

Conflicts of Interest Policy

Cardano Advisory Limited



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1. Introduction

The MiFID implementation directive stipulates that an investment firm must take all appropriate steps to identify Conflicts of Interest (“**Conflicts**”) that arise in the course of providing any investment and ancillary services or combinations thereof:

- between themselves – including their managers, colleagues and tied agents or any person directly or indirectly linked to them by control – and their clients; or
- between one client and another.

The investment firm must:

- take all reasonable steps to identify relevant Conflicts that arise in the course of providing any investment and ancillary services;
- operate and maintain effective organisational and administrative arrangements with a view to taking all reasonable steps designed to prevent Conflicts from adversely affecting the interests of their clients;
- where these organisational arrangements are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, the firm shall clearly disclose the general nature and/or sources of Conflicts to the client before undertaking business on its behalf.

Senior management of Cardano Advisory Limited (“**Cardano Advisory**”) is committed to strong management oversight and control of Conflicts within Cardano Advisory. They are required to take responsibility for any actual or potential conflicts arising within the firm and to set up procedures for identifying, managing and recording such Conflicts.

2. Regulatory Background

Principle 8 (Conflicts of Interest) of the FCA Principles for Business requires Cardano Advisory to manage Conflicts fairly.

When we have, or may have, a conflict of interest between ourselves and our client, or between one client and another client, we must pay due regard to the interests of each client and will manage the Conflict fairly.

The Board of Directors has management oversight and control of Conflicts within Cardano Advisory and takes responsibility for any actual or potential conflicts arising within the firm and have set up procedures for identifying, managing and recording such Conflicts.

3. Definition

A Conflict is a situation where competing obligations or motivations result in, or are likely to result in detriment to the client. This is likely to be as a result of one or more of the situations detailed below arising whereby Cardano Advisory (including its colleagues, agents, contractors or any person directly or indirectly linked to us by control):

- are at an advantage / makes a gain or avoids a loss at the expense of the client;
- has an interest in the outcome of a service provided to the client or a transaction undertaken by a client, which is distinct from the client’s interest in that outcome;

- has a financial or other incentive to favour the interests of one client or group of clients over the interests of the client or group of clients;
- carries on the same business as the client;
- receives from a person other than the client an inducement in relation to a service provided to the client, in the form of monetary or non-monetary benefits or services.

4. What are the Parameters of the Policy?

Cardano Advisory has established and implemented the Policy which is appropriate to the investment services that Cardano Advisory provides and the Cardano Advisory client base.

The Policy takes into account any circumstances, of which Cardano Advisory is or should be aware, which may give rise to a conflict of interest arising, including as a result of the structure and business activities of the other members of the Cardano Group.

5. Identifying Conflicts

Cardano Advisory is required to take all appropriate steps to identify actual and potential Conflicts that may cause a material risk of damage to the interests of a client. The Board of Directors is responsible for determining what amounts to a 'material risk of damage' in a particular case.

When considering whether a conflict of interest does, or has the potential to exist, the following should be taken into account:

- Is Cardano Advisory likely to make a financial gain, or avoid a financial loss, at a client's expense?
- If Cardano Advisory is providing a service to the client, does Cardano Advisory have an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is separate and distinct from the client's interest in that outcome?
- Does Cardano Advisory have a financial or other incentive to favour the interests of one client (or group of clients) over the interests of another client?
- Does Cardano Advisory carry on the same business as the client?
- When providing a service to a client, does Cardano Advisory receive or will it receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard fee for that service?

Each person in Cardano Advisory involved in providing investment services to clients must be demonstrably aware of any potential conflicts of interests. Potential conflicts of interest should be considered, particularly, in the context of:

- the launch of a new service, activity or product;
- the expansion of the client base to include new and differing types;
- change in regulation and/or market practice; or
- current and previous employment and other interests of a colleague and their close family members.

All colleagues are required to be alert to potential conflicts and provide full written information on any actual or potential conflicts of which they are aware to the relevant Managing Director and Compliance,

including potential conflicts due to positions held by family members.

6. Examples of Conflicts of Interest

This list is not exhaustive and provides a few examples of conflicts and measures to manage them.

- *Interests in Competitors, Clients or Suppliers and Outside Employment*

Except with the approval of the Compliance Officer and the CEO, no person shall serve as an employee / contractor, officer, director, or trustee of, or have a substantial interest (such as 10% or more of voting shares or control through some other means) in or business relationship with, a Cardano competitor, client, or supplier (other than any Cardano affiliate or parent) that could create a divided loyalty or the appearance thereof.

