

The President

Mrs Magda STOCZKIEWICZ
Director
Friends of the Earth Europe
rue d'Edimbourg 26
B-1050 Brussels

204180 25.10.2012

Dear Mrs Stoczkiewicz,
Dear Mrs Katzemich,
Dear Mr Hoedeman,
Dear Mr Dinan,

Thank you for your letter of 9 October 2012.

I am pleased to inform you that following your earlier letter of 15 May 2012, I asked the Advisory Committee on the Conduct of Members to examine all the aspects concerning the matter at hand.

On 11 July 2012 the Advisory Committee, after having heard Mr Dehaene, decided on a Recommendation, pursuant to Article 8(2) of the Code of Conduct for Members.

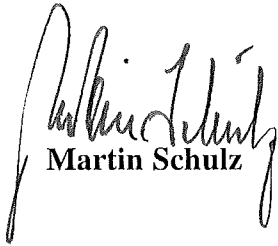
Subsequently, by letter of 18 July 2012, I informed Mr Dehaene that I had decided to take no further action pursuant to Article 8(3) of the Code of Conduct on basis of his Declaration of Financial Interests of 28 February 2012. Nevertheless, based on the Advisory Committee's Recommendation, I invited Mr Dehaene to declare his remaining stock options in InBev/AB InBev under Section H in his Declaration of Financial Interests.

As regards your question on the prevention of "any potential risk of a conflict of interest in this case" I would like to point out that according to Article 3(3) of the Code of Conduct, Members are obliged to "disclose, before speaking or voting in plenary, or in one of Parliament's bodies, or if proposed as rapporteur, any actual or potential conflict of interest in relation to the matter under consideration, where such conflict is not evident" from the Member's Declaration of Financial Interests.

./...

In other words, the Code of Conduct does not interdict conflicts of interests, but seeks to ensure that any actual or potential conflict of interest is declared promptly and transparently by a Member. I believe the European Parliament's follow-up in this case has ensured this transparency.

Yours sincerely,



Martin Schulz

Annex: 1



ЕВРОПЕЙСКИ ПАРЛАМЕНТ PARLAMENTO EUROPEO EVROPSKÝ PARLAMENT EUROPA-PARLAMENTET
EUROPAÏSCHES PARLAMENT EUROOPA PARLAMENT ΕΥΡΩΠΑΪΚΟ ΚΟΙΝΟΒΟΥΛΙΟ EUROPEAN PARLIAMENT
PARLEMENT EUROPÉEN PARLAIMINT NA HEORPA PARLAMENTO EUROPEO EIROPAS PARLAMENTS
EUROPOS PARLAMENTAS EURÓPAI PARLAMENT IL-PARLAMENT EWROPEW EUROPEES PARLEMENT
PARLAMENT EUROPEJSKI PARLAMENTO EUROPEU PARLAMENTUL EUROPEAN
EURÓPSKY PARLAMENT EVROPSKI PARLAMENT EUROOPAN PARLAMENTTI EUROPAPARLAMENTET

Le Président

M. Jean-Luc DEHAENE
Membre du Parlement européen
ASP 08F358
Bruxelles

312482 18.07.2012

Cher M. Dehaene, cher collègue,

Le 24 mai 2012, j'ai saisi le Comité consultatif sur la conduite des députés, conformément au second alinéa de l'article 7(4) du Code de conduite des députés, afin de déterminer si vos intérêts financiers avaient été déclarés de façon transparente dans votre Déclaration d'intérêts financiers du 28 février 2012.

J'ai été informé que vous aviez eu l'occasion, le 12 juin 2012, d'être entendu par le Comité consultatif.

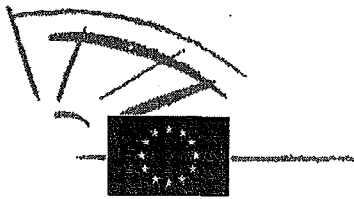
Conformément à la décision du Comité consultatif du 11 juillet 2012, que je joins à ce courrier, j'ai l'honneur de vous informer que j'ai décidé de ne pas prendre d'autres mesures à votre égard, sur la base de l'article 8(3) du Code de conduite et de votre Déclaration d'intérêts financiers du 28 février 2012.

Cependant, je vous prie de bien vouloir déclarer les *stock options* de InBev/AB InBev qui sont encore en votre possession à la section H de votre Déclaration d'intérêts financiers. En outre, je souhaiterais également vous inviter à envisager un ajustement, à la section A, de la catégorie du revenu associé à votre appartenance au comité de direction de cette société.

