

Annual report of the Board of Directors on corporate governance

Davide Campari-Milano S.p.A. ("the Company" and, together with its subsidiaries, "the Group") has adopted the provisions of the new Code of Conduct for Listed Companies ("the New Code") published in March 2006 as its model for corporate governance.

However, this report has been prepared with reference to the previous version of the Code issued in 2002 (the "Previous Code"), as expressly allowed by the Instructions accompanying the Rules for the Markets Organised and Managed by Borsa Italiana S.p.A. and clarified by the Assonime - Borsa Italiana S.p.A. joint communication dated 16 November 2006.

Therefore, in line with the company's previous report, this document follows the guidelines on corporate governance reporting issued by Assonime in February 2004.

The aim of this report is to provide the market and shareholders with complete information on the Company's chosen corporate governance model and on the implementation, during the 2006 financial year, of the recommendations contained in the Previous Code.

It also contains a section describing the implementation thus far of the New Code, and indicates measures to be taken during the current year to achieve its full implementation.

Section I - 1. The company's corporate governance model

The Company's choice of a traditional administration and control model, consisting of a Board of Directors and a Board of Statutory Auditors is established in the Articles of Association.

1.1. Board of Directors

In accordance with article 14 of the Articles of Association, the Company is run by a Board of Directors comprising between three and fifteen members, appointed by the ordinary shareholders' meeting, which also decides on the number of members.

The Board of Directors has full powers to manage the Company and achieve the corporate purpose.

It constitutes the central body of the Company's corporate governance system.

The Board is responsible for setting out strategic and management guidelines for the Company and the Group and for overseeing general performance, as well as defining and applying the corporate governance rules and examining internal audit procedures.

The members of the Board of Directors serve for a period ranging from one to three years, and may be re-elected.

1.2. Board of Statutory Auditors

Article 27 of the Articles of Association states that the Board of Statutory Auditors comprises three Permanent Auditors and three Deputy Auditors.

The Board of Statutory Auditors is responsible for the audit function and for verifying, in complete autonomy and independence, the proper administrative and accounting management of the Group, and for ensuring that the law and the Articles of Association are observed.

The accounts audit is carried out by an external auditing company.

The members of the Board of Statutory Auditors serve for three years, and may be re-elected.

1.3. Shareholders' meetings

Shareholders' meetings are governed by specific regulations approved by the ordinary shareholders' meeting of 2 May 2001 ("the Regulations").

Meetings must be attended by all Directors and the entire Board of Statutory Auditors.

The Regulations govern ordinary and extraordinary shareholders' meetings, as well as special shareholders' meetings. They set out the rules concerning meeting attendance, verification of proof of identity with particular reference to proxies, the powers of the Chairman with respect to declaring the meetings valid, opening the meeting, directing discussion, voting and vote counting.

In accordance with the provisions of article 11 of the Articles of Association, all those wishing to attend the shareholders' meeting must present appropriate certification issued by the appointed intermediary as previously communicated to the company, in accordance with applicable law, with two days' notice.

Shareholders may send a representative to the meeting provided that the written proxy is signed by the holder of the aforementioned certification or by his legal representative or by a specific representative.

Those attending as representatives of one or more shareholders with voting rights must provide proof of identity as well as the written proxy.

Any shareholder with voting rights attending the meeting may not at the same time issue a proxy for some of his votes; however, he may appoint proxies for the various items on the agenda, who must use all the shareholder's votes for each item.

In this case, the written proxy must state the items on the agenda to which it refers.

In accordance with article 13 of the Code, Directors must do their utmost to encourage and facilitate the widest possible attendance at shareholders' meetings.

Shareholders' meetings are also an opportunity to provide shareholders with information on the Company and the Group, with due regard for the regulations on price-sensitive information.

1.4. Share capital

The share capital consists entirely of ordinary shares.

Alicros S.p.A. is the company's controlling shareholder pursuant to article 93 of Legislative Decree 58 / 1998.

Section II - Implementation of the Code

2. Board of Directors

2.1. Division of powers and duties

Article 17 of the company's Articles of Association gives the Board of Directors full powers for the management of the Company.

