



CORPORATE GOVERNANCE
REPORT 2021

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

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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 applicable from the 2017 financial year, with the aim of making corporate governance and supervision more transparent and understandable 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 the Federal Constitutional Act (B-VG; Bundes-Verfassungsgesetz) 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

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

1.1 DECLARATION

The FMA's Executive Board and Supervisory Board, 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the B-PCGK and declare that, as of the end of the 2021 financial year, the applicable rules of the B-PCGK that are not superseded by provisions of the FMABG have been met in their respective areas of responsibility.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.

¹ In the interests of readability, no differentiation is made regarding genders in academic titles. The terms used apply to all 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 and duties of the FMA's Executive Board 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 its 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 FMA's Supervisory Board:

<p>Vorsitzender Mag. Alfred Lejsek (BMF)</p> <p>Vorsitzender-Stellvertreter Gouverneur Univ. Prof. Mag. Dr. Robert Holzmann (OeNB)</p>		
<p>Mitglieder</p>		<p>Kooptierte Mitglieder</p>
DI Dr. Gabriela de Raaij (OeNB)	MMag. Elisabeth Gruber (BMF)	WP Dr. Walter Knirsch (WKO)
Vize-Gouverneur Univ. Prof. MMag. Dr. Gottfried Haber (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 2026.

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 2026.

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 2026.

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 2026.

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 2026.

Dr. Schaffer, born in 1959, was appointed for the first time on 01 July 2013. Her current term of office ends on 31 August 2026.

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 AN 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 deputisation 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 were held during 2021.

- 03.03.2021
- 26.04.2021
- 17.06.2021
- 29.09.2021
- 19.11.2021
- 09.12.2021

The focus of activities of the Supervisory board meetings in 2021 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 03 March 2021.

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 2022 pursuant to Article 17 FMABG was approved in the Supervisory Board meeting on 09 December 2021.
- Investments, which have not been authorised in the investment plan, as well as the taking out of loans which exceed EUR 75 000; in 2021, 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 2021, and no encumbrance occurred.
- the annual financial statement to be drawn up by the Executive Board; The audited annual financial statement 2020 was approved by the Supervisory Board in its meeting on 26 April 2021.
- Rules of Procedure pursuant to Article 6 para. 2 FMABG and amendments thereto; Amendments to the Rules of Procedure was approved by the Supervisory Board in its meetings on 03 March and on 09 December 2021.
- The Compliance Code pursuant to Article 6 para. 4 and amendments thereto; It was not necessary to amend the Compliance Code in 2021.
- 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; At the Supervisory Board meeting on 19 November 2021, two applications were submitted to refrain from issuing a vacancy notice.
- The annual report to be drawn up pursuant to Article 16 para. 3 FMABG; The 2020 Annual Report was approved by the Supervisory Board on 26 April 2021.
- The conclusion of collective labour agreements and works agreements In 2021, the operating agreement on the 3G rule (employees either vaccinated against, recovered from or negatively tested for COVID-19) was proposed and approved at the supervisory board meeting on 29 September 2021.

All members of the Supervisory Board participated at least half of the meetings of the Supervisory Board during 2021.

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 286,868.40 before taxes per director in 2021.

The costs of contractual old-age pension contributions for the Executive Directors are EUR 23,523.22 per person in 2021.

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, ethnicity, religion and ideology or sexual orientation as well as promoting diversity. It works actively and on a sustained basis to ensure 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

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 employees as a whole, as well as for managerial staff and in the Specialist Career Programme (Fachkarriere). Due to the family- friendly working conditions at the FMA and the ongoing promotion of greater flexibility in the workplace, the gender equality target for staff members has been achieved from the outset, and met consistently every year.

The high proportion of women in managerial positions in the FMA (42%) which has been continuously increasing for a number of years, is an encouraging signal that the FMA may be in a position in the foreseeable 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 already 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, that female employees (also those working part-time) are in particular considered. Regarding admittance to training and education programmes attention is paid to ensure that women are afforded equal consideration. In this area, a balanced gender ratio has been observed at all times in recent years.

To make the general conditions for employees even more attractive, an revised FMA Teleworking and Home Office Policy has applied since 2019, which contains further flexibility regarding the performance of work with regard to working hours and the location of work. This policy was revised and extended in 2020 as a consequence of the COVID-19 pandemic, with the result that the “FMA Policy for Home Office” has applied since 01 July 2021. The extension of the possibilities for working from home continues to be 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 regarding promoting the employment of women. In the longer term, the findings from the situation as a result of the Coronavirus pandemic will also be incorporated. The measures that have been decided upon are being implemented involving staff members from the specialist departments.

5.2 GENERAL GENDER ASPECTS

In terms of inclusive and gender-sensitive language all job advertisements, announcements and publications published by the FMA are either formulated accordingly or contain a disclaimer as applicable. All advertised positions explicitly state that all applicants are 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 in 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 2021, the proportion of women on the Supervisory Board was 40% (four women out of ten members).

As of 31 December 2021, 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 represent 57% of the staff.

In addition to, and irrespective of, the obligation to draw up the plan regarding the promotion of women pursuant to Article 11a B-GlBG, during the appointment process for senior positions, attention is paid to ensure that preference is given to female applicants who hold the same level of qualifications, as long as the gender ratio at the respective management level is still male dominated.

