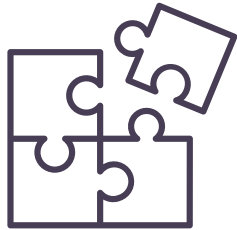




**Annual Report 2023**  
**UK Stewardship Code**  
**&**  
**BPPG Code of Conduct**

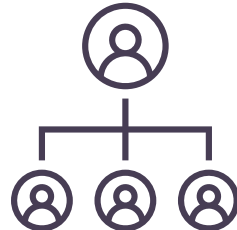
## CONTENTS



### PRINCIPLE 1

PURPOSE, STRATEGY & CULTURE

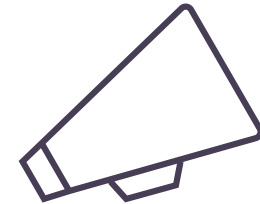
3



### PRINCIPLE 2

GOVERNANCE, RESOURCES &  
INCENTIVES

10



### PRINCIPLE 3

CONFLICTS OF INTEREST

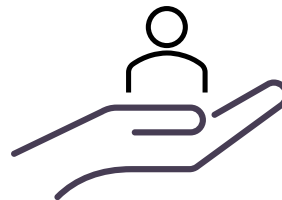
24



### PRINCIPLE 4

PROMOTING WELL-FUNCTIONING  
MARKETS

27



### PRINCIPLE 5

SUPPORTING CLIENTS'  
STEWARDSHIP

35



### PRINCIPLE 6

REVIEW & ASSURANCE

43

## FOREWORD

As global capital providers embed stewardship-driven systems-level investing as the norm, the challenges and expectations facing service providers continue to increase in complexity. Minerva Analytics ('Minerva') recognises that investors need high-quality, trustworthy stewardship support; to that end, Minerva is committed to providing dynamic and innovative solutions which meet the challenges and opportunities that sustainable stewardship demand.

Critical issues such as climate change, biodiversity, business conduct, diversity, equality and human rights are no longer peripheral 'extra-financial' concerns but can be material long-term investment risks. Investors increasingly recognise that companies which prioritise sustainability are more likely to be successful in the long run.

At the same time, the need to tackle greenwashing in the finance sector is a critical priority. The UK is leading global efforts with the Financial Conduct Authority (FCA), proposing rules to prevent greenwashing and ensure that ESG products meet the standards they claim.

The UK government has also launched a Green Technical Advisory Group to advise on the development and implementation of green finance policies. These efforts are crucial to maintaining the integrity of sustainable investing and ensuring that investors' money is being put to good use.

Data, information, and expertly curated knowledge are essential ingredients for good stewardship. For almost 30 years, the Minerva team has maintained a detailed focus on service integrity. Our agile team of experienced and knowledgeable professionals is dedicated to providing high quality support to help our clients navigate the ever-changing landscape of responsible investing.

Minerva fully supports the values and vision embedded in the UK Stewardship Code, which is why Minerva chooses to recommit its support for the 2020 Stewardship Code.

Minerva's goal is to ensure that our clients can be confident, active and engaged stewards. We believe this is best achieved by supporting them with the best quality sustainable research data and software tools, together with informed insights from an expert team:

- I. **Research quality:** ensuring that the data we curate, and subsequent research and analysis, is of the highest quality and goes beyond one-size-fits-all box-ticking.
- II. **Customisation:** our clients are all individuals and we have never believed that one size fits all. Minerva clients therefore benefit from a fully bespoke approach to policies as standard, to ensure that their stewardship strategies are aligned with their investment beliefs.
- III. **Continuous improvement:** the Minerva team has maintained its commitment to excellence and innovation with new tools and data to support our clients and their stewardship programs.

This report has been produced to fulfil the requirements of both the 2020 Stewardship Code and the Best Practice Principles for Shareholder Voting Research, as required by the [Shareholders Rights Directive](#) in the UK and Europe.

Sarah Wilson FRSA  
Chief Executive

## PRINCIPLE 1: PURPOSE, STRATEGY & CULTURE

*Signatories' purpose, strategy and culture enable them to promote effective stewardship.*

### About Minerva

Since 2022, Minerva has been fully owned by the award-winning German FinTech company, [Solactive AG](#). Together, Minerva and Solactive provide fully bespoke stewardship support services, as well as research, data, ESG indices and benchmarks to their combined global client base of more than 500 investment companies.

Minerva retains full editorial independence; this report, therefore, is mainly focused on Minerva's activities and services, aside from some areas of Solactive's business for which we provide key data. Our governance structure is illustrated in the organogram provided under Principle 2: Governance, Resources & Incentives.



### Our services

*Our mission statement is 'Better Data: Better Stewardship'.*

Since Minerva's foundation in 1995 as The Manifest Voting Agency, Minerva has provided institutional investors with a comprehensive range of stewardship support services. In addition to our core 'bespoke as standard' vote management solutions, the Minerva product suite covers the following competencies and deliverables:



Further services provided by Minerva are listed below:

- GovernanceWatch: voting and ESG audits;
- Stewardship and voting policy gap analysis;
- Expression of Wish pooled fund split voting;
- Sustainable securities lending management;
- Implementation Statement reporting;

- Responsible investment policy development and implementation;
- Climate change analytics and reporting;
- Sustainable Development Goal (SDG) analytics; and
- ESG research for index or benchmark creation.

## Our business model and strategy

Minerva's business model focusses on providing holistic solutions that work seamlessly with clients' existing operations. Minerva's agility and responsiveness, combined with many value-added features included as standard, not only reduce the total cost of stewardship but offer clients assurance that they are not only operationally effective, but fully compliant with current and emerging regulatory demands.

Minerva has developed a comprehensive research meta-framework which is grounded in legal, regulatory, academic and investor global good practice requirements. The [OECD Principles of Corporate Governance](#) and the [ICGN Global Governance Principles](#) are, in turn, supplemented by local market standards.

While Minerva's clients all agree that good governance and stewardship matter, not everyone shares the same perspective or prioritises the same issues. Uniquely, therefore, Minerva does not impose a one-size-fits-all 'House Policy' or standardised voting recommendations. In keeping with our ethos of 'vote agency', all of Minerva's clients have bespoke voting policies and voting guidance that are tailored to meet their individual needs and preferences.

Instead of being constrained by a narrow or singular view, Minerva's commitment to custom as standard enables our analysts to research a broader range of topics in more depth. This, in turn, means they can more quickly surface new and important issues which might otherwise be overlooked.

Minerva's rigorous and flexible approach enables us to provide comprehensive and thoughtful analysis that is responsive to, and evolves with, market practices. For example, Minerva has integrated the recommendations of leading frameworks, such as the Task Force on Climate-related Financial Disclosures (TCFD) (now retired), the Transition Pathway Initiative (TPI), ClimateAction 100+ and Forest 500 into our voting framework.



In terms of source materials, while issuers' public disclosures (i.e. annual reports or websites) are the core of our analysis, Minerva also uses a range of sources including regulatory websites, supra-national bodies and Non-Governmental Organisations (NGOs). Regardless of source, and, despite the highly variable and inconsistent nature of data from market to market, data is subject to stringent quality control procedures. We normalise and standardise our data to ensure it can be easily understood by our clients.

## Our values and culture

Minerva's primary focus is to ensure that clients receive the best possible stewardship support service that we can deliver, and that we continue to be an organisation in which they can have trust and confidence.

Minerva's business culture is professional, yet personal and supportive. Our knowledgeable and expert team leverages deep domain knowledge and technological capabilities, to deliver a truly customised service to each of our clients. Our core values guide us towards providing stewardship services to an exceptional standard. The following is a list of each of Minerva's core values and how we enable them to promote effective stewardship with our clients:

### *Communication*

Our agency principle means that we are driven by a commitment to act in the best interests of our clients. Our clients are therefore central to shaping our overall approach and refining our systems. Our proactive and interactive approach ensures that we stay ahead of forthcoming developments in the responsible investment arena. Our close relationship with clients also creates opportunities to enhance and develop our services and in-house platform. More detailed information regarding the effectiveness of our client communication is outlined in Principle 5: Supporting clients' stewardship.

### *Quality*

Minerva strives to provide consistently accurate and relevant research, reinforced by proactive and thorough administrative support. Rather than imposing one-size-fits-all methodologies, Minerva prioritises high quality data and decision-support models which empower our clients to make informed stewardship decisions. We do not, however, simply wait for new regulations or guidelines, but are always horizon scanning for emerging trends that help investors identify, assess and manage stewardship risks.