In accordance with the New Code and article 2381 of the Italian Civil Code, the Board of Directors meets to assess the Group's performance and examine the reports of the Managing Directors on their activities and the most significant transactions carried out by the Group, as well as to monitor the adequacy of the company's organisational, administrative and accounting systems.

The Board of Directors also has all possible powers that may be granted by law and in accordance with the company's Articles of Association, including the power to approve the merger into the Parent Company of wholly-owned subsidiaries or of companies in which a stake of 90% or more is held, the power to set up or close secondary offices, branches, representative offices and subsidiaries in Italy and overseas, the power to decide which Director or Directors has / have powers to represent the company, the power to approve a capital decrease if a shareholder redeems his shares, the power to approve any amendments to the Articles of Association to comply with new legislation, the power to transfer the registered office elsewhere within Italy, and the power to issue bonds within the limits and in accordance with the procedures set out by applicable laws.

An extraordinary Shareholders' Meeting on 24 April 2006, modifying article 5 of the Articles of Association, also conferred on the Board of Directors, for a period of five years, the power to increase the company's share capital in one or more transactions, against payment or otherwise (and with or without the option to cancel the transaction if it is not fully subscribed), by a total nominal value of up to € 100,000,000.00 (one hundred million), via the issue of new shares; and also the power to issue, in one or more transactions, bonds convertible into shares and/or other securities (different from bonds) that allow the subscription of new shares totalling a nominal value of up to € 100,000,000.00 (one hundred million), but in amounts which, on each occasion, do not exceed legally established limits for bond issues; the said article also establishes the procedures for exercising these powers.

Even though not expressly stated in the Articles of Association, the Board of Directors has exercised the powers set out in article 1.2 of the Previous Code, and now holds the powers set out in article 1.C.1. of the New Code; in particular, the powers to examine and approve the strategic, business and financial plans of the Company and the Group and the corporate governance system and structure of the Group, including the evaluation of the administrative, organisational and accounting structures of the Company and its strategic subsidiaries.

The Board of Directors is also responsible for passing the resolutions relating to actions which, by their nature or value lie outside the powers of the Managing Directors or which represent the personal interests of Directors or third parties, or which the Directors themselves deem it appropriate to examine for particular reasons.

In accordance with article 18 of the Articles of Association, the Board of Directors may, within the limits allowed by law, delegate such powers as it deems appropriate for the management of the Company, as well as powers of representation and signature, to one or more members holding the title of Managing Director.

These mandates allow Managing Directors to operate individually as regards matters of ordinary management within financial limits set according to the type of action in question, and jointly with one other signature for matters of ordinary management exceeding these thresholds and for certain matters of extraordinary management.

In accordance with article 19 of the Articles of Association, Directors who have been granted powers must report on at least a quarterly basis to the Board of Directors and the Board of Statutory Auditors on the activities carried out within their mandates, on the most significant transactions carried out by the Company or Group subsidiaries, and on transactions in which they have a personal or third-party interest.

The most significant transactions, such as the acquisition and sale of companies of a certain size or important trademarks, must receive prior approval from the Board of Directors.

Significant transactions are considered as all transactions whose value exceeds the limits set for actions requiring joint signature.

According to the Articles of Association, Directors may delegate some of their powers, including the related powers of representation, to an Executive Committee, which may pass resolutions by majority vote.

At present, there is no such Executive Committee.

2.2. Chairman of the Board of Directors

The Chairman of the Board of Directors represents the Company in respect of third parties and in any legal matters.

The Chairman co-ordinates the activities of the Board of Directors and conducts its meetings; he also officiates at shareholders' meetings and ensures they are conducted in accordance with the company's Articles of Association and the Regulations.

As he has no management mandate, he qualifies as a non-executive Director.

2.3. Transactions with related parties

In accordance with article 19 of the Articles of Association and pursuant to article 150 of Legislative Decree 58 / 1998, Managing Directors must report, at least on a quarterly basis, to the Board of Directors and the Board of Statutory Auditors, on (inter alia) transactions in which they have a personal or third-party interest.

Please see the Report on operations for details of the most significant transactions with related parties carried out in 2006.

