

Corporate Governance Report 2018

FMA Executive Board and Supervisory Board Report pursuant to
the Federal Public Corporate Governance Code (B-PCGK)

The Federal Public Corporate Governance (B-PCGK) passed by the Federal Government on 30 October 2012 was subjected to a review, in which several affected departments were involved, based on experiences gained in practice as well as new legal provisions. The amendments and supplements have been incorporated into the Public Corporate Governance Code 2017 (B-PCGK 2017). The B-PCGK was passed by resolution by the Federal Government on 28 June 2017 and applies from the 2017 financial year, with the aim of making corporate governance and supervision more transparent and verifiable as well as to clarify the role of the government and the entities of the government as stakeholders.

In accordance with point 3.4.3, the definition of “state-owned enterprises” also includes “public-law institutions (...) as defined in Article 126b of B-VG that are subject to supervision by the federal government”. Additionally, pursuant to point 4.1, the B-PCGK applies to state-owned enterprises with more than ten employees or annual income of EUR 300 000 unless such application is prevented by statutory regulations that are binding on the enterprise concerned. The Code contains rules that are mandatory, which are denoted by a "K", as well as "Comply or Explain" rules, which are denoted by a "C".

The Austrian Financial Market Authority (FMA) falls within the intended scope of the Code as envisaged by the federal government. The FMA’s statutory bodies avail themselves of this opportunity to commit to the terms of the B-PCGK in their area of responsibility insofar as the Code’s application is not limited by specific statutory rules, notably the Financial Market Authority Act (FMABG; *Finanzmarktaufsichtsbehördengesetz*).

1 DECLARATION BY THE EXECUTIVE BOARD AND SUPERVISORY BOARD OF THE FMA

1.1 DECLARATION

The Executive Board and Supervisory Board of the FMA, in their capacity as the FMA’s statutory bodies (management and supervisory body), commit to the principles enshrined in the BPCGK and declare that, as of the end of the 2018 financial year, the applicable rules of the B-PCGK that are not superseded by provisions of the FMABG have been met in their respective areas of responsibility. The terms of the B-PCGK shall also be deemed to be observed provided that the reasons for any deviation are explained.

In keeping with this, the following deviation from an applicable C rule is explained and justified.

1.2 DEVIATION

Pursuant to C rule 8.3.3.1 a professional indemnity insurance may be concluded for the members of the management body and/or the oversight body.

No professional indemnity insurance was concluded for the members of the Supervisory Board of the FMA.

2 DECLARATION BY THE EXECUTIVE BOARD AND SUPERVISORY BOARD OF THE FMA

2.1 THE FMA'S EXECUTIVE BOARD

The FMA is headed by Helmut Ettl, born on 23 August 1965, and Klaus Kumpfmüller, born on 29 November 1969.

Helmut Ettl was appointed for the first time on 14 February 2008, and subsequently reappointed on 14 February 2013 and again on 14 February 2018. Klaus Kumpfmüller was appointed for the first time on 14 February 2013 and has been reappointed for a further term from 14 February 2018.

The appointment, term of office as well as the duties of the Executive Board of the FMA are described in Articles 5 to 7 FMABG.

Neither of the Executive Board Members perform any mandates in the oversight bodies of other entities.

In accordance with the legal mandate, the FMA has taken out an insurance policy for its bodies and employees. The policy terms do not include a deductible of “at least 10% of the claim up to a maximum of one and a half times the annual remuneration of the manager concerned” (K-8.3.3.2).

2.2 THE FMA'S SUPERVISORY BOARD

Composition of the Supervisory Board of the FMA:

<i>Vorsitzender</i> Mag. Alfred Lejsek (BMF)		
<i>Vorsitzender-Stellvertreter</i> Gouv. Univ.-Prof. Dr. Ewald Nowotny (OeNB)		
<i>Mitglieder</i>		
<i>DI Dr. Gabriela De Raaij (OeNB)</i>	<i>MMag. Elisabeth Gruber (BMF)</i>	<i>Kooptierte Mitglieder</i> <i>WP Dr. Walter Knirsch (WKO)</i> <i>Dr. Franz Rudorfer (WKO)</i>
<i>Vize-Gouv. Mag. Andreas Ittner (OeNB)</i>	<i>Dr. Beate Schaffer (BMF)</i>	
<i>Dr. Karin Turner-Hrdlicka (OeNB)</i>	<i>DI Bernhard Perner (BMF)</i>	

Mr. Lejsek, born in 1959, was appointed for the first time on 01 September 2001. His current term of office ends on 31 August 2021.

Prof. Nowotny (Governor, OeNB), born in 1944, was appointed for the first time on 12 September 2008. His current term of office ends on 31 August 2021.

Mr. Ittner (Vice Governor, OeNB), born in 1958, was appointed for the first time on 01 September 2001. His current term of office ends on 31 August 2021.

Dr. De Raaij, born in 1968, was appointed for the first time on 01 February 2014. Her current term of office ends on 31 August 2021.

Dr. Turner-Hrdlicka, born in 1976, was appointed for the first time on 03 January 2018. Her current term of office ends on 02 January 2023.