For example, as an extension of our sustainability governance data suite, we recently undertook a pilot study for a client to investigate the frequency and levels of Greenhouse Gases (GHG) emissions verification and assurance for the UK's largest 350 companies. The analysis identified significantly divergent practices and approaches. This constrains investors from taking an informed view of climate governance and raises

concerns about climate risk management. The outcome of this project is that climate assurance quality will be embedded across our entire range of services and for all companies in our research coverage. This not only supports our clients' needs to proactively manage their climate investment risks but fulfils Minerva's commitment to the [Net Zero Financial Service Providers Alliance](#) and wider client needs to manage climate risks.

### *Research objectivity*

Minerva's research philosophy is underpinned by a commitment to an independent and objective approach, which supports the needs of investors as providers or managers of risk capital.

Our objectivity is evidenced and reinforced by our regular contributions to the development of UK standards through independent, objective and evidence-based data analysis. We have pioneered efforts that uphold objectivity in the sector and enhance our clients' stewardship efforts, such as establishing the [Best Practice Principles for Shareholder Voting Research](#).

As a commercial financial information business, Minerva provides comprehensive data, analytics and research services on either an ad hoc or straightforward subscription basis, to any organisation with an interest in governance or ESG. However, as a fundamental principle, we do not provide advisory or consulting services to issuers as we believe this would create undue conflicts of interest.

Selected Service Enhancements - 2023
Engagement letters
<p>Minerva has a longstanding module which integrates a letter writing function with vote management. Where a client intends to withhold support from management, the Engagement Letter module will send a notification to the company with an explanation of the client's rationale. During 2023 we introduced new functionality to enable differentiated letters according to client strategies. Use cases include index or quant strategies versus active portfolios or focus list securities (for example Climate Action 100+ companies or a bespoke watch list).</p>
Climate-sensitive Stewardship
<p>In addition to Minerva's pooled fund split voting solution which embraces key ESG and climate change metrics, we extended our portfolio analytics platform to support the Transition Pathway Initiative, Forest 500 biodiversity metrics and climate governance.</p>
Local Market Adaptations
<p>Minerva's growing continental European client base has unique views which have resulted in the development of new voting guidelines which blend local perspectives on global practices. For example, new voting policy questions were introduced to apply strict limits on the number of short- and long-term incentive plans a company can operate and the number of performance metrics incentive plans can utilise on a global basis.</p>
Audit Independence and Objectivity
<p>Following a client's expansion of their global portfolio into new markets, we worked with them to ensure that their approach to auditor independence could be extended across all markets as consistently as possible, taking account of local market standards. In addition to our longstanding questions in relation to auditor tenure and non-audit fees, we extended our question set to include an analysis of board determination of auditor independence and safeguarding where other services are provided.</p>

### Continuous development

Minerva's staff are an essential ingredient for supporting the company's development and growth. We continually invest in training and development, not only at induction and early career stages, but through continuing professional development. In partnership with our local university, Anglia Ruskin University, a number of our team members have completed Level 7 Advanced Apprenticeships in data science, deploying new technologies and techniques such as Neuro Linguistic Programming (NLP) and Artificial Intelligence (AI) tools. Staff members are also encouraged to complete relevant vocational qualifications such as the PRI and CFA Institute certificates in ESG and Climate Change.

This investment in ongoing skills and knowledge enables our team to deliver innovative new solutions for our clients. During 2023, we initiated a number of new projects which leverage our data and expertise, outlined in the table on the left.

### Supporting effective stewardship

Minerva continually strives to support our clients' stewardship activities and assist them to become more effective by providing a range of services. To that end, Minerva plays an active part in the stewardship community, contributing to the ongoing development of better standards to support our clients' objectives.

Since our last UK Stewardship Code compliance report, Minerva has continued to enhance its clients' stewardship proposition as identified in the previous table. Each of these improvements to our stewardship services has been enabled by the core values that underpin our business.

Minerva has enlarged its team of account managers, all of whom are committed to provide rapid query responses within 24 hours and are easily contactable via email and telephone. They play an important role in delivering primary client support, overseeing implementation management, as well as assisting in business development.



By establishing effective and ongoing communication channels with our clients and other relevant stakeholders, Minerva's account managers ensure positive onboarding experiences and successful project completions. Their close client relationships and regular 'check-in' calls enable them to effectively discern and address clients' needs.

Regular ongoing contact with our clients, coupled with an annual review meeting, enables us to understand their needs, to evaluate whether we are meeting their expectations and to listen to their thoughts on future requirements and potential industry developments. This contact also allows us to re-evaluate our approach if necessary and to react quickly when their requirements evolve naturally.

We gauge our effectiveness in serving our clients' best interests through our high level of client retention, which stands at over 99%.

In keeping with our professional services approach, annual updates to our data suite and associated voting guidelines are undertaken on a confidential one-to-one basis with our clients rather than via public consultations. In the table opposite, we demonstrate a few examples of new data and voting updates for the following year.

We are cognisant of, and sensitive to, the criticisms of shareholder stewardship by certain vocal lobby groups. We are also aware of the highly politicised nature of the anti-ESG and anti-climate change lobby which has emerged since the Global Financial Crisis of 2008 and the associated reforms proposed by groups such as the Financial Stability Board and others. It is deeply regrettable that some issuers continue to make unfounded allegations against stewardship service providers and their clients, despite the overwhelming independent regulatory and academic research which refutes the arguments and demands for intrusive and burdensome regulation.

Companies enjoy overwhelming high levels of support from investors in the vast majority of votes. Both positive and negative votes have been executed after thorough and thoughtful consideration of corporate

disclosures. It is, however, the nature of democracy that there will not always be universal agreement. A difference of opinion is not a mistake and reasonable requests for accountability cannot, we believe, be said to be intrusive or time-wasting. Nevertheless, Minerva continues to work constructively with regulators to further greater understanding of the stewardship process.

#### Examples of New Data and Voting Policy Updates for 2024

##### Ethnic Diversity

Clients can now identify portfolio companies that have failed to appoint at least one director from an ethnic minority background (as defined and reported by the company) in the US and UK markets. As with many of our data points, clients can set their own thresholds.

##### Sustainability Reporting

Climate change is a central risk for asset owners and Minerva has extended the range of voting policy questions to include references to [IFRS S2](#), and also to the [UN Sustainable Development Goals](#).

##### Conflicts of Interest

Minerva introduced further voting policy questions to clarify and provide greater customisation in the approach clients can take when applying different independence standards to companies depending on whether there is a controlling shareholder - e.g. 50% for non-controlled companies and 33% for controlled companies.

##### Share Class Structures

Deviations from the principle of one share one vote continue to be a cause for concern for many clients. Minerva introduced a new voting policy question on whether companies with multiple class structures have a time-based sunset provision of seven years or less.

##### Responsible Tax

Minerva introduced a new voting policy question examining whether a company's board has published a tax policy indicating the company's approach to planning and negotiating tax matters.



## Case Study: Climate Benchmarking

Minerva worked closely with a public pension fund to help them understand the climate risk associated with its investments. As the client was a public sector pension fund, we agreed that the key climate metrics to be assessed and reported should be aligned with those likely to be included in forthcoming regulations. These metrics included:

1. **Absolute Emissions Metric:** reporting of Scope 1, 2 and 3 greenhouse gas (GHG) emissions;
2. **Emissions Intensity Metric:** calculating the Carbon Footprint of the client's assets as far as possible;
3. **Data Quality Metric:** identifying the proportion of assets for which total reported emissions were Verified, Reported, Estimated or Unavailable; and
4. **Paris Alignment Metric:** reporting the percentage of the value of the Fund's assets for which there was a public net zero commitment made by 2050 or sooner.

The team analysed over 1,600 individual equity and corporate bond investments with a total value of £2.3 billion, incorporating tens of thousands of data points to complete our analysis. Our final report not only provided a transparent measurement of the climate emissions of their holdings, but also identified a number of key concerns with the quality of climate disclosures in their portfolio. To support ongoing stewardship, we also provided the client with information on the top 10 largest holdings for each metric. This outcome of this project is that client is able to engage with their investment managers to gain a better understand the impact of asset allocation and stewardship activities on overall fund climate risk.