The company has a specific procedure for carrying out transactions in which the Directors have a personal interest or transactions with related parties.

Directors of Group companies, as well as managers who have the power to enter into binding agreements with third parties on behalf of Group companies, must comply with these procedures.

In the case of any transaction in which they have a personal interest or an interest on behalf of third parties, or any transaction with related parties, with a value of € 1,000.00 or above, the said directors and managers must refrain from completing such transactions, and provide full details

thereof to an Executive Director of their company, or, where the party with the interest is an Executive Director, to the relevant Board of Directors.

The Executive Director (or the Board of Directors) then evaluates the general and financial suitability of the transaction, and may decide to authorise it.

Pursuant to article 11 of the Code, those holding a personal interest may not attend the discussion, and the Executive Director or the Board of Directors may seek a legal or fairness opinion.

2.4. Composition of the Board of Directors

As stated above, in accordance with article 14 of the Articles of Association, the Company is managed by a Board of Directors comprising between three and fifteen members, as decided by the shareholders' meeting, which is responsible for appointing them.

The Board of Directors currently comprises ten members.

The list below shows the names of the members of the Board of Directors in post at 31 December 2006, with the job titles of the Executive Directors indicated in italics:

Luca Garavoglia	Chairman non-executive - not independent
Cesare Ferrero	non-executive - independent
Franzo Grande Stevens	non-executive - independent
Paolo Marchesini	<i>Chief Financial Officer (*)</i>
Marco Pasquale Perelli-Cippo	non-executive - not independent
Giovanni Rubboli	non-executive - independent
Renato Ruggiero	non-executive - independent
Stefano Saccardi	<i>Legal Affairs and Business Development Officer (*)</i>
Vincenzo Visone	<i>Chief Executive Officer (*)</i>
Anton Machiel Zondervan	non-executive - independent

Directors' names marked with an asterisk have operational roles within the Company and have the title of Managing Director.

Due to the imminent renewal of directors' posts, the independence or otherwise, and executive or non-executive status of each Board member listed above was evaluated according to the principles set out in the Previous Code, as allowed by the joint communication issued by Assonime (the association of Italian limited liability companies) and Borsa Italiana S.p.A. on 16 November 2006.

These Directors, who will remain in their posts until the approval of the accounts for the year ending 31 December 2006, were appointed by the ordinary shareholders' meeting of 29 April 2004.

Pierleone Ottolenghi resigned from his post as Director on 9 November 2006, and the Board of Directors resolved not to replace him, in light of the imminent expiry of the entire board.

According to the Previous Code and Regulations, nominations for Director must be presented on lists, accompanied by a detailed curriculum vitae of each candidate. They must be filed at the company's headquarters at least ten days before the date of the shareholders' meeting.

All current Directors were nominated by the majority shareholder.

The Board of Directors deems that its size, composition and functioning during the 2006 financial year has been adequate for the size of the Company, even considering the Company's progressive growth in Italy and on international markets, and that the professional competencies of its members have enabled them to provide valid and effective assistance in orienting and supporting the decisions taken to support this growth.

The CVs of all the current Directors are available from the Company's Investor Relations office, while a short description of the professional backgrounds of the management is available at www.camparigroup.com/investors.

There is no minimum number of Board of Directors' meetings set out in the Articles of Association.

In 2006, six board meetings were held. All Directors attended regularly and the few absences were explained. In 2007 the company expects to hold an equal or greater number of board meetings.

Please see table 1 attached to this Report for the attendance records of each Director.

Before each board meeting, Directors are provided with all the documentation and information necessary to pass resolutions as far in advance of the meeting as is reasonably possible.

Information passed to the Board of Directors is comprehensive and provided promptly.

