

BYLAWS OF FUNDACIÓN PRIVADA BENJAMIN FRANKLIN

CHAPTER I

THE FOUNDATION AND ITS OBJECT

Article 1: Name.

The Foundation is called FUNDACIÓN PRIVADA BENJAMIN FRANKLIN, subject to the laws of the Autonomous Government of Catalonia. It must be governed by the applicable legal and regulatory rules and, in particular, by these Articles of Association.

ARTICLE 2: The Foundation's purposes and activities.

1. Purpose: The Foundation shall not have any profitable purpose and will be an open institutional an international level, with no limitation whatsoever based on ideology, and shall aim at perfecting human and social skills and personal cohabitation based on developing North American culture and knowledge.

The fundamental purpose of the Foundation will be covering physical and intellectual needs, in the broadest sense of the word, paying special attention to education based on the culture and teaching of the United States of America.

2. Activities: Pursuant to the foregoing, it may, at its entire discretion and with no limitations, carry out the following activities: to promote the participative development of people, organisations or institutions that, except for those with profit-making purposes, seek mutual understanding by means of setting up students' social organisations, publishing scientific texts, cultural exchanges between students and citizens from different countries and training through educational schemes designed for such purpose. To provide training through teaching centres based on the model used in the United States, applying the best international educational techniques. To develop, promote, set up and manage, when appropriate, sports centres and all that is related to sports in education.

To set up, promote, develop and manage teaching institutions and centres at all their levels, along with students' accommodation, higher educational centres or similar establishments; to promote and set up, when appropriate, publishing houses and libraries in or for teaching centres; to

develop, promote and encourage moral, professional, cultural and educational training in all the aspects thereof.

To grant awards for merit and for culture; to promote scientific research, supported by teacher and student exchanges, supplementing the lack of economic resources of both of them; to promote social protection, in particular related to school safety and prevention by teaching staff; to promote research laboratories, etc. being set up; and, in general terms, any other activity similar to those listed above, in particular those related to students, teachers and the family members of both of them.

The Foundation's purposes will be immediately implemented by setting up a foreign teaching and training centre based on the educational model used in the United States, determining that English will be the main language for communication and designed for Nursery, PreKindergarten, Kindergarten, Elementary School, Middle School and High School students, called the Benjamin Franklin International School and complying with the teaching regulations in force in Catalonia.

ARTICLE 3: Term and territorial scope.

1. The term of the Foundation shall be indefinite, unless there are reasons for its dissolution as specified in Article 26 of these Articles of Association, in such case the assets shall be assigned to charity or teaching-charity purposes according to the provisions in the law in force.
2. The Foundation's territorial scope shall mainly be in Catalonia.

ARTICLE 4: Registered Office.

The Foundation's registered office shall be located in Barcelona, at Calle Martorell y Peña, nº 9, and such registered office may be freely moved to any other place in the territory of Catalonia.

ARTICLE 5: Legal status and standing.

1. The Foundation has its own legal status and shall benefit from full legal standing for its actions. It may therefore acquire, preserve, possess, manage, sell, transfer, swap, mortgage and encumber all kinds of rights and chattel or real estate property or of any other kind with no exception whatsoever. It may also authorise all kinds of deeds and agreements, enter into credit

transactions, undertake obligations, waive and accept assets and rights and promote, oppose, monitor and withdraw from the proceedings that are deemed necessary and freely exercise all kinds of rights, actions and oppositions in ordinary and special Courts and Tribunals of Justice and in the bodies and departments of the Public Authorities and any others of the State, Autonomous Government, provinces, municipalities and other corporations and institutions, including institutions located abroad.

2. The list of the Foundation's rights included in the previous paragraph is merely provided as an example and its duties shall not be limited thereto. Such duties shall consist of all those inherent to its nature and its status as a legal person with no exception whatsoever.

3. The foregoing shall be deemed as notwithstanding the duties that are assigned to the Supervisory Board.

ARTICLE 6: System.

The Foundation shall be governed by the Founders wishes, which are directly or indirectly expressed in these Articles of Association and the Deed of Incorporation, by the provisions that, by interpreting and developing such wishes, are freely determined by the Board of Trustees and by applicable laws and regulations.

