



**DECISION OF THE AUTHORITY FOR EUROPEAN POLITICAL PARTIES AND
EUROPEAN POLITICAL FOUNDATIONS
of 24 January 2025
IMPOSING A SANCTION ON THE EUROPEAN POLITICAL FOUNDATION
'FOUNDATION FOR EUROPEAN PROGRESSIVE STUDIES'
(Only the English text is authentic)**

THE AUTHORITY FOR EUROPEAN POLITICAL PARTIES AND EUROPEAN
POLITICAL FOUNDATIONS

Having regard to

- the Treaty on the Functioning of the European Union, and in particular Article 224 thereof,
- Regulation (EU, Euratom) No 1141/2014 of the European Parliament and of the Council of 22 October 2014 on the statute and funding of European political parties and European political foundations, as amended¹ (hereinafter 'Regulation (EU, Euratom) No 1141/2014'), and in particular Articles 22, 27 and 29 thereof,

Whereas:

FACTS AND PROCEDURE

- (1) The Foundation for European Progressive Studies (hereinafter 'FEPS') has its seat in Brussels, Belgium and was registered as a European political foundation by decision of 31 August 2017 of the Authority for European Political Parties and European Political Foundations (hereinafter the 'Authority') (OJ 2017/C 425/10).
- (2) Following submission of the annual financial statements of FEPS for the financial year 2023 on 28 June 2024 and further to questions of the Authority thereon, to which FEPS replied in particular on 10 October 2024, the Authority became aware that FEPS, represented by its Secretary-General, had entered into a framework agreement dated January 2023 with the Fabian Society, a political think tank that FEPS claims as member organisation, with seat in London, United Kingdom, concerning the content and the funding of an activity entitled "FEPS-Fabian New Year Conference 2023" (hereinafter the 'Framework Agreement').
- (3) The objective of the activity was described in the Framework Agreement as follows:
*"[...] This year's conference will focus on the UK Labour party's program for power. It will bring a Europe-wide perspective by examining across the day what UK policymakers can learn from recent developments in other countries.
The conference will be followed by a book, drawing on the themes discussed, which will present around 10 recent policy initiatives from across Europe that we will recommend should be adopted by UK Labour in the run up to the next election.*

¹ OJ L 317, 4.11.2014, p. 1, as amended by Regulation (EU, Euratom) 2018/673 of the European Parliament and of Council of 3 May 2018, OJ L 114I, 4.5.2018, p. 1, and by Regulation (EU, Euratom) 2019/493 of the European Parliament and of Council of 25 March 2019, OJ L 85I, 27.3.2019, p. 7.

The objective of the day will be to create an opportunity for the UK Labour party to present its emerging policy program and for speakers and delegates to propose and debate additional policy ideas for possible adoption”.

- (4) The conference mentioned in the Framework Agreement effectively took place in hybrid format on 21 January 2023 (hereinafter the ‘conference’), with those participants attending in person convening in London, United Kingdom. The conference agenda remains available online to this day on the website of the Fabian Society as “FEPS-Fabian New Year Conference 2023”, with the subtitle “Pathway to Power”, to which the website of FEPS, on a dedicated page with the same subtitling, provides a link. The videos of the conference are published by the Fabian Society on social media, which are embedded on the websites of the Fabian Society and FEPS. From the start and throughout the conference, speakers made references to future elections in the UK, the UK Labour Party, and underscored the role of the conference in that respect. In particular, [REDACTED], General Secretary of the Fabian Society, highlighted in his introduction: “[...] *The purpose of today is to look ahead for 2023, and 2023 is an absolutely critical year for the Labour Party, because by this time next year the party will be on election footing. [...] So from the start of 2024 we need to be ready for it to happen at any time. And that means getting the policy platform right is the job of 2023. There will be some critical meetings that the party we will be having over the course of the year, not least the Party Conference where the main planks of that platform will be agreed. And we hope that the Fabian Society can play a really important role as a platform and as a place for debate over that time, starting today. We’ve got an amazing line-up of shadow ministers, and experts, and you yourselves as the delegates to debate where the British left’s policy platform is going. We will be hearing emerging proposals from Labour, we’ll be debating where the policy is at, and also where the gaps still remain [...]. And our first speaker will be presenting economic agenda, the agenda that - let’s be honest - wins or loses elections for the Labour Party*”. As regards FEPS, he said “[...] *It’s a joint conference with the Foundation for European Progressive Studies, and across the day there will be inputs from international speakers offering a perspective to our UK debates from across Europe and beyond [...]*”. [REDACTED], Director at FEPS, pointed out in her introduction thereafter “[...] *What is happening in the UK, what is happening inside the Fabian Society and Labour Party, it’s absolutely groundbreaking and important debate. You can count on us, we will be very happy to be part, to contribute as much as we can [...]*”. After the introduction, [REDACTED] MP, announced as “Labour’s shadow chancellor”, held a keynote speech.

