statutory auditor that the directors of the company can hold, at the same time, in other quoted companies, in financial, banking and insurance companies or in those of a relevant size. The Board, in its meeting of 13 June 2008, examined, case by case and in relation to the characteristics of the individual directors, i.e. experience, offices held etc., the compatibility of the offices held with that of being a member of the Board of Directors.

In observance of application criterion 1.C.2. of the New Code, the offices of director or statutory auditor that are currently held by some directors in third party companies quoted on regulated markets, also foreign ones, and in financial, banking and insurance companies or in those of a relevant size, at the approval date of this Report, are shown afterwards in the attached Sheet "A".

5.2 Role of the Board of Directors

The Board of Directors of Damiani S.p.A. plays a central role in setting the strategic goals of the Issuer and of the Group.

During the accounting period closed at 31 March 2008 the current Board of Directors met 13 (thirteen) times and for the current financial year, at today's date, there have been 3 (three) meetings, including the one approving this Report.

As a rule the Board meetings last about an hour and a half.

The directors have attended regularly and assiduously and, in fact, overall attendance at the meetings was 92.25%.

In line with law and the Articles of Incorporation, the Board is invested with all the powers of ordinary and extraordinary administration, because there falls within its competencies everything that, by law and the Articles of Incorporation, is not specifically reserved for the Shareholders' Meeting.

As per the Articles of Incorporation the Board also has the competency to pass resolutions on mergers in those cases that are laid down by article 2505 and 2505, BIS, of the Italian Civil Code, the opening and closing of secondary sites, the indicating of who, among the directors, can legally represent the company, the reduction of the Share Capital in the case of the withdrawal of shareholders, the updating of the Articles of Incorporation for any legislative amendments and the transfer of the registered office within Italy.

Furthermore, relative to the criteria 1.C.1. e 8.C.1 of the Corporate Governance Code, the Board of Directors has decided to keep within its own competencies, as well as those laid down by law and the Articles of Incorporation, while observing the limits of the same, the following matters:

a) To examine and approve the strategic, industrial and financial plans of the company and of the Group it heads, the Corporate Governance system of the company and the structure of the Group.

b) Subject to prior determining of the relative criteria, to identify those subsidiary companies with strategic relevance. To make an evaluation of the adequacy of the organizational, administrative and general accounting setups of the company and its subsidiaries with strategic importance, as established by the managing directors, with specific reference to the internal control system and management of conflicts of interest.

c) To delegate and revoke powers of the managing directors and of the Executive Committee, defining the limits and the manner of exercising them. To also set the frequency, as a rule no less than once every quarterly, with which the delegated bodies must report to the Board on the activities performed in the exercising of the powers delegated to them.

d) To fix, after examining the proposals of the appropriate committee and consulting the Board of Statutory Auditors, the remuneration of the managing director and those other directors, who are appointed to particular assignments, as well as, if the Shareholders' Meeting has not already done so, the allocation of the total remuneration of the Board members.

e) To evaluate the general performance of the company, specifically taking into account the information received from the delegated bodies, as well as periodically comparing the actual results with those planned.

f) To examine and approve in advance transactions having significant strategic, economic, equity and financial importance for the company that are carried out by the Issuer and its subsidiaries, paying particular attention to those transactions in which one or more directors hold an interest of their own, or on behalf of third parties and, in more general terms, to transactions involving related parties. For this purpose the Board of Directors provides for general criteria for identifying significant operations.

g) To carry out, at least once a year, an evaluation of the size, composition and performance of the Board itself and of its committees, also giving an idea regarding the types of professionals whose presence on the Board is felt to be opportune and, specifically, to check on the existence of the requisites of the executive, non executive and independent directors that are asked for by the Code, taking care to ensure the presence of the number of executive, non executive and independent directors that respects the criteria given in the Code.

h) To appoint, when deemed opportune, also relative to the number of non executive and independent directors, a lead independent director to give the following functions to:

- To coordinate the activities of the non executive directors for the purpose of improving their contributions to the activities and functioning of the Board
- To work with the Chairman to ensure that all the directors are sent full and speedy information.
- To call and convene meetings, exclusively of the independent directors whenever he believes them necessary in order to carry out his tasks ensuring, among other things, that the independent directors meet together, without the other directors, at least once a year.

l) To provide information in the Report on Corporate Governance, on the application of article 1 of the Code and, specifically, regarding the number of Board Meetings held and, if it be the case, of those of the Executive Committee, during the financial year, giving the percentage attendance of

each director. As well as, with the assistance of the Internal Control Committee:

l) To define the guidelines for the internal control system, so that the Issuer's main risks and those appertaining to its subsidiaries are properly identified and adequately measured, managed and monitored, taking care to determine the compatibility criteria of these risks with correct and proper company management.

m) To identify an executive director to charge with supervising the functionality of the internal control system.

n) To evaluate, at least once a year, the adequacy, effectiveness and functioning of the internal control system and to approve the company and group Risk Management Policies.

o) To describe, within the Corporate Governance Report, the essential elements of the internal control system, expressing his own valuation of its adequacy.

p) To appoint, or revoke the delegated powers, based on a proposal by the director charged with supervising the functionality of the internal control system after consulting with the Internal Control Committee, one or more persons who deal with the internal control, also defining their remuneration in line with the relative company policies.

Relative to article 1.C.1 of the code, the Board has reiterated, also formally in the context of the "Framework Resolution" passed on 27 June 2007, the principle that the delegated bodies report to the Board, regarding the activities carried out in exercising the (delegated) powers given to them, at least quarterly and in full conformity with the relative legal measures that are currently in force.

In order to actuate the principles and competencies described above the Board of Directors has done the following:

(A) Approved, on 27 June 2007, the "Guidelines on particularly significant operations and those with correlated parties of the Damiani Group", that contain precise criteria for identifying those operations that are "particularly significant" and the relevant ones finalized with third or related parties and also those through the subsidiary companies that are fall solely within the competencies of the Board, even if they come within those matters that are the subject of a mandate and, specifically:

- They are "particularly significant" and, therefore, always subjected to the prior examination and approval of the Board, the following transactions, no matter with what party they are carried out:

a) Transactions that oblige the company to make an informational document available to the public that is drawn up in conformity with the relative measures set by CONSOB.

b) Financial liability operations, such as taking on mortgages and loans in general, as well as the issuing of collateral and personal guarantees, for an amount higher than Euros 15,000,000.00 for each single operation.

c) Transactions regarding the acquisition, or disposal, of trademarks and brands.

d) Trademark and brand user licenses, for an amount higher than Euros 10,000,000.00 for each single operation.

e) Other transactions, different from those in the previous points, whose value is higher than Euros 15,000,000.00 for each single operation.

- They are operations that are "particularly significant with related parties" those, also realized through subsidiary companies, that:

a) are "particularly significant", pursuant to paragraph 2 above or that, in any case:

b) are for an amount higher than Euros 5,000,000.00 for each single transaction.

However, in suspension of what is set in the above letters a) and b), there are not considered to be "particularly significant" and, therefore, not necessarily obligatorily subject to the prior examination and approval of the Board of Directors, those operations with related parties that are typical or usual or that, in any case, are carried out at standardized.

They are typical or usual those operations that, due to their subject, or their nature, characteristics and conditions come within the company's normal business affairs and those that do not contain any particular elements of criticality relative to their characteristics, or to the risks inherent to the nature of the counterpart, at the time when they take place. As a rule, there come within these operations, those between the companies of the Damiani Group, as long as they are carried out at normal arm's length market values.