Metric	Analysis Results	Comments
1. Absolute Emissions	Scope 1 & 2 = 1,708 Million tonnes CO <sub>2</sub> e  Scope 1, 2 & 3 = 17,026 Million tonnes CO <sub>2</sub> e	This is the combined absolute emissions of the Fund's investee companies that disclosed either Scope 1 emissions, Scope 2 emissions or both, taking account of any disclosed Emissions Offsetting.  This is the combined absolute emissions of the Fund's investee companies that disclosed Scope 1, Scope 2 and Scope 3 emissions, taking account of any disclosed Emissions Offsetting.
2. Emissions Intensity	72,027 Tonnes of CO <sub>2</sub> e	The Fund's share of Scope 1 & 2 GHG emissions from its investee companies equates to 72,027 tonnes of CO <sub>2</sub> e.
3. Data Quality	48% Verified 26% Reported 4% Estimated 22% Unavailable	For this exercise, we sought to capture available GHG disclosures for the Fund's investee companies. Importantly, we also noted instances where their GHG or Scope 1, 2 or 3 disclosures – since this lack of data is within data in itself, so it can be used to identify potential targets for sustainability activities such as voting and engagement.
4. Paris Alignment	22% Excellent 23% Good 11% Moderate 15% Poor 27% No Disclosure	47% of the Fund's investee companies have: - made an 'Excellent' public net zero commitment by 2050 or sooner relating to all scope 1, 2 & 3 emissions, covering all company activities; - made a 'Good' public net zero commitment by 2050 or sooner relating to all scope 1, 2 & 3 emissions, but only covering some company activities / relating to all scope 1 & 2 emissions only (covering either all or some company activities). However, 67% of the Fund's investee companies have either Poor Net Zero status or have not made any disclosure regarding their intentions.

Minerva's leadership and innovation are increasingly recognised in the wider investment community. In the past 12 months, Minerva has been shortlisted for various [prestigious awards](#) for innovation and market leadership.

## Recognition of Minerva's Stewardship Achievements



Minerva was shortlisted for the above awards for two unique service offerings, which demonstrate our prowess as an ESG and Sustainability Analytics platform, these being :

**Sustainable Securities Lending:** our innovative solution provides asset owners with a consolidated view of assets out on loan, using a daily feed from their Custodian. The type and date of upcoming meetings are shown, with our ratings on the 'governance of sustainability' approach taken by each company. The Minerva ratings that indicate a likely recall can be further customised by clients to focus on specific underlying issues enabling each client to tailor our services to match their requirements. We also include an option to recall any specific holding from being out on loan with 'one click'. In this way, asset stewards can maximise their securities lending revenue without sacrificing their stewardship responsibilities.

**Minerva Nexus:** Our Minerva Nexus product is a comprehensive and objective meta-framework of leading ESG and sustainability reporting frameworks. Centred around three pillars, Minerva Nexus collects data on Products, ESG and Climate, and our ratings on Governance, Sustainability and Remuneration, feeding it into negative screening criteria compliant

with the UN Global Compact, UN Sustainable Development Goals and TCFD recommendations. This product provides a cost-effective and material method for investors to consider ESG inclusion in shareholder voting and portfolio screening.

[Sarah Wilson, Minerva Analytics' CEO and founder](#), has advocated for over 25 years for better corporate governance standards, corporate information disclosure, and improvements in the proxy voting process. Throughout her career, Sarah has championed equality of opportunity for women and other under-represented groups at company board level. She continues to play an active role in helping clients, and in the wider industry to deliver 'sustainable stewardship'. This is demonstrated by the growth of Minerva as an ESG consultant, and her involvement in the Taskforce on Pension Scheme Voting Implementation, the DWP Taskforce on Social Factors and the LGPS Responsible Investment Advisory Group.



Innovation Awards 2024

Minerva was [shortlisted](#) for its work with Carne Group to provide Split-Voting/Expression of Wish voting opportunities for their Low Carbon Fund Global Equity Index Strategy. The fund was launched in September 2023, and through the use of Minerva's platform, each investor can express their voting preferences within a pooled fund, with votes being split in proportion to their weighted holding in the Fund. Thus, investors

benefit from diversified equity exposure aligned with the long-term targets of the Paris Climate Agreement, coupled with stronger investment stewardship and active ownership.

**Note:** There is considerable overlap and alignment between the Stewardship Code, the Shareholders Rights Directive and the BPP Principles.

To help stakeholders better understand how Minerva addresses the needs of each individual framework, as well as our overall approach to stewardship, in future years, Minerva will provide a single fully integrated stewardship and regulatory report. In the meantime, a comparison of the current principles and requirements is provided at the end of this report.

Minerva's alignment with Principle 1 of the UK Stewardship Code is also aligned to 'Article 3j Transparency of Proxy Advisors' from the [Shareholders Rights Directive 2](#) and 'Principle 1 Service Quality' from the [Best Practice Principles for Shareholder Voting Research](#) (BPP Principles).

## PRINCIPLE 2: GOVERNANCE, RESOURCES & INCENTIVES

*Signatories' governance, workforce, resources, and incentives enable them to promote effective stewardship.*

The following section provides an overview of Minerva's structure, governance, workforce and processes. Examples are given to demonstrate how each of these enable Minerva to provide effective stewardship for our clients.

### Governance structure

Minerva is incorporated under English company law and is wholly owned by [Solactive AG](#), a German FinTech business which provides bespoke index and benchmarking services, including bespoke ESG indexes.

Completing their acquisition of Minerva in late 2022, Solactive brings 15 years' financial services experience which provides complementary insights into the regulated funds industry. From their headquarters in Frankfurt and their offices in Dresden, Berlin, Toronto, and Hong Kong, Solactive services over 350 fund clients. Solactive is a registered benchmark administrator under the European Benchmarks Regulation ([BMR](#)), with the German Federal Financial Supervisory Authority ([BaFin](#)), the European Securities and Markets Authority ([ESMA](#)) and complies with the IOSCO Principles for Financial Benchmarks ([IOSCO](#)).

Solactive's acquisition of Minerva has played a crucial role in driving substantial growth for the company, aligning with the transition towards a more ESG and stewardship-focused approach to investment. The strategic investment in talent, coupled with comprehensive training programmes and established processes, has enabled the ongoing delivery of high-quality services to meet clients' expectations for 2023. Once again, this is demonstrated by the high level of client satisfaction and retention.

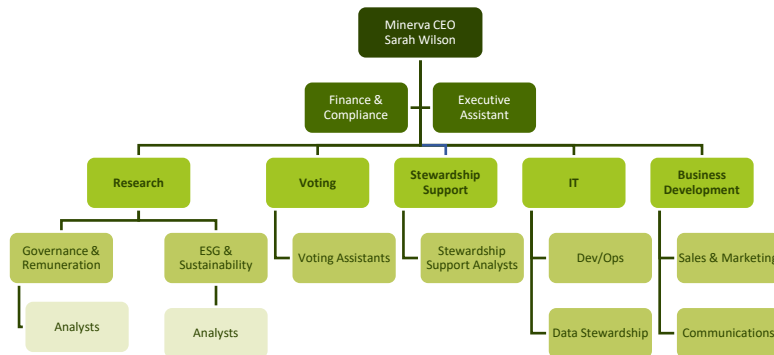
Insights into the effectiveness of these efforts were collected through internal annual reviews and feedback received from clients during the annual review process. The commitment to transparency is evident in the timely delivery of voting guidelines, research reports and reporting, all of which met the expected standards of quality and timeframe set by clients.

Minerva provides Solactive with ESG data for numerous bespoke index strategies which are negotiated on a fully arms' length basis. While general governance themes and trends are discussed at board level, Solactive plays no part in setting or approving Minerva's research methodology.

Internally, Minerva is structured to ensure oversight and accountability for promoting effective stewardship. The main board of Minerva comprises three directors: Sarah Wilson, CEO, Steffen Scheuble, CEO of Solactive and Roger-Marc Noirot. Below level board, Minerva is organised into primary groupings including Research, Voting, Stewardship Support, IT and Business Development.

Minerva's CEO, Sarah Wilson, is actively engaged in Minerva's daily business. Attending weekly strategy meetings among the stewardship support, voting, and research teams, she personally keeps the Minerva team tightly aligned and ready to respond to the latest client requests or market developments.

Minerva's structure is illustrated below:



Minerva has always operated a Quality Management System (QMS) which is closely aligned with ISO9001. This puts client needs and ensuring 'fitness for purpose' at the heart of everything we do. Quality management is focused both on product and service quality, and on the means to achieve it. Therefore, our approach is predicated on collaboration, clear communication and close co-operation to achieve the four QMS dimensions:

- Quality planning;
- Quality assurance;
- Quality control; and
- Quality improvement.

Minerva's team leaders have clear lines of authority and responsibility enabling them to deliver value to our clients through efficiency and proactivity in the decision-making process.

