



Corporate Governance Report 2019

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 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, 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the BPCGK and declare that, as of the end of the 2019 financial year, the applicable rules of the B-PCGK that are not superseded by provisions of the FMABG have been met in their respective areas of responsibility.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 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 Kumpfmüller¹, 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).

¹ Klaus Kumpfmüller held this position until 31.01.2020.

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> Gouverneur Univ.Prof. Mag. Dr. Robert Holzmann (OeNB)		
<i>Mitglieder</i>		
<i>DI Dr. Gabriela De Raaij (OeNB)</i>	<i>MMag. Elisabeth Gruber (BMF)</i>	<i>Kooptierte Mitglieder</i>
<i>Vize-Gouverneur Univ.Prof. MMag. Dr. Gottfried Haber (OeNB)</i>	<i>Dr. Beate Schaffer (BMF)</i>	<i>WP Dr. Walter Knirsch (WKO)</i>
<i>Dr. Karin Turner-Hrdlicka (OeNB)</i>	<i>Dr. Dietmar Schuster (BMF)</i>	<i>Dr. Franz Rudorfer (WKO)</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 term of office ended on 31 August 2019.

Prof. Holzmann (Governor, OeNB), born in 1949, was appointed for the first time on 01 September 2019. 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 term of office ended on 10 July 2019.

Prof. Haber (Vice Governor, OeNB), born in 1972, was appointed for the first time on 11 July 2019. 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 term of office ended on 01 August 2019.

Dr. Schuster, born in 1980, was appointed for the first time on 05 September 2019. His current term of office ends on 02 January 2023.

Ms. Gruber, born in 1967, was appointed for the first time on 18 September 2017. Her 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 THE 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 4 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 2 para. 4 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

5 Supervisory Board meetings took place during 2019.

- 04 March 2019
- 23 April 2019
- 28 June 2019
- 17 September 2019
- 20 November 2019

The focus of the activities of the Supervisory Board in 2019 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 04 March 2019.

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 2020 pursuant to Article 17 FMABG was approved in the Supervisory Board meeting on 20 November 2019.
- Investments, which have not been authorised in the investment plan, as well as the taking out of loans which exceed EUR 75 000;
 In 2019, investments were 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 2019, and no encumbrance occurred.
- The annual financial statement to be drawn up by the Executive Board;
 The audited annual financial statement 2018 was approved by the Supervisory Board in its meeting on 23 April 2019.
- 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 20 November 2019.
- The Compliance Code pursuant to Article 6 para. 4 and amendments thereto;
 It was not necessary to amend the Compliance Code in 2019.
- 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 23 April 2019 and 17 September 2019 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 2018 Annual Report was approved by the Supervisory Board on 23 April 2019.

- The conclusion of collective labour agreements and works agreements
 No collective labour agreements or works agreements were concluded the course of 2019.

Mr. Perner did not participate at more than half of the meetings of the Supervisory Board during 2019.

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 276,545.64 before taxes per director in 2019.

The costs of contractual old-age pension contributions for the Executive Directors are EUR 22,676.78 per person.

The remuneration for the eight member of the supervisory board with voting rights totals € 19,700 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 continual basis to ensure a working environment that 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 two-year 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 managerial positions at all levels. Efforts are continuing to be made on an ongoing basis to achieve the target level of 50% of managerial roles being held by women.

The current plan for the promotion of women also stipulates when allocating thematic expertise, working in international committees and working groups that female employees (including those working part-time) are in particular 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

With regard to 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 5 para. 2 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 names persons for the function of deputy chairperson as well as three additional members of the Supervisory Board. In addition, the Supervisory Board shall co-opt two members named by the Austrian Economic Chambers; however, they shall have no voting

right. As of 31 December 2019, the proportion of women on the Supervisory Board was 40% (four women out of ten members).

As at 31 December 2019, 42% 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 53.5% 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

Since having been recertified in November 2017, the FMA has successfully implemented most of the measures that were determined during the audit process carried out at that time.

The evaluation of the new Teleworking and Home Office Guideline was a major milestone in 2019. In an employee survey conducted beforehand, the wish was particularly apparent for greater flexibility and optimisation of the Teleworking Guideline that had existed to date. The results and findings from the survey as well as comparison with companies in similar sectors serve as a basis for a new concept in order to be able to balance the interests and requirements of both the employer and the individual in the best possible way. In September 2019, employee events were held, at which the key points of the Teleworking and Home Office Guideline were presented by the division for Human Resources. An important new feature was the removing of the existing cap per department, which only allowed a limited number of staff members to work from workplace away from the FMA's premises. The Guideline also contains precise definitions for "Telearbeit" (Teleworking) and "Home Office". Approval of teleworking or home office by the competent managerial staff member however remains a pre-requisite for it being permitted. The new Guideline entered into force on 01.10.2019.

The full certificate currently held for the "Audit berufundfamilie" (Career and Family Audit) expires in November 2020. The Executive Board approved the request to be recertified in November 2019. The audit process is expected to start in March 2020, with the company "KiBiS" having once again been engaged as the auditor.

The employee survey conducted by the FMA's Works Council during the 2nd quarter of 2019 form a good basis of information for the issues to be covered in the new audit process, with the survey addressing the thematic blocks on working hours, teleworking, health and working conditions at the FMA. Furthermore the Human Resources division was also able to gain important impressions about the significant innovations in the area of "Career and Family" by attending the network meeting organised by KiBiS in October 2019. Presentations including current studies about the relevance of the topic in entrepreneurial terms as well as how the

issue has developed. The accompanying key words of “Digitalisation”, “Diversity”, “New Work” and initial findings from working together with “Generation Z” for the first time yielded new and interesting findings.

5.5 FMA WOMEN’S NETWORK (FMA-FRAUENNETZWERK)

The FMA Women’s Network, which was founded in 2018 at the initiative of staff members of the FMA, continued to provide fresh impetuses in 2019. In order to promote its aims of reciprocal exchange, support and networking, the FMA Women’s Network organised two internal events in addition to its established mystery lunches and coaching opportunities. Depending on the subject matter, events were intended for the FMA’s female staff members, or were open to all FMA employees. Speakers from within the FMA as well as external speakers were involved in providing impulses about current issues.

In this regard, Monika Herbstrith-Lappe spoke about the strength of diversity as a keynote speaker in January 2019. Christine Mayerhuber shared academic findings about how women (as well as men) may overcome a gap in their pension. There were also valuable contributions by FMA staff members, representing all the FMA’s departments. The large turnout for the events organised in 2019 shows that the FMA Women’s Network is well received. Planning is already at an advanced stage for new events for 2020.