2.5. Other jobs held by Directors

Directors who at 31 December 2006 were Directors or Auditors of other companies listed on Italian and foreign regulated markets, or financial companies, banks, insurance companies or large companies, are listed below:

- Luca Garavoglia: member of the Board of Directors of FIAT S.p.A.;
- Cesare Ferrero: Vice-Chairman of the Board of Directors of PKP S.p.A.; member of the Board of Directors of Autostrada Torino-Milano S.p.A.; Chairman of the Board of Auditors of Alberto Lavazza & C. S.A.p.A., Burgo Factor S.p.A., Emilio Lavazza & C. S.A.p.A., ERSEL Finanziaria S.p.A., ERSEL S.I.M. S.p.A., Ferrero S.p.A., FIAT Auto S.p.A., FIDERSEL S.p.A., Giovanni Agnelli & C. S.A.p.A. and I.F.I.L. S.p.A.; Statutory Auditor of Banca Passadore S.p.A., P. Ferrero & C. S.p.A., FIAT S.p.A., R.C.S. Investimenti S.p.A. and Toro Assicurazioni S.p.A.;
- Franzo Grande Stevens: Chairman of the Board of Directors of P. Ferrero & C. S.p.A. and Honorary Chairman of Juventus F.C. S.p.A.; member of the Board of Directors of Exor Group S.A., I.F.I. S.p.A., I.F.I.L. S.p.A., Pictet International Capital Management, RCS MediaGroup S.p.A. and S.E.I. S.p.A.;
- Renato Ruggiero: Vice-Chairman of Citigroup European Investment Bank; Chairman of the International Advisory Board of Unicredit S.p.A. and member of the International Advisory Board of Coca-Cola Company.
- Anton Machiel Zondervan: Chairman of the Supervisory Board of Doeksen Transport Group.

2.6. Non-executive and independent Directors

The Articles of Association do not set out a minimum number of non-executive or independent Directors; nonetheless, in accordance with article 2 of the Previous Code, the Company has appointed non-executive Directors who, by dint of their numbers and authority, have significant influence on the decision-making process.

At the date of approval of the draft annual report for the year ending 31 December 2006, most of the company's directors were non-executive.

These non-executive Directors may also be considered independent, with the exception of Luca Garavoglia and Marco Pasquale Perelli-Cippo.

Therefore, five out of the ten members of the Board are independent.

As explained above, each Director's degree of independence was verified by the Board of Directors according to the principles set out in the Previous Code.

2.7. Committees

The Articles of Association state explicitly that the Board of Directors may set up an internal audit committee ("Audit Committee"), and a committee for remuneration and appointments ("Remuneration and Appointments Committee").

Both committees are sub-groups of the Board of Directors and are responsible for providing advice and making proposals.

2.7.1. Remuneration and Appointments Committee

The Board of Directors formed a Remuneration Committee, which was then merged with the Appointments Committee for rationalisation purposes.

The Remuneration and Appointments Committee chiefly comprises independent Directors, and is composed of Franzo Grande Stevens (Chairman), Marco Pasquale Perelli-Cippo and Giovanni Rubboli.

It has the task of formulating proposals for the remuneration of Directors who have been given specific functions and powers, and those who play key roles in the management of the

Company, as well as proposals for improving the allocation of human resources within the Group.

The Remuneration and Appointments Committee does not make proposals on behalf of its own members.

The Remuneration and Appointments Committee met three times in 2006, and presented the Board of Directors with proposals falling within its remit without consulting external advisors.

The Board of Directors then approved these proposals.

The issues discussed by the Remuneration and Appointments Committee in 2006 included the Group's structure and organisation chart, the remuneration of executive Directors and the senior management, and the updating of the stock option plan.

The remuneration of executive Directors and senior management is closely linked to the financial results achieved by the Group and individual companies to which they belong.

Further details of Directors' remuneration are given elsewhere in these notes to the accounts.

During the year, stock options were issued to certain Group employees under the conditions set out in the current stock option plan.

No stock options were issued to company Directors.

2.7.2. Internal Audit Committee

The Board of Directors has also set up an Audit Committee, made up entirely of independent Directors: Giovanni Rubboli (Chairman), Cesare Ferrero and Anton Machiel Zondervan.

In accordance with the tasks set out in article 10 of the Previous Code, the function of the Audit Committee is to assess the adequacy of the company's internal audit system and of the internal audit department's work plan, and to report thereon to the Board of Directors.

In 2006, the Audit Committee examined risk analyses for the recently acquired companies Teruzzi & Puthod S.r.l., Giannina S.r.l., and the Scottish companies acquired with the Glen Grant, Old Smuggler and Braemar brands.

