

Communication on Progress - reporting year 2021

UN Global Compact



cardano

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Statement of continued support

To our stakeholders

Cardano reaffirms its support for the United Nations Global Compact, its Ten Principles, and its work in the areas of human rights, labour rights, the environment and anti-corruption.

In this annual Communication on Progress, we describe the actions we have taken to integrate the Global Compact and its Principles into our business strategy, culture, daily operations, and our investment processes.

This year, we have made significant progress on sustainability topics. We have published sustainable investment beliefs and policy, have integrated ESG issues in our investment processes, participated in a range of sustainability groups, and engaged our clients, stakeholders and regulators.

Our clients are overwhelmingly pensions schemes. We believe our clients' members and their dependents should enjoy a quality of life similar to or better than that possible at present. This should be in a sustainable and less polluted environment within a fairer society where they can enjoy financial security. We believe we can contribute to achieving this in the way we invest and manage their assets.

We focus our resources where we are passionate and we can make a difference. A fairer society is one of our three priority sustainable investment beliefs. We respect and support human rights globally and seek to fight against human rights abuses.

In our policy we said:

We:

- Commit to UN Global Compact principles
- Adopt minimum safeguards in our investment activities, including (but not limited to) UN Guiding Principles on Business and Human Rights and OECD Multinational Enterprise Guidelines
- Prioritise diversity and inclusion including, but not limited to, targets on gender
- Undertake a modern slavery assessment, taking mitigating action where necessary

We set out our approach in more detail in our sustainable investment beliefs and policy, and our annual sustainable report, which can be found on our website.

Yours sincerely,



Michael De Lathauwer
CEO Cardano Group

Description of actions we have undertaken as a company

At Cardano, we are extremely proud of the progress we have made integrating real-world sustainability impact into how we run our business.

Reporting period: 1 January 2021 – 31 December 2021

Human Rights

- We ensure workers are provided with safe and suitable work facilities. Due to the Covid pandemic we introduced a hybrid working policy and so a significant amount of time is spent working from home. Cardano facilitates a decent working place at home.
- We protect workers from workplace harassment, including physical, verbal, sexual or psychological harassment, abuse or threats.
- Diversity and inclusion is a priority. We have targets on gender and a number of employee working groups were launched to support minority groups, e.g. Gender inclusion, LBGTQ, working parents, BAME and mental health.
- Consistent with our legal obligations, we undertake an annual [modern slavery assessment](#), taking mitigating action where necessary. We also sought specialist input on addressing modern slavery in our investment activities from Emily Kenway (see our [education programme](#) listed below).

Labour Rights

- We ensure that the company does not participate in any form of forced or bonded labour. We invest in our employees and encourage personal growth. Our business environment thrives through engagement, encouragement and inclusion.
- Fair labour practices are abided by and we ensure our staff are paid a living wage.
- 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. Cardano is committed to providing a work environment of equal opportunity and inclusivity and is a non-discriminatory workplace. We believe this diverse environment is a significant strength for Cardano. A diverse workforce leads to a diversity of ideas, better client service and a more stimulating work experience.
 - Within Cardano Group we've set targets to get to a more diverse workforce, published our approach to [Diversity, Equity and Inclusion](#)
 - In the UK we've participated in the '100 black intern' program, to improve the chances of this minority group in the labour market
 - In the Netherlands we support the IMC Weekend School. IMC Weekend School offers additional, inspiration-based education to children (aged 10-14) from underprivileged neighbourhoods

Environment

- We fully support the Paris Climate 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. We're a net zero firm and always will be.
- 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. Employees are encouraged to use lower carbon travel, in particular, train services between our London and Rotterdam offices. We encourage our employees to use low carbon active travel when commuting to and from work.
- We are mindful of our responsibilities in selecting sustainable suppliers and the environmental

impact of the equipment we use.

- We have introduced more vegetarian lunch options at our canteen.
- We have improved our recycling processes.
- We promote environmentally friendly ways of working, including working from home.
- Where we do have greenhouse gas emissions, we have purchased offset arrangements.