Thereafter, three parallel sessions covered the following topics:

- The left’s agenda for Prosperity and Growth with: [REDACTED] MP, [REDACTED], [REDACTED], [REDACTED]. Chair: [REDACTED].
- The left’s agenda for Education and Children with: [REDACTED] MP, [REDACTED] MEP, [REDACTED], [REDACTED], [REDACTED]. Chair: [REDACTED].
- The left’s agenda for Devolving Power with: [REDACTED], [REDACTED], [REDACTED], [REDACTED]. Chair: [REDACTED].

The plenary reconvened for an “international address” of approximately 7 minutes from [REDACTED], Vice-President of the European Parliament, Member of the European Parliament, S&D Group, which was provided by video stream.

A plenary session followed with the topic “The left’s agenda for Winning Elections” with: [REDACTED] MP, [REDACTED], [REDACTED], Dr [REDACTED], [REDACTED]. Chair [REDACTED].

There were two “Lunchtime fringes” that covered the following topics:

- Fabian Women’s Network – How does Labour address black health and wellbeing? With: [REDACTED] MP, [REDACTED], Dr [REDACTED], [REDACTED]. Chair: [REDACTED].
- Young Fabians – Why young people vote Labour, and why they will stick with Labour – Kitchen Table Discussion.

The “Afternoon parallel sessions” covered the following topics:

- The left’s agenda for The Environment: [REDACTED] MP, Cllr Dr [REDACTED], [REDACTED], [REDACTED], [REDACTED], Chair: [REDACTED].
- The left’s agenda for Britain in the World: [REDACTED] MP, Cllr [REDACTED], Cllr [REDACTED], [REDACTED], [REDACTED].
- The left’s agenda for Poverty and Inequality: [REDACTED] MP, Lord [REDACTED], Dr [REDACTED], [REDACTED], [REDACTED], Cllr [REDACTED]. Chair: Cllr [REDACTED].
- The left’s agenda for Defeating Populism: [REDACTED] MP, [REDACTED], [REDACTED], [REDACTED], Prof. [REDACTED], [REDACTED], Chair: [REDACTED].

The “Final parallel sessions” covered the following topics:

- The left’s agenda for Health and Care: [REDACTED] Member of the European Parliament, [REDACTED], Dr [REDACTED], Dr [REDACTED], Chair: [REDACTED].
- The left’s agenda for Crime and Security: [REDACTED] MP, Cllr [REDACTED], [REDACTED], [REDACTED], [REDACTED], Chair: [REDACTED].
- The left’s agenda for Transport: [REDACTED] MP, [REDACTED], [REDACTED], Cllr [REDACTED], [REDACTED], [REDACTED], Chair: [REDACTED].

The participants reassembled once more for an “international address” of approximately 25 minutes from Vice-President of the European Parliament [REDACTED], introduced by [REDACTED], Director at FEPS. This was followed by a speech of [REDACTED], introduced by Cllr [REDACTED], and closing remarks by [REDACTED], General Secretary of the Fabian Society.

- (5) The book foreseen in the Framework Agreement was effectively published under the title “Leading the Way - Lessons for Labour from Europe”, and has been available for download on the FEPS website under the date 7 July 2023 (hereinafter the ‘book’). As of today, the accompanying explanatory text available on the website of FEPS is as follows: “*With the 2024 election slowly creeping into view, a revitalised Labour party under [REDACTED] looks set to register its first victory in nearly two decades. But having spent such a long time out of power – at least in Westminster – how can Labour ensure that it brings about change as effectively and efficiently as possible? Earlier this year, FEPS and the Fabian Society asked politicians and activists from across Europe for words of advice for UK Labour. The responses bring together insights from as far afield as Galați in eastern Romania and as close to home as the Labour government in Wales. The policies expounded in this collection can serve not only as a blueprint for a future Labour government, but as an inspiration to all of us – reminding us that, when progressives are in power, they can reshape society for the better. ‘Leading the way’ was a product together with the event ‘Pathway to power’.*”

- (6) The book contains 10 chapters with European experiences on various policy fields, with introductory remarks written by the General Secretary and an editorial assistant of the Fabian Society, and an afterword by ██████████, Director at FEPS:

“The Conservative party’s grip on power has been fatally undermined by economic mismanagement, personal impropriety and a political lurch to the right. And with the 2024 election slowly creeping into view, a revitalised Labour party under ██████████ looks set to register its first victory in nearly two decades.