The Committee also carried out risk assessments of Koutsikos Distillery S.A., Kaloyiannys Bros S.A. and Société Civile Immobilière du Domaine de Lamargue, and of the procedures for harvesting the muscat grapes used in Asti Cinzano's products.

The Audit Committee also verified recent analyses carried out during the year of previously examined matters regarding the IT systems, the sales unit of Campari do Brasil Ltda. and the sales and credit management units of Campari Italia S.p.A.

Meetings of the Audit Committee are usually attended by the Chairman of the Board of Statutory Auditors or another Auditor mandated by him.

Please see table 1 attached to this report for the attendance records of each Committee member.

The relationship between the Audit Committee and the Board of Statutory Auditors is one of a continual exchange of information on the most important matters dealt with during regular audits, in accordance with the annual audit plan and the updating of the risk assessment for the Group and its subsidiaries.

In accordance with paragraph c) of article 8.C.1. of the New Code, the Board of Directors assesses the adequacy of the composition and size of the Audit Committee in relation to company risks and to the effective functioning of internal controls.

3. Company functions and procedures

3.1. Handling of confidential data

The Company has drawn up procedures for the handling of confidential data ("Procedures").

These Procedures clearly set out which information is considered confidential or price-sensitive, who is responsible internally for dealing with such information, the conduct required of anyone privy to the information, and the procedures for making it public, including to the press.

The Procedures apply to Directors, Auditors and employees of the Company and other companies belonging to the Group.

Management of confidential data is the responsibility of the Managing Directors of Group companies. The task also falls to the Chief Executive Officer and the Legal Affairs and Business

Development Officer as regards acquisitions and disposals, and to the Chief Financial Officer for financial information.

Until the entry into effect (on 1 April 2006) of Consob resolution 15232 of 29 November 2005 regarding transactions involving shares in the Company carried out by relevant persons, the Company applied the Code of Conduct on Internal Dealing issued by the Board of Directors on 12 November 2002.

Pursuant to article 114 of Legislative Decree 58 of 24 February 1998, on 22 March 2006 the Board of Directors approved the "Procedures for reporting requirements in respect of internal dealing", in accordance with article 152 *sexies et seq.* of Consob regulation 11971 of 14 May 1999, which replaced the Code of Conduct on Internal Dealing from the above-mentioned date.

Based on these procedures and in accordance with the criteria set out in the aforementioned law, the Audit Committee identifies relevant persons, i.e. persons whose transactions involving shares in the Company must be communicated to the market and Consob where the overall value exceeds € 5,000 in any one year.

According to the procedures, the Head of the Group's legal department, supported by the Investor Relations department, is responsible for collecting, managing and circulating information relating to these transactions.

On the same date, the Board of Directors also authorised the Managing Directors to set up a register of persons with access to confidential data pursuant to article 115 *bis* of Legislative Decree 58 of 24 February 1998, in accordance with the procedures set out in article 152 *bis* of the above-mentioned Consob Regulations.

The Managing Directors thereby put in place procedures that allow this register to be maintained and updated, and the procedures for communicating the registration of persons who regularly or temporarily acquire access to confidential data.

The Company has a Code of Ethics setting out the fundamental values on which its conduct is based.

This was an appropriate time to adopt such a code, given the company's sharp growth on the Italian and international markets, the increasing complexity of its organisation in the last few years (especially following recent acquisitions) and the awareness that the company is now operating in a highly sophisticated socioeconomic environment.

The full Code of Ethics can be found on the Campari Group's website, at www.camparigroup.com/investors.

3.2. Appointment of Directors and Auditors

In view of Legislative Decree 303 of 29 December 2006, which extended to 30 June 2007 the date by which companies must adapt their articles of association to fulfil the requirements of Law 262 of 28 December 2005, and in view of the fact that Consob has not yet issued provisions for the implementation of the new rules, the new Board of Directors and Board of Statutory Auditors will be appointed according to the procedures currently set out in the Articles of Association.

Consequently, although the Directors are appointed by means of a list vote system, candidate lists will not be used for the election of at least one Director representing minority shareholders.