ARTICLE 7: Resources.

1. The Foundation shall be provided with the following resources in order to achieve its purposes:

- a) The yield from its capital.
- b) The funds received from individuals, natural and legal persons that are not included in the Foundation's capital.
- c) The funds received from the enrolment of students.
- d) The aid, grants and collaboration of individuals and public or private institutions, providing they do not harm or diminish the Foundation's purposes.

2. The funds it could have available for achieving the Foundation's purposes, pursuant to the law, must be acknowledged at the Board of Trustees' Meeting referred to in Article 22 of these Articles of Association.

3. The Board of Trustees shall adopt a resolution on the use of the annual surpluses, if any, notwithstanding the provisions in the law in force.

ARTICLE 8: Rules for assigning resources and beneficiaries.

The Board of Trustees shall be responsible for determining the basic rules for assigning the resources to the Foundation's purposes, pursuant to the law in force, and for determining the choice of beneficiaries.

The Foundation's beneficiaries shall be the Benjamin Franklin International School and any other institutions, organisations and persons that, in the opinion of the Board of Trustees, seek similar educational purposes. The beneficiaries shall be determined in accordance with the principles of equality, objectivity and non-discrimination. Similarly, the Board of Trustees shall assign part of its resources to the students who are children of employees of these institutions (teachers, employees, etc.) according to the Teaching Agreement and the Foundation's internal policy.

CHAPTER II

GOVERNING BODIES

ARTICLE 9: General rule.

1. The Foundation shall be governed, managed and represented by a Board of Trustees acting on behalf of the effective Trustees, who shall be appointed in accordance with the provisions in these Articles of Association.

2. The Board of Trustees shall perform its duties with supremacy and independence, with no interference, recognition, authorisation, supervision or approval of any kind and its actions shall be final and not subject to any appeal since the Founders have only placed their trust in the Board of Trustees, pursuant to the provisions in these Articles of Association.

3. The contents of the previous point shall be deemed as notwithstanding the strict duties that must be performed by the Supervisory Board.

4. In order to be a member of the Board of Trustees, all natural persons must hold full legal standing for their actions, must not be prohibited or disqualified from performing public duties, holding public posts or managing its assets and must not have been found guilty of crimes related to equity, socioeconomic crimes or false testimony.

ARTICLE 10: Non-remuneration of the posts.

1. All the posts on the Board of Trustees are of trust and are absolutely non-remunerated; however, its members shall be paid their duly justified expenses incurred to fulfil the tasks entrusted thereto.

2. The Trustees may hold a remunerated labour or professional relationship with the Foundation providing it is structured by means of a contract that clearly determines the labour or professional work that will be remunerated. However, such remunerated labour or professional work must be different from the tasks and duties performed due to holding office as a Trustee.

3. Before entering into an employment contract with the Foundation, the Board of Trustees must submit an affidavit to the Supervisory Board. If the consideration for the contracts entered into with a Trustee is higher than €100,000 per annum or 10% of the income obtained in the last financial year approved by the Board of Trustees, the affidavit must include a report issued by independent experts that proves the contract is beneficial to the Foundation and is in accordance with the criteria applicable in the labour or professional market. Such report shall also be required when the annual cost of the contracts entered into with the Trustees, plus the cost of the new contract that is intended to be entered into, is higher than the aforementioned 10%.

4. The number of Trustees with a labour or professional relationship with the Foundation must be fewer than the number of Trustees stipulated for the Board of Trustees' Meeting to be validly held.

ARTICLE 11: The Board of Trustees

1. The Board of Trustees shall be composed of ten members. At least the Chairperson and another six members of such Board must be US citizens.

The members of the Board of Trustees shall be the persons who are appointed as such by the Board of Trustees by an absolute majority of its members. The appointments shall be for a three-year term of office and members may be reappointed for a maximum of two further consecutive periods of three years each. It is stipulated that the reappointment of the Board of Trustees must be partial.

The members of the Board of Trustees shall take up their posts after they have expressly accepted office in any of the ways stipulated by applicable law.