Mr. Perner, born in 1979, was appointed for the first time on 01 April 2014, and was a member of the Supervisory Board until 15 September 2017. He was reappointed as a member of the Supervisory Board on 03 January 2018. His current term of office ends on 02 January 2023.

Mr. Gruber, born in 1967, was appointed for the first time on 18 September 2017. His current term of office ends on 31 August 2021.

Dr. Schaffer, born in 1959, was appointed for the first time on 01 July 2013. Her current term of office ends on 31 August 2021.

Co-opted Members:

Dr. Rudorfer, born in 1960, was co-opted on 05 October 2012, and has been part of the Supervisory Board ever since.

Dr. Knirsch, born in 1945, was co-opted on 06 September 2005, and has been part of the Supervisory Board ever since.

None of the members of the FMA's Supervisory Board is a member of a committee of the Supervisory Board of the FMA, as no supervisory board committees have been formed.

No professional indemnity insurance exists for the member of the supervisory board (cf. Chapter 1.2).

3 FUNCTIONING OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD OF THE FMA

3.1 EXECUTIVE BOARD

In accordance with Article 5 para. 1 FMABG, the FMA Executive Board is a collegial body comprising two persons. Pursuant to Article 5 para. 2 of the FMA's Rules of Procedure, the Executive Board takes decisions by unanimous vote.

There is no provision for an allocation of responsibilities among the members of the Management Board (Executive Board) (K-15.2.3). In accordance with Article 3 of the FMA's Rules of Procedure and regardless of the deputising arrangements set out in these Rules, the Executive Board bears collective responsibility.

Article 10 para. 2 FMABG defines what activities and measures require the approval of the Supervisory Board.

3.2 SUPERVISORY BOARD

4 Supervisory Board meetings took place during 2018.

- 12 March 2018
- 30 May 2018
- 19 September 2018
- 30 November 2018

The focus of the activities of the Supervisory Board in 2018 at its meetings was as follows:

At every meeting a report was given pursuant to Article 6 para. 5 FMABG to the Supervisory Board about the general performance of the financial market and the conduct of supervision during the reporting period.

These reporting points are addressed by the FMA's Quarterly Report and the corresponding fixed agenda points in the Supervisory Board meetings.

Pursuant to Article 16a para. 3 FMABG the Supervisory Board is informed about the audit areas and the material findings of audit activities on the basis of audits performed by the internal audit function. The Head of the Internal Audit Function also participated at the supervisory board meeting on 12 March 2018.

Pursuant to Article 10 para. 2 FMABG the following require the approval of the Supervisory Board:

- the financial plan to be drawn up by the Executive Board including the investment and staff plan;
 The financial, investment and staff plan for 2019 pursuant to Article 17 FMABG was approved in the Supervisory Board meeting on 30 November 2018.
- Investments, which have not been authorised in the investment plan, as well as the taking out of loans which exceed EUR 75 000;
 In 2018, no investment was submitted pursuant to Article 10 para. 2 no. 2 FMABG for approval by the Supervisory Board.
- The acquisition, disposal and encumbrance of real estate;
 No real estate was acquired or disposed of in 2018, and no encumbrance occurred.
- The annual financial statement to be drawn up by the Executive Board;
 The audited annual financial statement 2017 was approved by the Supervisory Board in its meeting on 30 May 2018.
- Rules of Procedure pursuant to Article 6 para. 2 FMABG and amendments thereto;
 An amendment to the Rules of Procedure was approved by the Supervisory Board in its meeting on 30 November 2018.
- The Compliance Code pursuant to Article 6 para. 2 and amendments thereto;
 It was not necessary to amend the Compliance Code in 2018.
- The appointment of FMA employees to management functions directly subordinate to the Executive Board (second management level) as well as their dismissal and termination of employment;
 In the meetings of the Supervisory Board on 12 March 2018, 30 May 2018, 19 September 2018 and 30 November 2018 proposals for the extension or appointment in management functions or management functions directly subordinate to the Executive Board were proposed and approved.
- The annual report to be drawn up pursuant to Article 16 para. 3;
 The Annual Report was approved by the Supervisory Board in April 2018.
- The conclusion of collective labour agreements and works agreements
 No collective labour agreements or works agreements were concluded the course of 2018.

No member of the Supervisory Board failed to participate at more than half of the meetings of the Supervisory Board during 2018.

4 REMUNERATION OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD MEMBERS

The remuneration of the two Executive Directors of the FMA consists exclusively of fixed components (no variable components are budgeted) and amounted to EUR 269,731.98 before taxes per director and year in 2018.

The costs of contractual old-age pension contributions for the Executive Directors are EUR 22,118.04 per person.

Remuneration paid to the eight voting members of the Supervisory Board comes to a total of EUR 19,700.00 per annum. The amount can be broken down as follows:

■ Chairperson:	EUR 3,600.00
■ Vice-Chairperson:	EUR 2,900.00
■ Member:	EUR 2,200.00

The remuneration of the members appointed by the Oesterreichische Nationalbank is not paid to the members themselves but to the Oesterreichische Nationalbank, in accordance with the terms of their employment contracts. The members co-opted by the Austrian Economic Chambers do not receive any remuneration.