At any time during employment, a colleague must disclose to their Team Leader if a business interest or employment or another position held currently or previously, by the colleague or a close family member creates a potential conflict of interest. In such situations, the Team Leader and head of the business line will determine whether or not the colleague can continue to act. Advice from Compliance will be sought as required.

All outside employment (including self-employment) must be disclosed to HR in line with each colleagues contract of employment.

- *Inducements*

Colleagues must not offer to give, or solicit, or accept any inducements in the course of carrying on regulated business which is likely to conflict with any duties owed to clients. Before offering or accepting gifts or hospitality the Inducements Policy must be consulted.

- *Interest in Transactions and Personal Account Dealing*

No person shall engage in any transaction involving the Cardano Group if they or a member of their immediate family including spouse and children (or any other compromising relationship) has an interest in the transaction or can benefit directly or indirectly from the transaction (other than through the colleague's normal compensation), except as specifically authorised in writing by the Compliance Officer.

Colleagues must comply with the Personal Account Dealing Policy at all times.

- *Diversion of Business Opportunity*

No person may acquire, or derive personal gain or profit from, any business opportunity or investment that comes to their attention as a result of their association with Cardano Advisory, and in which they know Cardano Advisory or an affiliate might reasonably be expected to participate or have an interest in, without first disclosing in writing all relevant facts to the Compliance Team, offering the opportunity to Cardano, and receiving specific written authorisation from the Compliance Officer.

- *Remuneration*

Conflicts may arise where there is a direct link between the remuneration of persons principally engaged in one activity and the remuneration of, or revenues generated by, different persons principally engaged in another activity. The Business Selection Committee process ensures that, at the outset of projects, conflicts of interest are managed. The Remuneration Policy and process for awarding variable remuneration ensures that awards are appropriate and Conflicts are not created.

- *M&A Advice*

Cardano Advisory advises a potential purchaser on an M&A when the target is a participating employer of an existing Cardano Advisory pension scheme client (or been a client in the previous 5 years). In this instance an information barrier will be established between the teams, see below.

Further details of specific types of conflicts can be found in the Conflicts Inventory. The generic procedures referred to above are not a substitute for situation-specific conflicts management. Client facing Colleagues must identify such specific conflicts as and when they arise. All actual and potential personal, client or project specific conflicts that have been identified must be reported to Compliance and recorded on the Conflicts Register.

7. Managing Conflicts

To manage conflicts of interest within the company, Cardano Advisory maintains a Conflicts Inventory.

The purpose of the inventory is to record and maintain a list of actual and potential types of conflicts which may cause a material risk of damage to the interests of a client. These are Conflicts that arise from the business model, commercial considerations and services provided. The inventory also sets out measures Cardano Advisory has taken to manage such actual or potential Conflicts.

The Conflicts Inventory should make references to the following matters:

- It must identify the service or activity that Cardano Advisory may carry out for a client;
- The circumstances which constitute or may be perceived to give rise to a Conflict entailing a material risk of damage to the interests of the client; and
- Specify the procedures to be followed and measures to be adopted with a view to preventing the Conflict resulting in or giving rise to a material risk of damage to the interests of Cardano Advisory and its clients.

In addition, a register is maintained of personal conflicts of interest and project or transaction specific Conflicts. As and when a conflict of interest of this nature is identified, it must be brought to the attention of Compliance to record the conflict in the Conflicts Register. The register will capture the nature of the Conflict, who is impacted, the duration and approach to manage the Conflict.

Conflicts, once identified, must be managed in a way that ensures that clients' interests are not adversely affected. This means that the Conflict should be managed in such a way that all clients are treated fairly and Cardano Advisory conducts its business with integrity and according to proper business standards. The following types of control are examples of those suitable for managing Conflicts:

- i. Control of information: preventing / controlling the exchange of information between opposing sides of a conflict of interest e.g. by establishing a fire wall / information barrier / ethical wall (see below)
- ii. Separate supervision: subjecting individuals on opposite sides of a conflict of interest to separate supervision
- iii. Control over or inappropriate influence: removing direct links between the remuneration of individuals on opposite sides of a Conflict; preventing the inappropriate influence of one individual over another e.g. where the person who decides or influences an individual's bonus may exert undue influence over that individual's integrity of judgement
- iv. Segregation of duties: preventing/controlling the involvement of individuals in simultaneous/sequential tasks

If the adoption or the practice of one or more of those measures and procedures does not ensure the requisite level of independence, Cardano Advisory will adopt such alternative or additional measures and procedures as are necessary and appropriate for those purposes.