If the maximum term of office of any of the members has expired, including, when applicable, the two aforementioned terms for reappointment, they may not be appointed again until a term of one year has elapsed, counted from the date they stepped down from office.

The Trustees may resign, at their own discretion, by a resolution adopted by the absolute majority of its members and for any other reason stipulated by law.

A Trustee resigning from office must be recorded in any of the ways stipulated for accepting the post, but it shall only be valid for third parties once it has been recorded in the Foundations Registry.

The Trustees that, for any reason, step down from office before their term of office expires may be replaced by a resolution being adopted by the absolute majority of the members of the Board of Trustees. The person appointed to replace a Trustee shall hold such post for the time remaining until the replaced Trustee's term of office expires. After such time, the new member may be reappointed in the manner and for the terms specified in this article.

For the purpose of the stipulated partial reappointments, it is determined that 3 members of the Board of Trustees shall step down from office on 5 June 2007 and shall be reappointed to such post for a period of three years; once one year has elapsed, counted from the aforementioned date, four more members of the Board of Trustees shall step down from office and shall be

reappointed for a period of three years; and once 2 years have elapsed, counted from the aforementioned date, the remaining three members shall step down from office and shall be reappointed for a period of three years. As of such time they shall be successively reappointed in the same order, so that successive reappointments will take place every three years counted from the date the post of trustee is accepted. All the resolutions for appointments and reappointments mentioned in this section shall be adopted by the Board of Trustees pursuant to Article 12 of these Articles of Association.

2. The Board of Trustees, by the absolute majority of its members, shall appoint a Chairperson, a Vice-Chairperson, who will substitute the Chairperson in the case of absence, illness or impossibility to attend a meeting, a Secretary, a Vice-Secretary, who will substitute the Secretary in the case of absence, illness or impossibility to attend a meeting and a Treasurer. The other members of the Board of Trustees shall be considered voting members.

3. The Foundation may also appoint an Honorary Advisory Council with an indefinite number of members that will be appointed by the Board of Trustees by the absolute majority of its members, based on their legal status, affinity with US or international educational philosophy and the support they may be able to provide to the Fundación Privada Benjamin Franklin. The members of the Advisory Council shall not be granted executive duties.

ARTICLE 12: Functioning.

1. The absolute majority of the members of the Board of Trustees shall hold meetings as often as may be deemed appropriate and at least five times a year and in a compulsory manner when requested by a quarter of its members, in which case the meeting must be held within 30 days after the request for such meeting was submitted.

2. The summons shall be sent by the Secretary, following the instructions of the President, at least forty-eight hours in advance. It shall be sent to all the members of the Board of Trustees by any written means that guarantees its receipt by the interested parties.

The summons shall clearly state the matters to be discussed at the meeting and the place where it is to be held. It may, where appropriate, also determine the date and place of the meeting on second summons, if there is not a sufficient quorum at the first summons.

Without prejudice to the provisions of the preceding paragraphs, meetings may be held without prior summons or irregularly summoned when, all the members of the Board of Trustees being present or represented, they unanimously agree to hold the meeting and the proposed agenda.

3. The Board of Trustees shall be validly held at the first summons when the absolute majority of its members attend the meeting and, at the second summons, when the simple majority of its members attend.

4. No item may be dealt with at the meeting that has not been included on the agenda specified in the summons to the meeting, unless all members of the Board of Trustees, being present or represented, unanimously agree to add an additional item to the agenda.

5. Each Trustee shall be entitled to one vote and the Chairperson shall hold the casting vote in the event of a tie.

6. The simple majority of votes shall be sufficient to adopt the resolutions. However, the

- a) Appointment and dismissal of the members of the Board of Trustees and Board Committees.
- b) Appointment to the posts of Chairperson, Vice-Chairperson, Secretary, Vice-Secretary and Treasurer.
- c) Appointment of the post of the Head of School and Director of Finance and Operations.
- d) Requests for loans or increasing debts of any kind for an amount higher than €100,000 or for encumbering the Foundation's real estate assets.
- e) Dissolving and winding-up the Foundation.