There is no room for complacency. But the deep gulf opening up between the public and the Tory party offers Labour not only the chance of victory in 2024, but the tantalising prospect of more than one term of office. To seize this opportunity, ██████████’s team need to think concretely about how they plan to improve people’s lives over five, 10, and 15 years. [...]

Sadly, Labour in Westminster has little recent experience of government. Understanding how progressive policies have played out on the ground in comparable countries can serve as a cheat-sheet to help prepare for power. International examples can help ██████████ and his team strive for radical change from day one of a Labour government. But equally they can help us remember what all the hard work is for: when they are in power, left-wing governments and sub-national administrations can set societies on course for a fairer, more democratic, and more resilient future” (introduction); and

“[...] at that conference, there was real optimism for change in the UK after so many – far too many – years of Conservative rule. The editors and authors hope that, as an inventory of best practice, this collection can be used as an inspiration and anchoring point for many more exciting exchanges between the Labour party and colleagues across the continent” (afterword).

- (7) According to the Framework Agreement, the share of FEPS in funding conference and book (hereinafter jointly referred to as the ‘activity’), which was to cover in particular expenses for room rental, travel, book printing and shipping, was planned to be EUR 38 920.70, while the Fabian Society was to contribute EUR 8 546. In its reporting on actual budget implementation submitted to the Authority on 28 June 2024 and again in its submissions of 10 October 2024, FEPS however informed the Authority that it effectively provided a lesser amount for the activity, EUR 35 960.09, which it also reported was the activity’s total cost.
- (8) By letter of 5 November 2024, the Authority informed FEPS that it opened an investigation into the activity reported as “FEPS-Fabian New Year Conference 2023” and provided a summary of facts available at the time, as well as an interim assessment whereby this activity, to the extent it was funded by FEPS, constituted an infringement of Article 22(2) of Regulation (EU, Euratom) No 1141/2014, both because of indirect funding of the UK Labour Party and because it exceeded the tasks of European political foundations as listed at point 4 of Article 2 of the same regulation. In light thereof, the Authority gave FEPS the opportunity to comment as well as to take appropriate corrective measures in accordance with Article 29 of Regulation (EU, Euratom) No 1141/2014, by 6 December 2024.
- (9) In its reply of 3 December 2024, FEPS provided additional documentary references and contested the Authority’s factual account as well as its interim assessment. As to the

factual account, FEPS alleged in particular that (i) the activity comprised numerous speakers from the EU, (ii) the activity covered as an integral part a publication that was very successful in terms of downloads, (iii) the conference took place long before an election in the UK, (iv) the activity concerned “Labour” as a wider political movement and not “UK Labour Party”, (v) the Fabian Society was not overrepresented at the conference and (vi) that the Fabian Society was the partner in the activity, as opposed to the UK Labour Party. As regards measures taken, FEPS pointed to the fact that it had reinforced the link between the publication and the conference parts of the activity on its website. Concerning the assessment of facts in light of the legal framework, FEPS argued that the activity was covered by the educational and training task of European political foundations according to point 4 of Article 2 of Regulation (EU, Euratom) No 1141/2014.

