

cardano

Cardano Risk Management Limited

MIFIDPRU 8 Disclosure 2025



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Introduction

The MIFIDPRU 8 Disclosure¹ document is prepared by Cardano Risk Management Limited and will be reviewed and updated on at least an annual basis. This document reflects the Internal Capital and Risk Assessment (“**ICARA**”) undertaken in 2025 by Cardano Risk Management Limited.

Background to Cardano

Founded in the Netherlands in 2000, the Cardano Group now has over 500 staff with backgrounds in the areas of risk management, investment management, research, actuarial, pensions covenant advice and investment advisory. Following a successful first seven years during which Cardano became the leaders in the area of risk management in the Netherlands, Cardano expanded to the UK during 2007.

Since inception, Cardano has grown into a provider of a range of advisory and investment management services. In addition to Cardano Investment and Cardano Advisory businesses, Cardano is the home of NOW: Pensions one of the UK’s largest workplace pension providers and Cardano Asset Management (formerly ACTIAM) the Dutch sustainable investing specialist.

Cardano Risk Management Limited offers investment advice and portfolio management services, including fiduciary management services, to UK pension funds. The business unit has now grown to over 100 employees and advises or manages assets of over £35bn, of which £14bn represents clients using fiduciary management.

During Q4 2024 the Cardano Group was acquired by Marsh & McLennan’s Mercer² and became part of the Marsh & McLennan Group (“**MMC**”), the integration is ongoing. The Remuneration Policy and practices detailed in this document apply to the 2024 and 2025 pay periods.

Regulatory Context

Cardano Risk Management Limited is a MIFID firm and therefore subject to MIFIDPRU, classified as a non-small and non-interconnected investment firm due to having AUM in excess of £1.2bn.

Cardano Risk Management Limited is part of an investment firm group subject to MIFIDPRU Chapter 2. The consolidated situation consists of the UK parent entity and relevant financial undertakings. Cardano Holding Limited is a UK parent entity and an Investment Holding Company. Consolidation is undertaken at Cardano Holding Limited and includes its relevant financial undertakings - Cardano Risk Management Limited, Cardano Risk Management BV, Cardano Advisory Limited and Cardano Asset Management NV. This requires Cardano Holding Limited to meet the consolidated own funds requirement and core liquid assets requirement.

The additional requirements under SYSC 19G MIFIDPRU Remuneration Code in respect of deferrals, retention, non-cash variable remuneration etc., do not apply as Cardano Risk Management Limited is below the relevant thresholds in SYSC 19G1.1R. Cardano Risk Management Limited is not required to operate a Remuneration Committee as it is subject to the exclusion in MIFIDPRU 7.1.4R. The material risk taker obligations are extended to the directors of Cardano Holding Limited.

Cardano Risk Management Limited has regulatory permissions to provide services to Professional clients with respect to advising, managing, and dealing in investments. These permissions relate to MiFID financial instruments and also Insurance Mediation Directive insurance products (life policies).

¹ [MIFIDPRU 8](#) of the FCA Handbook.

² [Marsh McLennan’s Mercer completes acquisition of Cardano](#)

Own Funds and Own Funds Requirement

Cardano Risk Management Limited relies entirely on Tier 1 capital resources to meet regulatory and internally set capital requirements, consisting of share premium, share capital and other reserves. The capital resources are as follows:

31 December 2024 own funds composition:

Composition of regulatory own funds (table from MIFIDPRU8 Annex 1R)			
	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS		
2	TIER 1 CAPITAL		
3	COMMON EQUITY TIER 1 CAPITAL	14,162	
4	Fully paid up capital instruments	2,001	Page 18
5	Share premium	9,075	Page 18
6	Retained earnings	3,086	Page 18
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-)-TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
19	CET1: Other capital elements, deductions and adjustments		
20	ADDITIONAL TIER 1 CAPITAL		
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
25	TIER 2 CAPITAL		
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements				
Flexible template - rows to be reported in line with the balance sheet included in the audited financial statements of the investment firm.				
Columns should be kept fixed, unless the investment firm has the same accounting and regulatory scope of consolidation, in which case the volumes should be entered in column (a) only.				
Figures should be given in GBP thousands unless noted otherwise.				
		a	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross-reference to template OF1
		As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Tangible and intangible assets	602		
2	Debtors	17,250		
3	Cash at bank and in hand	21,054		
xxx	Total Assets	38,304		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Creditors: amounts falling due within one year	17,467		
2	Creditors: amounts falling due after more than one year	7,277		
xxx	Total Liabilities	14,162		
Shareholders' Equity				
1	Called up share capital	2,001		
2	Profit and loss account	3,086		
3	Share premium account	9,075		
xxx	Total Shareholders' equity	14,162		