Having teams that are experts in specific areas is core to our business, and our line managers, also experts in their field, have the authority to make decisions and act quickly so that innovative solutions are developed.

The Board has ultimate responsibility for the strategic direction of the company and the managers for implementing the agreed business plan. Team leaders have day-to-day responsibility for service delivery within agreed guidelines and documented 'Detailed Working Instructions'. All our research goes through a minimum of four eyes checks, and in the unlikely event of disagreement the matter is referred to the managers and directors.

## Workforce

Minerva's research, analysis and guidance is developed by analysts who individually, or collectively, have appropriate qualifications, knowledge and skills in researching the jurisdiction in which the company covered is based. Our staff typically have at least one degree, with many possessing higher degrees e.g., MA, MSc, MBA or PhD. To support the intensity of peak season workflows, Minerva has a blend of core full-time employees and seasonal associates. This means that our headcount increases and decreases dynamically each year, with a 30% increase attributed to seasonal analysts to meet production demands. Minerva recognises and appreciates the skills and contributions of its seasonal staff and has a policy of retaining some of these where a flair for the role is shown.

Minerva is a highly diverse, multi-ethnic, multi-nationality organisation with language skills that include Bulgarian, French, German, Italian, Mandarin, Portuguese, Russian and Spanish. Women are also fairly represented within Minerva, with 48% of all staff members being female. With an average tenure within the senior leadership team in excess of 15 years, the organisation is very stable.

Minerva staff nationalities breakdown



## Training

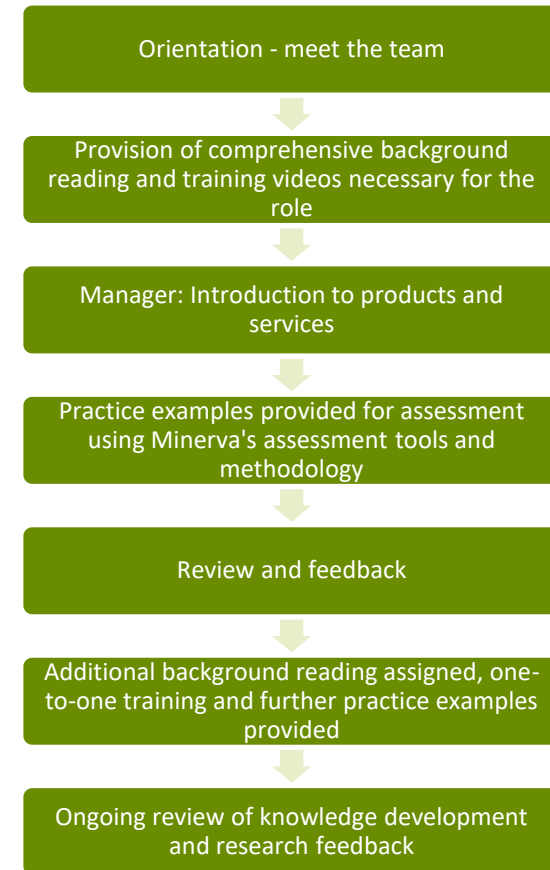
Minerva's stable team enables us to guarantee a high level of service and stay ahead of our clients' needs based on market demands. Minerva supports team managers with training development to keep them updated on the latest developments.

Each team leader is a Subject Matter Expert in their field, providing ongoing training to their team. The training of new staff is comprised of a maximum of six people at a time, as we consider this to be the optimum size for training, enabling each staff member to interact effectively with the manager and maximise the benefit of training sessions. Staff are encouraged to schedule one-to-one training to further their knowledge in specific areas they want to develop.

The Minerva teams cover the following areas of expertise:

- Voting;
- Stewardship support;
- ESG;
- Sustainability;
- Remuneration; and
- Governance.

## Team Orientation Process



During onboarding, staff are taken through a presentation by the research manager, introducing Minerva and our products and services. Beyond this point, the training process differs according to each department. For example, an analyst working in Minerva's Sustainability team follows a comprehensive induction and onboarding programme.

Within six months of employment, the individual is expected to have comprehensive knowledge of independent rating systems, the ESG regulatory landscape of the UK, EU, and USA, the UK Stewardship Code and the EU Taxonomy as a minimum.

After the initial induction, new staff members pass through a six-week training programme. After initial onboarding, the induction and in-depth training process continues, including trial analysis, until the line manager deems the new team member ready to begin live service delivery. Ongoing regular training exercises keep staff knowledge aligned with the needs of our clients. This may include asking analysts to prepare briefings and presentations for their team on a topic with which they are less familiar.

### Incentives

Minerva believes that a positive and motivating workplace culture is crucial to achieving our objectives. We understand that providing the right environment for our team to succeed is an important factor in keeping them engaged and motivated, particularly bearing in mind the complexity, intensity and expectations of peak season.

Our approach to incentives is not to pay bonuses based on research volumes, rather to recruit individuals with the right values and motivation and providing opportunities for growth and advancement.

Staff salary bands are graded according to levels of responsibility and the ratio of average employee salary to the highest paid individuals is 4.5:1. In addition to annual salary reviews and advancement, staff are supported with health and wellbeing benefits.

We also prioritise creating a supportive and inclusive work environment that fosters collaboration, creativity and innovation. By investing in our employees' development and their wellbeing, we aim to cultivate a motivated and engaged team that is committed to supporting sustainable stewardship.

To support opportunities for professional development, Minerva reimburses or contributes to course-related fees upon successful completion.

While the AGM season is highly demanding, we aim to create a working environment which supports our colleagues, and which gives them opportunities for growth and advancement. In terms of employee remuneration, our objective is to set pay at levels which reflect the value that our clients place on stewardship services and the fee income that stewardship services can maintain.

Examples of the various professional development opportunities sought out by Minerva staff within 2023 include:

CFA Climate and Investing Certificate

CFA Certificate in ESG Investing

PRI Applied Responsible Investment Certificate

MSc Digital and Technology Solutions (Data Analytics)

MSc Economics & Management

MA International Relations

PhD International Environmental Law and Policy



## Development and Maintenance of Expertise

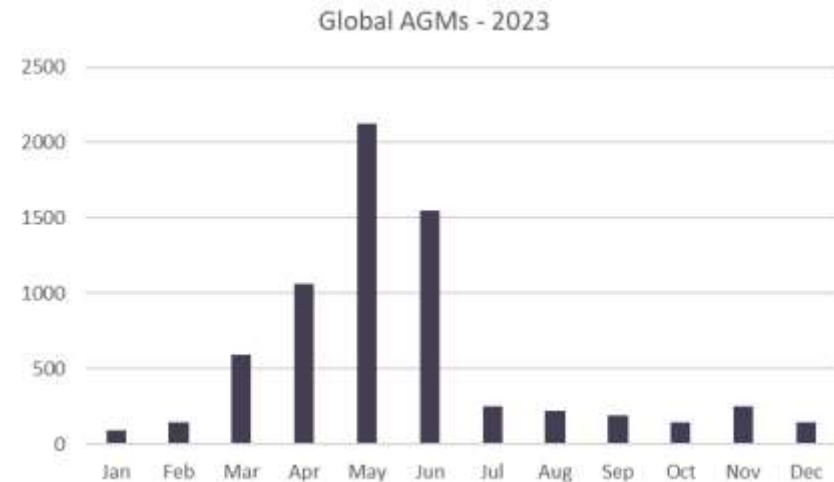
Knowledge comes through the transformation of data into actionable insights. The demand for better ESG, stewardship and climate change in recent years has been created by a regulatory revolution. Since 1995, Minerva's leadership team has been at the vanguard of evolving data and disclosure practices to confidently navigate the changes and support clients accordingly.

As such, information technology, data and regulations are central to Minerva's strategy, and our team associates are critical to the company's development and growth. Therefore, we invest in training in new technology and data gathering techniques. We are committed to further research into Artificial Intelligence and algorithms to support our analysts in the company disclosure review process to become more efficient.

Maintaining and updating the skills and knowledge on ESG matters is a mixture of having the right skills and using the right sources.

These include:

- Educational opportunities, e.g., CFA ESG and climate change certificates, MSc advanced apprenticeships in data science; on-the-job training;
- Monitoring changes to the regulatory and business environments using primary sources;
- Absorbing ESG and RI information captured during the research process;
- Participation in industry working groups (e.g., LGPS SAB RIAG, DWP Taskforce on Social Matters, Pensions for Purpose and FCA Working Group on Vote Reporting);
- Working with ESG-related partners (e.g., on engagement activity);
- Exchanging data knowledge within our parent company, Solactive; and
- Attending industry events and working with other third parties.



