

Statutes of the Frankfurt School of Finance & Management Foundation

Version of April 26, 2007

Acknowledged on September 20, 2007 by the Darmstadt Regional President's Office
(Regierungspräsidium Darmstadt)

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Preamble

Since it was founded in 1957, Bankakademie e. V. has developed dynamically into a successful, innovative training, consulting, research and higher education institution with a wide range of offerings. In view of the importance of research and education in the context of current macroeconomic trends and increasing competition — especially on an international scale — Bankakademie e. V. has resolved to implement organisational changes for the purpose of achieving a sustainable, future-compatible structure. It therefore renamed itself Frankfurt School of Finance & Management e. V. (the Frankfurt School) at the beginning of 2007 and founded a limited-liability company (GmbH) of the same name to continue and extend its offerings. This Foundation is the sole shareholder in the Frankfurt School.

§ 1 Name, Legal Form, Seat, Financial Year

- (1) The Foundation bears the name “Frankfurt School of Finance & Management Foundation”.
- (2) It is an independent legal entity under civil law.
- (3) The seat of the Foundation is Frankfurt am Main, Germany. (4) The financial year is identical with the calendar year.

§ 2 Purpose of the Foundation

- (1) The purpose of the Foundation is to promote science, scholarship, research, training and education – also by means of scholarships – as well as international understanding and development co-operation, in the fields of finance, economics, management theory and related areas of research and education.
- (2) The Foundation achieves its purpose chiefly by funding and maintaining the limited liability company Frankfurt School of Finance & Management, as its shareholder. It does so, for example, by:
 - promoting academic activities by providing facilities for research, teaching and administration,
 - holding and supporting events such as scientific congresses, conferences, workshops, seminars and excursions,
 - awarding research commissions,
 - supporting doctoral programmes or individuals seeking to complete a doctorate,
 - granting scholarships,

- bestowing awards,
 - launching and extending basic and advanced training and continuing professional development programmes,
 - working with other institutions with similar goals at regional, national and international level,
 - helping to cover printing costs, especially for scientific and scholarly publications,
 - endowing Foundation chairs,
 - supporting educational facilities in developing countries, and
 - raising funds in accordance with § 58, No. 1 of the German Fiscal Code (Abgabenordnung) for the promotion of science, scholarship and research, training and education – also by means of scholarships – as well as of international understanding and development co-operation, to fulfil the tax-sheltered purposes of another corporate body or to enable a corporation under public law to perform its tax-sheltered purposes.
- (3) In order to carry out its declared purpose, the Foundation may run other special- purpose operations, recruit the help of individuals and administer foundations and other special-purpose assets in trust.

§ 3 Not-for-Profit Organisation

- (1) The Foundation exclusively and directly conducts not-for-profit activities in the sense of the section on “tax-sheltered purposes” of the German Fiscal Code.
- (2) The Foundation does not operate for its own gain. It does not pursue profitability as its primary purpose.
- (3) Funds of the Foundation may be used for purposes defined in these Statutes only. No individuals may be allowed to benefit from expenditures that are alien to the purpose of the Foundation or from inappropriately high remuneration.

§ 4 Foundation Equity

- (1) The equity of the Foundation is derived from the Foundation’s business.
- (2) The value of the Foundation’s equity must be lastingly maintained without allowing it to diminish, and it must be invested in such a way as to maximise the returns. It may be restructured within the scope of proper business management.

- (3) The Foundation's equity may be utilised for fulfilling the Foundation's purpose, provided that this does not violate tax regulations, that it is approved by the responsible supervisory authority, that the Foundation's purpose cannot be attained by any other means, that it does not appear to jeopardise the Foundation's existence, and in particular that, over the following years, the revenues received restore the Foundation's equity to its full value.
- (4) The Foundation's equity grows by the amount of all donations earmarked for it.

§ 5 Use of Donations and Revenues from Invested Equity

- (1) Revenues from the Foundation's equity and donations that do not accrue to it may only be used to fulfil the Foundation's declared purposes.
- (2) The Foundation may allocate all or part of its funds to a reserve if this is necessary to ensure the tax-sheltered performance of its purpose as declared in these Statutes. Unrestricted reserves may be formed to the extent permitted by tax laws.
- (3) These Statutes do not grant the Foundation's beneficiaries any legal right to claim benefits from the Foundation.

§ 6 Bodies of the Foundation

- (1) The bodies of the Foundation are
 1. The Managing Board
 2. The Board of Trustees
- (2) As a rule, the members of these bodies work for the Foundation in an honorary capacity; however, the Board of Trustees may decide that the members of the Managing Board shall be paid an appropriate flat rate in compensation for their time. They may not be granted any financial benefits from Foundation funds. They are entitled to reimbursement of their expenses.
- (3) The Board of Trustees may establish an Advisory Council to advise the Managing Board and promote the Foundation's integration in society. The members of the Advisory Council are appointed by the Managing Board in consultation with the Board of Trustees.

§ 7 Managing Board

- (1) The Managing Board consists of at least two persons. The members of the Managing Board are appointed and removed by the Board of Trustees. One member is designated by the Board of Trustees to chair the Managing Board. The member chairing the Managing Board shall be identical with the chief executive officer of the limited liability company Frankfurt School of Finance & Management.

- (2) The term of a member of the Managing Board ends for the following reasons (apart from resignation or removal, which can occur at any time without special justification, or death):
 - a) The elapse of five years since the member was appointed, although he or she may be re-appointed
 - b) Reaching the age of 65In these cases, the member remains in office until a successor has been appointed.
- (3) Members of the Board of Trustees may not belong to the Managing Board at the same time.

