



Corporate Governance Report 2022

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. It aims to make corporate governance and supervision more transparent and understandable and 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 € 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the B-PCGK and declare that, as of the end of the 2022 financial year, the applicable rules of the B-PCGK that are not superseded by provisions of the FMABG have been met in their respective areas of responsibility.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 are also deemed to be observed where 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's Executive Board is made up of 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><i>Vorsitzender</i> Mag. Alfred Lejsek (BMF)</p> <p><i>Vorsitzender-Stellvertreter</i> Gouverneur Univ. Prof. Mag. Dr. Robert Holzmann (OeNB)</p>		
<p><i>Mitglieder</i></p>		
<p>DI Dr. Gabriela de Raaij (OeNB)</p> <p>Vize-Gouverneur Univ. Prof. MMag. Dr. Gottfried Haber (OeNB)</p> <p>Dr. Karin Turner-Hrdlicka (OeNB)</p>	<p>MMag. Elisabeth Gruber (BMF)</p> <p>Dr. Beate Schaffer (BMF)</p> <p>Dr. Dietmar Schuster (BMF)</p>	<p><i>Kooptierte Mitglieder</i></p> <p>WP Dr. Walter Knirsch (WKO)</p> <p>Dr. Franz Rudorfer (WKO)</p>

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. Robert 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. Gottfried 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 are members 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 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

Five Supervisory Board meetings were held in 2022.

- 14 March 2022
- 26 April 2022
- 07 June 2022
- 26 September 2022
- 25 November 2022

The focus of activities of the Supervisory board meetings in 2022 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 14 March 2022.

Pursuant to Article 10 para. 2 FMABG the following require approval by 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 2023 pursuant to Article 17 FMABG was approved in the Supervisory Board meeting on 25 November 2022.
- Investments, which have not been authorised in the investment plan, as well as the taking out of loans which exceed € 75 000;
In 2022, 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 2022, and no encumbrance occurred.

- The annual financial statement to be drawn up by the Executive Board;
 The audited annual financial statement 2021 was approved by the Supervisory Board in its meeting on 26 April 2022.
- 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 14 March 2022.
- The Compliance Code pursuant to Article 6 para. 4 and amendments thereto;
 It was not necessary to amend the Compliance Code in 2022.
- 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 meeting of the Supervisory Board on 26 September 2022, it was reported about the circular decision taken regarding the appointment of the temporary Head of Internal Audit.
 At the meeting of the Supervisory Board on 25 November 2022, it was reported about the circular decision taken regarding the appointment of the new Head of Internal Audit.
- The annual report to be drawn up pursuant to Article 16 para. 3 FMABG;
 The 2021 Annual Report was approved by the Supervisory Board on 26 April 2022.
- The conclusion of collective labour agreements and works agreements.
 In 2022 no proposals were made of approved about such agreements.

All members of the Supervisory Board participated at least half of the Supervisory Board meetings during 2022.

3.3 INFORMATION BY THE EXECUTIVE BOARD TO THE SUPERVISORY BOARD IN RELATION TO THE FURTHER DEVELOPMENT OF THE FMA'S STRATEGY

In February 2022, the FMA started a transformation programme ("Fit for Future – FMA 2025"). This programme is an intensive process for shaping the FMA's course towards becoming a versatile authority.

The FMA is currently in an environment in which far-reaching and massive changes are occurring on both macroeconomic and geopolitical levels:

- global economic upheaval (e.g. supply-side bottlenecks, inflation) and geopolitical uncertainty

- the climate crisis and the transformation towards a sustainable and climate-neutral economy
- digital transformation
- the increasing significance of data and IT security
- new business models (e.g. crypto assets, Big Tech, FinTech, the platform economy)

An intensive internal analysis has identified these issues about all other as the greatest direct challenges for supervision. However, these significant trends and developments should only be understood as a starting point. The purpose of the FMA's strategy is intended to integrate current and above all future developments into supervisory activities quickly and at an early stage, and actively shaping the necessary framework conditions for the financial market.

Comprehensive strategic developments at the FMA are generally developed and implemented in the form of projects or programmes. In the case of complex strategic projects - such as the comprehensive transformation programme "Fit For Future – FMA 2025" - the Executive Board or programme managers inform the Supervisory Board about individual steps at the Supervisory Board meetings and, if necessary, also in person or in writing.

Financial expenditure arising from projects or programmes for implementing strategic development must be approved by the Supervisory Board within the financial plan, including the investment and staffing plan.

4 REMUNERATION OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD MEMBERS

The FMA's two Executive Directors' remuneration consists exclusively of fixed components (no variable components are intended) and amounts to € 295,134 before taxes per head in 2022.

The costs of contractual old-age pension contributions for the Executive Directors are € 24,200.96 per person in 2022.

