



# BPI 2019

BpiFrance

## 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.

Document: Act No.2012-1599 December 31st, 2012

<https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000026871127> [In French]

Bpifrance is a joint holding company, uniting the activities of the public institution OSEO, CDC Enterprises and the Strategic Investment Fund (Fonds Stratégique d'Investissement or "FSI"). Act no. 2012-1559 of December 31st of 2012 amended Order no. 2005-722 of June 29th of 2005. In turn, OSEO laid down the legal framework and governance arrangements to sanction the creation of Bpifrance.

Bpifrance SA is a financial company (Compagnie Financière) incorporated under the form of a limited company (Société Anonyme) governed by Article L517-1 of the [Code Monétaire et Financier](#) and et seq [In French]

Ownership of Bpifrance is evenly split between the French State and the Caisse des Dépôts et Consignations (the "CDC"). Bpifrance SA has three main subsidiaries dedicated to financing, export insurance and investments. The investment activities are operated through a management company (Bpifrance Investissement) licensed by the French Financial Market Authorities (AMF).

Therefore, all aspects of its governance, organization and compliance rules follow the French regulation, specifically Article L 531-1 et Seq of the [French Financial and Monetary Code](#) [In French] which is directly transposed from the European Union Regulation on asset management, and notably [Article 49 of Règlement de l'Union Européenne n°468/2014](#) [In French]

### Principle 2

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

The Act no. 2012-1559 of December 31st of 2012 clearly states the objective of Bpifrance and its various components. <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000026871127>  
[In French]

Essentially, Article I. A of the above-mentioned Act designates the Public Investment Bank (BPI) as a public group serving the financing, development and sustainable growth of companies of all sizes, and with an emphasis on public policy whether it be at the national or regional level. Bpifrance focuses on supporting innovation and long-term investments, with an explicit dedication to new technologies, digitalization and ESG goals. When necessary, the BPI works with the European Investment Banks in the context of European macro-economic policy. Moreover, the BPI is a shareholder in many publicly listed companies.

### 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.

Bpifrance is a public entity in addition which invests domestically and abroad. Given the ownership structure of Bpifrance, its shareholders (French state and Caisse des Dépôts) meet on an annual basis to validate their action plan and decide on whether dividends shall be paid. Moreover, Bpifrance presents its strategy to the State, allowing for alignment and understanding between the State's macroeconomic policy and Bpifrance's role.

### 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 initial funding for Bpifrance was the addition of equity stakes of OSEO SA, CDC Entreprises and Fonds Stratégique's d'Investissements. Currently, Bpifrance finances its activities mainly through public markets and management of its own assets. The French State and the CDC, its two shareholders, may decide to increase its capital, as they did in 2015.

All annual reports of Bpifrance reveal operational results, activities and when a capital increase occurs. They can be found on the Bpifrance's website. <https://www.bpifrance.fr/Investor-Relations> [In French] As an asset manager, Bpifrance is independent in its investment activities from its shareholders. Its objectives are clearly stated and reported in its annual reports. Bpifrance is a proven long-term investor.

### 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.

Bpifrance publishes an annual report on its website. The report contains all relevant information, including financial results and performances. Media coverage of the report is expected and is supported through press conferences with reputable journalists. The financial report, once reviewed by auditors, is approved by the Shareholders and then released. In addition, Article 5 of the above-mentioned act obliges the CEO of

Bpifrance to report to the French Parliament on a yearly basis.  
[Article 5 of Act No.2012-1599 December 31st, 2012](#) [In French]

## 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.

Bpifrance SA is managed by a CEO and a Deputy CEO. Several executive directors lead distinct and various activities which prevent conflicts of interest. Due to its dual activities of investment and financing, Bpifrance is under the supervision of the AMF [Articles 311-0](#) [In French] as well as the [Banking Supervisor](#) (ACPR) [In French]

Hence, Sovereign wealth fund activities (Bpifrance Investissement) are subject to both French asset and market regulations. The board of the main entities of Bpifrance Groupe is composed of shareholders' representatives, as well as independent/qualified members  
<https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000026871127&categorieLien=id> [In French].

Our website provides more information to support our high level of corporate standards and transparency.  
<https://www.bpifrance.fr/content/download/3499/46658/version/2/file/DoctrineBpifranceavril2014.pdf> [In French]

#### 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.

Act no. 2012-1559 of December 31st of 2012 clearly establishes the role of the shareholders.  
<https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000026871127> [In French]

Shareholders appoint board members that supervise the activities of the company.

Refer to GAAP 2 for clarifications regarding BPI's objectives.

#### 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.

Under [Act no. 2012-1559 of December 31st of 2012](#) article 3 and 6 [In French] Bpifrance's Board defines objectives for the Investment branch on an annual basis and sets ambitious targets. Despite renewed annual objectives, management also acts in compliance and accordance with the Bpifrance Investment policy, which includes long-term benchmarks and guidelines. The annual report has consistently assessed the performance of activities and evaluates the success of Bpifrance Investments.

#### 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.

The CEO is appointed by decree of the French President. However, French regulations provide a framework guaranteeing adequate capacity and authority for managers to exercise their duties efficiently and in an independent fashion. <https://www.legifrance.gouv.fr/eli/arrete/2014/11/3/FCPT1423259A/jo/texte> [In French]

The organizational chart of Bpifrance clearly establishes the responsibilities of the executive management vis-à-vis the management board.