Following the selection process for a managerial position, the ratio of female to male applicants is disclosed to all FMA employees.

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. Having attained 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 for implementation in the coming three years.

After a positive conclusion to the assessment of the target agreement by the licensed certification body "TÜV Austria" on 14 October 2020, the certificate was subsequently presented by the Federal Minister of Labour, Family and Youth on 4 March 2021 at an online event due to the exceptional situation caused by Covid-19.

The planning and implementation of the targets stated in the audit was started thereafter.

The most significant milestone was the revision to the existing Teleworking and Home Office Policy, which was revised based on the lessons learned from the COVID-19 pandemic and the lockdowns associated with it. This policy entered into force on 01 July 2021 (cf. Chapter 5.1).

The significant changes covered the following items:

- The conditions were relaxed for making use of home office provision. In principle, all staff members including interns are now able to make use of the possibility to work from home (Home Office).
- The extent of home office provision has been extended, and may also be used more flexibly subject to agreement with the relevant managerial staff.
- Standardisation of the term "Home Office": the previous differentiation between "teleworking" and "home office" no longer applies.
- The approval process has been simplified: approval by the Executive Board is no longer necessary, and the temporary nature of home office agreements has also been removed.

In addition, a "communication roadmap" was drawn up in cooperation with the division for Executive Board Affairs and Public Relations, which, among other things, covers the implementation/publication of the following topics:

- Publication about the Compatibility of Family Life and Management Positions (outstanding)
- Regular publication of key figures (ratio of women to total employees, paternity leave, women in managerial positions, etc.): implemented on an ongoing basis
- Storytelling at managerial level: an interview with an Executive Board Member on the compatibility of career and family was published on the Intranet as well as on social media channels.
- Further interviews with staff members from various positions and with different family backgrounds as well as other managerial staff and the Executive Board are planned in 2022.

The other goals determined in the audit are being implemented on an ongoing basis.

5.5 FMA WOMEN'S NETWORK (FMA-FRAUENNETZWERK)

The FMA Women's Network, which was founded in 2018 at the initiative of staff members and with the support of female managerial level staff of the FMA, again continued to remain vibrant in 2021 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 an internal event in addition to its tried and tested mystery lunches (currently in virtual form) and peer coaching opportunities, which were very well received. In March 2021, during lockdown, the event "Wie Frauen erfolgreich netzwerken" ("How women network successfully") was held virtually, featuring former government ministers Maria Rauch-Kallat and Gabriele Heinisch-Hosek, OeNB staff member and Board Member of Sorority, Erza Aruqaj, and the Director of the Ombud for Equal Treatment at the Federal Chancellery, Sandra Konstatzky. By being held virtually, it also permitted OeNB staff members to participate.

The FMA Women's Network (FMA-Frauen Netzwerk) received motivating external recognition by being awarded the Minerva Award in the category "Money" by SHEconomy at an awards ceremony held at the Radiokulturhaus in Vienna on 7 November 2021. The award is intended to recognise women for their exemplary role in promoting equal opportunities in the workplace. The FMA Women's Network sees the prize as an affirmation of the path and measures it has taken. The award motivates the FMA Women's Network to intensify the exchange with other women's networks in the supervisory and financial sector and to cultivate possible synergies.

6 SUSTAINABILITY

As an organisation, the FMA is committed to the topic of sustainability, and understands this as fulfilling the 17 Sustainable Development Goals (SDGs) adopted by the United Nations as part of its "Transforming our world: the 2030 Agenda for Sustainable Development", with the Republic of Austria, as a member country of the United Nations, has committed itself to implementing these sustainable development goals. Within the framework of the FMA's own environment policy, it has been implemented as a principle of action for the sustainable use of resources. The aim is to ensure that demand is met in the long term by preserving the natural regenerative capacity of the systems involved (especially living organisms and ecosystems).

For this reason, the FMA, in close cooperation with its works council, already established a task force on sustainability in 2019. In 2021 the task force was transferred into a project to participate City of Vienna's EcoProfit programme, with the objective of securing this topic in the FMA and driving it forward on an ongoing basis. As a result, the FMA was awarded the status of an EcoProfit company in 2021. Participation is planned in the EcoProfit programme in 2022, so that individual

environmental aspects are regularly analysed regarding activities in and for the FMA, and environmental indicators determined in order to discover further room for improvement.

The FMA has already identified numerous measures that are intended to fight climate change and to achieve the Paris climate change targets.

The FMA considers the topic of sustainability not only as being of great importance in terms everyday work, both in terms of physical presence and working remotely, as well as for travelling for business and commuting, but also in relation to the Austrian financial market.

The financial sector plays a central role towards achieving a sustainable and environmentally and climate-friendly society. Sustainability risks may negatively influence both the performance of individual assets and financial market participants and may also potentially influence financial stability as a consequence.

Against this background, the issue of sustainability was accounted for in the FMA's priorities for supervision and inspections 2021, on the one hand to support the transformation towards a climate-neutral economy and to mitigate the risks of climate change for the financial market, while on the other hand acting as a role model.

7 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.