Instead, as required by Legislative Decree 303 of 29 December 2006, each list for the election of a member of the Board of Directors must contain at least two Directors who fulfil the criteria for independence laid down in article 148 of Legislative Decree 58 of 24 February 1998, and in article 3 of the New Code.

Furthermore, as established in article 6.C.1. of the New Code, proposals for the nomination of Directors must be presented on lists, accompanied by a detailed curriculum vitae of each candidate, as well as an attestation of the candidate's suitability with respect to requirements for the post. In accordance with the Regulations currently in force, these lists must be filed at the company's headquarters at least ten days before the date of the shareholders' meeting.

The lists will be published in a timely manner on the Company's website, along with the candidates' curricula vitae. Nominations for the Board of Statutory Auditors are made by means of a list vote system, as required by article 148 of Legislative Decree 58 of 24 February 1998, and by the Articles of Association, in order to allow minority shareholders to appoint a Statutory Auditor and a Deputy Auditor.

The Board of Statutory Auditors is appointed on the basis of lists presented by shareholders and filed at the Company's headquarters at least ten days before the date of the shareholders' meeting, as set out in article 27 of the Articles of Association, accompanied by the candidates' CVs and by attestations of the candidates' suitability with respect to requirements for the post. Specifically, all Auditors must also qualify as independent, according to the New Code's requirements regarding Directors.

These lists will also be posted in a timely manner on the Company's website, accompanied by the candidates' CVs.

Only those shareholders who, alone or jointly with others, hold shares totalling at least 5% of the share capital with voting rights at the ordinary shareholders' meeting, may present lists.

Again in accordance with the Articles of Association, candidates who already hold the position of Statutory Auditor in five or more listed companies (excluding parent companies and / or subsidiaries of the Company), or who do not meet the requirements of trustworthiness and professionalism demanded by applicable law, may not be included on the lists.

3.3. Internal audit system

The company is fully aware of the need for an adequate internal audit system, and has set up a specific department headed by a Group Internal Auditor appointed by the Board of Directors on 22 March 2006.

This unit, which operates across and supervises the whole Group, is hierarchically separate from the executive Directors, reporting directly to the Chairman of the Company.

It reports on its activities on at least a quarterly basis to the Managing Directors, the Audit Committee and the Board of Statutory Auditors.

Based on favourable reports from the Audit Committee, the Board of Directors judges that the size and composition of this Committee is adequate, and that the internal audit system is appropriate for providing effective protection against the typical risks arising from the Group's activities and for monitoring its business and financial situation.

3.4. Investor relations

The company attaches great importance to its relations with shareholders and institutional investors.

It has an Investor Relations department, headed by an Investor Relations Manager.

As part of the Company's reporting procedures, including regular results disclosure and the announcement of extraordinary operations, the Investor Relations department has organised numerous meetings with Italian and foreign institutional investors and the financial press, many of which are also attended by members of the senior management.

In order to facilitate its dialogue with shareholders, the Company has developed and continually updates a special section of its website dedicated to investor relations (www.camparigroup.com/investors). This section contains not only financial information (annual, interim and quarterly reports, trading performance of Campari securities on the market, etc), but also information and documents of interest to shareholders, such as the composition of the Board of Directors and Board of Statutory Auditors, details of corporate governance, procedures for the reporting requirements in respect of the Code on Internal Dealing and the Procedures for carrying out transactions in which Directors have a personal interest or transactions with related parties.

Shareholders may request additional information via email from investor.relations@campari.com.

The company follows the guidelines set out in the Guide for market disclosure.

4. Auditors

The members of the Board of Statutory Auditors appointed by the ordinary shareholders' meeting of 29 April 2004 for the three-year period 2004-2006 are listed below:

Umberto Tracanella	Chairman
Alberto Lazzarini	Statutory Auditor
Antonio Ortolani	Statutory Auditor

Alberto Giarrizzo Garofalo	Deputy Auditor
Giuseppe Pajardi	Deputy Auditor
Paolo Proserpio	Deputy Auditor

Auditors who at 31 December 2006 were Directors or Auditors of other companies listed on Italian regulated markets are listed below:

- Umberto Tracanella: member of the Board of Directors of Risanamento S.p.A.;
- Alberto Lazzarini: Deputy Auditor of Giovanni Crespi S.p.A.;
- Antonio Ortolani: Chairman of the Board of Auditors of Banca Popolare di Milano S.c. a r.l. and Statutory Auditor of Camfin S.p.A.;
- Alberto Giarrizzo Garofalo: Deputy Auditor of Mirato S.p.A.

