



Corporate Governance Report 2020

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



The Federal Public Corporate Governance Code (B-PCGK) passed by the Federal Government on 30 October 2012 was reviewed based on experiences gained in practice as well as new legal provisions, with several affected departments were involved in the process. The amendments and supplements have been incorporated into the Federal Public Corporate Governance Code 2017 (B-PCGK 2017). The B-PCGK was passed by the Federal Government on 28 June 2017 and applies from the 2017 financial year, with the aims of making corporate governance and supervision more transparent and understandable as well as clarifying 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 that 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

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the B-PCGK and declare that, as of the end of the 2020 financial year, the applicable rules of the B-PCGK that are not superseded by provisions of the FMABG have been met in their respective areas of responsibility.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 from these principles are explained.

¹ In the interests of readability, no differentiation is made regarding genders in academic titles. The terms used are applied to both genders in the interests of gender neutrality.

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 Eduard Müller, born on 31 August 1962.

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. Eduard Müller was appointed on a temporary basis on 01 February 2020, and officially appointed on 06 July 2020.

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:

| | | |
|--|-----------------------------------|---------------------------------|
| Chairperson | | |
| Mr. Alfred Lejsek (BMF) | | |
| Deputy Chairperson | | |
| Prof. Robert Holzmann (Governor, OeNB) | | |
| Members | | Co-opted Members |
| Dr. Gabriela de Raaij (OeNB) | Ms. Elisabeth Gruber (BMF) | Dr. Walter Knirsch (WKO) |
| Prof. Gottfried Haber (Vice Governor, OeNB) | Dr. Beate Schaffer (BMF) | Dr. Franz Rudorfer (WKO) |
| Dr. Karin Turner-Hrdlicka (OeNB) | Dr. Dietmar Schuster (BMF) | |

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. 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.

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.

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.

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

Six Supervisory Board meetings took place during 2020.

- 24 January 2020
- 02 March 2020
- 27 April 2020
- 22 June 2020
- 21 September 2020
- 27 November 2020

The focus of the activities of the Supervisory Board in 2020 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 02 March 2020.

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 staffing plan for 2021 pursuant to Article 17 FMABG was approved in the Supervisory Board meeting on 27 November 2020.
- Investments, which have not been authorised in the investment plan, as well as the taking out of loans which exceed EUR 75 000;
In 2020, 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 2020, and no encumbrance occurred.
- The annual financial statement to be drawn up by the Executive Board;
The audited annual financial statement 2019 was approved by the Supervisory Board in its meeting on 27 April 2020.
- 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 27 November 2020.
- The Compliance Code pursuant to Article 6 para. 4 and amendments thereto;
It was not necessary to amend the Compliance Code in 2020.
- 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 2020, no proposals for the extension or appointment in management functions or management functions directly subordinate to the Executive Board were proposed and approved in a meeting of the supervisory board.
- The annual report to be drawn up pursuant to Article 16 para. 3 FMABG;
The 2019 Annual Report was approved by the Supervisory Board on 27 April 2020.
- The conclusion of collective labour agreements and works agreements
In 2020, a proposed amendment to the operating agreement in relation to the pension company commitment was proposed and approved at the supervisory board meeting on 21 September 2020.

All members of the Supervisory Board participated at least half of the meetings of the Supervisory Board during 2020.

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 amounts to EUR 282,767.80 before taxes per director in 2020.

The costs of contractual old-age pension contributions for the Executive Directors are EUR 23,187.08 per person in 2020.

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 towards equal opportunities regardless of an individual's gender, age, ethnic origin, religion and ideology or sexual orientation as well as promoting diversity. It works actively and on a sustained 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

The Federal Equal Treatment Act contains a particular remit for the promotion of women, upon which basis a plan regarding the promotion of women was drawn up for the period from 2016 to 2021. This plan was updated during 2020 based on employee data as of 31 December 2019 and the measures for the promotion of women amended accordingly as required. Furthermore, an equal opportunities officer and a deputy equal opportunities officer were appointed as of 01.02.2020.

The principle of non-discrimination is particularly expressed in the Federal Equal Treatment Act in terms of gender parity both in terms of numbers of employers as a whole, as well as for managerial staff and in the Specialist Career Programme (*Fachkarriere*). The family-friendly working conditions at the FMA and the ongoing promotion of greater flexibility in the workplace, has allowed the gender equality target for staff members to be achieved from the outset, and consistently met every year.

The high proportion of women in managerial positions in the FMA, of 42%, and which has been increased for a number of years, 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 a constant basis to reach the target level of 50% of managerial roles being held by women. In the lowest management level (Team Heads) this target

was reached in 2019. The promotion of gender equality in the special career programme is also a significant personnel development issue.