Through a combination of skills, knowledge and proven experience, we believe that Minerva's team has an appropriate, comprehensive and wide-ranging approach to maintaining and updating our skills and knowledge on ESG/RI matters. Accordingly, our clients can be assured that any advice provided keeps pace with data quality and legislative reporting requirements as they evolve.

Minerva has a comprehensive library of sources and undertakes ongoing research, as well as actively participating in regulatory initiatives including, for example, ICGN, UKSIF, GRI and a more detailed list of memberships, affiliations and supported initiatives can be found in Principle 4: Promoting well-functioning markets.



## Systems, processes and research

### *Evolving Data Management Tools and Techniques*

Good stewardship depends on high quality data to make informed and insightful decisions. The scope and scale of data required, combined with the highly variable and inconsistent nature of data quality from issuers, can make the research task daunting, particularly when considering the highly compressed nature of the 'Peak Season', as illustrated below:

Minerva deploys a number of specialised tools and techniques to support the research process to maintain high levels of integrity and trustworthiness. These tools play a crucial role in, for example, monitoring corporate and regulatory disclosures, gauging sentiment by scrutinising web news, identifying potential controversial products, and flagging potential violations of UN standards. Additionally, the team uses advance data analysis techniques to explore Minerva's extensive datasets and long time series, thereby uncovering patterns and trends that contribute to data-driven decision making.

#### Case Study: Norms Screening

Norms screening involves identifying companies which perform poorly in certain key environmental, social, and governance (ESG) factors when compared to their peers. These companies are subsequently excluded from portfolio construction, which is crucial for meeting the preferences of our clients. Tracking negative news about companies is essential in this process, given the vast array of digital media sources that require monitoring. Utilising advanced NLP techniques is pivotal in this endeavour. Through the application of various NLP methodologies, when analysing news articles, social media content and online discussions, we can systematically detect and classify negative sentiment directed towards companies.

The strategic utilisation of advanced data science tools and techniques, including sentiment analysis, empowers our team to effectively monitor and manage negative news about companies and brands. In turn, this enables us to deliver high quality research tailored to the needs of our clients.

## Methodologies

### *Research Methodology*

Minerva uses methodologies that are rigorous, systematic, and, where possible, result in stewardship research, analysis, and guidance that can be subjected to some form of objective validation based on historical experience, empirical proof, or client request.

Our research processes take account of local market specificities, as well as global standards; however, as these can vary, our clients may choose to apply more stringent criteria where the objective is to raise standards.

Minerva's research policy framework has been continuously developed over 27 years and feeds directly into our full range of services.

### Policy Sources

- Desk-based research by Minerva analysts;
- Client feedback and requests;
- National and supra-national best practice principles e.g. the [G20/OECD Principles of Corporate Governance](#), [IIGCC Institutional Investors Group on Climate Change](#);
- Binding rules, regulations and laws of each jurisdiction e.g. company law, listing rules etc;
- Investor bodies, including, for example, the PLSA Voting Guidelines or the Council of Institutional Investors Corporate Governance Policies;
- Academic literature review; and
- Market research with a variety of stakeholders including NGOs, trustee associations, professional bodies.

### ESG Methodology

Minerva's philosophy is to understand the ESG approach undertaken by issuers, based on their public disclosures and supplemented by a range of independent data sources. Minerva's ratings measure alignment against global corporate governance and sustainability best practices. The rating works not only at fund level but also cascades down to individual holdings, including sovereign bonds.



### Data Analysis

- Minerva only uses verifiable public documents;
- Analysts scrutinise public disclosures against almost 1,000 indicators every year ahead of each shareholder meeting;
- Analysts use an in-house developed and maintained database to record public corporate disclosures in a consistent, repeatable and comparable format;
- Training and feedback are provided on a regular basis;
- Automated and manual quality controls are combined with support provided by senior team members;
- Guidance materials are based on features existing in particular countries, laws and regulations that companies are subject to, but also in different languages;

- Staff interpret the data within the context of the laws and regulations governing disclosure and the methodology employed by Minerva;
- Staff use their experience to interpret the data and will make comparisons to similar scenarios in the past to ensure consistency;
- Staff are typically assigned to work from a particular grouping of countries and topics, to enable specialisation; and
- All research and data are reviewed by a senior analyst before publication.

### Shareholder Voting Policy Management

In respect of shareholder meetings, all meeting resolutions are allocated a category of meeting business, e.g., Director Election or Appointment of Auditors. The underlying policy issues are also organised into a logical hierarchy which forms the basis of a 'Voting Template'.

As there is not always a direct connection between a stewardship policy concern and a votable resolution, the Minerva Voting Template is arranged around a comprehensive and robust policy pillar framework which is underpinned by a further two levels of categorisation.



This approach means that Minerva's clients can have greater choice, flexibility and control over how their votes are exercised. For example, an investor concerned about workforce disclosure standards can choose to vote, for example, on the financial statements or, if they prefer, the Chair of the risk committee.

The following flow chart of our research process shows our approach in a simplified format:



### Shareholder Voting Guidelines

Minerva is not a shareholder, nor is it an activist or a 'proxy shareholder'. Our role is to ensure that investors have research, guidance and administration tools to support their stewardship beliefs. While many clients share common perspectives of what constitutes good practice, they each have their own views. Consequently, Minerva does not publish a 'one size fits all' or 'House' voting policy. This is because our clients all receive fully bespoke voting guidance based on their individual preferences. This is achieved through sophisticated technology, coupled with the expertise of our highly knowledgeable and dedicated analysts. Minerva blends a client's own stewardship policy beliefs with supra-national good practice principles, rules and regulations, as well as local market standards to achieve independent and objective voting.

The Minerva Voting Template is underpinned by robust, quality-driven data and research processes, supported by leading-edge technology ensuring consistent, insights and guidance to facilitate informed decisions.

Every shareholder meeting is analysed against a framework within excess of 2,000 Voting Policy Questions to identify any policy issues. There is rarely a one-to-one match between voting policies and the resolutions presented at meetings, therefore Voting Policy Questions are frequently associated with one or more Resolution Guidelines. Clients set their individual policy threshold for a specific voting action on pre-determined resolutions, for example, a threshold to the number of women directors on the board. A threshold that is country-specific, such as 40% for the UK and 33.3% for developed markets, or a threshold requiring at least two female directors irrespective of board size.

The Minerva Voting Guidelines are used in three complementary ways:

- **Research Reports:** Our Governance, Remuneration and Sustainability reports provide consistent analysis on companies and are focused on the resolutions to be voted on at forthcoming meetings.
- **Bespoke Voting Guidance:** The voting guidelines, coupled with the associated research and corporate disclosures guiding them, detail the rationale for each vote cast, and translate to form vote instructions.
- **The Minerva ESG Rating:** The Minerva ESG Stewardship Ratings provide a comprehensive assessment of corporate accountability - not just at a company level, but across the entire portfolio.

The three factors detailed above provide Minerva's clients with a unique resource, enabling them to be more informed and attentive stewards of the investments they hold and manage.

Minerva has developed numerous custom voting policies to accommodate diverse perspectives. Client expectations span a wide spectrum, ranging from policies related to climate issues, to those grounded in faith. Through collaborative efforts involving client input, the expertise of Minerva's policy development team, and adherence to best practices, we have successfully formulated distinct policies such as the Voting Net-Zero policy, an International Catholic policy and a Climate Overlay policy, as well as many other custom voting policies.

#### *Annual policy review*

Minerva conducts a comprehensive review of global governance and voting guidelines every year to ensure that the Minerva Voting Template system accurately reflects current good practice. This entails a review of each market for which Minerva offers customised analysis/voting and of global good practice developments.