5 CONSIDERATION OF GENDER ISSUES

The FMA actively pursues an equality policy and is committed to equal opportunities regardless of an individual's gender, skin colour, nationality, political persuasion or sexual orientation. It works actively and on a sustained basis to ensure that its working environment is free from discrimination and conducive to equal opportunities, promoting a culture of recognition and mutual respect. The Federal Equal Treatment Act (B-GIBG) has applied to the FMA since 01 January 2014.

5.1 NON-DISCRIMINATION

With the scope of application of the Federal Equal Treatment Act the plan for the promotion of women was updated during 2018 based on staff member information as at 31 December 2017 and the measures for the promotion of women amended accordingly.

The Federal Equal Treatment Act targets gender equality both among staff members as well as for managerial positions. On the basis of the family-friendly working conditions at the FMA, the gender equality target for staff members has been achieved from the outset and is met a stable manner for a long time.

The high proportion of women in managerial positions in the FMA, of 40% is an encouraging signal that the FMA may be in a position in the near future to meet the target of gender equality in the filling of the managerial positions. Since it is not possible to predict what effect the incorporation of the OeNB's banking supervision staff into the FMA will have, as the time of this report being issued it is not possible give any details about a fixed date for reaching the target of 50% of managerial positions being held by women. Irrespective of the forthcoming organisational changes as a result of the supervisory reform, continuing efforts are being made to achieve the target of 50% of managerial positions being held by women by means of the following measures. Within the expert career the female percentage is 44%.

The current plan for the promotion of women also stipulates that when allocating thematic expertise, working in international committees and working groups that female employees (also those working part-time) are in particularly considered. Regarding admittance to training and education programmes care is also taken to ensure that women are afforded equal consideration. The measures that have been decided upon are being implemented involving colleagues from the specialist departments.

5.2 GENERAL GENDER ASPECTS

In terms of gender-neutral language all job advertisements, announcements and publications published by the FMA are either gender-neutrally formulated or contain a gender-neutrality disclaimer as applicable. All advertised positions explicitly welcome female applicants to apply.

5.3 PROPORTION OF WOMEN IN THE FMA EXECUTIVE BOARD, SUPERVISORY BOARD AND IN MANAGERIAL POSITIONS

In accordance with Article 6 FMABG, the members of the FMA's Executive Board are appointed by the Federal President on the basis of proposals from the Federal Government. There are currently no women on the Executive Board.

The FMA's Supervisory Board is appointed by the Federal Minister of Finance pursuant to Article 8 FMABG, with the exception of the co-opted members. The Oesterreichische Nationalbank shall name persons for the function of deputy chairperson as well as three additional members of the Supervisory Board. As at 31 December 2018, the proportion of women on the Supervisory Board was 50% (four women out of eight members with voting rights). In addition, the Supervisory Board shall co-opt two members named by the Austrian Economic Chambers; however, they shall have no voting right.

As at 31 December 2018, 40% of all executive positions (including Executive Board members, Managing Directors of Departments, Heads of Divisions and Team Leaders) at the FMA are held by women. Across the FMA as a whole, women account for 54.5% of the staff.

In addition to, and irrespective of, the drawing up of the plan regarding the promotion of women pursuant to Article 11a B-GIBG, during the appointment process for senior positions, attention is already paid to ensure that preference is given to female applicants holding the same level of qualifications as their male counterparts, since there is currently still a considerable gender imbalance at this level.

In this regard, the ratio of female to male applicants is disclosed to all employees of the FMA following each successful appointment of senior executives.

5.4 COMPATIBILITY OF CAREER AND FAMILY

In November 2017, following the holding of a strategy and audit workshop, the FMA was awarded the full *berufundfamilie* certificate. During the first year following this certificate being awarded, the FMA was already able to implement some of the measure that had been agreed upon.

These measures included the revision of the existing teleworking policy, which was revised in order to address the demands and needs of staff members, which had been identified on the basis of an anonymous online survey in advance.

In November 2018, for the first time testimonial videos went online and regular campaigns were run, for example published via Facebook as well as on the Intranet, which addressed the improved reconciliation of work, family and private life.

In May 2018, a feedback process for staff in managerial positions was held on behalf of the Executive Board, which was part of the measures contained in the list of objectives for the audit of career and family life. The aim of this survey was on the one hand to provide staff members in managerial positions with an option to receive feedback from various perspectives about their about their managerial work, as well as to be able to develop their managerial skills further on an ongoing basis. On the other hand, the quality of management is also essential for the ensuring the personal satisfaction of staff members. The results of the anonymous online survey were then discussed with every participant in the feedback exercise in a personal evaluation discussion.

Regarding the area of “health promotion measures and care” the FMA’s works council produced an information brochure about the possibilities of taking a leave of absence or working part-time for caregivers.

Generally, work is ongoing on a continual basis regarding the implementation of the goals and measures than have been agreed upon.