

SUSTAINABILITY POLICY

CARDANO GROUP | FEBRUARY 2021



The Cardano Group Corporate Sustainability Policy

“Sustainability” refers to a business’ ability to create long-term value for its clients and stakeholders, leading to sustainable benefits for the economy, the environment and society at large. The Cardano Group (“Cardano”) has always embodied a sustainable mindset and policies. However, many of the sustainability challenges (for example relating to climate change, diversity and inclusion) are industry wide and we continue to develop and evolve our Sustainability policy to reflect the current state of thinking.

Cardano is a privately-owned firm with a very strong corporate vision and mission that is shared across our portfolio of businesses (trading as Cardano, Lincoln Pensions and NOW: Pensions). Since inception we have focused on providing ‘stability in an uncertain world’ where there is strong corporate alignment to our Sustainability Policy.

We are realistic about the impact that we can have on society as a whole and choose to focus our resources in a small number of business areas where we can be a market innovator and leading provider. This same ethos is applied to our approach to Sustainability. We focus on areas where:

- we are passionate
- we are knowledgeable, and
- we can have an impact

This document sets out the Sustainability Policy for Cardano as it relates to our business whether delivered through our Cardano, Lincoln Pensions or NOW: Pensions businesses. Our Sustainability Policy relating to client portfolios can be found [\[here\]](#). The two policies are consistent but have a different emphasis.

This is a live document and we will update this document as we put further measurement in place and continue to evolve our approach to be at the forefront of sustainable thinking in our industry.

Our vision

Social responsibility has always been at the core of our culture and how we run our business. We believe in a fair society in which financial services improve our quality of life. We want to build trust in an uncertain world by fighting for a robust financial and fair pension system that benefits everyone.

We strive to deliver better and more secure financial outcomes in a realistic and responsible way through:

- promoting more resilient pensions in the UK and The Netherlands, and
- helping frontier economies develop and prosper by innovating risk management services to make people and businesses in the local economy more resilient and protected against risks

We operate in a way that has a positive impact on our employees, our industry and our society. We aim to improve our employee experience by creating a diverse business where every individual can thrive and achieve their potential.

For Cardano, areas of particular focus where we can be most effective, and which contribute to the furtherance of the UN's Sustainable Development Goals (SDGs) are:

- **The Climate Crisis:** We support the Paris Agreement objective of aiming to limit global warming to +1.5°C versus preindustrial levels, by 2100. We do this by committing our corporate policy and our investment portfolios to the achievement of Net Zero Green House Gas emissions by 2050, and we will set ambitious interim targets
- **A Fairer Society:** We support the ideals of western liberal democracies and will look for ways to improve societal outcomes in the UK and the Netherlands, promoting diversity and inclusion and enhancing the wellbeing and financial security of our clients' beneficiaries and their families
- **Sustainable Development of Emerging Markets:** We support the sustainable development of nations in the emerging world, where impactful change can be most meaningful and who are most vulnerable to the effects of climate change transition. We founded Cardano Development in 2010, an independent foundation, to further our work in frontier economies

Sustainability Oversight

Cardano's Sustainability Steering Committee oversees the continual development and implementation of our Sustainability policies, both for our firm and client portfolios. The Sustainability Steering Committee comprises of:

- Kerrin Rosenberg (Chair, CEO of Cardano in the UK and member of Cardano Group Management Board)
- Keith Guthrie (Deputy Chief Investment Officer)
- Karin Pasha (Partner, Trading)
- Michael Bushnell (MD, Employer Covenant)
- Will Martindale (Head of Sustainability)
- Ruben Middel (Project Manager)

Sustainability projects are being carried out by a network of around 30 Sustainability champions distributed throughout the wider firm including Lincoln Pensions and NOW: Pensions. Kerrin Rosenberg is the Cardano Group Management Board member with overall responsibility for Sustainability.

The challenges we face in sustainability are shared by peers and competitors and we believe that collaboration is important to achieve industry wide improvement. We therefore work collaboratively with peers through our membership of several industry wide organisations.

Environmental Policy

We recognise that our business has an impact on the environment. It is key to Cardano that we strive to minimise this and we continue to monitor ways to be more effective, to reduce our impact and report on our initiatives and progress. We fully support the Paris Agreement and are committed to doing our part in helping the UK and The Netherlands achieve their policies of net-zero greenhouse gas emissions by 2050, both in our business and in the portfolios we manage for our clients.