They are held to be operations at standardized conditions those that are concluded at the same conditions, with any party, whomsoever.

They are defined as "related parties" those that are defined as such according the relative legislation that is in force, from time to time, when each operation is decided upon and, at the time of drawing up this document they are those defined as such by IAS 24, adopted with the EEC Regulation 1725/2003, and their successive amendments and additions.

Regardless of the significance criteria the Board of Directors has always been speedily updated regarding the operations with correlated parties, also pursuant to article 22 of the Articles of Incorporation and article 150 of the Legislative Decree 58/1998.

With specific reference to transactions with related parties, during the whole of the accounting period that was closed at 31 March 2008, the Group dealt both with related parties that were inside the consolidation area and with correlated parties outside of it.

The relations with correlated parties within the consolidation area were mainly of a commercial nature, consisting of sales of jewelry or raw materials, that took place in the context of normal inter-company operations carried out, in a recurring mode, at normal arm's length market conditions.

The relations with correlated parties outside of the Group, mainly with Rocca S.p.A., Idea Rocca S.p.A. and Immobiliare Miralto, were both commercial and of other types.

Specifically, the non-commercial relations were solely relative to real estate rental contracts.

The relations with correlated parties were examined and analyzed by the Internal Control Manager who, in carrying out his functions, checked that they took place at normal arm's length market conditions.

Furthermore, the Board of Directors has done the following:

(B) Evaluate the adequacy of the organizational, administrative and accounting structure of the issuer and its subsidiaries having strategic relevance, in the meeting for the approval of the financial report at 31 March 2008 and the financial statements 31 March 2008. Specifically, the evaluation was made with the support of the Internal Control Committee which, in the context of its own meetings, in which the Internal Control Manager (regarding which see later) also took part, has been able to continuously check the functioning of the internal control systems of both the Issuer and the Group, with particular reference to the companies with strategic importance. Furthermore, it is highlighted that regarding these latter, in the meeting of 27 June 2007 the Board of Directors of the group parent Damiani S.p.A. resolved to identify the "subsidiary companies having strategic importance", taking into account the following criteria:

- (i) The importance and complexity of the functions carried out by the subsidiary within the Group.
- (ii) The strategic importance of the subsidiary within the market.
- (iii) Its invoicing volume.
- (iv) The value of its Balance Sheet assets.
- (v) The presence within the subsidiary of an articulated organizational structure, characterized by a relevant management presence, as distinct from the members of its administrative body, which has been given operational autonomy.

From the combination of the above parameters firstly, in the meeting of 27 June 2007 and then, lastly, in the meeting of 13 June 2008, there was identified as a subsidiary company of Damiani S.p.A. having strategic importance Damiani International B.V., a company incorporated under Dutch Law.

(C) Set the directors' Remuneration for those charged with particular duties, based on the proposals of the Compensation Committee and having heard the opinion of the Board of Statutory Auditors, on 27 June 2007.

(D) Evaluate, on 13 June 2008, the general progress of operations based on the information received from the delegated bodies, comparing the actual results with the forecasted ones.

(E) Carried out, again on 13 June 2008, the evaluation of the size, composition and functioning of the Board itself and of its committees, the so-called self assessment, declaring that the current Board consists of 8 directors of which 3 are non executive and 2 are independent, according to the criteria for this set by the New Code. The assessment, based on a report by the Internal Control Committee, confirmed the heterogeneous nature of the available professional skills that contribute to the work of the Board and, specifically, of the non executive directors in economic, accounting, legal and/or financial matters.

It must be pointed out that there have been no suspensions of the competition prohibition set by Article 2390 of the Italian Civil Code.

5.3 Bodies and officers with delegated powers; distribution of duties; executive directors and independent directors

(A) Directors with delegated powers (Executive Directors)

The Board of Directors carries out its activity/performs its functions both directly as a body and through the following officers:

- the Chairman, who has also been appointed Chief Executive Officer;
- two Vice Chairmen;
- two other Executive Directors besides the Chairman and Vice Chairmen.

At least once every quarter, the Chief Executive Officer and the other Executive Directors:

- account to the Board of Directors for transactions carried out in the fiscal year of their delegated powers: both as to ordinary transactions and atypical and particular ones, as well as in connection with transactions (other than significant ones) with related parties;
- submit to the Board for its approval those significant transactions with related parties which, in accordance with the "Guidelines" approved by the Board of Directors on 27 June 2007, pertain to the Board of Directors;

As mentioned above, in relation to Art. 1.C.1 of the Code, the Board has confirmed and formally accepted (in the "Framework Resolution" made on 27 June 2007) the principle that those bodies and officers having delegated powers must report to the Board - during the fiscal year whose powers refer to - at least once every quarter, in all respects, as provided by law.

During the meeting of 27 June 2007, the Board of Directors appointed the CHAIRMAN, Mr **Guido Grassi Damiani** also as Chief Executive Officer, and confirmed that he is to fulfill (unilaterally and with the power to sub-delegate) not only the powers assigned by the Articles of Association to the Chairman (including the power to legally represent the company) but also all powers of ordinary and extraordinary administration/management with the exception of those reserved by the company's Articles of Association or by the Board itself to the Board of Directors, as provided by the Corporate Governance Code for Listed Companies, including the power to appoint and revoke the appointment of representatives for specific deeds or kind of deeds, to file lawsuits including appeals and Supreme Court appeals and to appoint lawyers and attorneys as the case may be so that they can represent the company before any court at every stage of the proceedings..

During the same meeting the Board of Directors resolved to grant delegated powers as follows:

- to the **VICE CHAIRMAN**, Mr **Giorgio Grassi Damiani**, discretionary powers over raw material purchases, product development and commercial relationships:

(i) full powers to supervise the activities of the company department dealing with the purchase of raw materials, to be exercised by his disjoint and only signature and without any restrictions as to the amounts involved (with the exception, of course, of those matters reserved by the company's Articles

of Association or by the Board itself to the Board of Directors as provided for by the Corporate Governance Code for Listed Companies); such powers include for example (but are not limited to) the authority to negotiate for and purchase raw materials and components necessary for the production of jewellery, watch and clock making as well as precious items in general; and

(ii) full powers to carry out any activity necessary for the development of new products with the support and cooperation of the relevant company department which, as stated at the previous paragraph, can be exercised by his disjunctly and only signature and without any limit as to the involved amount - with the exception, of course, of those matters reserved by the company's Articles of Association or by the Board itself to the Board of Directors as provided for by the Corporate Governance Code for Listed Companies;

(iii) all powers necessary in order to arrange for and develop relationships with the Group's clients and suppliers, and, more generally, to develop the company's and the Damiani Group's market and commercial communication, therefore supporting the relevant company departments such powers, as stated at the previous paragraphs, can be exercised by his disjunctly and only signature and without any limit as to the involved amount and with the exception of those matters reserved by the company's Articles of Association or by the Board itself to the Board of Directors as provided for by the Corporate Governance Code for Listed Companies;

- to the other **VICE CHAIRMAN**, Mrs **Silvia Grassi Damiani**, powers over the Group's external relations and its image, granting her – by her only signature - free exercise of all the powers needed for the following:

(i) taking care of the image of the company and the Group products with its clients and, more in general, with the public, as well as, more specifically, taking care of the relationships with celebrity stars, members of the national and international "jet set" and personalities from the world of fashion and entertainment, even by organizing and promoting events;

(ii) fostering and developing relations with the press and the media in general;

(iii) fostering and developing relations with testimonial providers, promoting their loyalty to the Group's brands;

all with the support of and in coordination with the relevant company departments; these powers can be exercised by her disjunctly and only signature and without any limit as to the amount involved, and with the exception of those matters reserved by the company's Articles of Association or by the Board itself to the Board of Directors as provided for by the Corporate Governance Code for Listed Companies;

During the meeting held on 27 June 2007 the company's Board of Directors also confirmed the appointment as Executive Director of Mrs **Giulia De Luca**, as **General Manager**, and granted her powers of ordinary administration for the supervision and management of all company activities referring to Administration, Finance, Auditing, Logistics, IT, Marketing, Communication and PR (with the exception of/bar going through the process of making contracts with testimonials and/or the provision of accessories to celebrities in case the amounts involved exceed €70,000.00 [seventy thousand euros] for any single testimonial provider or celebrity), Sales, Purchasing (apart from the raw materials), and HR (apart from the hiring and dismissal of senior managers).