The fixed overhead requirement for Cardano Risk Management Limited based on the 31 December 2024 audited account is £6.8m. This is larger than the net wind-down cost determined through the ICARA.

Cardano Risk Management Limited's own funds requirement is the fixed overhead requirement which is higher than the K-Factor requirement (K-AUM only) of £6.7m at the ICARA review date.

The material harms assessment undertaken as part of the ICARA identified that no capital needed to be retained against potential material harms / risks that cannot be fully mitigated and which are not covered by the K-Factors³.

Cardano Risk Management Limited has own funds that exceed its own funds threshold requirement; and has determined through its ICARA that it has sufficient liquid assets and own funds to meet the overall financial adequacy rule.

³ In line with [MiFIDPRU 7.6](#)

Risk Management Objectives and Policies

Cardano Risk Management Limited manages its business within a structured Risk Management Framework which ensures that all material risks are properly identified, analysed, assessed and managed, following a systematic process that is consistently implemented across the entire organisation.

The Risk Management Framework is overseen by a dedicated risk manager who is independent from the business teams and reports directly to the Group General Counsel.

The Framework is implemented at a high level by means of:

- Risk management accountabilities and responsibilities for key roles; and
- Risk Policy setting out the basic principles for risk management at Cardano

The Risk Management Framework is owned by the Cardano Holding Limited Management Board and is ratified annually for adoption. Responsibility for implementing the Framework rests with the Risk function.

The Risk Management Framework is based on a three lines of defence model. This model provides a simple and effective way to ensure good communication on risk management and control by clarifying essential roles and duties.

First Line

The first line of defence rests with business managers, who are responsible in the first instance for both the risks and returns of their decisions.