Anti-corruption

- We assess the risk of corruption when doing business. We have Know-Your-Customer processes in place.
- “Anti-corruption” and/or “ethical behaviour” is included in contracts with business partners.
- Internal procedures support the company’s anti-corruption commitment. As part of this we have mandatory education programs for all employees in place.

Investment

- We adopt minimum safeguards in our investment activities, including (but not limited to) UN Guiding Principles on Business and Human Rights and OECD Multinational Enterprise Guidelines
- We set out our approach to climate change through our [climate crisis action plan](#).
- Our commitments are:
 - We support the Paris Climate Agreement of limiting global warming to 1.5°C versus preindustrial levels. We are committed to decarbonising our investment portfolios reaching net zero carbon emissions by 2050
 - We support global emissions reduction of 50% by 2030, with baseline year 2019. This informs our asset-class decarbonisation targets
 - We support the concept of ‘fair share’ decarbonisation targets. In other words, countries with historically higher emissions (which tend to be developed markets) should decarbonise more rapidly than countries with historically lower emissions (which tend to be emerging markets). This year, we also measured – and offset – our own firm’s emissions
- Advisory:
 - Over 2021 we provided specialist sustainability advice to more than 10% of our client base. We expect this to increase through 2022. To maximise our impact, we work with a range of clients including defined benefit pension schemes, corporates and private equity
- Investments:
 - As part of our investment toolkit we can invest in climate transition via thematic equity baskets through our counterparties
 - We invest in green, social and sustainable government and government related bonds to support e.g. the energy transition
 - We replaced direct commodity exposure to fossil fuels with base metals

In conclusion

We started Cardano because we believe that people deserved better pensions. Sustainable investment is central to our investment offer; it is right for our business, our society and our world. We are sustainable investors because it is the right thing to do.

We invest sustainably. Our Approach is investment-led, grounded in science and ambition. We focus on where we can practically make a difference.

When we invest, we consider two lenses:

1. Risk and return, which includes sustainability-related risks and opportunities
2. Influence, which includes real-world sustainability impact

The real-world impacts we have prioritised are:

- The climate crisis, including net zero carbon emissions by 2050 in-line with the Paris Climate Agreement.
- Promoting a fairer society.
- Sustainable emerging market development

2021 activities

During 2021, we have undertaken the following sustainability-related investment activities:



Education activities

During 2021, we have hosted the following sustainability-related education activities for colleagues, including:

Celebration of Black History Month

by **Mike Wariebi**, Lazard Asset Management

The Climate Crisis

by **Dr Robin Lamboll**, Grantham Institute

Climate Metrics and Targets

by **Daisy Streatfeild**, IIGCC

The Important of Pride, Role Models and Allies

by **Matt Cameron**, LGBT Great

COP26

by **Meryam Omi**, COP Champions,
and **Nathan Fabian**, PRI

The Truth About Modern Slavery

by **Emily Kenway**

Human Rights

by **Alison Biscoe**, Centre for Sport and Human Rights

The Value of Nature

by **Gemma James**, PRI

Impact Measurement and BIX Capital

by **Jeroen Blüm**, Cardano Development

UN Guiding Principles on Business and Human Rights

by **Nikolaj Halkjaer Pederson**, PRI

Overview of Social Issues

by **Simon Rawson**, ShareAction

Why Diversity Matters

by **Dr Funke Abimbola**

Sustainable Energy Transition Investing

by **Sebastiaan Masselink**, ACTIAM

Supporting reports

For more on our sustainable investment approach see our supporting reports.

Cardano Annual Sustainability Report 2021

<https://www.cardano.co.uk/wp-content/uploads/sites/3/2021/12/Cardano-Annual-Sustainability-Report-2021.pdf>

Cardano Sustainable Investment Policy

https://www.cardano.co.uk/wp-content/uploads/sites/3/2021/12/Cardano-Sustainable-Investment-Policy-0321_final-1.pdf

Cardano Corporate Sustainable Policy

https://www.cardano.co.uk/wp-content/uploads/sites/3/2021/12/CLN_Sustainability-Policy-2021_4.pdf



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