



FGIS 2021

Fonds Gabonais d'Investissements Stratégiques

Pillar 1: Legal

Legal framework, objectives, and coordination with macroeconomic policies

Principle 1

1. The legal framework for the SWF should be sound and support its effective operation and the achievement of its stated objective(s).

1.1. The legal framework for the SWF should ensure legal soundness of the SWF and its transactions.

1.2. The key features of the SWF's legal basis and structure, as well as the legal relationship between the SWF and other state bodies, should be publicly disclosed.

The Gabonese Sovereign wealth fund was created through [the ordinance n°002/PR/2012](#) reorganising the Future Generation Fund, ratified by the law n° 005/2012 which changed the name of the Fund for Future Generations to the Gabonese Sovereign Wealth fund (hereinafter referred to as "FSRG").

FSRG is managed by the Gabonese Strategic Investment Fund (FGIS), the Gabonese strategic investment fund which acts as its exclusive representative.

The legal framework, thus the ordinance, clearly defines the type of transactions that can be carried out by the FGIS for and on behalf of the FSRG.

Article 5 defines the financial resources of FSRG. Article 8 gives a clear framework of how to invest the financial resources of the Fund

Article 13 to 21 give a clear organization of FGIS. The above Ordinance has been modified by a new [Ordinance n°018/PR/2021](#) dated 13 September 2021 portant modification de certaines dispositions de l'Ordonnance n°002/PR/2012 du 13 février 2012 portant réorganisation du Fonds pour les Générations Futures. This new ordinance mainly re-organises the financial resources of the FSRG. Both ordinances all together herein referred to as the "Ordinance".

Principle 2

The policy purpose of the SWF should be clearly defined and publicly disclosed.

The policy purpose of the Gabonese SWF (FSRG) is clearly defined and publicly disclosed through the ordinance 2/PR/2012 which was ratified by the law 005/2012, such law being duly promulgated by decree dated 11 sept 2012.

As per article 8 of the ordinance, the resources of the fund aim at:

- acquiring shares in Gabonese and foreign companies, seeking the best possible risk/return trade-offs as provided for in the investment policy;
- supporting, through equity investments, the development of Gabonese small and medium-sized enterprises, known as growth companies;
- stabilising, through the creation or acquisition of shares, the capital of Gabonese companies, companies of strategic importance to the State;
- making equity investments in any foreign company with a subsidiary in Gabon;
- subscribing to national or foreign bonds;
- subscribing to Gabonese or foreign treasury bills;
- carrying out financial operations on the stock markets, with the exception of transactions in derivatives;
- entering into trust agreements with asset managers established in a financial centre with an appropriate legal and tax regime;
- accompanying the investment of Gabonese and foreign companies in strategic sectors by their financial contributions.

The Government cannot use the resources of the fund for any other purpose than the ones mentioned in article 8 here above.

Principle 3

3. Where the SWF's activities have significant direct domestic macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies.

The size of the Fund and the returns generated by the Fund have limited/controlled domestic macroeconomic implications for Gabon from year to year.

To ensure close coordination with the authorities, the FSRG Board of Directors includes members of the ministry of economy and the budget. The presence of these executives from the ministries in charge of the economy and budget enables the integration of the FSRG strategy into the macroeconomic strategy of the country and thus ensure consistency with the overall policies.

The Fund's investment decisions and other activities are commercially oriented and made independently of fiscal and monetary policy.

Nonetheless, due to the growing portion of the assets, and the investment plan of the FGIS, the fiscal authorities work closely with the FGIS to ensure that the tax system does not add such economic burden which could compromise or jeopardise an investment.

Thus, to promote the investment plan of the FGIS, the State through the [Finance Act FY 2021](#), (such Act which is disclosed and publicly available), has granted the FGIS tax advantages and more specifically exemption of payment of:

- Corporate tax;
- Registration duties;
- Value-added tax.

Principle 4

4. There should be clear and publicly disclosed policies, rules, procedures, or arrangements in relation to the SWF's general approach to funding, withdrawal, and spending operations.

4.1. The source of SWF funding should be publicly disclosed.

4.2. The general approach to withdrawals from the SWF and spending on behalf of the government should be publicly disclosed.

The Ordinance clearly states and enumerates the resources and funding of FSRG.