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: € 3,600.00
- Vice-Chairperson: € 2,900.00
- Member: € 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 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

A particular remit for the promotion of women is enshrined in the Federal Equal Treatment Act, based on which a plan regarding the promotion of women applied for the period from 2016 to 2021. This initial plan for promotion of women was updated in both 2018 and 2020. A new plan for the promotion of women therefore had to be drawn up for the period between 2022 and 2027 for the FMA.

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*). 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 stabilised at a pleasingly high level, 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.

As a current measure for the promotion of women, it is still envisaged when allocating thematic expertise, working in international committees and working groups, to give particular consideration to female employees (also those working part-time). Regarding access to training and education programmes attention is paid to ensure that women are afforded equal consideration, as well as paying particular attention to the continuing professional development needs of female colleagues. In recent times, a balanced representation of the respective genders has been observed on a continual basis in relation to training and education programmes.

To make the general conditions for employees even more attractive, a revised FMA Teleworking and Home Office Policy applied since 2019, which provided greater flexibility regarding the performance of work with regard to working hours and the place of work. This

policy was revised and extended in light of the Coronavirus pandemic in 2020, with the current “FMA Policy for Home Office” applying since 01 July 2021. The current policy included increasing flexibility regarding the place of performance of work by FMA staff members with regard to the conditions and mode for the utilisation of Home Office working. The extension of the possibilities for working from home is being evaluated on an ongoing basis and developed further.

With regard to achieving equality, diversity and inclusion targets, the FMA launched a project in 2021 for promoting “Equality, Diversity and Inclusion” (“EDI project”), which presented its findings in 2022 and which was subsequently incorporated into the “Fit For Future – FMA 2025” transformation programme. During the project a comprehensive as-is and benchmark analysis was conducted and an FMA Guidance for Equality, Diversity and Inclusion (EDI) drawn up as well as FMA Guidance for internal and external communications regarding using gender-sensitive and inclusive language. FMA staff members showed particularly interest in this project, especially within the sounding board that was established specifically for this project. Thanks to the broad commitment of the Executive Board as well as the active participation of the FMA’s staff members in the work within this project, the EDI project has established itself as a lively initiative, which will continue to develop further as part of the “Fit for Future – FMA 2025” programme.

5.2 GENERAL GENDER ASPECTS

In terms of inclusive and gender-sensitive language, all job advertisements, announcements and publications published by the FMA either formulated accordingly or contain a 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 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 2022, the proportion of women on the Supervisory Board was 40% (four women out of ten members).

As of 31 December 2022, 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 53.48% 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-GIBG, during the appointment process for senior positions, attention is paid to ensure female applicants holding the same level of qualifications are preferred 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. At the second repeat audit conducted in 2020 new measures were developed, that had to a large extent already been implemented during the previous two years.

The most significant milestone was the revision of the existing Home Office and Teleworking Policy.

In 2022, the main focus was the implementation of the communications roadmap that had been drawn up with the division for “Executive Board Affairs and Public Relations” (using storytelling, reports of key figures, addressing the issue of the compatibility of career and family on established social media channels).

The current certificate expires in November 2023. A further repeat audit is somewhat unlikely from the current perspective, especially in light of the new programme “Fit For Future – FMA 2025” including the EDI project.

5.5 FMA WOMEN’S NETWORK (FMA-FRAUENNETZWERK)

In 2022, the FMA Women’s Network, which had been awarded the **Minerva Award** in the category “Money” by SHEconomy in 2021, promoted the mutual exchange and networking of women both within the FMA and externally, by continuing its tried-and-tested mystery lunches (partly still in virtual format). In addition, it organised an internal event on the topic of “employee tax assessments” featuring an expert from the Vienna Chamber of Labour covering issues relating to home office, part-time work and family, which was very well received.

In addition, the FMA Women's Network has also established contacts to the OeNB Women's Forum as well as to other women's networks in the supervisory and financial sector such as the ECB and other supervisory authorities within the SSM, and enjoys lively exchanges with them.

6 SUSTAINABILITY

As an organisation, the FMA is committed to the topic of sustainability, which it understands 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". The Republic of Austria, as a member country of the United Nations, has committed itself to implement 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 with the objective of securing this topic in the FMA and driving it forward on an ongoing basis. At the same time, the FMA participated in the City of Vienna's "ÖkoWin" environmental programme as received the distinction as an "ÖkoWin-Betrieb" in 2021 and 2022. The programme analyses individual environmental aspects with regard to activities in and for the FMA, and determines environmental indicators in order to discover further room for improvement. In addition, figures are analysed and benchmarked on an ongoing basis.

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 therefore potentially influence financial stability.

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 January 2023. 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 2018 until 31 December 2022. 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 2027.