In particular, Mrs Giulia De Luca has powers including, but not limited to, for example, the following, to be freely exercised by her only signature (with the exception of those matters reserved by the company's Articles of Association or by the Board itself to the Board of Directors as provided for by the Corporate Governance Code for Listed Companies):

- to make contracts with Group companies and/or outside parties for the purchase or sale of movable assets, products, equipment or services, as well as all kind of contracts necessary or useful for the ordinary running of the company, apart from contracts involving the company in commitments extending beyond 18 months;

- to execute all deeds necessary and/or useful for the company's marketing, communication or PR, signing the corresponding contracts and drawing up the terms and conditions thereof (but, as indicated above, excluding contracts with testimonial providers and/or for the provision of accessories to celebrities where the amounts involved exceed €70,000.00 [seventy thousand euros] for any single testimonial provider or celebrity);

- to execute all deeds necessary and/or useful for the company's ordinary financial management, including currency and interest rate cap/ceiling;

- to conduct transactions for the use and/or bestowal of available cash, such as issuing cheques, banker's drafts, money transfers, postal orders and bills of exchange;

- to negotiate and sign loan contracts not exceeding €2,500,000.00 (two million five hundred thousand euros) for any single transaction, and not exceeding 12 months in duration;

- to sign banking or insurance sureties not exceeding €1,000,000.00 (one million euros) to guarantee commitments undertaken by the company;

- to hire, dismiss and vary the retribution and conditions of the staff and to specify their duties and benefits.

With reference to Art. 2 of the Code it should be noted that the Chairman of the Board of Directors, Mr Guido Grassi Damiani, is the company's controlling shareholder and its Chief Executive Officer, and that the Board of Directors has decided to adopt the suggestions concerning the appointment of a Lead Independent Director with the functions suggested by the Code of Corporate Governance.

Furthermore it should be noted that, in relation to Principle 2.P.4 (suggestion to avoid concentrating corporate offices in one person) and Principle 2.P.5 (reasons for delegating executive powers to the Chairman), the Board reconsidered the subject on 13 June 2008 and reached the conclusion that Damiani SpA's governance arrangements were fully in compliance with its corporate interests, even taking into account such concentration of office, on account of fact, for instance, that: (i) the Chairman's position is not limited to institutional or representative functions, but it is fully operational and, as such, essential in improving the running and performance of the company; and (ii) executive powers have also been delegated to other Directors, in addition to the Chairman (there are four Executive Directors in all).

As provided by Criterion 2.C.2 and the suggestion of Article 2 and our comments on it, the Board appointed Mr **Fabrizio Redaelli**, one of the Independent Directors, as **"Lead Independent Director"**, with the following functions:

- to coordinate the activities of the Non-executive Directors in order to improve their contribution to the Board's activities and functioning;

- to work with the Chairman to ensure that all Directors are kept promptly and fully informed;

- to convene meetings exclusively among Independent Directors whenever he deems it necessary and, among other things, to ensure that the Independent Directors meet alone – namely without the other Directors - at least once a year.

In this connection it must be pointed out that the Independent Directors met on 31 March 2008 to review the present implementation and effective

application of the principles of corporate governance provided in the Corporate Governance Code.

Two other Directors apart from Mr Guido Grassi Damiani, Mr Giorgio Grassi Damiani and Mrs Silvia Grassi Damiani have been appointed Executive Directors in compliance with Art. 2 of the Corporate Governance Code: Mrs Giulia De Luca and Mr Stefano Graidì, the latter having executive status as an executive officer of Damiani International BV, a controlled subsidiary of strategic importance.

As already mentioned, the Board of Directors held on 13 June 2008 determined, on the basis of the information provided by the Directors Lorenzo Pozza and Fabrizio Redaelli, that each of them meets the independence criteria.

It should also be pointed out that the Executive Directors Giulia De Luca and Stefano Graidì benefit from 2007/2011 Stock Option Plan; this will be explained below. Since there are more than seven Directors in all, the Board held on 13 June 2008 also verified that at least two of them meet the independence criteria provided by Art. 147ter (iv) and 148(iii) of the (Italian) Consolidated Law on Finance, Law Decree No. 58/98.

The Board of Statutory Auditors has approved the criteria and procedures adopted by the Board of Directors in assessing the directors' independence.

6. TREATMENT OF CORPORATE INFORMATION (ARTICLE 4 OF THE CODE)

The Code requires Directors and members of the Board of Statutory Auditors to keep all documents and information acquired - while performing their office - confidential, and to be in line with the procedure adopted by the company for the internal handling and external communication of such documents and information.

In compliance with these provisions and with those referred to under Art. 114 (i, xii) and 115bis of the (Italian) Consolidated Law on Finance, as well as by Arts. 66ff and 152bis ff of the Public Company Regulations, the Board of Directors approved on 27 June 2007 the "Procedure for the handling and market disclosure of privileged information" and on 12 September 2007 the "Procedure for the opening, keeping and updating of the Group Register of those subjects having access to Damiani SpA's privileged information"

The register for the company and that for its the controlled subsidiaries have been duly set up.

In compliance with the provisions set forth by Art. 114 (vii) of the (Italian) Consolidated Law on Finance and Arts. 152-sexies ff of the Public Company Regulations, the Board of Directors held on 12 September 2007 also resolved upon adopting the "Procedure for identifying Relevant Persons and for the disclosure of transactions carried out by them, directly or through an intermediary, in the company's shares or equity-related securities (the "INSIDER DEALING PROCEDURE"): such procedure identifies the so called "Relevant Persons" and focuses on how to inform CONSOB and the market of any dealings they may have had in the company's shares or equity-related securities. As provided by Art. 2.2.3 (iii)(p) of the Stock Market Regulations, moreover, the Insider Dealing Procedure forbids "Relevant Persons" to deal in the company's shares or equity-related securities during the so-called "blackout periods", i.e. the 15 days immediately before the date of the Board meeting convened to approve the draft annual Financial Statement, the consolidated Financial Statement, the half-year or quarterly reports, or certain other reports or budgets.

The Insider Dealing Procedure has come into effect since the trading of the company's shares in the STAR segment of the electronic market (MTA) managed and organised by Borsa Italiana SpA.