Since no alternative list was put forward, none of the current Auditors represent minority shareholders, who, it is presumed, are happy with the professionalism and independence of the Auditors appointed by the majority shareholders.

The proposals to the shareholders' meeting for the appointment of the Auditors currently in place were accompanied by a detailed curriculum vitae of each candidate.

The Board of Auditors held five meetings in 2006.

Please see table 2 attached to this Report for the attendance records of each Auditor.

Almost all the meetings of the Board of Directors in 2005 were attended by all members of the Board of Statutory Auditors.

5. Reporting on the application of the New Code

The Board of Directors resolved to adopt the New Code on 8 November 2006.

It has nonetheless been deemed necessary to adopt the code's recommendations gradually over time, specifically over the course of the 2007 financial year, in view of the expiry of the Corporate Officers' posts with the approval of the 2006 financial year accounts, and the issue, scheduled for 31 March 2007, of the implementation regulations for Law 262 of 28 December 2005. These regulations will set limits for the number of additional posts that Corporate Officers may hold at other companies, and for the presentation of candidate lists for the posts of Director of Auditor.

In light of the above and in accordance with Legislative Decree 303 of 29 December 2006, the Board of Directors will modify the Articles of Association in line with the provisions of the above law by 30 June 2007, pursuant to Article 17 of the Articles of Association.

At the same time, the Board of Directors will also specify the procedures for presenting candidate lists for the posts of member of the Board of Directors and Auditor, and more specifically the procedures for the election of the Director and Auditor representing minority shareholders.

As mentioned above, the election of Corporate Officers will proceed in accordance with the laws and regulations in force at the time of the Shareholders' Meeting, supplemented by the recommendations of the New Code, provided that these do not conflict with the Articles of Association.

After the appointment has been made, the Board of Directors will evaluate the independence of its members, and will inform the market of its findings, following a check by the Board of Statutory Auditors on the correct application of the established criteria, as required by article 3.C., points 4 and 5 of the New Code.

Following the appointment, the Board of Statutory Auditors will also verify that its own members fulfil the requirements of independence pursuant to Legislative Decree 58 of 24 February 1998 and the New Code, and will publish its findings in its next corporate governance report.

Subsequently, the Board of Directors must also renew its internal committees, and determine their respective powers based on the duties listed in the New Code and in accordance with the Articles of Association.

For the Internal Audit Committee, the Board of Directors will first establish guidelines for identifying company risks before choosing an executive Director who will oversee this matter. On the said Director's proposal, the Board will appoint a Group Internal Auditor and establish his remuneration.

In view of the limits which Consob will set for corporate officers, during the next financial year the Board of Directors will announce its stance on the maximum number of other positions that members of the Board of Directors may hold as directors or auditors of other companies, in order that these persons may fulfil their roles as directors effectively.

After consulting the Audit Committee, the new Board of Directors will verify and (if necessary) update the established procedure for carrying out transactions in which the Directors have a personal interest or transactions with related parties, and also define the criteria for identifying such transactions in the light of the New Code. The Internal Audit Committee will be involved in the approval of these procedures.

Milan, 20 March 2007

TABLE 1: BOARD OF DIRECTORS AND COMMITTEES

Board of Directors							Audit Committee		Remuneration and Appointments Committee	
Position	Name	Executive	Non-executive	Independent	****	Number of other positions held**	***	****	***	****
Chairman	Luca Garavoglia				100%	1				
Managing Director	Paolo Marchesini	X			100%					
Managing Director	Stefano Saccardi	X			100%					
Managing Director	Vincenzo Visone	X			100%					
Director	Cesare Ferrero		X	X	83%	17	X	83%		
Director	Franzo Grande Stevens		X	X	83%	8			X	100%
Director	Pierleone Ottolenghi		X	X	83%					
Director	Marco Pasquale Perelli-Cippo		X		83%				X	66%
Director	Giovanni Rubboli		X	X	100%		X	83%	X	100%
Director	Renato Ruggiero		X	X	67%	3				
Director	Anton Machiel Zondervan		X	X	100%	1	X	100%		

Total number of meetings held during the year	Board of Directors: 6	Internal Audit Committee: 6	Remuneration and Appointments Committee: 3
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* Director appointed via lists presented by minority shareholders.

