

Modern Slavery Act Transparency Statement

Cardano Risk Management Limited & Cardano Advisory Limited

2023

Introduction

This statement is made by Cardano Advisory Limited and Cardano Risk Management Limited (together “**Cardano**”) pursuant to section 54 of the Modern Slavery Act 2015, in respect of the financial year of 2023.

Cardano Structure & Business

Founded in the Netherlands in 2000, Cardano Group is a privately owned, purpose-built risk and investment specialist.

In 2007 an office was opened in the UK, with Cardano Advisory- previously Lincoln Pensions Limited- joining the Cardano Group in October 2016. Employees in Cardano have backgrounds in risk management, investment management, research, pensions consulting, actuarial, restructuring, investment and covenant advice.

Cardano Advisory Limited and Cardano Risk Management Limited are registered in England and Wales¹, have financial year end of 31 December, and are authorised and regulated by the Financial Conduct Authority

Cardano believes that our world deserves better financial solutions – that are more resilient and sustainable. That demands we do things differently.

At Cardano, we bring a distinct approach to advisory and investment management that challenges the status quo.

Cardano Risk Management Limited offers two core services – investment advice and asset management to pension scheme trustees (also known as fiduciary management) and other institutional investors. Liability driven investment management is a component of its broader fiduciary management service. The business has now grown to more than 100 employees and has assets under advice and management of over £45bn, of which £13bn is pension scheme clients using Cardano fiduciary management services.

¹ Cardano Advisory Limited registered number 06402742
Cardano Risk Management Limited registered number 09050863

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Cardano Advisory Limited services over 400 clients with combined scheme assets of over £400bn. Providing corporate finance, M&A and restructuring advice, in addition to a full range of covenant advisory services for UK occupational defined benefit pension schemes which includes sustainability integration.

As such, Cardano does not provide services reliant on complex supply chains or in sectors that are generally considered to be at high risk of using forced labour such as agriculture, construction, domestic, hospitality and manufacturing.

Cardano is committed to the highest ethical standards and will not tolerate unethical practices anywhere in its business, including supply chains. Cardano is committed to understanding the risks modern slavery presents and ensuring that there is no modern slavery within its business and supply chains.

Our Policies

Cardano has various policies in place which aim to minimise the risk of modern slavery and human trafficking, as well as requirements to report any related concerns raised by clients or identified within the supply services to the Group.

These policies include and are not limited to:

- Bullying and Harassment Policy
- Diversity and Equal Opportunities Policy
- Engagement Policy
- Sustainability Policy
- Whistleblowing Policy

Cardano's position on modern slavery is set out within the Employee Handbook.. This requires employees to report identified forms of modern slavery by clients and in the supply of services to the company and sets out the steps taken to prevent modern slavery:

- Employment is freely chosen;
- Punitive deductions from salary are not made;
- Child labour is not used;
- Full legal wages are paid in line with the higher of the legal minimum wage or industry benchmarks standards; and
- All employees are given documented terms and conditions of employment which include details of wages, benefits and other remuneration before commencing employment.

Due Diligence Process

Given the nature of the services provided by Cardano, we consider the risk of modern slavery or human trafficking in our business and its supply chain to be low.

Due Diligence in Local Supply Chains

Supply chains do not involve inputs of manufactured or processed goods. Other than an ongoing relationship with technology / telecommunications hardware providers, there are no supply chains of imported goods from higher risk jurisdictions². Cardano therefore does not undertake due diligence on all suppliers in respect of slavery and trafficking.

- Cardano identifies local suppliers of services in higher risk industries and includes anti-slavery and trafficking provisions in contracts with these suppliers.

Due Diligence in Service Delivery

Cardano invests sustainably. This means we seek to generate positive real-world impact and / or reduce negative real-world impact, while seeking to maximise risk-adjusted returns over the long-term, leading to sustainable benefits for the economy, the environment and society. This process is evolving and Cardano uses the services of an engagement provider to engage on our behalf and facilitate increased engagement by Cardano in the companies in which we invest through third party managers. Engagement on topics such as underpayment connected to instances of modern slavery. Cardano is committing resource to these activities.

We respect and support human rights globally and oppose human rights abuses. We have more influence to engage across our physical equity, fixed income, private equity, infrastructure and property funds. As such, we will focus our human rights activities on these third-party manager research and oversight. We continue to engage our managers on a range of sustainability topics, including human rights and modern slavery.

The manager research process gathers data from external managers and also from a data provider. This information is used to assess whether a manager's policies, processes, monitoring and reporting consider social issues as part of their broader approach to environmental, social and governance issues. This includes;

- i) checks on whether policies and guidelines consider UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, including guidance on Responsible Business Conduct for Institutional Investors;
- ii) checks for exclusion based screening against minimum standards of business practice based on international norms (e.g. OECD guidelines, the UN Human Rights Declaration, Security Council sanctions or the UN Global Compact); and
- iii) the degree to which a manager considers, measures or reports real-world sustainability impact through sustainability outcomes. Please see the Cardano Risk Management Limited Engagement Policy for information on how Cardano engages with managers.

When providing non-investment advisory services, such as assessing pension scheme covenant strength, we ensure that sustainability risks are always considered as part of our advice. This consideration starts with an initial onboarding process for new clients (reviewing possible sanctions, control and global

² [Global Slavery Index | Walk Free](#)

operations) and extends throughout our engagement, including such things as reviewing the environmental impact, governance structure or the modern slavery risks and controls of the pension scheme sponsor.

The Risks of Modern Slavery

As Cardano does not operate in high risk industries or demand inputs from high risk jurisdictions other than technology / telecommunications hardware in order to deliver services to our clients, the identified risk of contact with those involved in slavery and trafficking is through the procurement of local services, specifically of maintenance and cleaning staff. Suppliers of these services have modern slavery provisions in their contracts with Cardano.

As an investment manager, Cardano invests on behalf of our clients in companies through third party investment managers. There is the risk that clients are exposed to modern slavery due to its presence in these underlying companies. Cardano therefore works with the external investment managers used to manage the risk of exposures to modern slavery, set out above.

Training

Training on Cardano's position in respect of modern slavery is included within the schedule of Compliance Training, including all colleague induction and biennial training.

This training highlights the indicators of modern slavery and human trafficking within the supply chain and the requirement for colleagues to speak up if they have any suspicions.

Additionally, in 2023 the sustainability education training that is being delivered to select colleagues involves developing a deeper understanding of sustainability and related topics within our client services teams.

Looking Ahead

Cardano recognises that tackling modern slavery is a continuous commitment and will continue to undertake due diligence within our supply chain as well as review and improve procedures to help identify and prevent the risks of modern slavery or human trafficking.



Kerrin Rosenberg

CEO, Cardano Risk Management Limited



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CEO, Cardano Advisory Limited