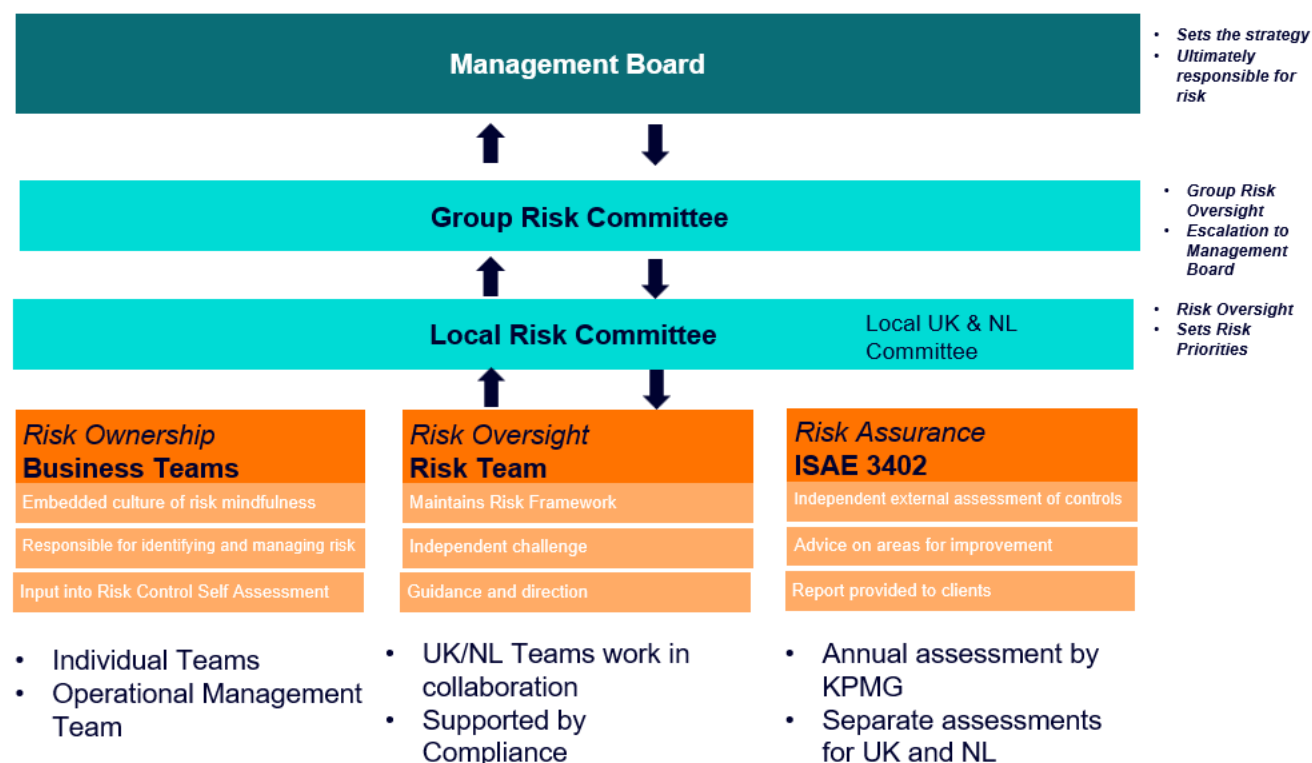
Second Line

The second line is comprised of the independent functions, Risk and Compliance. These functions define the framework within which the business is allowed to work.

Third Line

The third line is performed by external audit, which provides the Board with assurance that internal controls are effective through an annual ISAE 3402 Type II assessment.

Risk Governance



This approach ensures that there is management oversight, risks are owned, reviewed and controlled, and there is awareness created across all areas of the business and all levels of the organization.

Cardano Risk Management Limited employs a number of tools and documents to support its management of risk, including but not limited to:

- A Risk Control Self-Assessment which is updated annually
- Regular reporting on risk landscape, status, and developments to the Risk Committee
- ISAE 3402 Type 2 annual assessment
- All new products and services are risk-assessed (Product Approval Process) prior to implementation.

Operational Risk

In order for Cardano Risk Management Limited to meet its strategic objectives it is imperative that operational risks are managed.

Cardano Risk Management Limited has adopted operational guidelines in which material processes are described, regular risk assessment is undertaken that includes a review and discussion of the operational incidents registered, and an annual controls audit (ISAE 3402 Type II) is performed by an independent auditor. IT processes and controls are also in scope of ISAE 3402 audit.

Market Risk

The activities of Cardano Risk Management Limited are restricted to the limited permissions held. Cardano Risk Management Limited generally acts as an agent and does not have any investments on its own balance sheet; for this reason market risk is very limited.

Credit Risk

Cardano Risk Management Limited acts as an agent for its clients. For this reason, the exposure to risk of a loss due to default by a counterparty under an investment contract or security is limited. The main source of credit risk exposure is due to fees receivable and cash held on deposit.

Liquidity Risk

Trade receivables are monitored on a regular basis and past due balances are chased accordingly. Liquidity is managed by the Finance function.

Management monitors rolling forecasts of the Group liquidity reserves, cash and cash equivalents, on the basis of expected cash flows.

Conduct Risk

In order to identify and control conduct risks Cardano Risk Management Limited has policies in place (e.g. incident reporting, anti-bribery & corruption, AML, conflict of interest etc.). Employees receive training on these policies and supporting procedures and the Compliance and Risk activities facilitate oversight of the operational soundness of the business.

Governance Arrangements

Overview

Cardano Risk Management Limited has a board of 2 directors; the CEO and General Counsel. The CEO is also the Group CEO. The other senior management function holder is the Head of Compliance. All senior management function holders have statements of responsibility that document the areas of the business for which the senior management function holder has functional responsibility; all areas of the Cardano Risk Management Limited business are captured. The Prescribed Responsibilities are allocated to either the CEO or Head of Compliance. The CEO has overall responsibility for the firm, including oversight and implementation of the strategic objectives, delivery to clients and governance arrangements. The Group CEO functional responsibility includes Technology and Financial Controls and in addition to Legal, the General Counsel's functional responsibility include People and Risk.