**Positions held as Director or Auditor in other companies listed on Italian and foreign regulated markets, or financial companies, banks, insurance companies or large companies; full details are given in the report on corporate governance.

***Member of Committee as well as member of the Board of Directors.

**** Percentage attendance of Directors at board meetings and committee meetings in the form required by the Articles of Association as of 31 December 2006; the percentage stated for Pierleone Ottolenghi's attendances refers to the number of sessions attended until his resignation.

TABLE 2: BOARD OF STATUTORY AUDITORS

Position	Name	Percentage attendance at meetings of the Board of Statutory Auditors	Number of other positions held**
Chairman	Umberto Tracanella	100%	1
Statutory Auditor	Alberto Lazzarini	100%	1
Statutory Auditor	Antonio Ortolani	100%	2
Deputy Auditor	Alberto Giarrizzo Garofalo	-	1
Deputy Auditor	Giuseppe Pajardi	-	
Sinda Supplente	Paolo Proserpio	-	
Total number of meetings held during the year: 5			
In accordance with article 27 of the Articles of Association, only those shareholders who, alone or jointly with others, hold shares totalling at least 5% of the share capital with voting rights at the ordinary shareholders' meeting, may present lists.			

NB

* Auditor appointed via lists presented by minority shareholders.

**Positions held as Director or Auditor in other companies listed on Italian regulated markets; full details are given in the report on corporate governance.

TABLE 3: OTHER MEASURES SET OUT IN THE CODE OF CONDUCT

	yes	no	Brief reasons for any non-compliance with the Code's recommendations
System of mandates and transactions with affiliated parties			
Has the Board of Directors awarded mandates and established:			
a) their limits	X		
b) ways in which they may be exercised	X		
c) frequency of reporting?		X	Reporting frequency is set out in the Articles of Association.
Are significant transactions involving the company's business, finances or assets (including those with related parties) submitted for examination and approval by the Board of Directors ?	X		
Does the Board of Directors have defined guidelines and criteria to identify "significant" transactions?		X	The Company considers that the thresholds indicated in Managing Directors' mandates mean that the Board of Directors is always responsible for approving the most significant transactions.
Are the guidelines and criteria set out in the report?	X		
Does the Board of Directors have specific established procedures for the examination and approval of transactions with related parties?	X		
Are the procedures for the approval of transactions with related parties set out in the report?	X		
Procedures for the most recent appointment of Directors and Auditors			
Were the names of the candidates for Director filed at least ten days before the shareholders' meeting?	X		
Were the candidatures for the post of Director accompanied by detailed information?	X		
Were the candidatures for the Board of Directors accompanied by evidence of their independence?	X		
Were the names of the candidates for Auditor filed at least ten days before the shareholders' meeting?	X		
Were the candidatures for the post of Auditor accompanied by detailed information?	X		
Shareholders' meetings			
Has the company approved a set of Regulations governing shareholders' meetings?	X		
Are the Regulations attached to the report (or does the report indicate where they can be obtained/downloaded)?		X	The Regulations can be obtained from the Company's headquarters.
Internal audit			
Has the company appointed an internal audit department?	X		
Are the internal auditors hierarchically separate from the heads of the operational units?	X		
Is there an internal audit department (in accordance with article 9.3 of the previous Code)?			Group Internal Auditor
Investor relations			
Has the Company appointed an Investor Relations Manager?	X		
Contact details for the Investor Relation Manager			Investor Relations Manager Via Filippo Turati, 27, 20121 Milan, tel. 02.6225330 - fax 02.6225479 e-mail: investor.relations@campari.com