7. The resolutions shall be recorded in a minutes' book, which shall be signed by the Secretary with the approval of the Chairperson.

The Secretary shall keep the Foundation's minutes' book in which all the minutes approved by the Board of Trustees shall be recorded. The minutes shall be drawn up for each meeting and must include the date, place, agenda, the persons attending, a summary of the items dealt with, the speeches that have been requested to be recorded and the resolutions adopted, specifying the results of the ballots and majorities reached on each item on the agenda that was discussed.

The minutes must be drawn up and signed by the Secretary with the approval of the Chairperson and may be approved by the Board of Trustees after the relevant meeting has been held or at the next meeting. However, the resolutions shall be enforceable as of the time they are adopted, unless it is expressly stated when adopting a resolution that it is not enforceable until the date expressly specified or until the minutes have been approved.

8. The meetings of the Board of Trustees may be held, in addition to face-to-face meetings, by videoconference or other means of communication, provided that the identification of the attendees, the continuity of communication, the possibility of intervening in the deliberations and the casting of votes are guaranteed. In these cases, it shall be understood that the meeting is held at the place where the person chairing the meeting is located. In the case of face-to-face meetings, it shall be understood that the meeting is held at the Foundation's domicile, unless another venue is established in the summons.

When the Chairman deems it convenient, he/she may agree to the summons of the Board of Trustees for the adoption of resolutions without a meeting, by means of the casting of votes by postal correspondence, telematic communication or any other means, provided that the rights of information and voting are guaranteed, that there is a record of the receipt of the vote and that its authenticity is guaranteed. In this case, it shall be understood that the resolution is adopted at the place of the Foundation's domicile and on the date of receipt of the last of the votes validly cast.

ARTICLE 13: Authority.

1. Authority of the Board of Trustees:

1.1. The Board of Trustees shall be deemed as the supreme governing body of the Foundation and its duties shall include all those related to the representation, governance and management of the Foundation, with no exception whatsoever. It may also interpret and amend these Articles of Association and settle any incidents and situations that may arise, notwithstanding the duties granted by law to the Supervisory Board.

1.2. The following are the duties and rights of the Board of Trustees, as mere examples but not limited thereto:

- a) To determine the policies and guidelines for the Benjamin Franklin International School and for any other activities, institutions or organisations that are promoted, supported or managed by the Foundation.
- b) To fulfil the wishes of the Founders and the Foundation's Articles of Association; to organise and manage its internal and external functioning and to approve the members of the staff thereof and its regulations.
- c) To hold the supreme authority to act on behalf of the Foundation in all kinds of relations, deeds and agreements with the State, Autonomous Institutions, provinces, municipalities, authorities, centres and departments of the government, Courts, Tribunals, Labour Tribunals, corporations, bodies, companies, legal persons and natural persons, exercising all the rights, actions and oppositions and monitoring all proceedings, cases, claims and trials that the Foundation may file or in which it is a party through all their procedures, levels, preliminary issues and appeals, being able to grant the required powers of attorney for such purpose.
- d) To move the Foundation's registered office, complying with the provisions in Article 4.
- e) To set up Board Committees, regulating their purposes, duties and functioning and the system for appointing, reappointing or dismissing their members.
- f) To freely appoint and dismiss the administrative, auxiliary or subordinate staff and staff of any other kind and specify their wages, fees and bonuses with no other formalities apart from those discretionally specified for each case.
- g) To diligently safeguard the assets and rights included in the Foundation's equity and maintain their productivity according to financial criteria depending on the economic situation.
- h) To accept acquisitions of assets and rights on behalf of the Foundation under any acquisition title, including donations or inheritances, in such case to the benefit of inventory.