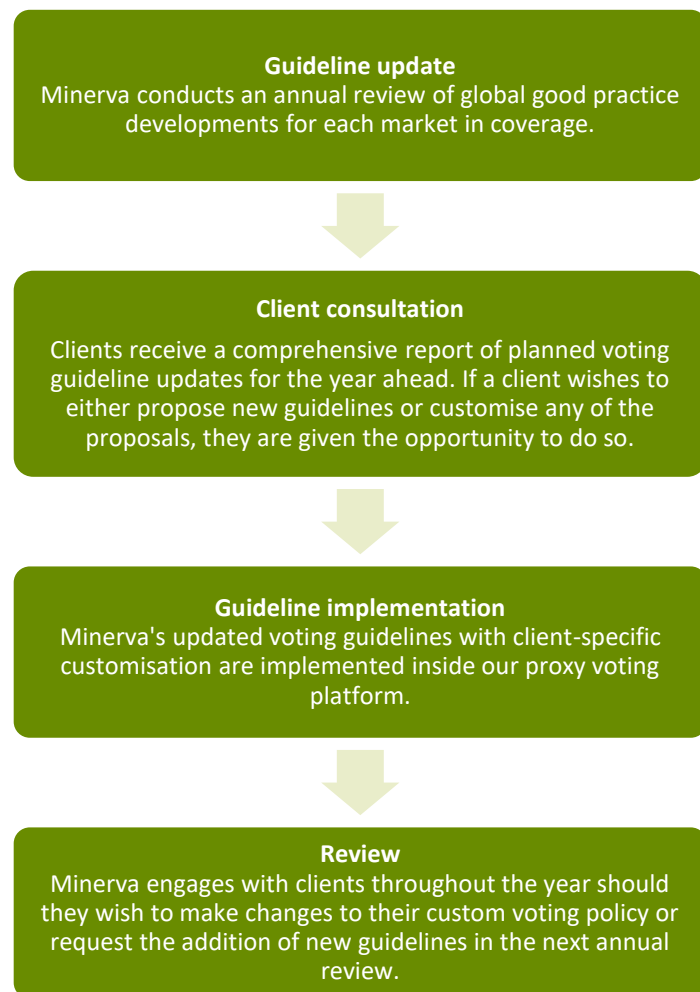
Our starting point is those markets which have issued a revised corporate governance code and/or new legislation, and where new institutional guidelines have been published.

This year's annual update has focused on refining Minerva's existing approach to minority shareholder protections and remuneration complexity, whilst also enhancing Minerva's analysis of board oversight of environmental, social and governance risks and opportunities, including climate change and responsible tax. Climate-related changes include the introduction of the consideration of whether a company has committed to decarbonise in line with defined just transition principles to Minerva's Say on Climate voting framework, and for reporting against IFRS S2 Climate-related Disclosures to be equivalent to reporting against the TCFD reporting framework.

Other amendments in preparation for the 2024 season, included aligning Minerva's assessment of board diversity in the UK and US markets with recent listing rule changes, such as the FCA's new diversity targets and Nasdaq's Board Diversity Rule, introducing new guidelines for emerging ESG-related shareholder proposals, and strengthening considerations of sustainable shareholder returns in capital governance assessment.

Market regulators are increasingly introducing new regulations mandating disclosure on ESG issues and major regulatory initiatives such as [SFDR](#) in Europe and the [SEC's](#) climate disclosure rule in the United States are expected to encourage greater consideration of ESG issues in board decision-making and corporate transparency. Furthermore, the [International Sustainability Standards Board \(ISSB\)](#), [Taskforce for Climate-related Financial Disclosures](#) and the [Taskforce for Nature-related Financial Disclosures](#) will impact global companies and introduce greater standardisation in reporting. Minerva's annual voting guideline review ensures that we are responsive to evolving good practices and that our services offer the most relevant and thoughtful approach to stewardship and voting.

The annual guideline review process is illustrated below:



### *Research Quality Assurance*

Through its Quality Management System, Minerva undertakes thorough project and resource planning for the research process to ensure that we can perform quality research on all the companies that we analyse.

The Shareholder Rights Directive regulations require that proxy advisors attest to the 'accuracy and reliability of advice'. Given the diversity, subjectivity of opinions and lack of agreement around voting or ESG, it would be difficult to say that any recommendation or point of view can be said to be 'accurate' or indeed 'reliable'.

What we can say, however, is that the research and analysis which underpins any guidance is as accurate as it can be within the constraints of the raw materials we work with – annual reports and corporate websites. Our research reports and associated voting guidance are prepared with strict quality control criteria and data accuracy is our utmost priority.

Our advice, is, we believe, as accurate as it reasonably can be given the significantly varying standards of data provided by companies or procedures operated by third party intermediaries, over whom we have no influence or control.

### *Comprehensive Monitoring Procedures*

Prior to publication, each subsequent participant in the analytical process, and finally an editor, reviews draft research reports and underlying data. Each stage of the research process is monitored with a detailed audit trail consisting of the analyst's name and a time stamp.

### *Comprehensive Audit Trails*

The provenance of every data point that we collect is noted, including the precise location in the relevant disclosure. We also log feedback from clients, whether this relates to queries about data or interpretation, or indeed opportunities to develop new services.

### *Complaints and Feedback*

Minerva complies with the [Best Practice Principles Group Complaints Procedure](#), which is designed to ensure that complaints about the application of the Best Practice Principles ('Principles') are properly investigated and are given careful consideration.

Minerva's analysts are required to give due consideration to company explanations which are benchmarked against the UK's Financial Reporting Council's guidance '[What Constitutes an explanation under 'Comply or Explain'](#)'. This means that a meaningful explanation should:

- Set the context and background;
- Give a convincing and coherent rationale for the action, describing mitigating action to address additional risks or maintain conformity with the relevant principles; and
- Explain the timeframe for the non-conformity and likelihood for a return to the relevant governance principle.

Differences of opinion or points of view regarding general governance practices, methodologies or company specific situations are not the same as factual inaccuracies.

Minerva has a well-documented process for monitoring research quality and will always respond to queries about data or research issues. As a matter of longstanding policy, we do not provide pre-publication drafts of research reports to either issuers or clients.

A significant inaccuracy or misleading statement in a research report will be promptly corrected and associated database records updated. Feedback is logged in our Q&A system; it will then be investigated by a person independent of the original research process.

Not all issues or questions raised are errors; they may be differences of methodology or understanding. Minerva classifies inaccuracies as either major or minor. A major inaccuracy is one that would be likely to have a

material outcome on a client voting decision. A minor inaccuracy is one, which while unfortunate, would not have a material impact.

Examples of a **Major Inaccuracy** would be:

- An assertion that a share plan did not have performance conditions when this is patently incorrect based on annual report disclosures.
- Misstating the attendance record of a director at board meetings.
- Misstating that the auditors had provided a qualified audit opinion.

Examples of a **Minor Inaccuracy** would be:

- Typos and literals e.g. 'hte' for 'the'; 'Smith, Joan' for 'Joan Smith'.
- Data errors (rounding, minor mismatches with text/table/figures, transposition of table labels) where supporting text or conclusions clarify.

Minor errors are resolved at the analyst level under the direction of the relevant Team Leader. The QA management team, which includes the executive directors, reviews major errors to determine what caused the error and if any changes to procedures would have made a difference. We will respond to companies in writing to address the substance of their concern and where we agree, changes will be made.

Undue pressure from companies or harassment of Minerva or its employees for not agreeing to make changes to reports is a form of retaliation and is deemed unacceptable as it undermines the integrity and objectivity of the research process. After analysing our report, the feedback provided usually falls into two categories: either feedback about the content or identification of actual errors. This feedback or error is documented in our database to aid the team in identifying potential issues as part of their audit control process. These issues may stem from either internal or external factors.

Minerva's production teams maintain comprehensive quality assurance logs which are monitored by team leaders on a daily, weekly and monthly basis, with senior management oversight to identify critical issues.

This systematic review process not only pinpoints areas for improvement but also allows for post-season analysis to mitigate recurrence.

Nevertheless, as with any process, errors can still occur. The outcome of our analysis of data quality is described below:

- During 2023, Minerva published 12,425 research reports;
- A total of 200 issues were flagged (~1.6%);
- Among the 200 issues, five were identified by clients after publication; the remaining 195 were identified internally, prior to publication;
- The issues were associated with 189 distinct companies from a universe of 6,082 (~3%); and
- Of the 195 issues, 73 were material errors that could have impacted votes. All five errors raised by the client were classified minor, as well as the remaining 122 issues.

These issues were quickly resolved by an update to underlying data before publication of the relevant research reports and client custom voting guidance.

The levels of negative feedback in respect of Minerva's analysis have been negligible (less than 0.1% of total workload).

At the end of the peak season, feedback logs are thoroughly analysed, and strategies are devised to address recurring issues. Additionally, annual client meetings play a crucial role in communicating the plans we have developed to mitigate errors in the report.

#### Case Study: UK Local Government Pension Fund

At a pension fund client's season review in 2023, it was identified that only two reports were found to have minor errors, a decrease from the previous year's count. Also, no major inaccuracies were noted. This improvement was attributed to the team's utilisation of feedback from the prior year, which prompted additional training and subsequently led to a decrease in report errors.