Board meetings are held on a quarterly basis and the standing agenda items include; Complaints, Treating Customers Fairly, Conflicts of Interest, MLRO update, Breaches, Regulatory Developments and Policy Updates. In addition, SMCR Statements of Responsibility and Director external appointments are reviewed by the Board every 6 months. The Board also meets as and when required outside of the quarterly meetings.

Some of the activities of Cardano Risk Management Limited are outsourced within the Group, therefore the Board is supported by the activities of Joint and Group committees and delegates day to day oversight and decision making of certain activities to various committees. All committees are made up from a range of colleagues which individually and collectively are deemed to have sufficient seniority and experience to undertake the activities of the committee.

Cardano Risk Management Limited is not required to operate Risk, Remuneration and Nomination committees. However, Cardano Risk Management Limited has made the decision to operate a Risk & Compliance Committee. The Group has a Remuneration Committee, the activities of which are set out in the Remuneration Policy and Practices section.

The only external roles held by directors are charitable.

Diversity

At Cardano, diversity, equity and inclusion is one of our key priorities. Attracting people from diverse talent pools ensures we nurture a high-performance culture. We are focused on creating a workplace where all our people have the opportunity to thrive in a meritocratic environment. We realise that our strength as an organisation lies in the diversity of our people. It is through their different skills, talents and experience that we will succeed in achieving our goals. We operate in a way that has a positive impact on our employees, our industry and our society. MMC is a member of the Diversity Project and has a number of internal employee networks, the Cardano employee networks have linked in with the wider MMC networks which are supported and encouraged by the business. Cardano is committed to building a diverse workforce and we want to play our part in helping build a more balanced and fair industry and society.

Targets

As part of our five-year Diversity and Inclusion strategy, we will implement further actions and initiatives to ensure that Cardano Group hires, retains and develops the best and most diverse talent to reflect the society we serve. The current position is set out below and is subject to ongoing alignment with Mercer and MMC:

- Expand our Board mentoring scheme - completed
- Achieve our diversity goals for representation of women and BAME colleagues by 2025;
 - Each business unit to have 40% women by 2025 – currently 39% across group
 - Each business to have 10% BAME staff by 2025 – not currently measured still developing data collection
 - 30% of partners to be female by 2025 – 21% currently
 - 10% of partners to be from BAME background by 2025 – not measured

- Working on an internal data gathering programme to allow us to undertake ethnicity pay gap – still developing
- Expanding and developing the scope of our employee resource groups - completed; 6 groups in place, gender, race, LGBTQI+, Parent and Carer, Disability, Health and Wellbeing. Now joining Mercer's 9 groups
- To produce a gender pay gap report for each business - completed for UK businesses
- To increase female representation for our annual graduate intake (to exceed 50%) - achieved 2022

Remuneration Policy and Practices

The Cardano Risk Management Limited Remuneration Policy takes into account the remuneration requirements as apply to UK MiFID firms. Following the introduction of the MIFIDPRU Remuneration Code on 1 January 2022, the Cardano Risk Management Limited Remuneration Policy is aligned with the MIFIDPRU Remuneration Code⁴ and FCA 21/5⁵ General guidance on the application of ex-post risk adjustment to variable remuneration.–These requirements are designed to ensure that the remuneration policies and practices of MiFID investment firms; are aligned with their risk profile, risk appetite, business strategy and long-term interests of the firm, and, that they do not encourage employees to take risks that run counter to their firm's long-term interest.

Cardano Risk Management Limited acknowledges the importance of a well-designed remuneration policy that supports the business strategy and is fully aligned with its clients' interests. The Cardano Risk Management Limited Remuneration Policy has been consciously designed to provide a market competitive long-term financial incentive to staff, as well as linking variable compensation directly to the strategic objectives of our clients.

The Remuneration Policy is applied on a gender-neutral basis.

The identified key criteria for sustainable success are:

- ability to attract and retain top quality staff on a long-term basis;
- aligning the interests of staff with clients;
- strong internal risk control framework to minimize operational risk; and
- an internally set minimum level of capital which exceeds the regulatory requirement.

The Board is responsible for implementing the remuneration policy, sets the remuneration strategy, adopts its remuneration policy, and periodically reviews the remuneration policy to ensure it continues to reflect their strategy and regulatory requirements.