- i) To authorise all kinds of deeds and agreements to acquire, manage, possess, assign and encumber chattel and real estate assets, including those related to granting, modifying and partially or fully reimbursing mortgages, granting and releasing rights *in rem* and other acts of strict ownership.
- j) To collect and receive yields, profits, dividends, interest, benefits and any other profits and benefits obtained from the Foundation's assets.
- k) To make the required payments, including those for called-up share capital and those for the expenses required to collect, manage and safeguard the funds held by the Foundation at any time.
- l) To make the changes in the Foundation's capital referred to in Article 20 of these Articles of Association and in its equity, in order to adapt them to the economic situation.
- m) To directly exercise, through the representatives it may appoint, the political and economic rights held by the Foundation as holder of shares and other securities it may own and, in this respect, to attend, deliberate and vote, as it may deem fit, at general shareholders' meetings, assemblies, union or association meetings and meetings of other bodies of the respective companies or institutions issuing them, exercising all the legal rights granted to the aforementioned holder; authorising, granting and signing any deeds and contracts, agreements, proposals and documents that may be deemed appropriate.
- n) In general terms, to perform all the duties to manage, protect, safeguard and defend the Foundation's assets.
- o) To supervise the correct application of the agreed investments, either directly or by means of the persons delegated for such purpose, as well as to manage, regulate or inspect all the services created for the Foundation's purposes, and their functioning and management.
- p) To delegate one or some of the previous duties to one or several persons, pursuant to the law, whenever this is deemed appropriate, who will act with the name assigned thereto in the agreement for their appointment and, if they operate as a group, they will

act with the name of Board Committees and suitable powers of attorney shall be granted and revoked for such purpose.

- q) To approve the Foundation's ordinary and extraordinary budgets and the settlement thereof as well as the Foundation's annual accounts, consisting of the balance sheet, profit and loss account, net equity changes statement, cash flow statement and the annual report. The Board of Trustees must protect the Foundation's assets and maintain their productivity, applying suitable, prudent financial criteria according to the economic situation and the activities performed by the Foundation.
- r) To amend these Articles of Association, except for the provisions in paragraph 1 of Article 11, referring to the North American nature of the Board of Trustees, in order to best fulfil the wishes of the Founders, reporting such amendments to the Supervisory Board for the approval thereof.
- s) To adopt and carry out the formalities for affidavits.
- t) All other duties and functions assigned thereto by virtue of these Articles of Association or those that the Board of Trustees is responsible for performing or that are inherent thereto. The Board of Trustees shall be considered the supreme governing body and representative of the Foundation.

The contents of this article shall be deemed as notwithstanding the duties assigned to the Supervisory Board.

- 1.3. The Board of Trustees shall be authorised to appoint one or more persons to perform the duties of the Foundation's ordinary management and to enforce the resolutions adopted by the Board of Trustees, according to the terms delegated thereto by the Board of Trustees, whenever this is considered appropriate or when it is mandatory pursuant to the law.
- 1.4. The Board of Trustees must obtain the authorisation of the Supervisory Board whenever this is mandatory pursuant to the law.
- 1.5. In order to ensure the duties assigned to the Board of Trustees are correctly performed, regarding the specific functions delegated to the Board Committees that are set up for such purpose and all the management or auxiliary bodies and bodies of any other kind that have

been granted duties by the Board of Trustees, it must act with the utmost clarity possible since the aim of the Foundation is to create an atmosphere of trust and allow access to the Foundation's information that is relevant, up-to-date and true.

The Foundation shall post information of public interest on its website, as stipulated in the regulations in force from time to time.

2. The authority of the Chairperson of the Board of Trustees:

The Chairperson and, in his/her absence, the Vice-Chairperson, shall be granted the following duties:

- a) To act institutionally on behalf of the Foundation.
- b) To order the summons to be issued, to determine the agenda and supervise the deliberations.
- c) The rest of the duties specified in these Articles of Association and those that are expressly entrusted thereto by the Board of Trustees, according to the provisions in the applicable regulations.

The Treasurer shall keep the accounts of the Foundation and/or supervise the accounting documents that must be submitted to the Board of Trustees.

ARTICLE 14: Board Committees: setting up.

The Board of Trustees may set up Board Committees whenever this is deemed necessary or appropriate. The persons who are appointed and considered the most suitable by the Board of Trustees can be members of the Board Committees and they may belong to them whether or not they are members of the Board of Trustees.

ARTICLE 15: Board Committees: composition.