7. BOARD COMMITTEES (ARTICLES 5 AND 6 OF THE CODE)

During the meeting held on 27 June 2007 the Board resolved upon adopting the principles and criteria provided for by Art. 5 of the Corporate Governance Code, and, accordingly, made provisions to ensure that the establishment and activity of the two committees set up under that Code are governed by the principles thereof, in particular:

- a) the committees are composed of no less than three members, all non-executive and most of whom are independent; at least one of the Internal Audit Committee's members must be a person well qualified in accounting and finance;
- b) the Board may subsequently resolve upon adding or varying the tasks of either committee as hereby later indicated;
- c) Each committee's meetings must be entered in the minutes;
- d) while performing their activity, the committees are to have access to such information and corporate offices in order to carry out their functions; they may also, with the Board's prior authorisation, ask for the advice of outside consultants;
- e) non-members may take part in committee meetings, at the Committee's invitation and limited to specific items on the Agenda;
- f) committee resolutions will only be valid if a majority of the committee's current members are present; decisions are taken by absolute majority of those presents and in the event of a tie the Chairman has a casting vote; meetings may also be held by videoconference or teleconference, provided that all the participants can be identified by the Chairman and by the other participants, can follow and participate in real time in the discussion and disposal of Agenda items, and can receive and transmit documents; in such cases the committee is regarded as held in the place where its Chair is located;
- g) the Board's annual Report on Corporate Governance must inform the market of the committees' establishment and composition, their terms of reference, and the work each has actually done during the financial period, specifying the number of meetings held and each member's percentage attendance.

Damiani's Board of Directors has set up two Board sub-committees: an Internal Audit and Corporate Governance Committee and a Remuneration Committee. Each has the function of providing advice and submitting proposals. The Board has not so far considered it necessary to set up an Appointments Committee, not least in view of the present ownership structure.

The principles of Corporate Governance (acknowledged by Damiani by a Board resolution dated 27 June 2007) require in any case:

- that lists of candidates be registered at the company's registered office no later than 15 days before the date set for a General Meeting which is to appoint Directors, together with sufficient details of each candidate's professional and personal qualifications, all the information required by law or by the company's Articles of Association, and an indication (where relevant) that the candidate meets the independence criteria under Art. 3 of the Corporate Governance Code;
- that the lists, together with these candidate details, be published in good time on the company's website.

8. REMUNERATION COMMITTEE; DIRECTORS' REMUNERATION (ARTICLE 7 OF THE CODE)

8.1 Remuneration committee

Determination of the remuneration to be made to Directors for their participation in meetings of the company's Board and committees is, under Art. 23 of the company's Articles of Association, a matter dealt by the General Meeting of Shareholders. On the other hand, that Article also:

- gives the Board the task of determining the remuneration of Executive Directors - those with specific duties, as provided by Italian Civil Code Article 2389(iii) - on the basis of the Remuneration Committee's recommendations;
- authorizes the Board to provide for particular payments to any Director at the end of his/her period of office.

During its meeting held on 27 June 2007 the Board decided, having verified that the individuals concerned met the criteria for non-executive and independent status in accordance with the principles provided for by the Corporate Governance Code, to set up a Remuneration Committee composed of the following Non-executive Directors, two of them being independent ones: Giancarlo Malerba (Chairman), Lorenzo Pozza and Fabrizio Redaelli. During that same meeting the Board of Directors also resolved upon, in compliance with Art. 7 of the Code, giving the Remuneration Committee the following tasks:

- a) to make proposals to the Board concerning the remuneration of officers with delegated powers and of the other Executive Directors, in compliance with the relevant suggestions of the Code and supervising the application of resolution already passed by the Board;
- b) to annually review the criteria used for determining the remuneration of managers with strategic responsibilities, supervising the application of these criteria on the basis of information provided by the Executive Officers; and to give general recommendations to the Board on the matter.

The Committee met twice during the financial period as of 31 March 2008, all members being present; in particular, by taking into account the allocation of options under the Stock Option Plan.

8.2 Directors' remuneration (article 7 of the code)

It is deemed that the Directors' remuneration is sufficient to attract and motivate directors of professional standing required to manage the company successfully. With regard to Principle 7.P.2, it should be pointed out that all kind of remuneration determined for the Directors currently in office is at a fixed level.

It should also be pointed out that the Executive Directors Giulia De Luca and Stefano Graidì are two of the beneficiaries of the stock option based incentive scheme (the "Damiani Group SpA 2007/2010 Stock Option Scheme for the allocation of options on up to 1,600,000 ordinary shares") described in the "Stock Option Plan Details Document" as provided by Art. 84bis of CONSOB Resolution No. 11971/99, which can be seen at www.damiani.com under "Investor Relations - Financial Press Releases".

The plan was approved by the General Meeting on 26 September 2007, for the four-year period 2007/2010. As provided thereof, 550,000 options of the company's ordinary shares are to be awarded free of charge to the two Directors mentioned. The options, which are personal and not transferable except by inheritance, can be exercised (provided certain set targets are achieved) on the dates and under the arrangements provided for in the Plan Rules. Each option grants the holder the right to subscribe one Damiani SpA ordinary share for a price of €4, which is the definitive placing price used for the purposes of listing the shares on the electronic market (MTA) managed and organised by Borsa Italiana SpA.

The remuneration received by the Directors and by the General Manager during this financial period are fixed as follows in the table below (in €).

First name, Last name	Office	Term of office	Remuneration for office in the reporting company	Benefits in kind	Bonuses and other incentives	Other remuneration (*)	Total remuneration
Guido Roberto Grassi Damiani	Chairman and Chief Executive Officer	2007-2010	1,110,000	10,154	-	154,000	1,274,154
Giorgio Andrea Grassi Damiani	Vice Chairman	2007-2010	432,000	8,879	-	92,000	532,879
Silvia Maria Grassi Damiani	Vice Chairman	2007-2010	375,000	4,954	-	-	379,954
Giulia De Luca (**)	Director and General Manager	2007-2010	180,000	18,151	1,500	687,563	887,214
Stefano Graidì	Director	2007-2010	30,000	-	-	10,000	40,000
Giancarlo Malerba	Director	2007-2010	30,000	-	-	2,500	32,500
Fabrizio Redaelli	Director	2007-2010	30,000	-	-	2,500	32,500
Lorenzo Pozza	Director	2007-2010	30,000	-	-	2,500	32,500
Gabriella Colombo Damiani	Honorary Chairman of Damiani Italia (***)	-	125,000	-	-	-	125,000

(*) "Other remuneration" includes amounts received for a Directorship or a membership of the Board of Statutory Auditors of other controlled subsidiaries, wages or salary under any contract of subordinate employment, and/or fees for any other services rendered.

(**) On 21 May 2008 Damiani SpA disclosed that Dr Giulia De Luca had resigned as General Manager and CFO of the Damiani Group, and that the change of officer will take effect by the end of August 2008.

(***) This honorary office is of indefinite duration, but has carried no remuneration since 01/10/2007.

The total remuneration received by managers with strategic responsibilities during the financial period as of 31 March 2008 was €763,988.00.

9. INTERNAL AUDIT AND CORPORATE GOVERNANCE COMMITTEE; THE INTERNAL AUDIT SYSTEM (ARTICLE 8 OF THE CODE)

9.1 Internal Control and Corporate Governance Committee

The Internal Control and Corporate Governance Committee - appointed by the Board of Directors on 27 June 2007, with effect from the start of trading in the company's shares - is composed of Nonexecutive Directors, the majority of them independent. The following Directors sit on the Committee:

- Dr Giancarlo Malerba - Chairman - (Nonexecutive Director);
- Dr Fabrizio Redaelli - (Independent Director and Lead Independent Director)
- Prof. Lorenzo Pozza - (Independent Director).