- (10) By its letter of 9 December 2024, the Authority, taking into account the comments and documentary references provided by FEPS on 3 December 2024, provided a complementary account of facts and assessment, and on that basis again came to the preliminary conclusion that a breach of Article 22(2) of Regulation (EU, Euratom) No 1141/2014 had occurred, that corrective measures had not been adopted by FEPS, and that consequently the Authority, if the elements at its disposal were accurate and complete, would have to sanction FEPS pursuant to Article 29(2) and Article 27(2)(b)(ii) of Regulation (EU, Euratom) No 1141/2014. The Authority, in line with Article 34 thereof, also provided a further opportunity to FEPS to comment by 10 January 2025 before taking its final decision.
- (11) With an email attaching a letter of 10 January 2025, FEPS provided additional comments, contesting in particular the legal assessment under Article 22 of Regulation (EU, Euratom) No 1141/2014 by the Authority. More specifically, FEPS argued that the activity was covered by the possibility for European political foundations to promote democracy in third countries, as provided in point 4 of Article 2 of Regulation (EU, Euratom) No 1141/2014, informed the Authority that it had cancelled its financial participation in the 2025 New Year event and requested a meeting with the purpose of better understanding the Authority’s intent.
- (12) Following the latter request, the Authority pointed out by email of 14 January 2025 that, given the two prior opportunities to comment in light of the Authority’s detailed analysis, there was no requirement for the Authority to provide additional advance information on its intent or a further opportunity to comment in a meeting before an actual final decision, but in a spirit of good faith while taking into account the need for procedural efficiency, informed FEPS that the Authority nonetheless would be able to take into consideration additional comments or documents submitted to the Authority before a final decision was taken, if received by 17 January 2025. However, FEPS did not avail itself of that possibility, and instead, by email of 21 January 2025, clarified that “[...] *we were not preparing any further submission of documents in the context of our recent exchanges. Proposing a meeting in person in the foreseeable future stems from our belief that a meeting of this nature could provide operational guidance for the future to ensure that in our practice we internalise all elements of the approach which is considered compliant by APPF. Should there be an opportunity for such a meeting, we would prepare for it by collecting a list of concrete questions*”.

ASSESSMENT OF THE FACTS IN LIGHT OF THE LEGAL FRAMEWORK

- (13) Point 4 of Article 2 of Regulation (EU, Euratom) No 1141/2014 provides as follows:

“European political foundation’ means an entity which is formally affiliated with a European political party, which is registered with the Authority in accordance with the conditions and procedures laid down in this Regulation, and which through its activities, within the aims and fundamental values pursued by the Union, underpins and complements the objectives of the European political party by performing one or more of the following tasks:

(a) observing, analysing and contributing to the debate on European public policy issues and on the process of European integration;

(b) developing activities linked to European public policy issues, such as organising and supporting seminars, training, conferences and studies on such issues between relevant stakeholders, including youth organisations and other representatives of civil society;

(c) developing cooperation in order to promote democracy, including in third countries;

(d) serving as a framework for national political foundations, academics, and other relevant actors to work together at European level”.

- (14) Article 22(2) of Regulation (EU, Euratom) No 1141/2014 provides as follows:

“The funding of European political foundations from the general budget of the European Union or from any other source shall not be used for any other purpose than for financing their tasks as listed in point (4) of Article 2 and to meet expenditure directly linked to the objectives set out in their statutes in accordance with Article 5. It shall in particular not be used for the direct or indirect funding of elections, political parties, or candidates or other foundations.”

- (15) Article 27(2) of Regulation (EU, Euratom) No 1141/2014 provides in particular:

“The Authority shall impose financial sanctions in the following situations:

[...]

(b) quantifiable infringements:

[...]

(ii) in the event of non-compliance with the requirements laid down in Articles 21 and 22.”

- (16) Article 29(1) and (2) of Regulation (EU, Euratom) No 1141/2014 provides as follows:

“1. Before taking a final decision relating to any of the sanctions referred to in Article 27, the Authority or the Authorising Officer of the European Parliament shall give the European political party or the European political foundation concerned an opportunity to introduce the measures required to remedy the situation within a reasonable period of time, which shall not normally exceed one month. In particular, the Authority or the Authorising Officer of the European Parliament shall allow the possibility of correcting clerical and arithmetical errors, providing additional documents or information where necessary or correcting minor mistakes.

2. Where a European political party or a European political foundation has failed to take corrective measures within the period of time referred to in paragraph 1, the appropriate sanctions referred to in Article 27 shall be decided.”