By virtue of the provisions of the Ordinance, it is provided that the FSRG is a reserve fund with a minimum capital of five billion (5,000,000,000) XAF.

This minimum capital may not be used to meet the expenses of the State, including those of an exceptional nature.

Until 2021, the minimum capital was funded through:

- a 10% levy on the annual oil revenues provided for in the Finance Act;
- 50% of all additional budgetary revenues corresponding to the exceeding portion of the basic assumptions of the annual Finance Act;
- dividends from the State's equity portfolio;
- all financial income generated by the Fund;
- donations and legacies.

As a result of the financial and economic situation following the COVID-19 pandemic, the funding method was reviewed.

In 2021, amendments to the Ordinance were proposed, adopted through a new ordinance dated 13 September 2021 published in the official gazette of the Republic of Gabon dated 17 September 2021 and available to the public.

The funding mechanism will be effective in FY2022. It is provided in the new Ordinance that the minimum capital will be funded as follows:

- a portion of the annual amount of the Provision for Diversified Investment (PID) and the Provision for Investment in Hydrocarbons (PIH) due from oil companies;
- a portion of the dividends paid by companies in respect of the shares held by the State;
- all the financial income generated by the FSRG;
- the total of the State's share of the remuneration of the savings sequestered in the framework of the provisions for the restoration of oil and mining sites;
- 50% of the additional budgetary revenue corresponding to an overrun of the basic assumptions of the annual finance act;
- donations and legacies.

The proportion will be calculated on a yearly basis in the Finance Act and made publicly available through the National official gazette.

Once the minimum capital is reached, it is envisaged that the contributions be as follows:

- 25% of the income generated by its investments;

- a portion of all additional budgetary revenues corresponding to an overrun of the basic assumptions of the annual Finance Act;
- a portion of the remuneration of the savings deriving from the escrow account put in place in the framework of the provisions for the restoration of oil and mining sites.

The withdrawal process and spending operations are subject to a “three-level” process of validation:

- the investment committee of FGIS, which is held between the Department of Investments and the Managing Director, which carries out a first analysis and screening process then
- the investment committee of the Board of Directors before the final decision by the Board of Directors which then delegates the execution of the projected investment to the Managing Director.

The Board of Directors is the guiding and decision-making body of FGIS. In this capacity, it is in charge of:

- proposing the overall management objectives of the FSRG to the Fund's Strategic Board;
- submitting the general guidelines of the FSRG's investment policy to the Strategic Board;
- approving the programmes and actions of the General Management;
- controlling and ensuring the proper functioning of the FGIS governance structures;
- examining and approving FGIS' annual budgets;
- authorising the awarding contracts of any kind where commitments exceed two hundred million XAF.

The investment policy followed by the FGIS follows the guidelines as per the Act and the articles of association of the Fund which are publicly disclosed as published in the official gazette of the Gabon Republic.

The investment policy notably provides that the investments should:

- Ensure the FSRG development mandate while confirming its role as a savings fund;
- Develop the national investment portfolio in line with the country's development plan (Plan d'Accélération de la Transformation and Plan Stratégique Gabon Emergent) and strengthen the international financial investment strategy;
- Optimize the State's investment portfolio;
- Ensure the proper application of the Santiago Principles;
- Invest in high impact projects while ensuring an optimal risk/return ratio.

Principle 5

5. The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic data sets.

As per the ordinance, the annual accounts of the FGIS and the FSRG are submitted to the Court of Auditors for examination at the end of each financial year.

This examination gives rise to a report which is transmitted to the President of the Republic and to Parliament before the end of the first half of the year following the financial year concerned.

Pillar 2: Institutional

Institutional Framework and Governance Structure.

Principle 6

6. The governance framework for the SWF should be sound and establish a clear and effective division of roles and responsibilities in order to facilitate accountability and operational independence in the management of the SWF to pursue its objectives.

As stated above, the FSRG is governed as per the Act by its Board of Directors which is the guidance and decision-making body of FGIS. The act provides that the FSRG is managed by its board of Directors, its General Manager and a public accounting agent.