The professional experience of the Directors appointed ensure that the Committee has sufficient knowledge of accounting and finance; it has been given the following functions of advice and proposal, which are identical to those indicated in the Code with the exception of Criterion 8.C.3 (d) and (e):

- a) to assist the Board in carrying out the tasks indicated in Criterion 8.C.1. of the Code;
- b) to co-operate with the manager responsible for drawing up the company's accounts and with the auditors in monitoring the proper application of the accounting standards and their uniform application in drawing up the consolidated Financial Statement;
- c) at the request of the Executive Director assigned to this function, to give its opinion on specific aspects involved in identifying the main risks to the company, and in the design, implementation and management of the internal audit system;
- d) to examine the Internal Audit Department's schedule of work and its periodic reports;
- e) to report to the Board at intervals of no more than six months (when the Board is due to approve the Financial Statement or half-year interim report), on its activities and on the adequacy of the internal audit system.

During the financial period ending 31 March 2008 the Committee met three times, with 100% attendance. At the invitation of the Committee's Chairman, the entire Board of Statutory Auditors attended these meetings throughout, as did the Head of Internal Audit, the Accounts Manager and the Administration Manager, for particular Agenda items.

Meetings of the Committee were duly minuted in its own Minute Book.

In accordance with Implementing Criterion 5.C.1)(e) of the Code, the Committee has access to all the information and company functions necessary for in carrying out its functions and can also have recourse to outside consultants, under arrangements prescribed by the Board.

Lastly, on 13 June 2008 the Chairman of the Internal Audit and Corporate Governance Committee gave the Board of Directors a summary of the Committee's activities and, on the basis of the work done by the Head of Internal Audit and others, gave the whole Board of Directors its assessment of the overall adequacy, effectiveness and efficiency of the internal audit system.

9.2 The Internal Control System

As proposed by the Executive Director for the Internal Control, and with the assistance of the Internal Control and Corporate Governance Committee, the Board of Directors meeting on 13 June 2008 approved the guiding principles for the internal control system ("the Guiding Principles"), the purpose of which is to strengthen and optimize the internal control systems of both the company and the Damiani Group as a whole, with particular reference to those subsidiaries which qualified as having "strategically important" pursuant to Article 1 of the Code.

The Guiding Principles provide for the following duties for the Executive Director responsible for supervising the effective running of the internal audit system:

- a) to take care of the identification of the main corporate risks (taking into account the characteristics of the business carried out by the company and its subsidiaries), and to periodically submit these principles to the Board of Directors, as well as to the Internal Audit and Corporate Governance Committee;
- b) to submit the Damiani Group's Guiding Principles for the Internal Audit System to the Board of Directors, carrying out the activities of design, implementation and management of the internal audit system; to continuously monitor the overall adequacy effectiveness and efficiency of the same; to ensure that the system is updated in the event of changes in the operating conditions and the legislative and regulatory context;
- c) to make proposals to the Board of Directors (also informing the Internal Audit and Corporate Governance Committee) for the appointment, dismissal and remuneration of the Group's internal audit managers.

At its meeting of 27 June 2007 the company's Board of Directors entrusted the Board of Statutory Auditors with the evaluation of the offers received from the audit firm for the appointment, as well as the audit schedule and the results included in its report and in any possible letter of suggestions: the entrustment of this function to the Board of Statutory Auditors seems to be consistent with that the duty of the same body of recommending an audit company to the General Meeting.

On the basis also of the principles of independence of the activities carried out by the audit company, it was not considered appropriate to give the Committee the task of "monitoring the effectiveness of the external audit process".

• Executive director responsible for the system of the internal audit

In accordance with Implementing Criterion 8.C.1)(b) of the Code and with the approval of the Internal Audit and Corporate Governance Committee, at its meeting of 27 June 2007 the Board of Directors appointed Mrs Giulia De Luca as Executive Director, granting to the same the following powers and duties:

- a) to take care of the identification of the main corporate risks (taking into account the characteristics of the business carried out by the company and its subsidiaries), and to periodically submit these [principles] to the Board of Directors, as well as to the Internal Audit and Corporate Governance Committee;

- b) to submit the Damiani Group's Guiding Principles for the Internal Audit System to the Board of Directors, carrying out the activities of design, implementation and management of the internal audit system; to continuously monitor the overall adequacy, effectiveness and efficiency of the same; to ensure that the system is updated in the event of changes in the operating conditions and the legislative and regulatory context;
- c) to make proposals to the Board of Directors (also informing the Internal Audit and Corporate Governance Committee), for the appointment, dismissal and remuneration of the Group's internal audit managers.

• Head of internal control

On 12 September 2007, on the proposal of the Executive Director in charge of the internal audit system, the Board of Directors appointed Ms **Luana Carlotta Lanzi Puglia** as the company's **Head of Internal Audit** with all the supervisory functions and obligations provided for by the Corporate Governance Code and the Framework Corporate Governance Resolution adopted by the Board of Directors on 27 June 2007; in detail, the company's Head of Internal Control must fulfil the following functions:

- a) to present the proposed annual work schedule to the Internal Control Committee in good time for it to carry out its functions, and in particular for it to formulate any recommendations it may wish;
- b) to assist the Executive Director for Internal Control System in planning, managing and supervising the internal control system and the identification of the various risk factors;
- c) to plan and, in line with the annual work schedule, to carry out direct and specific controls of the various departments to be audited, in the company and throughout the Group, with particular regard to subsidiaries of strategic importance, so as to reveal any inadequacies in the internal control system in respect of the various areas of risk;
- d) to check, as part of that work schedule, that the procedures adopted by the company and Group are in fact ensuring that the statutory and regulatory provisions in force at the time are being observed;
- e) to check that the rules and procedures of the controlling procedures are respected, and that all those involved act according to the defined objectives;
- f) to carry out investigations also into particular irregularities, either on her own initiative or at the request of the Board of Directors, the Internal Control Committee, the Executive Director for Internal Control or the Board of Statutory Auditors;
- g) to check, by whatever means she deems adequate, that any anomalies found during the inspection have been corrected;
- h) to keep records of all documents relating to her activities; this documentation is to be available on request to those responsible for the control;
- i) to report on the outcome of her control activities in special "Control Reports" to the Executive Director for Internal Controlling, the Internal Control Committee and the head of the department under inspection; in the case of control of subsidiaries, the Control Reports are also to be copied to the relevant bodies of the company concerned. She also has the task of identifying any inadequacies in the internal control system in the light of her control outcomes and her analysis of corporate risk, and of recommending any measures to improve that system; such inadequacies and the remedies proposed are to be included in her Control Reports;
- l) to draft, at least twice a year in time to enable the Internal Control Committee and the Board of Directors to carry out their respective tasks in preparation for the Board meetings held to approve the draft Financial Statement or the half-year interim report, a summary of the main data relating to the last six months or the entire financial year, as the case may be. The summary drafted for the meeting convened to approve the draft of Financial Statement shall also contain an updated account of corporate risks singled out during the year;
- m) to report on her own activities, with copies of all Control Reports referred to in (i) above, to the following officers and bodies:
 - the Executive Director for Internal Control, and any subsidiaries' bodies or officers with delegated powers which have carried out control activities;
 - the Internal Control Committee, whose meetings she will have attended at the invitation of Committee members. The Internal Control Committee must see her reports are forwarded to the rest of the Board of Directors in connection with matters on the Board's Agenda; the Board of Statutory Auditors will note the reports at meetings of the Internal Control Committee;
- n) to promptly inform the Executive Director for Internal Control and other bodies or officers with relevant remits if any critical situations are found requiring urgent measures; and to update the Internal Control Committee and the Board of Statutory Auditors on the results of their actions.