Special attention should be paid to activities where Cardano Advisory or a person directly or indirectly linked by control to Cardano Advisory performs a combination of two or more activities where a conflict of interest could arise.

The generic procedures referred to above are not a substitute for transaction-specific conflicts management. Persons dealing with clients must be familiar with the scope of this policy and identify conflicts of interest as and when they arise.

Where the arrangements made to manage Conflicts are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, as a last resort and before undertaking business for the client, Cardano Advisory will clearly disclose the Conflict, providing a specific description which will include the general nature and sources of Conflicts to the client. The disclosure must be in a durable medium and detail how it is intended to manage the Conflict and the risks to the client to enable the client to make an informed decision whether or not to proceed with the service or transaction.

8. Dealing Commissions Policy

Cardano Advisory does not retain rebates, commissions or other third-party payments, whether monetary or non-monetary, other than in line with the Inducements Policy.

Cardano Advisory does not retain such monies, including to offset against current or future fees, unless there is a clear agreement with the client permitting this activity.

All monetary benefits received in connection to the provision of regulated services from other than a client, must be returned ASAP upon receipt by Cardano Advisory or sent to the relevant client ASAP. If cash, a bank transfer or a cheque is received the Compliance Officer must be advised immediately to advise on the necessary action as per client money and assets rules.

9. Information Barriers

The purpose of information barriers is to be able to deliver services to competing parties from distinct teams within Cardano Advisory that operate independently of each other (as if operating from different companies). This requires there to be designated individuals on each team with no overlap and no colleagues to have serviced the competing party (or associated party) in the recent past, usually the last three years (five years for an M&A project) although this may depend on the nature of the parties and services delivered previously. Folder / records access must always be restricted.

Upon a conflict of interest being identified that is to be managed through the formation of an information barrier, an information barrier should be established ASAP. This may be required prior to being asked to pitch.

The below information barrier requirements are to be instigated in all instances where an information barrier is to be established;

- project teams including any pitch team must be identified with no overlap and no individuals to have provided services to the competing party (or associated party) in the last three years (five years for an M&A) or alternative period depending on the nature of the parties and services provided previously
- members of each team must be informed of the establishment of the information barrier and not discuss the client / project business where can be overheard by non-client / project team members, step into meeting rooms for calls / discussions when necessary
- access to new and existing client / project folders must be restricted to the identified team
- documentation must not be left on printers (secure print)
- ensure support colleagues are aware of the sensitivity of any information / documentation and the information barrier
- ensure documentation and information is not left visible, including on whiteboards and when out of the office including at home
- operate an effective clear desk policy in the office and at home (locking away documentation)

The competing parties should also be informed of the conflict and consent to Cardano Advisory continuing to provide services. Evidence of this disclosure and consent, with any agreed restrictions / actions must be saved to the relevant project file.

As any information barrier will be established between teams operating from a single office space, there may be instances when it is appropriate to decline to provide services to a party on the basis that a failure of the information barrier could result in significant detriment to one or both parties.

10. Senior Management Responsibility

The Compliance Officer will oversee the Policy, review it annually, propose amendments to the Board of Directors if required, and reports to the Board of Directors on matters arising. The Cardano Advisory Board is responsible for formal sign-off of this policy.

As a matter of good practice, Senior Management will:

- Fully engage in the implementation of policies, procedures and arrangements for the identification, management and ongoing monitoring of conflicts of interest.
- Adopt a holistic view to ensure the identification of global and regional latent and emerging conflicts within and across business lines and to ensure that informed judgements are made with respect to materiality.
- Clearly allocate responsibility and delegate authority to accountable individuals to ensure that those involved are aware of their involvement and that the Compliance Officer has a sufficient level of authority and independence in order to carry out their responsibilities effectively.
- Consider conflicts of interest when approving new products and services, when participating in tenders and taking on new clients and counterparties.
- Raise awareness and ensure compliance of relevant individuals by ensuring:
 - regular training (including where appropriate to contractors and third-party service providers' staff) both at induction and in the form of refresher training;
 - the clear communication of policies, procedures and expectations;

- awareness of conflicts procedures forms part of the performance review/appraisal process;
- best practice is shared;
- sponsor robust systems and controls and effective regular reviews to ensure that strategies and controls used to manage and mitigate risks remain appropriate and effective and that appropriate warnings and disclosures are issued to clients where necessary;
- utilise management information to remain sufficiently up-to-date and informed.

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