a) Introductory remarks on the regulatory framework

- (17) Article 22(2) of Regulation (EU, Euratom) No 1141/2014 prohibits funding by European political foundations for activities that exceed the tasks set out in point 4 of Article 2 of Regulation (EU, Euratom) No 1141/2014. Point 4 of Article 2 of Regulation (EU, Euratom) No 1141/2014 clarifies that the European political foundations’ tasks differ from those of the European political parties they are affiliated to. European political foundations play an important role in underpinning and complementing the work of the latter, not in replicating it. Instead, European political foundations have their own genuine set of tasks, removed from direct political competition among political parties. Article 3(3) of Regulation (EU, Euratom) No 1141/2014 additionally bolsters this distinction between European political foundations and European political parties, as this provision requires their finances and governance to be separate.
- (18) The tasks of European political foundations listed point 4 of Article 2 of Regulation (EU, Euratom) No 1141/2014 are exhaustive and, as regards letters (a), (b) and (d) thereof, explicitly linked to analytical, educational or training activities on European affairs: (a) ‘European public policy issues’, ‘process of European integration’; (b) ‘European public policy issues’; (d) ‘work together at European level’. An extension of European political foundations’ activities into third countries can be found in letter (c) of point 4 of the same Article, whereby European political foundations may also develop ‘cooperation in order to promote democracy, including in third countries’. The wording of this point, as read also in the light of the introductory sentence of point 4 of Article 2 (‘within the aims and fundamental values pursued by the Union’), refers to promotion of democracy as a system of government, not to active participation in the political party competition in a non-EU country. This understanding is corroborated by Article 21(1) of Regulation (EU, Euratom) No 1141/2014, which shows that even inside the European Union, in the elections to the European Parliament, European political parties - not foundations - may use their funding to finance campaigns, and even then only their own.
- (19) It also follows from Article 22(2) of Regulation (EU, Euratom) No 1141/2014 that a further case of the prohibition of funding contained therein, though not the only one (‘in particular’), is for European political foundations to use the funding at their disposal to directly or indirectly fund elections, political parties, or candidates or other foundations. Given the alternative formulation of that sentence (“or”), an infringement is constituted if any of the listed prohibited funding usages occurs.
- (20) Concerning more specifically indirect funding, it should be recalled that granting an advantage of any kind to a national political party, without that party bearing the cost, constitutes indirect funding of the latter’s activities (see the Judgment of the General Court of 27 November 2018, *MENL v Parliament*, T-829/16, EU:T:2018:840, para 72). Such indirect funding occurs when the national party obtains a financial advantage, even though there is no direct transfer of funds, for example if the national party saves on expenses which would otherwise be due (*Ibid.*). For the purposes of that assessment, reference should be made to a range of elements, in particular geographic and time

elements, and elements concerning the content of the financed measure (*Ibid.*, at para 83, and Judgment of the General Court of 7 November 2019, *ADDE v Parliament*, T-48/17, EU:T:2019:780, para 71).

- (21) The assessment under Article 22(2) of Regulation (EU, Euratom) No 1141/2014 does not depend on whether parties or foundations are - or are not - members of, or otherwise affiliated to, the European political foundation in question. Direct or indirect funding of all parties or foundations is prohibited regardless of whether they are member organisations or not, whether they are at European or national level, or whether they are inside or outside the European Union, as also confirmed by recital 28 of Regulation (EU, Euratom) No 1141/2014.
- (22) It additionally follows from Article 22(2) of Regulation (EU, Euratom) No 1141/2014 as read jointly with Article 27(2)(b)(ii) thereof that “intent” or the absence thereof is not a relevant factor for the question of whether the Authority shall sanction an infringement of Article 22(2) of Regulation (EU, Euratom) No 1141/2014. Regulation (EU, Euratom) No 1141/2014 only contains one reference to intentional conduct, in Article 27(2)(a)(vi) thereof, which however is not relevant in the present case.
- (23) By virtue of Article 288 of the Treaty on the Functioning of the European Union, Regulation (EU, Euratom) No 1141/2014 is a binding and directly applicable legal act of the Union. Its legal effect is not dependent on guidance from the Authority. Nonetheless, the Authority has provided guidance on circumstances of practical relevance, both publicly and in communications directly to the European political parties and foundations, which consistently recalled that joint activities with parties or foundations at national level were not prohibited *per se*, but that there are limitations in this respect. More specifically, the letter of the Authority to all European political parties and foundations of 30 November 2022, under the sub-title “*Designing joint activities with an appropriate financing share - ‘Payer in the driver seat’*” stated concerning Article 22 of the said regulation that “[...] *the provision requires European political parties to ensure that such activities do not result in indirect funding of another party (Article 22(1) of the Regulation), and in the case of European political foundations that such activities do not result in indirect funding of a party or another foundation (Article 22(2) of the Regulation)*”. The letter further stated that visibility, the level of ownership of the substance and a co-financing share reflecting the actual overall involvement by the European political party or European political foundation as compared to the parties or organisations at national level were relevant factors in determining compliance. The letter added that “[...] *the higher the share of a joint activity financed by the European political party or European political foundation, the higher the influence of the European political party or European political foundation on the activity in question must be, both in terms in visibility and in substance*”. The letter also recalled that such guidance is “[...] *not exhaustive and that the Regulation remains the legal yardstick in any event*”. Also, it should be noted in this context that a prudent entity could be expected to understand the concept of indirect funding even in absence of specific guidance (see the Judgment of the General Court of 27 November 2018, *MENL v Parliament*, T-829/16, EU:T:2018:840, para 72).

b) Application to the facts of the case

(24) FEPS entered into an agreement on funding, and effectively provided funding for, an activity in 2023 seeking to provide input for the UK Labour Party's "pathway to power" that consisted of two components: a conference and a book publication.

i) Excess of the scope of point 4 of Article 2 of Regulation (EU, Euratom) No 1141/2014

(25) The funding by FEPS of the activity concerned the provision of practical advice and support for a national party in a domestic political competition in a non-EU country.