The main activities of the Head of Internal Control in the course of her duties during the financial period as of 31 March 2008 have been as follows:

- a) to check the existence and to control that all procedures are met by Damiani SpA and its controlled subsidiaries;
- b) to research and select outside consultants for the purpose of bringing the Group's arrangements wholly into line with the provisions of Legislative Decrees 231/01 and 262/05;
- c) supporting those consultants in the process of bringing the Group's Governance Corporate into line with the law;
- d) control inspections: on the question of relations with Related Parties only;
- e) Quality Assurance control of the implementation of the SAP project at Damiani USA.

The Head of Internal Control had access to all information needed for her to carry out her duties, and reported on her activities to the Internal Control Committee and to the Chairman of the Board of Statutory Auditors, as well as to the Executive Director responsible for the functionality of the internal control system. The Head of Internal Control has her own staff and is entirely independent from all senior officers

10. MODEL OF ORGANISATION AS REQUIRED BY LEGISLATIVE ORDER 231/2001

To ensure that the Group's internal audit systems are in keeping with the provisions of Legislative Order 231/2001 and in accordance with Articles 2.2.3 (iii)(k) and 2.2.3bis of the Stock Market Rules, the Board of Directors meeting on 27 March 2008 approved a Model of Organisation, Management and Control as provided for in Art. 6 of Legislative Order No. 231/2001 (the "Organisation Model") and a Code of Ethics.

The Organisation Model adopted by the company provides as follows:

1. a **General Section**, which introduces the model and set forth the rules concerning the governance, with particular reference to (i) persons concerned; (ii) composition, role and powers of the Monitoring Body; (iii) role of the Board of Directors; (iv) Reporting to the Monitoring Body; (v) Sanctions; (vi) ensuring that all concerned persons are aware of the Model and training.

2. six **Special Sections**, each identifying at-risk processes and laying down the rules of conduct which each concerned person is to comply with carrying out his or her work having in mind the relevant categories of offence which could in principle be committed by the company. For the purposes of the Organisation Model these categories are: (i) offences against government bodies; (ii) offences against company law; (iii) market abuse offences and administrative breaches; (iv) transnational offences; (v) breaches of rules on health and safety in the working premises; (vi) money-laundering offences.

In cases of activities whose potential risk is assessed as “major”, each Special Section refers to specific Protocols governing the operational and monitoring arrangements for managing the process with a view to the prevention of “231 offences”.

11. EXTERNAL AUDITING FIRM

The audit company commissioned for the external auditing of the accounts of Damiani SpA and its controlled subsidiaries is Reconta Ernst & Young SpA, registered office 18a, Via G.D. Romagnoli, Rome, which is a registered firm of auditors under Art. 161 of the (Italian) Consolidated Law on Finance (“the External Auditor”).

On 27 June 2007 the AGM of Damiani SpA decided to appoint said audit company as External Auditor for nine financial years, i.e. until the approval of the Financial Statement for the year ending 31 March 2016, under Art. 159 of the (Italian) Consolidated Law on Finance.

12. MANAGER CHARGED WITH PREPARING COMPANY’S FINANCIAL REPORTS

The **Manager responsible for drafting the company’s accounts** is Mr **Gilberto Frola**, who was appointed by the Board of Directors during the meeting held on 12 September 2007 for an indefinite period of time, with effect from on the date on which the shares of the company were admitted to trading on the electronic market (MTA) of Borsa Italiana SpA.

Under Art. 27 of the Articles of Association the Accounts Manager must be chosen by the Board of Directors with the previous advice of the Board of Statutory Auditors, and his background must include at least a three year experience as qualified accountant or business administration practitioner in listed companies, or in companies whose capitalisation amounts to not less than 1 million Euro.

The Board of Directors granted the Accounts Manager, Mr Frola, all necessary powers for the fulfilment of his duties under the law and the Articles of Association. Namely, these include authority:

- to have immediate access, without need for further authorisation, to all the information required to produce the accounts, under the duty (along with all his staff) of keeping confidential all documents and details acquired in the course of his activities, in compliance with all relevant statutory and regulatory provisions in force from time to time;
- to use internal means of communication which ensure that information transferred within the Group is accurate;
- to organize his own department in such a way that his human and technical resources (including equipment, software, etc.) are adequate;
- to draft administrative and accounting procedures, with the assistance of those offices involved in the generating of the relevant information;
- to have recourse to external consultants whenever required by particular company needs, drawing on his department’s budget;
- to establish reporting and notification procedures together with the other persons in charge of monitoring and auditing, so as to ensure constantly updated mappings of risks and processes as well as adequate checks that the procedures themselves are working properly (External Auditor, General Manager, Head of Internal Audit, etc.);
- to spend, on his own authority and subject only to the duty of accounting annually to the Board, up to €50,000.00 in any one financial year; expenditure in excess of this is permitted, if he considers it necessary for performing his duties and if authorised by the Board of Directors itself or by either the Internal Audit Committee or the Chairman on its behalf.

13. DIRECTORS’ INTERESTS; TRANSACTIONS WITH RELATED PARTIES

Principle 9 of the Code requires the Board to take all necessary steps to ensure that transactions with related parties are carried out with transparency and in compliance with the principles of both formal and substantive propriety. A similar obligation is contained in Italian Civil Code Art. 2391-bis, under which the governing bodies of companies listed in risk capital markets must adopt suitable rules and internal procedures to govern transactions with related parties (including those carried out through a company’s controlled subsidiaries) so as to ensure their transparency and accuracy, both formal and substantive.

In accordance with the Code, as well as with the relevant provisions of the Civil Code, the Board meeting of 27 June 2007 approved, as noted above, a document headed “Damiani SpA Group Guidelines on Particularly Significant Transactions and Transactions with Related Parties” (“the Guidelines”), which reserve to the competence of the full Board of Directors all “significant transactions” with any party and all transactions with “related parties”, including those carried out through controlled subsidiaries, and specifies the rules for their approval and execution.

The Board was in fact promptly and fully informed throughout the financial period about significant transactions with related parties, and approved such transactions after checking their procedural and substantive accuracy.

With respect to all such transactions, the Board judged that each of these transactions offered no less economic benefit to the Damiani Group than would have been achieved if the transaction had been negotiated with an outside party; the Board was moreover always duly notified beforehand, as required by law, of any potential conflict of interests in a particular transaction. A summary of transactions with related parties can be found in paragraph 5.2 above.

14. APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS

Art. 24 of the company's Articles of Association provides for a Board of Statutory Auditors comprising of three standing and two substitute members. Auditors Board's term of office continues for three financial periods, expiring on the day of the General Meeting convened to approve the Financial Statement relating to the last of these three. Members of this Board may be re-elected.