Furthermore, the client established specific Key Performance Indicators (KPIs) for Minerva, focusing on coverage, the timeliness of research report releases, and the quality of Sustainability, Remuneration, Governance and Shareholder Proposal analyses. The table overleaf indicates that Minerva's performance and adherence to quality standards in 2023 received high ratings from the client, demonstrating our successful fulfilment of their service expectations.

If a stakeholder is concerned about unresolved feedback following engagement with Minerva, they can escalate it to the Independent Oversight Committee of the Best Practices Principles Group, which has implemented a [formal procedure for filing complaints](#). The BPP Oversight Committee ensures that all complaints are appropriately investigated and carefully considered.



Example Client Service Level Assessment of Minerva		
Key Performance Indicator	Target	Status
Coverage of all markets in which the client invest	100%	<b>Achieved</b> No Issues
Access to the voting platform	100%	<b>Achieved</b> No issues
Research reports delivered on average 15 days in advance of a voting deadline	100%	<b>Achieved</b> No issues
Quality of research reports and analysis in order to cast informed votes	100%	<b>Achieved</b> No issues
Accurate application of client Voting Policy and bespoke voting guidelines	100%	<b>Partially achieved</b> One issue identified as two guidelines were flagged in the sustainability reporting. <b>Action:</b> The team enhanced their procedures to identify similar situations in future.
Successful submission of votes	100%	<b>Substantially achieved</b> One issue where 2 votes were missed – issue with custodian third-party platforms. <b>Action:</b> Minerva confirmed that the issue was with the relevant system and referred it to them.
Provision of quarterly monitoring reports, no later than 2 weeks post period end	100%	<b>Substantially achieved</b> Some initial issues regarding the formatting of the quarterly report. <b>Action:</b> The IT team joined a meeting to better understand the briefing from the client which was resolved.
Provision of annual meeting review	100%	<b>Achieved</b> No issues
Annual Voting Template Update with adequate time for review and implementation before peak season commences	100%	<b>Achieved</b> No issues

## Client Fees

Each client signs a contract with Minerva where fees for the services required are agreed in advance as part of the initial negotiations. Minerva believes that its fees are appropriate and provide value for the client. Each client receives, as standard, a bespoke service for which there are no additional or hidden fees. Minerva has a high level of client retention due to the quality of the service it provides, coupled with cost-effective pricing.

In March 2023, for the first time in many years, Minerva implemented a general uplift to its fees, a necessity resulting from general inflation, together with a significant increase in workload precipitated by the ongoing expansion in the size of Annual Reports published by UK and International companies which have to be reviewed in detail as part of our Research operations.

Minerva did not lose any clients as a result of this uplift exercise, and only one wished to negotiate the elevation, as they had not factored any increase into their budget. This was achieved successfully, and they remain as a client. We consider client retention and attraction to be the best indicators of appropriate fee levels. If fees were excessive, clients would cease to renew their contracts, and we would not attract any new business. This is corroborated by the fact that in 2023, Minerva has both retained its existing clients, as well as attracting a number of new clients.

## Outcomes

The analysis of Minerva's service performance, as illustrated in the table on the left, shows the positive impact of our investment in training and process enhancements, guided by both client feedback and Minerva's internal procedures. This rigorous effort has yielded a notably high level of effectiveness in serving our clients.

Client evaluations indicate that the established KPIs were satisfactorily met. The client rated Minerva's service highly, affirming our ability to meet their service expectations. This assessment confirms that we successfully handled all their requirements, delivering high quality research reports and analyses on a timely basis.

Additionally, our annual client meetings facilitated the identification of areas where the client could enhance their service provision to their own clients. For instance, by considering the issuance of engagement letters to their investee companies, accompanied by their voting rationale, they can advocate for changes to company policies which are important to them, such as climate change, modern slavery, etc.

During 2023, various opportunities for development were proposed by our clients and Minerva promptly implemented their requests. Our action plan included a comprehensive review of all processes to determine if there were opportunities for service improvements, as well as ways to enhance client understanding of complex issues.

To accommodate the growing demands of our expanding business and to meet the heightened expectations of our clients, we continue to recruit appropriately qualified team members. We do this to ensure that we are right-sized, and always equipped with a workforce sufficient to manage increasing workflows whilst maintaining the high quality of our services.

We offer development opportunities for experienced team members to take on mentoring and quality assurance roles. Their expertise is instrumental in looking 'beyond the horizon' to identify potential issues, thereby ensuring smooth and error-free execution of tasks and projects. Investing in training and systems to integrate data into the development of our screening offering continues to be central to delivering a high-quality service customised to our clients' needs.

Supporting investor protection and helping to create sustainable long-term value for our clients and their beneficiaries is at the heart of our

business purpose. The directors believe that the planning, resourcing, and execution of the company's strategy leads to material value-added benefits for our clients. We believe that the recognition from our clients and wider stakeholders is evidence that the Minerva approach to stewardship meets the expectations and requirements of the Stewardship Code Principles. Further to this, our compliance with Principle 2 of the Stewardship Code, has also ensured we remain compliant with Article 3d 'Non-discrimination, proportionality and transparency of costs' from the [Shareholders Rights Directive 2](#) and Principle 1 'Service Quality' from the [Best Practice Principles for Shareholder Voting Research](#).

## PRINCIPLE 3: CONFLICTS OF INTEREST

*Signatories identify and manage conflicts of interest and put the best interests of clients first.*

### Conflicts of Interest Policy

Minerva's Conflicts of Interest Policy and Standards of Conduct and Performance Policy are integral parts of our commitment to maintaining the highest ethical standards and upholding the trust placed in us by our clients. Minerva's primary goal is to avoid conflicts of interest; however, we recognise that potential conflicts will inevitably arise. What matters, therefore, is how they are managed. Our approach to conflicts of interest rests on six principles to minimise any potential or actual harm and so protect service integrity:

1. **Define:** Define what constitutes a conflict of interest and provide examples of situations where conflicts of interest may arise.
2. **Identify:** Establish procedures for identifying conflicts of interest, including regular risk assessments and reviews of potential conflicts of interest.
3. **Mitigate:** Develop procedures for mitigating conflicts of interest, such as disclosure and consent procedures, separation of functions, or limitations on activities.
4. **Monitor and report:** Establish processes for monitoring and reporting conflicts of interest, including regular reporting to senior management and the board of directors.
5. **Train and educate:** Provide regular training and education to employees on identifying and managing conflicts of interest.
6. **Review and update:** Regularly review and update the Policy to ensure that it remains relevant and effective in managing conflicts of interest.

Minerva's Conflicts of Interest Policy details scenarios that might lead to a conflict of interest, with examples, and specifies the behaviour expected from employees to avoid and, if necessary, manage such conflicts.

Each employee must confirm the presence of any potential or actual conflicts of interest and provide written disclosure of such conflicts. If uncertainty arises about the status of a situation, or if there are questions about the Conflicts of Interest Policy, employees are encouraged to submit an email inquiry to their immediate manager.

Minerva's organisational structure is well-defined, ensuring that Managers and Team Leaders have distinct lines of authority and responsibility for the identification and control of any conflicts of interest. Nevertheless, in exceptional circumstances, the Board holds ultimate responsibility for managing and controlling any conflicts of interest.

In the first instance Minerva's business model is designed to minimise conflicts of interest, as illustrated below:

No consulting services provided to the issuer community

Client identity is kept confidential from individual research analysts

Independent research reports prevent commercial influence

Physical separation between research analysts and vote agency staff

Our primary client base is comprised of institutional investors, both asset owners and asset management firms that invest on behalf of asset owners. Although some issuers do buy our research reports or use our data, we do not sell issuer advisory services to issuers. We believe that direct issuer relationships of this nature would be in direct opposition to our Conflicts of Interest Policy.

#### *Research integrity*

Confidence in our research process is of utmost importance to our clients and indeed the wider market. We therefore manage our research process to avoid conflicts. For example, our research analysts and vote agency teams are firewalled from sales activities and strict confidentiality procedures are in place to protect voting transactions from disclosure to unauthorised parties. While analysts are aware of specific clients and their public voting policies, they are not aware of the specifics of portfolio composition or their likely voting intentions.

#### *Independent methodology*

The determination of any analytical outcome is influenced only by factors relevant to the research process, irrespective of client or other personal or professional relationships.

#### *Conflict disclosure processes*

Minerva has written internal procedures and mechanisms to identify, and eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may, or conceivably could, influence the research process. This also applies to the judgment and analysis produced by employees or those who may have an influence on the research process. Minerva will disclose to clients such conflict avoidance and management measures.