(26) The tasks laid down in letter (a) and (b) of point 4 of Article 2 of Regulation (EU, Euratom) No 1141/2014, are not applicable in these circumstances because a contribution to European public policy issues or the process of European integration, as envisaged by these points, is absent. Instead, according to the Framework Agreement, the self-defined objective of the conference was to focus on "the UK Labour party's program for power". The conference as actually implemented and subtitled "pathway to power" is concerned with sectoral policy areas relevant for the UK Labour party, and thus was focused entirely on British party politics. European contributions were operationalised for the advantage of one of the contestants in this domestic political arena, not for European policy issues debate nor for discussions on European integration.

(27) The task of European political foundations 'developing cooperation in order to promote democracy, including in third countries', as provided in letter (c) of point 4 of Article 2 of Regulation (EU, Euratom) No 1141/2014, does not apply either, contrary to what FEPS claimed in its letter of 10 January 2025. FEPS' support in favour of a specific political party in the UK by funding tailor-made advice toward a "pathway to power" is not a matter of promoting democracy as such, but of seeking to impact outcomes of the political competition within a democracy.

(28) Finally, also letter (d) of point 4 of Article 2 of Regulation (EU, Euratom) No 1141/2014 does not cover the activity. Neither did FEPS 'serve as a framework' given that the conference was physically hosted in London, with UK Labour Party topics at the forefront, and where the Director at FEPS expressed gratitude to be part and a wish to contribute. Nor was the activity for 'actors to work together at a European level', as the actors targeted were those from, or of relevance for, the UK Labour Party, such as the numerous British councillors and MPs in attendance at the conference, working towards a UK party politics platform. The book addressed the same UK target group.

(29) In this context, the Authority also considered FEPS's claim in its submissions of 3 December 2024 whereby the activity was covered by point 4 of Article 2 of Regulation (EU, Euratom) No 1141/2014 because the activity allegedly "*was educational, academic, and reflective in nature, aimed at discussing broader strategies within the social democratic movement with a specific focus on lessons for the Labour from Europe*", and because allegedly it concerned a wider political movement "Labour" as opposed to the UK Labour Party specifically.

(30) However, FEPS's claims are not convincing. Firstly, the 'specific lessons for the Labour from Europe', i.e. advice and support for a party outside the Europe Union by means of European experiences, is not European public policy issue or a matter of

European integration, and already for that reason excluded from the scope of letters (a) and (b) of point 4 of Article 2 of Regulation (EU, Euratom) No 1141/2014. Secondly, formulating such concrete advice and support to impact party politics in a national contest for the advantage of one and at the expense of another party is neither educational, academic nor reflective in nature. Thirdly, in light of the multiple references to the UK Labour Party and the party politics competition in the UK, be it in the Framework Agreement, the conference or the book, FEPS's allegation that the activity related to "Labour" as a political movement generally, as opposed to the UK Labour Party specifically, is not supported by facts. The Framework Agreement as well as the activity as actually implemented, both at the conference and in the book, concerned very concretely the "pathway to power" of the UK Labour Party, and thus a subject matter falling outside European public policy issues.

- (31) Consequently, the activity, including both conference and book, fell outside the scope of the tasks of a European political foundation.