Dans l'attente de la poursuite de notre collaboration, et de la rectification de votre Déclaration d'intérêts financiers, veuillez agréer, cher M. Dehaene, cher collègue, l'expression de ma très haute considération.

Martin Schulz

Annexe: 1



EUROPEAN PARLIAMENT

2009 - 2014

0001/2012

11.07.2012

RECOMMENDATION

to the President of the European Parliament regarding his referral to the Advisory Committee on the Conduct of Members with respect to Mr Dehaene, MEP

Advisory Committee on the Conduct of Members

Rapporteur: Sajjad Karim

PE493.536

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**RECOMMENDATION
FROM THE ADVISORY COMMITTEE ON THE CONDUCT OF MEMBERS**

on the President's referral with respect to Mr Dehaene, MEP

The Advisory Committee on the Conduct of Members,

- having regard to Rule 9(1) of the Rules of Procedure of the European Parliament,
 - having regard to Articles 1, 3, 4, 7(4) second sub-paragraph, 8(1), 8(2) and 8(3) of Annex I to those Rules (hereinafter "the Code of Conduct"),
 - having regard to the President's referral of 24 May 2012,
 - having regard to Mr Dehaene's Declaration of Financial Interests registered on 28 February 2012,
 - having regard to Mr Dehaene's written statement of 18 May 2012,
 - having regard to information provided by Mr Dehaene during his hearing on 12 June 2012 before the Advisory Committee on the Conduct of Members,
- A. whereas the purpose of the Code of Conduct of Members (hereinafter "the Code of Conduct") is to ensure that Members, when exercising their duties, act with disinterest, integrity, openness, diligence, honesty, accountability and respect for Parliament's reputation;
- B. whereas the Code of Conduct provides that Members should declare any financial interest that might influence the performance of their duties;
- C. whereas the Code of Conduct has been in force for only a limited period of time and that this lack of experience may be conducive to differences in the way it is interpreted and applied by Members;
- D. whereas the Advisory Committee on the Conduct of Members (hereinafter "the Advisory Committee") has a responsibility to give guidance on the interpretation and implementation of the provisions of the Code of Conduct;
- E. whereas the Advisory Committee notes that there are discrepancies between the different language versions of Article 4 of the Code of Conduct, particularly with regard to Article 4(2)(f), which could impede uniform application of its provisions;
- F. whereas Mr Dehaene's membership of the board of directors of InBev/AB InBev, and the remuneration associated with that membership, has been correctly declared in his Declaration of Financial Interests of 28 February 2012;
- G. whereas the scope of Article 4(2)(f) of the Code of Conduct as currently worded cannot be considered to cover the stock option scheme from which Mr Dehaene benefitted as a member of the board of directors, nor is it applicable with respect to the occasions on

which Mr Dehaene exercised his stock options since he did not in these cases convert his stock options into a holding in InBev/AB InBev;

- H. whereas Article 4(2)(h) of the Code of Conduct does not exclude private assets (patrimoine) from the scope of the term "financial interests" so long as they are financial interests which might influence the performance of the Member's duties;
- I. whereas stock options are a financial interest which might influence a Member in the performance of his or her duties;
- J. whereas consideration should be given to amending the provisions of Article 4(2)(f), with consequential changes to the Declaration of Financial Interests, to include assets and rights that have or will eventually have a financial value such that the current or expected future capital value of such assets or rights, as well as any income accruing from them, should be declared;
- K. whereas pending any amendment of Article 4(2)(f) and in light of the transparency principles underpinning the Code of Conduct Mr Dehaene should consider declaring his remaining stock options in InBev/AB InBev under Section H in his Declaration of Financial Interests;
- 1. Recommends that the President take no further action pursuant to Article 8(3) of the Code of Conduct with respect to Mr Dehaene on basis of his Declaration of Financial Interests of 28 February 2012; recommends nevertheless that the President should invite Mr Dehaene to declare his remaining stock options in InBev/AB InBev under Section H in his Declaration of Financial Interests and to consider adjusting the category of income under Section A for his membership of the board of that company.

EXPLANATORY STATEMENT

Background to the referral

By letter of 24 May 2012 to the Chair of the Advisory Committee, Mr Casini, the President referred to the Advisory Committee a request to examine all aspects with regard to the transparency of Mr Dehaene's financial interests.