The Board in this capacity is responsible for:

- proposing to the Fund's Strategic Board the overall management objectives of the FSRG;
- submitting the general guidelines of the FSRG's investment policy to the Strategic Council
- approving the programmes and actions of the General Management;
- controlling and ensuring the proper functioning of the FGIS governance;
- examining and approving the annual budgets of the FGIS;
- authorising the awarding of contracts of any kind where commitments exceed two hundred million CFA francs.

General Management is the executive and administrative body of FGIS. In this capacity, it is responsible for:

- executing and implementing the decisions of the Board of Directors, drawing up the annual budgets, procedures and annual work plans to be submitted to the Board of Directors for approval;
- implementing the means and procedures, particularly in legal and fiscal matters, for the protection and safeguarding of investments made with the Fund's income;
- executing the powers and prerogatives expressly delegated by the Board of Directors;
- carrying out all missions of representation, management and administration of the FSRG.

Principle 7

7. The owner should set the objectives of the SWF, appoint the members of its governing body(ies) in accordance with clearly defined procedures, and exercise oversight over the SWF's operations.

The objectives are outlined in GAPP 2.

Please also note that the ordinance clearly defines the objectives that should be followed while using the resources of the FSRG:

- acquiring shares in Gabonese and foreign companies, seeking the best possible risk/return trade-offs as provided for in the investment policy;
- supporting, through equity investments, the development of Gabonese small and medium-sized enterprises, known as growth companies;
- stabilising, through the creation or acquisition of shares, the capital of Gabonese companies, companies of strategic importance to the State;
- making equity investments in a foreign company with a subsidiary in Gabon;
- subscribing to national or foreign bonds;
- subscribing to Gabonese or foreign treasury bills;
- carrying out financial operations on the stock markets, with the exception of transactions in derivatives;
- entering into trust agreements with asset managers established in a financial centre with an appropriate legal and tax regime;
- accompanying the investment of Gabonese and foreign companies in strategic sectors by their financial contributions.

The Act also provides for the composition of the Board of Directors which is detailed in the articles of association which have been published and are publicly available.

The board of Directors is composed of 8 members taken from the different public institutions:

- Two from the Presidency of the Republic of Gabon;
- One from the Prime Minister's office;
- One from the Ministry of Budget;
- One from the Ministry of Economy
- Two executives from private or public companies;
- The managing director of the FGIS.

Principle 8

8. The governing body(ies) should act in the best interests of the SWF, and have a clear mandate and adequate authority and competency to carry out its functions.

FGIS is the governing body for the Fund, and it manages and administers the Fund in accordance with an explicit statutory mandate as set out above. Managing the Fund and the state's legacy holdings is currently the sole purpose of FGIS.

Principle 9

9. The operational management of the SWF should implement the SWF's strategies in an independent manner and in accordance with clearly defined responsibilities.

Responsibility for the management of the Fund is vested in the FGIS, which is a separate entity from the Government.

Responsibility for investment strategies has been delegated by the Board to the General management whose head is the General Manager.

The investment follows a clearly defined pattern which enables an assessment of the strategy and alignment with the general strategy of the Gabonese sovereign wealth fund.

Investments are subject to a "three-level" process of validation:

- the investment committee of the FGIS, which is held between the Department of Investments and the Managing Director, which carries out a first analysis and screening process then
- the investment committee of the Board of Directors before
- the final decision by the Board of Directors which then delegates the execution of the projected investment to the Managing Director.

The General Manager's duties are vested in the Act. For the pursuit of its objectives and responsibilities and those of the Board, the FGIS has set up three committees all of which have the responsibility to support the Board of Directors to enable the FSRG to fulfil its objective.

The Investment Committee has the responsibility to:

- Determine the FGIS investment strategy and policy, review proposed strategic investments and make recommendations to the Board;
- Facilitate the Board's deliberations by allowing a greater focus on the strategic and investment issues proposed by the Executive Board in order to provide more informed and objective input to the Board's discussions;
- Provide assurance to the Board on the effectiveness of FGIS' investment portfolio;

- Review and monitor the areas of its responsibilities, as well as any other matters referred to it by the Board of Directors.