ii) Funding from FEPS for a political entity at national level

- (32) According to its submissions of 28 June 2024 and as reiterated in the submissions of 10 October 2024, FEPS made actually available EUR 35 960.09 for the above activity. In the Framework Agreement, a Fabian Society funding share of EUR 8 546 toward the activity (including conference and book) had been envisaged as well.
- (33) The fact that funding - and even the principal share thereof - was provided by FEPS, stands in contrast to the substance of the activity, which was centred on the UK Labour Party. The conference, in particular, had the deliberate purpose to "*getting the policy platform right*" as an input to the UK Labour Party, in order to play a role in decisions that would be taken in particular at the 2023 Party Conference of that party, which in turn related to elections in the UK that were expected for 2024. The presence of FEPS, and international speakers arranged by it, was merely instrumental thereto, as acknowledged in the introductory words. This is further corroborated by the geographical location of the conference in London, its attendance by UK Labour Party MPs, as well as the content of the vast majority of the conference sessions and of the book, which were designed to be useful for UK Labour Party.
- (34) The co-visibility of FEPS throughout the conference, as well as European speakers at the conference to which FEPS draws the attention in its submissions, did not reduce its strongly predominant UK politics content, nor the nature of the activity as advisory to the UK Labour party explicitly intended as per the Framework Agreement, and confirmed by the actual implementation published by FEPS itself ('pathway to power'). For an unbiased observer, the conference appears as a purely UK politics-oriented event for the advantage of the UK Labour Party ("*critical year for the Labour Party*", "*We will be hearing emerging proposals from Labour, we'll be debating where the policy is at, and also where the gaps still remain*"), with FEPS merely in support rather than in lead ("*[...] offering a perspective to our UK debates*"; "*You can count on [FEPS], we will be very happy to be part, to contribute as much as we can*"). Indeed, with the exception of the two "international addresses" of a total of approximately half an hour over the entire day, the participation of European speakers across various sessions did not play a substantively determining role, and in any event was designed to, and effectively did, provide advice and support on the UK Labour Party's politics agendas with European experience. FEPS thus did not use its presence in the activity to enhance

the debate on European policy issues or European integration, but rather leveraged European experiences ('best practices') for use in UK politics. The European speakers, consequently, did not modify the UK-centered content and the absence of substantive leadership by FEPS.

- (35) The book's purpose and content are no different. As per the Framework Agreement, it was intended to present "*policy initiatives from across Europe that we will recommend should adopted by UK Labour in the run up to the next election*". And indeed, throughout this publication, policies from within the EU are presented only for the UK Labour party's purposes. More specifically, as the accompanying text on the website of FEPS indicates, the introduction of the book written by Fabian Society authors, as well as the afterword of the book itself confirm, these policy chapters are deliberately designed as recommendations of direct use by the UK Labour Party in its program and for "[REDACTED] and his team" at the stage of actual policy implementation. FEPS's factual information on the success of the book further corroborates the granting of an advantage to the UK Labour Party.
- (36) FEPS thus provided funding for an activity consisting of advice and support for the "UK Labour Party's program for power" (see the Framework Agreement), by means of a conference and a book. In so doing, FEPS granted an advantage specifically to the UK Labour Party which benefited - both through its MPs and other delegates attending the conference, and by means of the book later made publicly available - from cost-free advice and support for its "pathway to power" across a range of policy areas that were relevant in UK politics at the time. This constitutes indirect funding by FEPS of a political party, as prohibited by Article 22(2) of Regulation (EU, Euratom) No 1141/2014.
- (37) In this context, the Authority also considered the arguments presented by FEPS as to the hypothetical nature of an election from the perspective of the time of the conference in January 2023, and thus of the alleged absence of funding of 'elections' or 'candidates'. The Authority notes in this respect that the purpose of the conference was to feed into the policy platform debates of the UK Labour Party to be ready for the elections. Also, both the recordings of the conference and the book were kept publicly available throughout, the latter even by explicit reference of FEPS to the upcoming UK elections. In any event, where indirect funding of a political party, or exceeding of the tasks listed in point 4 of Article 2 of Regulation (EU, Euratom) No 1141/2014, is established - as are both in the present case -, the infringement is not called into doubt if the activity did not occur in an electoral context or for an electoral purpose.
- (38) In light of the objection by FEPS whereby the Fabian Society, not the UK Labour Party, was party to the Framework Agreement, it should be recalled that also *indirect* funding is covered by Article 22(2) of Regulation (EU, Euratom) No 1141/2014, and hence the fact that the immediate cooperation partner may have been the Fabian Society does not prevent the effective advantage having been to the UK Labour Party. This is especially true in the circumstances of the activity under consideration here, since the Framework Agreement, the General Secretary of Fabian Society in his introductory words to the conference and the book all establish a purposeful link between the deliverables of the activity and the UK Labour Party's policy platform to be "ready at any time" for elections. In any event, even if the Fabian Society as such had been the beneficiary, this would equally constitute an infringement of Article 22(2) of Regulation (EU, Euratom)

No 1141/2014, which prohibits direct funding of other foundations, irrespective of whether they are member organisations of a European political foundation or not.