The matter brought to the President's attention by letter of 15 May 2012 from four members of the Alliance for Lobbying Transparency and Lobbying Regulation, ALTER-EU, concerns Mr Dehaene's Declaration of Financial Interests (DFI), registered on 28 February 2012, and whether his failure to mention, in that DFI, his stock options in InBev/AB InBev constitutes a breach of the Code of Conduct for Members.

Facts of the case

InBev was created in 2004 from the merger of the Belgian company Interbrew and the Brazilian company AmBev. In November 2008 the merger of InBev and Anheuser-Busch was completed, creating AB InBev (the commonly used abbreviation of Anheuser-Busch InBev N.V.), the world's largest brewer with nearly 25% global market share. This multinational company has its headquarters in Leuven, Belgium.

Mr Dehaene was a member of InBev's/AB InBev's board of Directors 2001-2011. He has declared this under Section A in the DFI with a category 3 income. During Mr Dehaene's time on the board, InBev introduced a "Long-Term Incentive Plan" (LTI), which was subsequently continued by AB InBev.

In the framework of the LTI, subscription rights (stock options) have been issued on several occasions, in favour of the company's Directors. Mr Dehaene was a beneficiary of the LTI during his whole time on the board of Directors, 2001-2011. Each subscription right entitles its holder to subscribe to one of the company's ordinary shares. The exercise price of the subscription rights corresponds to the average closing stock price of the AB InBev share on the Euronext Brussels Stock Exchange during the 30 calendar days preceding their issuance.

Various Belgian media outlets have reported that this LTI gave him the right to a total of 85.928 stock options.

Mr Dehaene's position

Mr Dehaene was invited to appear before the Advisory Committee at its meeting of 12 June 2012.

Mr Dehaene has explained - before the Advisory Committee and in a note to the President dated 18 May, which he handed over to the President at a meeting between them on 22 May, as well as to the Advisory Committee - that:

- the stock options formed part of the remuneration package for serving on the InBev/AB InBev board of Directors,
- neither the Code of Conduct, nor the DFI foresee any subdivision of remuneration,

- the stock options as part of the remuneration package is transparent and according to Belgian law,
- once granted the stock options are part of the beneficiary's private assets ("patrimoine"),
- the Code of Conduct does not, according to his interpretation, regard buying, selling or owning shares as part of the financial interests and conflicts of interest to be declared in the DFI, underlining that the Code of Conduct does not require declaration of private assets ("patrimoine"),
- he does not own any shares in AB InBev converted from the stock options in question,
- the setup of the remuneration scheme was that the stock options in question are normally converted into cash through a simultaneous buy and re-sell exercise through an independent bank, and
- his DFI reflects his honest - and in his view correct - interpretation of the Code of Conduct and the DFI, but that the Advisory Committee is the competent authority to interpret the Code and he is thus willing to adapt his DFI to the position taken on this matter by the Advisory Committee.

Relevant parts of the Code of Conduct

Article 1 lays down that the guiding principles for MEPs are disinterest, integrity, openness, diligence, honesty, accountability and respect for Parliament's reputation.

Article 3(1) specifies that "a conflict of interest exists where a Member of the European Parliament has a personal interest that could improperly influence the performance of his or her duties as a Member."

Article 3(2) clarifies that "any Member who finds that he or she has a conflict of interest shall immediately take the necessary steps to address it, in accordance with the principles and provisions of this Code of Conduct. If the Member is unable to resolve the conflict of interest, he or she shall report this to the President in writing."

Article 4(2) stipulates what information Members should give in their DFI "in a precise manner".

Article 4(2)(a) specifies "the Member's occupation(s) during the three-year period before he or she took up office with the Parliament, and his or her membership during that period of any boards or committees of companies, nongovernmental organisations, associations or other bodies established in law".

Article 4(2)(d) specifies "membership of any boards or committees of any companies, nongovernmental organisations, associations or other bodies established in law, or any other relevant outside activity that the Member undertakes, whether the membership or activity in question is remunerated or unremunerated".

Article 4(2)(f) specifies "any holding in any company or partnership, where there are potential public policy implications or where that holding gives the Member significant influence over the affairs of the body in question".

Article 4(2)(h) specifies "any other financial interests which might influence the performance of the Member's duties".

Article 7(4) second sub-paragraph lays down that the Advisory Committee shall, at the request of the President, "assess alleged breaches of this Code of Conduct and advise the President on possible action to be taken."

Article 8(1) stipulates that "where there is a reason to think that a Member of the European Parliament may have breached this Code of Conduct, the President may refer the matter to the Advisory Committee."