The Audit and Risk Committee is also responsible for CSR whose objectives are mainly to:

- assist the directors in fulfilling their responsibilities;
- promote good communication between the directors and the external auditors;
- promote the continued independence of the external auditor;
- ensure that an appropriate system of internal accounting and financial controls is maintained in light of the significant risks to which the FGIS may be exposed;
- maintain the credibility and objectivity of financial reporting;
- study and evaluate any issue that raises significant concerns within the Committee with the collaboration, if deemed necessary by the Committee of the person responsible for the internal audit and risk assessment department and/or the external auditor.

The Governance, Remuneration and Ethics Committee is responsible for:

- determining the approach to Board governance issues and the response to the Governance Guidelines ;
- reviewing the composition and contribution of the Board and its members and recommend candidates for Board membership;
- assisting in maintaining an effective working relationship between the Board and the General Management;
- reviewing the main criteria and objectives proposed by the General Management concerning the remuneration of the top management and providing any advice in relation thereto;
- making recommendations and proposals to the Board of Directors concerning the remuneration, benefits in kind and other pecuniary rights, including in the event of termination of employment, of the Company's senior executives;
- approving the staff remuneration and benefits scale, on the proposal of the General Management;
- setting the compensation and benefits of all kinds to which the Chairman of the Board and the other members of the Board may be entitled
- setting the remuneration and other benefits of the members of the General Management.

Principle 10

10. The accountability framework for the SWF's operations should be clearly defined in the relevant legislation, charter, other constitutive documents, or management agreement.

The FSRG has clearly defined roles and responsibilities that ensure accountability.

The Managing Director is responsible for the FSRG affairs and day-to-day operations. He has the responsibility for the execution of the FSRG's strategy and administering its affairs, including all decisions related to investments within the guidelines set by the Board of Directors.

The board meets periodically to consider and review the overall strategy and the investments planned after a first analysis is done by the Investment Committee.

The Investment Committee meets periodically to assess the management of the portfolio, and ensure that potential investments correspond to the objectives followed by the FSRG as vested in the ordinance.

Principle 11

11. An annual report and accompanying financial statements on the SWF's operations and performance should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.

FSRG's portfolio value is assessed annually by the FGIS Investment team. Starting 2022, its consolidated financial statements will be audited and validated by an independent external auditor.

FGIS produces its financial statements in accordance with the OHADA accounting system and is approved by the Board of Directors in accordance with FGIS's governance framework. FGIS's consolidated financial statements are submitted to the Minister of Finance annually.

Principle 12

12. The SWF's operations and financial statements should be audited annually in accordance with recognized international or national auditing standards in a consistent manner.

As stated above, FSRG's portfolio value is assessed annually by the FGIS Investment team and starting 2022, its consolidated financial statements will be audited and validated by an independent external auditor.

FGIS's financial statements are audited on an annual basis, in accordance with international standards of auditing (OHADA) by one of the Big Four audit firms. FGIS's independent external auditor is appointed every six years in accordance with the Statutory Auditor Appointment Rules of OHADA.

Principle 13

13. Professional and ethical standards should be clearly defined and made known to the members of the SWF's governing body(ies), management, and staff.

FGIS has a Governance and Ethical Standards Committee that defined a code of ethics and conduct known to the members and staff.

The purpose of the Code of Conduct is to maintain its reputation for integrity, honesty and professionalism. It sets out the standards, rules and principles that should guide the Fund's employees in situations involving ethical and professional conduct.

In general, exercising good judgment based on high ethical principles will help determine the acceptable course of action. However, if there is difficulty in judging the appropriate conduct in each situation, it should be discussed with a supervisor or referred to the Ethics Committee.

Principle 14

14. Dealing with third parties for the purpose of the SWF's operational management should be based on economic and financial grounds, and follow clear rules and procedures.

The FSRG deals with third parties in relation to its investments programme.

The relationship between FGIS and third parties for all commercial contractual relationships is governed by the Public Procurement Code ("Code des Marchés Publics") which provides policies and procedures on public contracts and tenders to be done in a fair manner and to ensure transparency and fair competitive market conditions.

In addition, screening and due diligence is practised for any new business partner.

This process is to be outlined in a specific policy to be approved by the board of directors.

Principle 15

15. SWF operations and activities in host countries should be conducted in compliance with all applicable regulatory and disclosure requirements of the countries in which they operate.

FGIS does not conduct day-to-day operations or activities in foreign countries. Local legal and tax advice is obtained when the Fund itself is making investments in overseas entities to ensure compliance with local laws.