1. These Board Committees shall be composed of a number of members determined by the Board of Trustees when setting them up, but never fewer than three.
2. In all cases, the Chairperson of each Board Committee shall always be appointed by the Board of Trustees and shall hold the casting vote.

3. Both the term during which the members of the Board Committees hold office and the system for their reappointment shall be determined by the Board of Trustees.

ARTICLE 16: Board Committees: authority.

The authority and duties of these Board Committees shall be specified by the Board of Trustees when setting them up, within the limits stipulated in the Spanish Private Foundations Act in force. They shall not act on behalf of the Foundation or undertake obligations in the name thereof and will be deemed internal management bodies for the purpose of which they are set up. Their decisions shall hence not be binding for the Board of Trustees.

ARTICLE 17: Affidavits

1. Affidavits shall be granted by the Board of Trustees when transactions will be carried out that could involve a conflict of interest or in cases of self-dealing, if a contract must be entered into with a Trustee, pursuant to the provisions in Article 10, and prior to carrying out acts of assignment in which exceptional situations arise that prevent partial or full compliance with the reinvestment duty as well as in any other cases stipulated in the regulations in force.
2. The affidavits must be approved with the votes in favour of two thirds of the total number of Trustees, not counting those who are unable to vote due to conflict of interest with the Foundation. The Trustees that voted in favour or against the proposal must be stated in the minutes of the meeting and in the certificates recording these resolutions. The affidavits shall be drawn up in accordance with a standardised form and must be recorded in a certificate signed by the Secretary with the approval of the Chairperson.
3. Prior to adopting the resolution on the affidavit, the Trustees must have obtained the reports required by law and all other relevant information. The standardised forms of the affidavits for the Board of Trustees signed by all the Trustees that have adopted them must be submitted to the Supervisory Board, along with a copy of the relevant reports, before executing the deed or entering into the contract, object of the affidavit. The objections to the contract raised by any of the members of the competent Board of Trustees recorded in the minutes or in a separate document must also be attached to the affidavit. The affidavit must be submitted to the Supervisory Board within a term of one month, counted from the date the Board of Trustees agreed to grant it.

4. Fulfilment of the deed or contract, object of the affidavit, must be proven to the Supervisory Board by submitting the document in which the formalities were carried out within a term of three months, counted from the date when the affidavit was submitted to the Supervisory Board. If the formalities for the deed or contract are carried out by virtue of a public deed, the affidavit must be recorded by the Notary Public.

5. The information about the affidavits and fulfilment of the deed or contract, object thereof, must form part of the minimum contents of the report on the annual accounts.

CHAPTER III

EQUITY AND ECONOMIC SYSTEM.

ARTICLE 18: Equity and capital.

1. The Foundation's equity may consist of all kinds of assets located in any place.
2. The Foundation's capital shall be composed of the following:
 - a) The funds provided by the Founders.
 - b) Any other funds received by the Foundation for this purpose.
 - c) Any kind of chattel and real estate assets of such nature that are acquired to be directly used for the Foundation's purposes by any means allowed by law.

ARTICLE 19: Assignment of assets.

1. The Foundation's assets and yields shall be deemed as immediately and directly used for and assigned to the purposes thereof, with no intermediary actions whatsoever by any person or institution.
2. The assignment of the Foundation's equity for achieving the purposes referred to in Article 2 shall be of a common and indivisible nature, i.e. with no allotment of equivalent or non-equivalent parts or quotas of the Foundation's capital or yield to each of them.
3. In order for the assets acquired to be assigned to fulfil a certain purpose specified by the transferor thereof, they shall be deemed as immediately and directly used for and assigned to

achieving the educational objectives that the transferor had specified, with no intermediary actions by any person, notwithstanding the limitations stipulated in the law in force.

ARTICLE 20: Modification of investments.

1. By means of its governing body, the Foundation may, at any time and as many times as may be necessary or as may be appropriate based on the economic situation, make the modifications, transformations or conversions deemed necessary or appropriate to both the Foundation's capital and its equity in order prevent their effective value from being reduced, even if they retain their par value, or purchasing power from being lost, all the foregoing to the best of its knowledge and understanding.

ARTICLE 21: Upkeep of the assets.