Pursuant to Principle 10.P.1 of the Self-Regulation Code (which requires the Board of Statutory Auditors to be appointed according to a transparent procedure which guarantees, among other things, timely provision of adequate information about the candidates' personal and professional qualifications for the office), Art. 24 of the company's Articles of Association provides for the standing and substitute members of the Board of Statutory Auditors to be appointed as follows:

(a) shareholders or groups thereof holding at least that proportion of stock which has been specified by the regulatory Authority, CONSOB, for the appointment of Directors in accordance with the law and regulations, are entitled to put forward a ranked and numbered list of candidates, by lodging the list at the company's registered office no later than fifteen (15) days before the date set for the General Meeting (first call). Each list must include the personal details required by the statutory and regulatory provisions in force at the time; any list put forward, or not meeting any other of the above requirements, will be disqualified;

(b) no shareholder may put forward or vote in favour of more than one list, either directly or through a trustee or other intermediary; members belonging to the same group, or party to a shareholders' agreement, may likewise put forward and vote for no more than one list, either directly or through a trustee or other intermediary;

(c) no candidate may appear on more than one list, and any candidate doing so will be ineligible; no person may appear in any list of candidates in contravention of the limitations on multiple office-holding set by the laws or implementing regulations thereof in force at the time;

(d) if, by the deadline specified under (a) above, only one list has been lodged, or only lists presented by members which are to be considered as "related to each other" pursuant to the statutory and regulatory provisions in force at the time, then this deadline shall be extended for another five days, and in such cases the holding's thresholds required under (a) above shall be halved.

According to the same article of Damiani SpA's Articles of Association, members of the Board of Statutory Auditors are elected as follows:

(i) two (2) standing members and one (1) substitute member of the Board of Statutory Auditors are drawn from the list obtaining the highest number of votes, in the order in which they were ranked on that list;

(ii) the remaining standing member and the second substitute member are drawn from the list obtaining the second highest number of votes (out of those lists put forward and voted for by persons with no association, even indirect, with members who put forward or voted for the winning list), again in the order in which they were ranked on the list.

The Board of Statutory Auditors shall be chaired by the standing member drawn from the second of these lists.

Should a member of the Board of Statutory Auditors need replacing, the replacing member shall be the substitute member from the same list as the member to be replaced.

If the member to be replaced holds the chair, the Board of Statutory Auditors shall thereafter be chaired by the substitute member who has replaced the previous chairman.

Any General Meeting required to restore the Board of Statutory Auditors to its full strength as required by law shall proceed in such a way as to respect the principle of minority representation.

The regulations set out above for election of the Board of Statutory Auditors and appointment of its chairmen shall not apply at General Meetings for which only one list has been put forward or voted for; in such cases the General Meeting shall resolve upon majority of vote.

15. BOARD OF STATUTORY AUDITORS IN OFFICE

The Board of Statutory Auditors currently in force was appointed by the Shareholders on June 15, 2007 for three yearly business years, i.e. until the date of the Shareholders' meeting called to approve the balance as of March 31, 2010.

During the business year as of March 31, 2008, the Board of Statutory Auditors in force met 5 times, 3 of which were held in conjunction with the Committee for Internal Control and Corporate Governance.

The members of the Board of Statutory Auditors currently in force are listed in the table that follows.

With reference to criteria 10.C.2 of the Code, it is noted that the independence of the auditors is to be considered guarantee by the compliance with the laws in force and the statutes, as amended by the "Legge sul Risparmio" legislative decree n. 58/98 (TUF). Further to the table, the *curricula* of the auditors is also presented.

Name	Position	Active since	Indip. da code	% Part. C.S.	Other positions	
					Company	Position
Gianluca Bolelli	President	15/06/07	YES	100%	Pierrel Spa (ex Srl)	Vice President CdA
					CFO SIM SpA	President CdA
					Comifin Spa	Advisor
					Edizioni Piemme SpA	Active Auditor
					Gabel - Industria Tessile SpA	Active Auditor
					Mondadori Pubblicità SpA	Active Auditor
					Mondadori Retail SpA	Active Auditor
					PRESS-DI distrib.ne stampa/multimedia Srl	Active Auditor
					Rubelli Spa	President CS
					Tesmec SpA	Advisor
					Union Industries SpA	Active Auditor
					Eleca SpA	Active Auditor
					BART-MED Srl	Advisor
					COMBER Srl	Active Auditor
					Cosmint SpA	Active Auditor
					Ecoesto SpA	Active Auditor
					Fiera Milano Congressi SpA	Active Auditor
					Immobiliare Mugiasca SpA	Active Auditor
					Impar Srl	Sole Administrator
					La Provincia Editoriale Spa	Active Auditor
					Sesto Siderservizi Srl	Active Auditor
					Si Lin Tsi Srl	Active Auditor
					Tre Laghi SpA	Active Auditor
					T ZERO Srl	Sole Administrator
					Vallesusa Casa SpA	Active Auditor
					Variati & Co. SpA	Active Auditor
Simone Cavalli	Active Auditor	15/06/07	YES	100%	Attijariwafa Finanziaria S.p.A.	Active Auditor
					Comitalia Compagnia Fiduciaria S.p.A.	Active Auditor
					Coprosider IBF S.p.A.	President CS
					Dynapac S.p.A.	Active Auditor
					Finanziaria Immobiliare d'Este S.r.l.	Active Auditor
					Gianni Crespi Foderami S.p.A.	Active Auditor
					Hydroservice S.p.A.	Active Auditor
					IBF S.p.A.	Active Auditor
					Ilva S.p.A.	Active Auditor
					Laboratorio Damiani S.p.A.	Active Auditor
					Merati A. e C. - Cartiera di Laveno S.p.A.	Active Auditor
					Misco Italy Computer Supplies S.p.A.	Active Auditor
					Perini Navi Group S.p.A.	Active Auditor
Fabio Massimo Micaludi	Active Auditor	15/06/07	YES	80%	Sugarmusic S.p.A.	Active Auditor
					Fantastic Srl	President CS
					A & D - Gruppo Alimentare e Dietetico Srl	Active Auditor
					B.S.M. S.r.l.	Active Auditor
					CFM Nilfisk - Advance SpA	Active Auditor
					Gritti Gas Rete Srl	Active Auditor
					Gritti Gas Srl	Active Auditor
					La Compagnia Finanziaria SpA	Active Auditor
					Landi S.p.A.	Active Auditor
					Media Finanziaria di Partecipazione SpA	Active Auditor
					Metallurgica Alta Brianza SpA	Active Auditor
					Obo Bettermann Srl	Active Auditor
					Principio Attivo S.p.A.	Active Auditor
					Sesvanderhave Italia SpA	Active Auditor
					Setrimex SpA	Active Auditor
					Business Consulting Srl	President CdA

GIANLUCA BOLELLI - President of The Board of Statutory Auditors

Received a degree in Economics from the University of Bocconi in Milano.

Achieved a degree in Economics at the Bocconi University in Milano.

Registered with the Registry of Doctors of Accounting and the Registry of Accounting Auditors. Started his professional career as an auditor with Deloitte and Touche and then as a consultant with KPMG. Since March, 1986 has been a self-employed Doctor of Accounting and a founding partner of the Studio Bolelli, Sportelli, de Pietri, Tonelli. Member of the Scientific Committee of AIDAF, and external professor in the "Scuola di Direzione Aziendale (SDA)" of Bocconi University and of the "Supsi" in Lugano.

SIMONE CAVALLI - Active Auditor

Achieved a degree in Economics and is a registered with the Registry of Accounting Auditors. Started his professional career in the auditing firm Arthur Andersen nel 1992, with several managerial charges. In 2004 he became a partner in the "Firm for Account Analysis Control and Company Evaluation" where he worked as an accounting auditor on civil and consolidated balance sheets, accounting and finance due diligence for purchase purposes of acquisitions for corporate clients or Italian and international private equity firms.