Our direct environmental impact relates to the carbon footprint of our corporate travel, our occupancy and use of offices (energy usage, waste etc) and the commute that our staff undertake. These are issues that we can control and directly influence. However, we are also mindful of our responsibilities in selecting sustainable suppliers and the environmental impact of the equipment we use.

Our environmental-related corporate objective is to reduce our carbon footprint ahead of the Paris Agreement goals and become a net zero firm by 2030.

We aim to achieve this by:

- Managing business travel
- Promoting environmentally friendly ways of working, including working from home
- Choosing greener infrastructure, office space & equipment
- Choosing sustainable suppliers
- Reducing our waste and improving our recycling processes
- Purchasing carbon offset arrangements

Our business travel policy

We regularly review the cost and environmental impact of travel and promote the most cost-effective and environmentally friendly methods of transport to staff. This means that we look at ways to reduce miles travelled and identify low emissions methods of transport.

Our business travel policy aims to reduce the economic, social and environmental impacts of our business travel by:

- Avoiding travel wherever possible through use of technology such as audio and video conferencing
- Increasing the use of public and alternative transport such as walking and cycling (Cycle to work scheme is available to all employees)
- Minimising the impact of road travel through the use of low emission vehicles, efficient route planning and vehicle sharing
- Leasing electric vehicles, where relevant

We require our staff to review the necessity for travel. Before contemplating any (carbon emitting) journey, the following assessment should be undertaken regarding the necessity of the journey:

- Avoid: Can the need for the journey or task be carried out equally well using web or video or audio conferencing?
- Combining the requirements to travel: Can the meeting or need for the journey be combined with other requirements to travel or meetings in order to reduce overall travel?
- Vehicle share: Can you share a vehicle with another colleague already travelling to the same meeting or location?
- Reduce emissions & congestion: Can the meeting or need for the journey be arranged to avoid travelling during peak congestion / rush hour and at a venue that minimises travel for the attendees?

Our flexible working policy

Our main concern is for our employees' welfare. During the Covid pandemic we will take such steps as we consider necessary to protect our colleagues, going further than government guidelines if needs be. These health and safety concerns overrule our flexible working policy.

However, looking forward to time beyond Covid restrictions, our flexible working policy balances the needs of both our employees and our clients. Our starting point is that every job can be done flexibly.

We focus on great outcomes and we allow employees to own the way they work. We believe there is value in colleagues working together in an office, but we are also supportive of home working. We encourage staff split their time between home and the office, with the appropriate split taking account of the individual's role and team.

Enabling employees to work from home is beneficial to them, it is productive and aligns our working practices to our sustainable travel policy.

We also realise the value of getting together, maintaining our company culture and providing colleagues with opportunities to learn from each

other in face to face meetings. We therefore have lots of opportunities for social interaction, team days and learning and development activities.

Our recycling and waste management policy

Our ambition is to inhabit offices that are rated as excellent by the BREEAM environmental assessment system. This allows us to be able to report and measure our eco-energy on a monthly basis as well as all of our waste and recycling figures. At present our London office meets these standards, and we intend to apply similar metrics to our other offices.

It is our policy to require our data shredding providers to provide reports on our waste and through their sustainable practices, we can measure the trees, landfill, energy, carbon emissions and water that is saved.

Metrics

- We will begin measuring our greenhouse gas emissions in 2021 and set ourselves interim targets to achieve net zero GHG emissions by 2030

Social Impact

A strong social vision is at the heart of Cardano's purpose; delivering fair and safer pensions.

Social responsibility has always been at the core of our culture and how we run our business. We believe in a fair society in which financial services improve our quality of life. We want to build trust in an uncertain world by fighting for a robust financial and fair pension system that benefits everyone.