1. The following rules shall be observed in order to ensure that the assets included in the Foundation's equity are duly protected and safeguarded:

- a) The real estate assets and rights *in rem* shall be recorded in the Land Registry in the name of the Foundation.
- b) The securities shall be deposited, in the name of the Foundation, in the banking establishments specified by the Board of Trustees.
- c) The other chattel assets, ownership titles, deposit slips and any other documents proving ownership, possession, use, enjoyment or any other right held by the Foundation shall be safeguarded by the Board of Trustees or by the persons delegated thereby for such purpose.
- d) No contract may be entered into or any act carried out for assignment that requires an obligation being undertaken on behalf of the Foundation in perpetuity.

2. The assets included in the provisions and those directly allotted to achieve the Foundation's purposes may only be assigned or encumbered for a consideration and observing the terms and conditions imposed by the Founders or the contributors. The profits obtained from assigning or encumbering them must be reinvested in acquiring or improving other assets, applying the principle of real subrogation.

3. If exceptional situations arise that prevent the reinvestment duty from being partially or fully fulfilled, before carrying out the act of assignment, the Board of Trustees must submit an affidavit to the Supervisory Board stating that such situations have arisen and must provide a report signed by independent experts proving the need for the act of assignment and the reasons justifying the reinvestment not being carried out. The use of the profits that are not reinvested must also be justified, which must always be among the Foundation's purposes.

4. In all cases, acts of assignment or encumbrance of real estate assets, commercial premises or chattel assets with a market value higher than €15,000 must be notified to the Supervisory Board before being carried out. If the market value exceeds €100,000 or 20% of the Foundation's assets recorded in the last approved balance sheet, the Board of Trustees must submit an affidavit to the Supervisory Board, before concluding the contract, stating that the transaction is beneficial for the Foundation and must provide a report signed by independent experts that proves the transaction is in accordance with economic-financial and market criteria.

The acts of assigning assets traded on official markets shall be an exception providing the assignment is carried out at least at market price.

5. The persons that have acted on behalf of the Foundation in any acts of assignment or encumbrance that could be subject to a registry announcement must request registration as soon as possible in the Land Registry or in the applicable registry depending on the object thereof.

6. All equity changes due to acts of assignment or encumbrance must be recorded in the Foundation's inventory. Performing these acts must also be recorded in the report on the annual accounts.

7. The prior authorisation of the Supervisory Board is required to carry out acts of assignment, encumbrance or extraordinary management in the following cases:

- a) If the donor expressly requires this.
- b) If it is stipulated in any provision of the Articles of Association.
- c) If the assets or rights, object of assignment, have been received from public institutions or acquired with public funds.

ARTICLE 22: Mandatory application

1. Foundations must assign at least 70% of the yield and other net annual income to achieving the foundation's purposes. The rest must be used to achieve these purposes in the future or for increasing the Foundation's funds. The Board of Trustees must approve the way these surplus amounts are to be used.

2. The profits obtained from the assignment of the Foundation's assets that the Board of Trustees has agreed to be reinvested and donations and other resources obtained that are assigned to increasing the provisions shall not be included in the percentage stipulated in section 1.

3. The use of at least 70% of the income for achieving the Foundation's purposes must take place within the term of four financial years, counted from the start of the one following the financial year in which such income is recorded in the accounts.

ARTICLE 23: Approval of the budget.

1. Every year the Board of Trustees shall approve the budgets for income and expenses, as well as, if any, the budgetary entries corresponding to the Board Committees.

2. Every year the Board of Trustees shall draw up an inventory and the annual accounts dated 31 August, clearly and accurately expressing the Foundation's equity status on such date, and must issue an annual report on the educational and administrative activities of the Benjamin Franklin International School and other activities carried out during the year and the economic management of the equity that must be sufficient to ensure and justify that the Foundation's purposes have been achieved and the legal provisions have been fulfilled.

ARTICLE 24: Accounting system.