FABIO MASSIMO MICALUDI - Active Auditor

Degree in Economics from Bocconi University in Milan specialising on in Administration and Control. Filed with the Registry of Doctors of Accounting and the Registry of Accounting Auditors. Started his professional career with Arthur Young & Company, currently Ernst & Young. From 1990 to 1993 active as the Administrative and Finance Director of the Editorial Group Sugar - Messaggerie Musicali. From 1993 to 1997 active as the Finance and Control Director of Dia Distribuzione S.p.A. - Group Promodes, currently Carrefour. Then, he devoted to practice as professional, starting in 1997, with the activity of Doctor of Accounting in Milan, becoming a partner of the Associated Accountants Firm and later a founding partner, in 2000, of the Firm Galli - Madau - Micaludi - Persano - Adorno - Villa, Associated Accounting Doctors, specializing on company, tax and accounting issues connected to extraordinary transactions. Since 2008, member of the Finance and Control Commission of the Doctors of Accounting in Milan.

16. RELATIONS WITH SHAREHOLDERS

The Company believes that it is in its best interest—further than its duty towards the market—to establish a continuous dialogue with its shareholders which is based on a mutual understanding of each other's role. This dialogue, however, needs to comply with external communication procedures for company documentation and information.

Pursuant to Article 2.2.3, Paragraph 3, Letter J of the Regulatory Instructions of the Italian Stock Exchange, the Company has inserted within its staff a professionally-qualified Investor Relator in charge of taking care of the company's relations with professional investors and other shareholders. Our **Investor Relations Office** is run by Ms **Paola Burzi**, who may be contacted by calling 02/46716340 or by emailing her at paolaburzi@damiani.it.

17. SHAREHOLDERS' MEETINGS

In compliance with Article 11 of the Code of Corporate Governance, as a rule all Directors participate in the Shareholders' Meetings.

So far, the Company has not deemed it necessary to adopt a set of regulations for the Shareholders' meetings.

In accordance with Article 11 of the Articles of Incorporation, Shareholders can only attend the Meetings upon providing the Company with the documentation attesting to their possession of shares as per Article 2370, Paragraph 2, within 2 (two) business days before the Meeting, and possessing the relevant certification on the day of the Meeting.

Shareholders' Meetings are also taken as occasions to communicate information on the company to shareholders being saved the compliance of rules on privileged information. The Board of Directors particularly endeavours to provide shareholders with adequate information in order to allow them to undertake decisions while being fully aware of the facts.

One such Meeting was held over the course of the business year ending 31 March 2008.

18. CHANGES OF THE CLOSING DATE OF THE FINANCIAL YEAR

From the closing of the business year on 31 March 2008 to the approval date of this report there have not been changes in the company's governance structure, being however confirmed that, as already communicated in the press release dated 21 May 2008, Dr. Giulia De Luca has resigned from the office of CEO and CFO of the Group and that a successor will take its role in August, 2008. The functions carried out by Dr. De Luca will be taken over by the Chairman Guido Grassi Damiani together with Company management, in the spirit of shared continuation.

Milan, 13 June 2008

Chairman of the Board of Directors
GUIDO GRASSI DAMIANI

ATTACHMENT A

To the yearly corporate governance report:

Here follows a list of offices held by DAMIANI S.p.A Board Members in other listed companies, as well as in financial, banking, insurance and/or other large companies, in addition to their activities within the Damiani Group.

Director	Company	Title
Guido Roberto Grassi Damiani	Alfieri & St. John S.p.A.	Chairman of the Board
	New Mood S.P.A.	Chairman of the Board
	Damiani Manufacturing S.r.l.	Director
	Laboratorio Damiani S.r.l.	Chairman of the Board
	Damiani International BV	Director
	Damiani Japan KK	Chairman of the Board
	Damiani USA Corp.	Director
	Damiani Hong Kong	Director
	Damiani Service	Director
	D. Holding SA	Director
	Leading Jewels SA	Director
	Sparkling Investment SA	Director
	Alfieri & St. John S.p.A.	Director
	New Mood S.P.A.	Director
	Damiani Manufacturing S.r.l.	Chairman of the Board
Giorgio Andrea Grassi Damiani	Damiani Japan KK	Director
	Damiani USA Corp.	Chairman and President
	Immobiliare Miralto S.r.l.	Chairman and President
	D. Holding SA	Director
	Leading Jewels SA	Director
	Sparkling Investment SA	Director
	D. Holding SA	Director
	Leading Jewels SA	Director
	Sparkling Investment SA	Director
	D. Holding SA	Director
	Leading Jewels SA	Director
	Sparkling Investment SA	Director
	Alfieri & St. John S.p.A.	Chairman
	New Mood S.P.A.	Chairman
	Damiani Manufacturing S.r.l.	Director
Silvia Maria Grassi Damiani	Damiani Laboratory S.r.l.	Director
	Damiani International BV	Director
	Damiani Japan KK	Director
	Damiani USA Corp.	Director
	Damiani Service	Director
	Immobiliare Miralto S.r.l.	Director
	Alfieri & St. John S.p.A.	Chairman
	New Mood S.P.A.	Chairman
	Damiani Manufacturing S.r.l.	Director
	Damiani Laboratory S.r.l.	Director
	Damiani International BV	Director
	Damiani Japan KK	Director
	Damiani USA Corp.	Director
	Damiani Service	Director
	Immobiliare Miralto S.r.l.	Director
Giulia De Luca	Aprilia World Service BV, Netherlands	Director
	Carraro SA Lux	Swiss Legal Representative
	Chiorino Group SA, Luxembourg	Director
	Chiorino Participations SA, Luxembourg	Director
	D. Holding SA	Director
	Damiani International BV	Director
	Diadora SA Mendrisio	Director
	Gen Del SA Geneva, Switzerland	Director
	Jewels Manufacturing SA	Director
	Leading Jewels SA	Director
	Olivetti Engineering, Switzerland	Director
	Prada SA Lux	Swiss Legal Representative
	Space SA	Director
	Sparkling Inv. SA	Director
Stefano Graidì	Alfieri & St. John S.p.A.	Chairman
	New Mood S.P.A.	Chairman
	Damiani Manufacturing S.r.l.	Director
	Damiani Laboratory S.r.l.	Director
	Damiani International BV	Director
	Damiani Japan KK	Director
	Damiani USA Corp.	Director
	Damiani Service	Director
	Immobiliare Miralto S.r.l.	Director
	Alfieri & St. John S.p.A.	Chairman
	New Mood S.P.A.	Chairman
	Damiani Manufacturing S.r.l.	Director
	Damiani Laboratory S.r.l.	Director
	Damiani International BV	Director
	Damiani Japan KK	Director

Giancarlo Malerba	Ariete S.p.A.	Statutory Auditor
	Atlas Copeo Finance S.r.l.	Statutory Auditor
	Bolton Manitoba S.p.A.	Statutory Auditor
	Collistar S.p.A.	Statutory Auditor
	Cordifin S.p.A.	Statutory Auditor
	De' Longhi Capital Services S.p.A.	Statutory Auditor
	Perini Navi Group S.p.A.	Chairman
	Sileno Finance S.r.l.	Statutory Auditor
Lorenzo Pozza	Bracco Imaging S.p.A.	Statutory Auditor
	Euraleo S.r.l.	Statutory Auditor
	Terna S.p.A.	Statutory Auditor
Fabrizio Redaelli	Aedes S.p.A.	Statutory Auditor
	DGPA SGR	Statutory Auditor
	The Walt Disney Company Italia S.p.A.	Chairman
	Tod's S.p.A.	Statutory Auditor

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