Article 8(2) lays down that "the Advisory Committee shall examine the circumstances of the alleged breach, and may hear the Member concerned. On the basis of the conclusions of its findings, it shall make a recommendation to the President on a possible decision."

Article 8(3) lays down that if, taking into account the Advisory Committee's recommendation, "the President concludes that the Member concerned has breached the Code of Conduct, he shall, after hearing the Member, adopt a reasoned decision laying down a penalty, which he shall notify to the Member. The penalty may consist of one or more of the measures listed in Rule 153(3) of the Rules of Procedure."

Considerations

Mr Dehaene's participation in InBev's/AB InBev's LTI has been regularly reported by the Belgian media, at least for the last couple of years. It can therefore be assumed his right to stock options in InBev/AB InBev is well known, at least in Belgium.

However, the question for the Advisory Committee's consideration is not whether the facts are or have been in the public domain and thus known by the public or any (Belgian) institution or authority, but whether they have been correctly and sufficiently reported by Mr Dehaene in his DFI.

It should be noted that Mr Dehaene has declared his InBev/AB InBev board membership as such in the DFI for the period prior to 2009 (Section A) with a category 3 income (€5001-10000/month). The remaining sections of the DFI cover the situation as on 1 January 2012, i.e. in this case the period 2009-2011 does not have to be declared in the DFI.

The scope of Article 4(2)(f) of the Code of Conduct is limited to "any holding in any company or partnership" ("... deelname in ondernemingen of maatschappen..." in the DFI language version used by Mr Dehaene).

The Advisory Committee understands "holding" in this respect as an investment or a right in or connected to an enterprise or a business.

The way in which Mr Dehaene, at his hearing, has described the LTI and his use of the stock options, shows that they cannot be considered a "holding", either at the time they were awarded or when they were in his possession, or at the time when he exercised them, since he did not in these cases convert his stock options into a holding in InBev/AB InBev.

Mr Dehaene has explained that his reason for not declaring, specifically, his stock options in his DFI is that he has interpreted the Code of Conduct and the DFI so as to not include private assets ("patrimoine").

Taking into account the wording of Articles 1 and 4(2)(h) of the Code of Conduct, the Advisory Committee considers that the Code of Conduct does not exclude private assets (patrimoine) from the scope of the term "financial interests" so long as they are financial interests which might influence the performance of the Member's duties.

The Advisory Committee also notes that the Code of Conduct Article 4 does not make any particular exclusion from the term "financial interest", nor does it limit the term in any particular way or form. The Advisory Committee hence considers stock options a financial interest which might influence a Member in the performance of his or her duties and therefore should be declared.

In light of this, consideration should be given to amend the provisions of Article 4(2)(f) to include assets and rights that have or will eventually have a financial value such that the current or expected future capital value of such assets or rights, as well as any income accruing from them, should be declared. At the same time changes could also be introduced to enhance transparency by requiring that the capital value of a holding be declared. Finally, the Advisory Committee has noted that there are differences between the various language versions of Article 4(2) of the Code of Conduct which could impede uniform application of its provisions. These linguistic discrepancies should be ironed out.

Conclusion

The Code of Conduct does not interdict conflicts of interests, but seeks to ensure that any actual or potential conflict of interest is declared promptly and transparently by a Member. The Advisory Committee finds no reason not to consider Mr Dehaene's stock options a "personal interest" of his, according to Article 3(1) of the Code of Conduct, regardless of when and how a particular economic value can be attributed to them. Mr Dehaene's own explanation that the stock options formed part of his remuneration from InBev/AB InBev over a period of 10 years supports this position.

Had Mr Dehaene chosen to seek the advice from the Advisory Committee before the submission of his first DFI in February 2012, the advice given to him - based on the facts now known as well as Mr Dehaene's own clarifications - would have been that his remaining stock options should be declared in Section H of the DFI.

Mr Dehaene has underlined his willingness to abide by and make the necessary follow-up to the interpretation by the Advisory Committee of the relevant articles of the Code of Conduct, as far as the declaration of his stock options is concerned.

Under these circumstances the Advisory Committee does not find sufficient reason for recommending the President to take any further action pursuant to Article 8(3) of the Code of Conduct with respect to Mr Dehaene on basis of his Declaration of Financial Interests of 28 February 2012. On the other hand it would recommend that Mr Dehaene be invited to declare his remaining stock options in InBev/AB InBev under Section H of his Declaration of Financial Interests.