iii) Conclusions for Article 22(2) of Regulation (EU, Euratom) No 1141/2014

- (39) In light of the above, an infringement of Article 22(2) of Regulation (EU, Euratom) No 1141/2014 is established, because the tasks exhaustively listed at point 4 of Article 2 thereof were exceeded, and because the financial means provided amounted to indirect funding of the UK Labour Party via Fabian Society. Each of these two findings alone would have sufficed already to establish the infringement of Article 22(2) of Regulation (EU, Euratom) No 1141/2014.

c) Absence of corrective measures

- (40) FEPS did not use the opportunity to take corrective measures, as provided by the Authority in accordance with Article 29(1) Regulation (EU, Euratom) No 1141/2014 by its letter of 5 November 2024, with a reasonable deadline until 6 December 2024. FEPS did not attempt to recover any amount from the Fabian Society in relation to the 2023 activity, nor did it offer or implement any other financial measure, or remove from its website the proceedings of the conference or the book. In particular, the strengthening of the visible link between the book as published and the conference, which FEPS announced to have taken *ex post*, does not remedy the exceeding of the European political foundation's tasks or the indirect funding a political party. Also, the cancellation of FEPS's financial participation in the 2025 iteration of the FEPS-Fabian New Year Conference announced by FEPS does not remedy the funding of the 2023 activity, but concerns only the potential question of re-occurrence. Pursuant to Article 29(2) of Regulation (EU, Euratom) No 1141/2014, the Authority therefore was required to decide the appropriate sanction in accordance with Article 27 thereof.

d) Type and amount of sanction

- (41) In accordance with Article 27(2)(b)(ii) of Regulation (EU, Euratom) No 1141/2014, a financial sanction for a quantifiable infringement applies in case of non-compliance with Article 22 thereof. As read jointly with Article 27(4)(b) of Regulation (EU, Euratom) No 1141/2014, its amount shall be 100% of the 'irregular sums received'. If a market value method were applied for computation thereof, a sanction significantly higher than the funding nominally provided by FEPS for the activity would have to be considered. Indeed, in addition to logistical costs such as room rental, travel, printing and shipping of the book, market rates for services of hired policy advisers would have to be taken into account. However, such a market value method could result, in the specific context of political activities, in considerable uncertainties and in potentially excessive outcomes in light of the infringement. This would be inconsistent with the principle of proportionality, which is relevant for the sanction level as confirmed by recital 31 of Regulation (EU, Euratom) No 1141/2014. Moreover, Article 27 of Regulation (EU, Euratom) No 1141/2014 should be construed in a way that is consistent with the definition of the underlying quantifiable infringement, which in the case of indirect funding relates to 'granting an advantage' (see the Judgment of the General Court referred *supra* at point 20), thus focusing on the originator of the advantage. Hence, the sanction amount following from Article 27(4)(b) of Regulation (EU, Euratom) No 1141/2014 as applied to infringements of Article 22 thereof is the nominal

amount of the funding provided toward the activity. The corresponding amount reported by FEPS is EUR 35 960.09, of which 100% thus is the applicable sanction level.

e) Other consequences

- (42) The present decision is without prejudice to any decisions or measures of the competent authorising officer or of national authorities, in their respective remits.
- (43) In accordance with Article 32(1)(g) of Regulation (EU, Euratom) No 1141/2014, the details of and reasons for this decision shall be made public on a website created for that purpose, having due regard to Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/CE (OJ L 295, 21.11.2018, p. 39).

HAS ADOPTED THIS DECISION:

Article 1

1. A financial sanction shall be imposed on the Foundation for European Progressive Studies in accordance with Article 27(2)(b)(ii) of Regulation (EU, Euratom) No 1141/2014.
2. The applicable sanction amount shall be EUR 35 960.09.

Article 2

The Foundation for European Progressive Studies, Avenue des Arts 46, 1000 Brussels (Belgium), is the addressee of this decision.

Article 3

The text of this decision shall be published on the website of the Authority after redacting the names of the natural persons that appear in it.

Article 4

This decision shall take effect on the day of its notification to the Foundation for European Progressive Studies.

Done at Brussels, on 24 January 2025.

*For the Authority for European Political Parties and
European Political Foundations*

The Director

Pascal Schonard

The attention of the Foundation for European Progressive Studies is drawn to Article 35 of Regulation (EU, Euratom) No 1141/2014:

'Right of appeal

Decisions taken pursuant to this Regulation may be the subject of court proceedings before the Court of Justice of the European Union, in accordance with the relevant provisions of the TFEU.'