Our socially-related corporate objectives are to:

- Promote diversity and inclusion; we value diverse backgrounds and thinking as it leads to better decision making and risk management. We aim to provide a safe working environment for all and have zero tolerance to any form of prejudice or discrimination
- Address inequalities; we are committed to reducing inequalities across gender, race and sexual orientation and promoting a better balance in Cardano at all levels of the firm

- Support staff learning and development; we support the ongoing professional and technical development of our staff, so that we can grow our talent, retain colleagues over the long-term and differentiate ourselves in a competitive market place for recruitment
- Support and enhance the mental wellbeing of our colleagues and build resilience; in addition to supporting the professional development of staff, we have a role to play in supporting their mental wellbeing. Given our focus on supporting resilient pensions through our client services we are applying our expertise to support colleagues with personal resilience training to assist them to manage uncertainty and challenging personal issues
- Support certain wider education initiatives; we will occasionally produce educational material (e.g. documentaries) with broad public appeal highlighting social issues on which we feel well qualified to opine. We will also engage in specific projects to support the education of underprivileged children in local communities
- Improve the pensions system through engagement with policy makers and regulators; we actively engage with UK and Dutch policymakers and regulators to improve the fairness of the pensions system
- Maintain fair labour practices; we aim to ensure that all our suppliers and contractors abide by fair labour practices and we work with suppliers to ensure their staff are paid a living wage
- Promote and innovate sustainable finance in frontier markets; through Cardano Development, we are committed to helping frontier economies develop and prosper by introducing innovative and sustainable financial tools
- Support charitable giving and philanthropic activity by our staff; through several initiatives we support our staff in engaging in charitable activity and philanthropy to support charities selected by our team

In order to achieve the above objectives, we have a number of initiatives and policies.

“Our commitment to creating a fair, diverse and inclusive environment starts at the top”

Addressing the gender gap, diversity and inclusion

Historically, women, members of BAME and LGBTQ groups have been less well represented at all levels in our industry and further addressing this imbalance is a key priority for us. Cardano is an inclusive employer and it is our policy to ensure that all of our employees and job applicants are treated fairly and on merit regardless of their race, gender, marital status, age, disability, religious belief or sexual orientation. One of our key goals is to ensure Cardano is a company where every employee can thrive and reach their potential.

Our commitment to creating a fair, diverse and inclusive environment starts at the top with our Group CEO Mickey de Lathauwer, who chairs our Group Diversity & Inclusion Steering Committee. This committee provides strategic direction on how we approach diversity and inclusion as a company. It is focused on growing the diverse representation of our workforce, promoting an inclusive workplace and being a place where all employees have the opportunity to reach their potential.

Cardano is a member of the Diversity Project and has a number of internal employee networks which are supported and encouraged by the business. Cardano is committed to building a diverse workforce and want to play our part in helping build a more balanced and fair industry.

We will continue to review our recruitment and promotion practices and focus on the development of our internal female and BAME talent pipeline. We are also working hard to appoint more women and BAME colleagues in graduate trainee positions.

“We have been pioneers in raising the issue of the Gender Pensions Gap”

We are also reviewing our family friendly policies including maternity, paternity and introducing a flexible working policy.

We recognise that accountability and transparency are key to progression. We are reviewing our compensation process and have voluntarily completed a gender pay gap report for 2020 which highlights our current performance and sets out the steps we are taking to improve the progression of our female employees.

We have been pioneers in raising the issue of the Gender Pensions Gap and will continue to raise awareness and lobby for effective ways to address this important topic.

We are committed to our work in the community with a focus on youth development particularly in underprivileged areas. It is of key importance to us that we create a lasting positive impact in our society and improve the futures of those around us. Our strategic community partnerships with organisations focused on social mobility help us to do this. We work with Entrepreneurs in Action as a sponsor of their Classroom to Boardroom programme. We are a participating firm in the new #100blackinterns programme launching in 2021 to offer internships to black students in the UK to help kickstart their career in investment management. Furthermore, we are the main sponsor of the IMC Weekend School in Rotterdam. IMC Weekend School is a supplementary school on Sundays for children (aged 10-14) from underprivileged neighbourhoods.

Metrics

- We aim for gender parity, with a minimum of 30% women in senior management by 2025
- To increase female representation for our annual graduate intake (to exceed 50%)

Learning and development

Our people strategy is focused on building an environment where every employee can thrive and reach their potential. We have created a culture of continuous development, identifying future leaders, providing structured career progression and career paths. Introducing and building our new graduate programme to build a high-quality pipeline of diverse talent. We also encourage and sponsor our employees to take business relevant qualifications and sponsor employees to take on further education.