Principle 16

16. The governance framework and objectives, as well as the manner in which the SWF's management is operationally independent from the owner, should be publicly disclosed.

Information on FGIS's governance framework and objectives is defined within the ordinance of its creation, which is publicly disclosed.

Principle 17

17. Relevant financial information regarding the SWF should be publicly disclosed to demonstrate its economic and financial orientation, so as to contribute to stability in international financial markets and enhance trust in recipient countries.

The annual financial statements of FGIS are communicated to the Board, the Minister of Finance and other relevant parties.

Pillar 3: Investment

Principle 18

18. The SWF's investment policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.

18.1. The investment policy should guide the SWF's financial risk exposures and the possible use of leverage.

18.2. The investment policy should address the extent to which internal and/or external investment managers are used, the range of their activities and authority, and the process by which they are selected and their performance monitored.

18.3. A description of the investment policy of the SWF should be publicly disclosed.

The investment policy of FGIS is consistent with its objectives, risk tolerance, and investment strategy, as set by its governing bodies and is based on sound portfolio management principles.

FGIS acts to facilitate co-investments with international investment funds, especially in a view to minimising risks while creating a powerful multiplier effect.

The investment department of FGIS originates and executes investment opportunities. FGIS does not use external managers to manage its assets. In some cases, the fund sets up Special Purpose Vehicles with their independent management and adequate governance bodies.

FGIS's ordinance of creation defines a general approach to its investment policy.

Principle 19

19. The SWF's investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its investment policy, and based on economic and financial grounds.

19.1. If investment decisions are subject to other than economic and financial considerations, these should be clearly set out in the investment policy and be publicly disclosed.

19.2. The management of an SWF's assets should be consistent with what is generally accepted as sound asset management principles.

FGIS's investment decisions aim to maximise risk-adjusted returns whilst supporting the Government's strategic objective of a globally integrated and diversified economy. This is achieved by the Investment Committee reviewing prospective investments while taking into consideration the guidance of the Investment and Value Creation teams. The investment decisions are made by the Board of Directors based on economic, financial grounds, and on studies coming from internal analysis and external consultants, in particular, the preparation of business plans by the investment team, with the aim of maximising the projects' Internal Rate of Return.

We ensure that we are performing in line with the Investment Committees expectations.

Principle 20

20. The SWF should not seek or take advantage of privileged information or inappropriate influence by the broader government in competing with private entities.

FGIS does not seek, access to privileged information or inappropriate influence through the Government to compete with private entities.

In addition, one of FGIS's objectives is to increase cooperation and catalyse joint investments between the public and private sectors.

Principle 21

21. SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its investment policy and protects the financial value of its investments. The SWF should publicly disclose its general approach to voting securities of listed entities, including the key factors guiding its exercise of ownership rights.

FGIS will exercise ownership rights in its investments, consistently with our portfolio management approach, where appropriate, to protect the financial interest of the assets under its management. Our general approach to the exercise of our ownership rights is guided by financial considerations.

The fund develops greenfield projects mostly. FGIS also invested in IHS which has recently been listed on the NYSE, this is now FGIS first listed investment. We exercise our voting securities to protect the financial value of our investment.

Principle 22

22. The SWF should have a framework that identifies, assesses, and manages the risks of its operations.

22.1. The risk management framework should include reliable information and timely reporting systems, which should enable the adequate monitoring and management of relevant risks within acceptable parameters and levels, control and incentive mechanisms, codes of conduct, business continuity planning, and an independent audit function.

22.2. The general approach to the SWF's risk management framework should be publicly disclosed.

Principle 23

23. The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined principles or standards.

The performance of our assets is measured yearly by our team and is reported to the board in the annual report.

However, the principles of the performance evaluation are currently being reviewed and updated and, from now on, our overall investment performance measurement will be done by an independent consultant (we are currently going through the selection process) who will make a Statement of Performance based on preapproved recognised criteria.

This Statement will be sent to the Minister of Finance.

Principle 24

24. A process of regular review of the implementation of the GAPP should be engaged in by or on behalf of the SWF.

Starting in 2022, we plan to self-assess our implementation of the Santiago Principles on a regular basis through an internal commission.