1. The Board of Trustees shall decide on the accounting system to be used for managing the Foundation. In all cases, at least a daily ledger, inventory book, annual accounts and a minutes' book must be kept. Every year, the Board of Trustees shall draw up the inventory and annual accounts, consisting of the balance sheet, profit and loss account, net equity changes statement, cash flow statement and the annual report. Moreover, the details of the companies in which the

Foundation holds a majority stake shall also be included in the annual report, specifying the percentage of such holding.

2. The financial year shall be the same as the school year, beginning on 1 September and ending on 31 August.

ARTICLE 25: Approval of the accounts.

1. Within six months after the end of the financial year, the Board of Trustees must approve the settlement of the ordinary budget for the previous year, as well as the extraordinary budget, if any, for the transactions carried out in such financial year. It must also approve the inventory and annual accounts along with the ordinary budget for the current financial year. The accounts must be submitted to the Supervisory Board within a term of thirty days, counted from the date they are approved, by means of documents recorded on an electronic device guaranteed by electronic signature systems that are allowed by the public authorities.

The electronic documents referred to in section 1 must be provided to the Supervisory Board on a digital device or by electronic means.

2. The annual accounts shall be deemed to form one sole unit consisting of the following:

- a) The balance sheet.
- b) The profit and loss account.
- c) The net equity changes statement.
- d) The cash flow statement.
- e) The annual report, which must complete, elaborate on and discuss the information contained in the balance sheet and profit and loss account and outline the actions carried out to achieve the Foundation's purposes, specifying the number of beneficiaries and the services rendered thereto, along with the resources from other financial years pending assignment, if any, and the companies in which the Foundation holds a majority stake, specifying the percentage it holds.

CHAPTER IV

TERMINATION AND WINDING-UP

ARTICLE 26: Termination.

1. The Foundation shall be terminated in cases when, in the opinion of the Board of Trustees, the purposes for which it was set up can no longer be achieved in the manner specified in these Articles of Association and any other legally stipulated cases.

2. If a situation arises in which the State or another Body, Authority, Court or person attempts to interfere, harm, alter, modify or hinder or, in any other manner, fails to observe, respect, abide by and fulfil the wishes of the Founders, expressed in the deed of incorporation and the Articles of Association contained therein, the Board of Trustees, invoking such deed and these Articles of Association, shall express its full and absolute opposition. Nevertheless, if any of the aforementioned kinds of conduct persists, the Foundation shall be dissolved and terminated, such facts being deemed as a condition subsequent for such purpose and the actions specified in the following articles shall be applicable.

ARTICLE 27: Dissolution and winding-up.

1. The dissolution of the Foundation shall require a resolution with due grounds adopted by the absolute majority of the Board of Trustees.

2. The dissolution of the Foundation shall result in the start of a winding-up process, which must be carried out by the Board of Trustees, the receivers, if any, or, in a subsidiary manner, by the Supervisory Board, by means of overall assignment of all the Foundation's assets and liabilities.

Once the assets and liabilities have been calculated, such overall assignment must be published, according to the terms and conditions stipulated by the regulations in force, and, with the prior authorisation of the Supervisory Board, the equity must be awarded to other foundations or non profit organisations with similar purposes to those of the Foundation or otherwise to public institutions.

3. If an overall assignment cannot take place, the assets and liabilities must be assessed and, the resulting credit shall be assigned to other foundations or non-profit organisations with similar purposes to those of the Foundation or otherwise to public institutions. The award or assignment of this resulting equity must be previously authorised by the Supervisory Board before it takes place.

ARTICLE 28: Conflict of interests

1. The Trustees and the persons specified in Article 312-9.3 of the law shall abstain from taking part in any kind of financial business or activities that could compromise the objectivity of the Foundation's management.

2. In the year after stepping down from office, the Trustees may not render their services to any private enterprise or company in which the Foundation holds a stake.

3. However, they may perform these and other transactions with the Foundation if the need thereof and prevalence of the Foundation's interests are sufficiently proven. For such purpose, the Board of Trustees must approve an affidavit and submit it to the Supervisory Board along with the relevant supporting documents.

ARTICLE 29: Approval of the Supervisory Board

All the actions referred to in this chapter must be duly approved by the Supervisory Board, according to the provisions in the regulations in force.