We recognise that our staff want to own and drive their career and development. We enable this self-development by giving all of our staff access to online training systems that provide a wide variety of training and development resources to meet their individual needs. We also run a well-established informal mentoring programme across the Cardano Group that matches our staff with more experienced individuals and enables them to build a strong internal network, tap into existing knowledge and identify areas for further development. We identify personal development needs through our regular career discussions which helps us to grow and nurture our talent and identify individual and business requirements. We run Leadership Programmes across the Group to develop our talent and build a strong pipeline of leadership. We also encourage lateral movement across the Group, where relevant.

Metrics

- We measure progress through staff feedback in regular Peakon surveys

“We have created a culture of continuous development, identifying future leaders”

Mental well being

At Cardano we recognise the importance of an appropriate work-life balance, both to the health and wellbeing of employees and to the business. To facilitate this, we continue to grow our employee wellbeing, offering and engaging closely with our employees for our continuing success. We communicate regularly on matters affecting them and on the issues that have an impact on the performance of the group, and actively seek their feedback through our Employee Forum(s) and also run regular Peakon employee surveys. We have reviewed our flexible working policy to allow individuals to manage this balance.

Given the importance of our employees' wellbeing, we have introduced trained mental health first aiders across the businesses who are available to all our employees, helping those who need support or have mental health concerns. Employees continue to have access to a free, independent employee assistance programme (EAP) offering confidential advice and support to them and their families. In 2020, we have increased the range and number of training and guidance information on wellbeing-related topics, including resilience training, tips for working remotely and how to protect mental health.

Supporting our employees during COVID-19

Most of our employees continue to work remotely successfully. Where employees have returned to the office for their own wellbeing needs, we have ensured they are able to do so safely, in line with the government guidelines.

We recognise at this time, that all of our employees are working under unusual conditions, which create both new opportunities and additional pressures. Contact and meeting frequency has been increased and we have undertaken surveys to assess this. Findings from these are reviewed and discussed. We have prioritised investment in our IT solutions and infrastructure to facilitate home working, enhance digital communication and provide physical equipment to employees at home as necessary.

“We recognise at this time, that all of our employees are working under unusual conditions, which create both new opportunities and additional pressures.”

We recognise that a proportion of our people will find remote working particularly difficult. As a result, we have strengthened our support networks for them and increased our communication.

During these times, we understand that bringing our employees together remains important. We continue to organise regular virtual social events, group wide business update meetings and fun videos for all employees that have been very well received.

We have adapted our onboarding programme for new joiners to be conducted remotely whilst maintaining the personal and interactive approach.

We are implementing resilience training that benefits from our own experience in delivering stability in an uncertain world to our clients over many years. Supporting colleagues with tools to help focus on things they can control/influence (to take appropriate action) while accepting, in an empathetic and supportive way, those areas outside our control/influence and that can cause anxiety.

Educational initiatives

We engage in a limited number of high impact educational activities. This includes the sponsorship and production of documentaries, specialist conferences, webinars and research projects collaborating with academic institutions and industry bodies. Our educational agenda clearly links to our social purpose (to promote fair and robust pensions), beliefs (about risk management) and area of expertise.

Metrics

- Specific metrics are defined for each initiative

“We invest in and foster close relationships with pensions policymakers and regulators in our core markets.”

We care deeply about the fairness and integrity of the financial world, and in particular, the pensions system. We invest in and foster close relationships with pensions policymakers and regulators in our core markets. We respond thoughtfully and carefully to industry consultations and actively participate in industry consultative working groups.

Metrics

- We measure the number of industry consultations that we respond to
- We measure the number of policy proposals we make to government and regulatory bodies

Fair labour practices

We are robust in monitoring our supply chain and all our suppliers and contractors are paid at least the living wage.

Frontier markets

Through our partnership and support for Cardano Development, we are innovating sustainable finance measures that can genuinely impact and aid frontier countries. Cardano Development has developed several ground-breaking initiatives, the most important of which is the Currency Exchange (www.tcxfund.com). Over the last 10 years, TCX has supported over a million local currency loans and supported the creation of over a million jobs, spread over more than 70 countries.

Metrics

- Cardano Development sets specific metrics for each initiative



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