The Group Remuneration Committee is responsible for updating and approving the Remuneration Policy and ensuring awards are in line with the Policy. The Remuneration Policy is reviewed annually in conjunction with Compliance to ensure that it continues to adhere to regulatory requirements and its application is monitored by the Group Remuneration Committee. The Material Risk Takers⁶ have been determined to be the Partners and the heads of the control functions.

Remuneration of senior officers in the Risk and Compliance functions is directly overseen by the Local Management Board and the Directors of Cardano Holding Limited. Employees engaged in control functions are independent from the business units they oversee and remunerated in line with the achievement of objectives linked to their functions, independent of the performance of the business areas they control. To ensure that the method of determining remuneration for individuals involved in the Risk and Compliance functions does not compromise the objectivity of those individuals, variable compensation for such employees is not based on the performance of the business units they oversee.

Cardano Risk Management's employee remuneration structure includes:

- Base salary / fixed remuneration
- Secondary benefits
- Variable compensation

All Cardano Risk Management Limited employees receive a salary at levels that conform with market practice for their positions. All permanent employees are eligible to receive variable remuneration.

A proportion of revenue is allocated to the Cardano Risk Management Limited Profit Sharing Pool. The threshold over which revenue is allocated to the pool is set each year and takes into account operating costs and Cardano Group return requirements.

⁴ [SYSC 19G - FCA Handbook](#)

⁵ [General guidance on the application of ex-post risk adjustment to variable remuneration](#)

⁶ [SYSC 19G - FCA Handbook](#)

Variable remuneration awards are conditional, discretionary and contingent upon a sustainable and risk-aware performance. The proportion of variable to fixed remuneration will be appropriately balanced to ensure poor conduct is not driven by variable remuneration awards. The fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration, including the possibility of paying no variable remuneration component.

The Cardano Risk Management Limited Board has the option to defer an element of the Profit Sharing Pool. This enables the Profit Sharing Pool and variable remuneration awards to reflect the performance of the business over time. This is a multiyear framework based on long-term performance that takes account of the business cycle and business risks.

Certain Cardano Risk Management Limited employees whose salary and variable remuneration exceed certain thresholds are subject to deferral of a percentage of variable remuneration for one year.

Variable compensation including any deferred portions will only be paid where the financial situation of Cardano Risk Management Limited is sustainable and will always be reduced during the pay period or between being awarded and paid where:

- there is reasonable evidence of employee misbehaviour or material error, or
- the group or the relevant business unit suffers a material downturn in its financial performance; or
- the group or the relevant business unit suffers a material failure of risk management.

Variable compensation awards will be based on the performance of the individual, will reflect their long-term performance and performance in excess of their job description and terms of employment, will only be paid where this is sustainable according to the financial situation of Cardano Risk Management Limited and justified according to the performance of the firm, the business unit and the individual concerned.

Employees' variable remuneration is discretionary and determined by the size of the profit pool and their contribution assessed against their objectives, the company values and the objectives determined for their team. All colleagues have mandatory risk management and sustainability objectives, in addition Team and individual objectives are agreed with supervisors.

Quantitative Disclosure – 2024 Pay Period

There were 15 Material Risk Takers during the 2024 pay period. The Material Risk Takers have been determined to also be the Senior Management. The below is awards in respect of the 2024 pay period as reflected in the 2024 financial statements.

	Senior Management / Other Material Risk Takers	Other Staff
the total amount of remuneration awarded	£9,830,770	£29,369,136
the fixed remuneration awarded	£3,670,000	£23,820,000
the variable remuneration awarded	£6,160,770	£5,549,136
the total amount of guaranteed variable remuneration awards made during the financial year and the number of material risk takers receiving those awards;	Cardano is not required to disclose this under the exemption in MIFIDPRU 8.6.8R(7)(b) to prevent identification of a material risk taker.	
the total amount of the severance payments awarded during the financial year and the number of material risk takers receiving those payments	£0	
the amount of the highest severance payment awarded to an individual material risk taker	£0	

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Cardano Risk Management Limited is registered in England and Wales number 09050863.
Authorised and regulated by the Financial Conduct Authority.