The current update to the plan for the promotion of women continues to stipulate that when allocating thematic expertise, working in international committees, and working groups, female employees (also 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. In this area, it was also possible to observe a balanced gender balance recently. To make the general conditions for women even more attractive, the revised FMA Teleworking and Home Office Guideline has applied since 2019, which contains further flexibility regarding the performance of work with regard to working hours and the location of work. The extension of the possibilities for teleworking and working from home are being evaluated on an ongoing basis and developed further. Within the reassessment for auditing the certificate regarding the compatibility of career and family that was performed in 2020, further actions were drawn up for further developing the framework in the FMA, especially also with regard to promoting the employment of women. In the medium-term, the findings from the situation that emerged as a result of the global Coronavirus pandemic in 2020 will also be incorporated. 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 formulated accordingly or contain a gender-neutrality disclaimer as applicable. All advertised positions explicitly state that female applicants are particularly welcome 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 2020, the proportion of women on the Supervisory Board was 40% (four women out of ten members).



As at 31 December 2020, 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 55% 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 2013 the FMA has been participating in the “Audit berufundfamilie” (audit about the compatibility of career and family), the aim of which is to establish a family-aware corporate culture and to draw up corresponding actions. Following its basic certification in November 2013, the FMA was awarded the full “Audit berufundfamilie” certificate by the Federal Ministry of Labour, Families and Youth in 2017 following a repeat audit. In the re-audit conducted in 2020, which was signed off by the Executive Board, new actions have been drawn up that are to be implemented in the coming three years.

In preparation for the auditing process, a project team was again created, consisting of at least two staff members per department as well as members of the works council, the equal opportunities representatives and staff members from the personnel division.

The start of the 6-month re-audit process was originally planned for March 2020, but was postponed until the 2nd quarter of 2020 due to the restrictions that occurred due to the Covid-19 pandemic. The entire process was conducted remotely (via Skype) and once again was accompanied by the licensed auditing company “KiBiS”.

The strategy workshop was therefore only held remotely on 02 June 2020 in a smaller group (Works council, equal opportunities representative, personnel division, the auditor from KiBiS). A brief review was given about the initiatives that had been implemented during the previous three years and the focus areas for the ongoing audit that were determined. In addition, the existing family and management definition as well as the objectives in relation to the audit were reviewed and redefined. During the subsequent auditing workshop on 08 July 2020 it was possible to draw up a new target agreement in conjunction with other members of the project teams and again accompanied by our auditor. This takes the form of a catalogues of criteria that contains more far-reaching targets and measures to realise and improve the FMA’s family-conscious personnel policy and existing measures have been developed further based on the status quo. The issues of “mobile working”, “remote leadership” and “working together virtually” were included in the target agreement.



On 14 October 2020, positive certification of the target agreements as well as the whole audit process was granted by TÜV Austria, the licensed certification body. The (potentially virtual) event at which the certificate will be presented by the Federal Minister of Labour, Families and Youth was not yet able to take place due to the continuing prevailing exceptional circumstances due to Covid-19.

The implementation of the targets determined in the course of the audit is expected to start during the 2nd quarter of 2021.

5.5 FMA WOMEN'S NETWORK (FMA-FRAUENNETZWERK)

The FMA's Women's Network, which was founded in 2018 at the initiative of staff members of the FMA, continued to provide fresh impetuses in 2020 despite the restrictions in place due to COVID-19. 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 peer coaching opportunities. In March 2020, there was a tour of the OeNB's art collection, and the FMA Women's Breakfast (FMA-Frauenfrühstück) was held virtually in December 2020. The contributions from the virtual breakfast came not only from the Women's Network, but also from Executive Director Eduard Müller, the FMA's new Equal Opportunities Representative, Angela Naschenweng, and her deputy Brigitte Begrich, as well as the Chairperson of the Works Council, Hulda Wiltschko and Works Council Members Ulrike Zöchbauer and Karolina Landsiedl-Munz. The large turnout for the events organised in 2019 and 2020 shows that the FMA Women's Network's initiatives are well received. Planning is already under way for new events and initiatives for 2021.

6 EXTERNAL EVALUATION OF COMPLIANCE WITH THE RULES OF THE FEDERAL CORPORATE GOVERNANCE CODE

The most recent evaluation of compliance with the rules of the Public Corporate Governance Code was conducted by a legal practice in November 2017. According to the review performed by the external inspector, the FMA complied with the rules set out in the B-PCGK for the evaluation period from 1 January 2013 until 31 December 2017. The next external evaluation of PCGK compliance by the FMA in accordance with Chapter 15.5 of the B-PCGK 2017 is scheduled to take place in 2022.