§ 8 Rights and Obligations of the Managing Board

- (1) The Managing Board administers the Foundation in accordance with the German Foundation Act, these Statutes, the rules of procedure of the Managing Board and the decisions of the Board of Trustees, taking responsibility for its own actions. It has the status of a legal representative.
- (2) Each member of the Managing Board is individually authorised to represent the Foundation pursuant to § 26 of the German Civil Code. Internally, the members of the Managing Board are authorised and obliged to represent the Foundation collectively, unless individual members have been authorised to do so on their own.
- (3) The Managing Board shall ensure that the purpose of the Foundation is fulfilled as effectively as possible. Specifically, its tasks are:
 - a) to conscientiously and frugally manage the Foundation's equity and other funds;
 - b) to draw up the business plan;
 - c) to decide on use of the revenues accruing from the Foundation's equity and donations that do not accrue to it;
 - d) to prepare the annual accounts, including a statement of assets and liabilities and the appointment of an auditor;
 - e) to prepare an annual report on the fulfilment of the Foundation's purpose; and
 - f) to submit reports to the relevant supervisory authority.
- (4) For preparing its decisions and performing its tasks, the Managing Board may involve experts, recruit auxiliary personnel or, with the consent of the Board of Trustees, appoint managers to run the Foundation's business affairs.

§ 9 Board of Trustees

- (1) The Board of Trustees consists of between five and 15 members, appointed by a majority of its own members.
- (2) Membership of the Board of Trustees ends for the follow reasons (apart from resignation, which can be declared in writing to the Foundation at any time, or death):
 - a) Reaching the age of 70
 - b) The elapse of four years since the member was appointed, although he or she may be re-appointed

In these cases, the member remains in office until a successor has been appointed. Members of the Board of Trustees may also be removed from office at any time for a compelling reason. Such a decision requires a two-thirds majority of the members of the Board of Trustees. The affected member is excluded from voting on this; however, he or she shall be granted a hearing beforehand.

- (3) The Board of Trustees elects one of its members to serve as chair, as well as a deputy chair, each for a term of four years.

§ 10 Rights and Obligations of the Board of Trustees

The Board of Trustees advises, supports and monitors the Managing Board as the latter performs its duties. In particular, the tasks of the Board of Trustees are:

- a) to exercise the rights of shareholder at the shareholder meetings of the limited liability company Frankfurt School of Finance & Management; this duty may also be delegated to the chair or a committee;
- b) to decide on the principles for the management of the Foundation's equity and the use of its funds;
- c) to determine the rules of procedure for the Managing Board; these rules can also stipulate the legal transactions for which the Managing Board requires the consent of the Board of Trustees;
- d) to approve the business plan;
- e) to approve the annual accounts, including the overview of assets and liabilities;
- f) to accept the report on the fulfilment of the Foundation's purpose;
- g) to release the Managing Board from responsibility for their actions during the previous year; and
- h) to appoint and remove members of the Managing Board.

§ 11 Rules of Procedure for the Board of Trustees

- (1) As a rule, the Board of Trustees makes its decisions at its meetings. The Board of Trustees shall hold ordinary meetings at least twice a year. An extraordinary meeting shall be called at the request of at least two members or of the Managing Board. The Managing Board shall attend the meetings of the Board of Trustees in an advisory capacity.
- (2) The chair issues invitations to the meetings in writing or electronically at least two weeks in advance, attaching the planned agenda. With the consent of all members, these formalities may be dispensed with and a meeting held at short notice.
- (3) When the Board of Trustees meets subsequent to a proper invitation, it is empowered to make decisions regardless of the number of members present.
- (4) Unless these Statutes stipulate otherwise, decisions are passed by a simple majority of the members present. If there is a tie, the chair's vote decides.
- (5) With the consent of all of the members of the Board of Trustees, it is permissible for the Council to make decisions without actually meeting, via written or electronic correspondence or telephone calls.
- (6) Minutes shall be taken of the meetings of the Board of Trustees and signed by the member who chairs the meeting. The exact wording of decisions must be recorded. All members of the Board of Trustees receive copies of the minutes.
- (7) The Board of Trustees may also establish additional rules of procedure.

§ 12 Changes to the Statutes

- (1) The Managing Board, with the approval of the Board of Trustees, decides whether to apply to the responsible supervisory authority for these Statutes to be changed, if it deems such changes necessary in view of revised circumstances. The purpose of the Foundation may not, however, be modified in any substantial way.
- (2) Any decision to change these Statutes requires a two-thirds majority of the votes of the Board of Trustees and must be reported to the German Tax Office (Finanzamt).

§ 13 Changes to the Purpose of the Foundation, Mergers, Dissolution, Termination

- (1) If it becomes impossible to fulfil the purpose of the Foundation, or if circumstances change so much that it no longer makes sense to fulfil that purpose, then the Managing Board and the Board of Trustees may together apply to the responsible supervisory authority for the purpose of the Foundation to be changed, or for the Foundation to be merged with another foundation, dissolved or terminated. This decision requires a three-quarters majority of the members of the Board of Trustees.
- (2) Such a decision must not affect the tax-sheltered status of the Foundation. It does not become effective until acknowledged by the responsible supervisory authority.
- (3) In the event of the dissolution or termination of the Foundation or the termination of its tax-sheltered purpose, the Foundation's equity shall pass to the limited liability company Frankfurt School of Finance & Management, which must use it directly and exclusively for not-for-profit purposes pursuant to § 2 Para. 1 of these Statutes.

§ 14 Supervision of the Foundation

The Foundation is subject to supervision by the state according to the applicable regulations, as amended from time to time.