#### 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.

Bpifrance undergoes regular external and internal audits. In addition, its two shareholders, as well as the French Parliament, supervise its activities. Bpifrance acts in accordance with EU ethical and compliance standards such as the Anti-Money Laundering and Corruption principles.

[https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-security/20180417\\_directive-proposal-facilitating-use-information-prevention-etecction-investigation-prosecution-criminal-offences\\_en.pdf](https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-security/20180417_directive-proposal-facilitating-use-information-prevention-etecction-investigation-prosecution-criminal-offences_en.pdf)

#### 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.

An annual report is published after approval by the General Assembly of Shareholders.

<https://www.bpifrance.fr/Investor-Relations> [In French]

Financial statements are produced according to the IFRS standards as implemented in EU regulation.

In addition, the French public financial jurisdiction is entrusted to audit Bpifrance.

#### 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.

Financial statements and annual report are reviewed by auditors. Bpifrance performs internal auditing through its own team and hires both Mazars and PricewaterhouseCoopers to perform external audits. However, all subsidiaries of Bpifrance's International Capital division are audited exclusively by PricewaterhouseCoopers.

The 2014/56/UE empowers the EU Commission to incorporate International Audit Standards (IAS) in EU regulation. <https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=CELEX%3A32014L0056> [In French]

As no IAS has been recognized until now, the directive authorized the application to national standards, therefore in France audit is made following the French Audit General Accepted Auditing Principles (GAAP) or (NEP, Normes d'Exercices Professionnelles). It has to be underlined that the French GAAP are very similar to the IAS as they share the same objective; to ensure optimal convergence.

#### 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.

Professional and ethical standards for banking and asset management are directly implemented from the [EU Directive 2013/36](#) and are transposed in French law from the [EU directive l'Arrêté du 3 Novembre 2014](#) [In French].

Bpifrance complies with the regulations mentioned above, as it is specified that their applications are regularly reviewed by the French regulators.

#### 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.

Bpifrance is a Limited Partner (LP) in funds in France and overseas. External managers are selected based on selective criteria. Bpifrance invests in external funds and has two main objectives: Contribution to the growth of SMEs, and to gain sustainable long-term financial returns.

Bpifrance is keen on making a positive impact on General Partners (GP) in fostering innovation and improving best practices.

#### 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.

Bpifrance is compliant and acts in strict accordance with the regulatory and legislative frameworks in any jurisdiction. The legal department works closely with Bpifrance Investissement to ensure legitimacy and compliance.

#### 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.

The [Act No.2012-1599 December 31st, 2012](#) [In French] establishes the composition of the management board, its role and its accountability.

In addition, Bpifrance is managed under the supervision of the French Market Authorities (AMF). The supervision grants independence from the board in day-to-day operations, prevents conflicts of interest and ensures transparency.

#### 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.

Please refer to our response on GAPP 11 and 12. Our annual reports are consistently published on our website and are available to the public.

<https://www.bpifrance.fr/Investor-Relations>

### 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.

Bpifrance established an investment policy which is available on its website.

<https://www.bpifrance.fr/Investor-Relations> [In French].

Annual reports and investor presentations published on the website provide additional insights relating to asset allocation, risk and return objectives as well as preferred sectors to invest in.



- “Bpifrance’s doctrine of intervention” was presented to the French National Assembly and the French Senate on May 15<sup>th</sup>, 2013



The investment strategy is long term, encompasses the management’s market wisdom and risk is evaluated seriously. Moreover, Bpifrance invests in companies of all sizes In terms of internal managers, Bpifrance takes pride in posting all employment offerings on the website to the general public:

<https://www.bpifrance.fr/Qui-sommes-nous/Recrutement/Postes-Bpifrance-Investissement> [In French]

## 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.

Bpifrance’s mandate is to foster growth and the development of French companies, either by capital, financing, guarantees and insurance instruments.

With respect to equity instruments, funds of funds, and co-financing activities, Bpifrance always seeks to invest on market conditions with an objective to maximize risk-adjusted financial returns.

As a distinct and separate activity in its business model, Bpifrance shall also intervene where private markets sometimes lack resources (i.e. for state-related activities including guaranteed loan and export-credit activities).

#### 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.

Bpifrance as an investment manager is compliant with [EU directive 2013/36/UE](#) regarding market abuses.

Therefore, strong conflicts of interests' rules and "Chinese walls" have been institutionalized to prevent all forms of market abuses and the misuse of privileged information.

#### 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.

Bpifrance always invests in companies with minority stakes and seeks a position in corporate governance. Bpifrance continuously searches for private investment partners to stimulate the financial markets. Its investment horizon adapts to the technological capabilities of companies, and it takes pride in gaining returns on longer investment term than most investors.

#### 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 objectives are clearly stated in the Bpifrance Investment policy and all asset and holding performances are displayed in the annual reports. Measures are according to EU standards.

<https://www.bpifrance.fr/Investor-Relations>

#### 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.

Along with our regular annual auditing processes, we will be in full compliance with all IFSWF review processes and plan to internally