When employees sign their contract of employment with Minerva, they agree to the following statement:

*'Whilst employed by the Company, you must not put yourself in a position that may cause a conflict with the interests of the Company. This means that you should not be concerned or interested in any trade, business or activity, which competes with the Company or in any way is, or may be, in conflict with the interests of the Company, without the express agreement of the Company. Any such interests must therefore be declared to the Company.'*

#### *Immediate disclosure if/when conflicts occur*

Minerva's disclosures of actual and potential conflicts of interest are intended to be complete, timely, clear, concise, specific (considering the need to protect proprietary information) and prominent.

#### *Training*

Minerva provides regular training and education to employees on the identification and management of conflicts of interest and all employees are required to review the Policy annually.

In addition, employees must abide by Minerva's Standards of Conduct and Performance Policy, which is available in Minerva's HR portal. The Standard of Conduct and Performance Policy provides insight into the expected behaviours at work among colleagues and clients.

The HR portal also provides access to other policies and training videos to educate employees in different areas such as equal opportunities and whistleblowing issues.

#### *Disciplinary procedures*

Minerva has in place procedures to address any breaches of conduct by its staff. It has in place formal Conflict of Interest and Standard of Conduct and Performance policies to which staff must adhere. In the case of a breach in either of these policies, the employee's manager will escalate the issue to a designated director. Following on from this, the employee may go through a disciplinary procedure.

The disciplinary procedures policy is available on Minerva's online HR portal and states that an employee may be suspended from work in order to allow Minerva to carry out or conclude an investigation, or if it is considered necessary to remove the employee from the company site.

Alternatively, Minerva may move the employee to an alternative department or work area whilst an investigation is carried out or completed.

All incidents are formally recorded by Minerva's management team and directors.

#### *Confidential Information*

1. Minerva has procedures and mechanisms to protect the confidential nature of information shared with clients, or other parties under the terms of service agreements or alternatively via a mutual understanding that the information is shared confidentially. Unless otherwise permitted by such agreements or required by applicable laws or regulations, Minerva and its employees must not disclose confidential information in press releases, to future employers, or conversations with clients, investors, other issuers, or other persons.
2. Should Minerva be made aware of non-public information of the kind required to be disclosed under applicable laws and regulations, depending on the jurisdiction, we may be obliged to make this information available to the public. However, prior to doing so, we would indicate to the issuer our intent to release this information and permit the issuer to immediately disclose this information itself.
3. Minerva employees are required to take all reasonable measures to protect all property and records belonging to, or in possession of the Company, from fraud, theft or misuse.
4. Minerva employees must not disclose any non-public information about research and guidance, or possible future guidance produced by the Company.
5. Minerva employees must not share confidential information within the Company except on an 'as needed' basis.
6. Minerva employees must not use or disclose confidential information for trading securities, as outlined in our Share Dealing Policy, or for any purpose other than conducting the Company's business.

#### *Public Appearances and Media Relations*

1. Public appearances are defined as participation in a seminar; open forum (including an interactive electronic forum); radio, television, or other media interview; or other public speaking activity in which a Minerva representative offers an opinion.
2. Only authorised employees are permitted to discuss research and analysis with the media or make public appearances. Each media request is carefully considered to determine the appropriateness of participation in relation to our values of independence and objectivity.
3. No Minerva research report will be distributed to the media prior to publication to clients. Reports or an analysis distributed to the media by Minerva are solely for information, education or marketing purposes; they are not used for the solicitation of votes in favour or against any particular resolution. Some reports may be specially commissioned by the media on standard commercial terms.
4. Although reports are subject to copyright protections and licensing terms, Minerva is unable to determine how its reports will be used by clients or third parties.

In addition, our Media Policy, available on Minerva's HR portal, outlines the expected behaviour when interacting with social/digital media and digital communications.

## Outcomes

Minerva recognises that conflicts of interest are unavoidable, however, with the right management approach they can be contained and mitigated.

We aim to show that our 'do no harm' culture aims to protect the integrity of, and trust in, our services.

To date, we have not identified any conflicts of interests associated with the range of services that we provide, across a wide range of existing and potential clients. We would expect to identify any potential conflicts at the initial service scoping stage of any potential new business and proceed accordingly, based on the processes in place to manage conflicts of interest. Examples of potential conflicts of interest and how they would be managed could include:

- Where an employee who is responsible for providing reports and analysis has a financial stake in a company. In such cases, the employee should promptly disclose this information to their direct manager via email, per our policy. To avoid any conflicts of interest, the direct manager would then notify the staff member that they will be restricted from accessing any information related to that company.
- In cases where individuals on our Board hold positions outside of our organisation, such as directorships in companies, there may be a risk to the impartiality of our research process. To address this risk, we limit information to the affiliated individual, and our reports would contain a statement declaring unobstructed independence in reporting.

- Another potential conflict of interest could occur when an employee analyses an issuer who is simultaneously a client. To mitigate this conflict in advance, analysts are kept unaware of our clients' identities to prevent any conflicts of interest. Furthermore, the analysts are also situated separately from the Marketing and Voting teams, ensuring that all client information remains confidential and is not shared with them.

Minerva's compliance with this principle of the Stewardship Code has also allowed us to remain compliant with Article 3j 'Transparency of Proxy Advisors' from the [Shareholders Rights Directive 2](#) and Principle 2 'Conflicts of Interest Management' from the [Best Practice Principles for Shareholder Voting Research](#).

## PRINCIPLE 4: PROMOTING WELL-FUNCTIONING MARKETS

### *Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.*

As an agile organisation, Minerva is structured to be sensitive and responsive to market and systemic uncertainty. Minerva continuously works to develop new solutions to support institutional investors as they seek to take an integrated approach to sustainable stewardship. Minerva's services take a holistic approach to systems risk management. To that end, we actively engage with regulators and other relevant stakeholders on emerging issues to protect our clients' interests and promote a well-functioning financial system.

The primary systemic risks we address as examples within this report include human rights, biodiversity and climate change.

#### **Minerva services accounting for systemic risk**

##### *Minerva Nexus Portfolio Screening*

One of the biggest challenges posed by the evolution of the change process is that it is unsettled – there is not yet full agreement as to what is or should be the right way to measure and manage ESG risks and opportunities.

Competing frameworks are emerging not only from asset owner membership bodies, but also national regulators. To address this challenge, Minerva has comprehensively mapped the most investment-relevant frameworks to create Minerva Nexus, a powerful ESG risk screening solution which allows clients to create fully customised models of the ESG factors their investee companies face.

The result is a scalable meta framework which allows users to cross reference issues in multiple dimensions.

We closely monitor company-level performance indicators with reference to, for example:

- UN Sustainable Development Goals;
- Sector/industry group-specific issues; and
- Themes e.g. labour standards, anti-corruption, climate stability.

The analysis of a company is built on a framework that is based on the pillars that guide Minerva's research.

Our methodology integrates 10 UN Global Compact (UNGC) principles by outlining company actions which we then analyse to help us identify violations of any of these principles.

The violations are then categorised under one of the following four pillars:

- Human Rights;
- Labour Rights;
- Environmental Damage; and
- Anti-Corruption.

Minerva uses a severity scale for assessing UNGC violations, enabling us to maintain a complex assessment strategy for responsible business conduct of companies on the market. This framework is specifically structured and permits us to identify and address systemic risks in the market on a sector level.



## Case study: Tesla

In recent years investors seeking long-term sustainable returns have widened the scope of their considerations from purely financial factors to embrace reputational and operational issues, such as work force engagement and supply chain quality. However, there tends to be a gap between the minimum mandatory reporting set by financial markets regulators and wider stakeholder groups. This can lead to friction and flashpoints, ultimately leading some investors to exclude companies from their investable universe.

By meticulously reviewing each reported violation of international norms and standards, Minerva helps clients to mitigate their ESG-related risks and support ongoing stewardship efforts.

A typical example of a company with a contested reputation is Tesla Inc. While the company often makes headlines, it would be premature to assume that its track record for innovation is matched by a strong ESG rating. Unfortunately, many of Tesla's headlines relate to site-specific disputes or supply chain violations, for example, in respect of labour rights in nickel mining sites in the Philippines and Indonesia.

Allegations of divergence from global good practice are a cause for concern for many investors; however rather than exclusion or divestment, many investors opt to engage with the company in order to seek assurances and exert influence, pushing for remediation of such adverse impacts.

Minerva's regular ESG screening and analysis through an objective severity scale enables clients to stay on top of developments and proactively manage ESG risks, thereby minimising recourse to exclusion, which could compromise an opportunity to participate in a rapidly growing industry offering sustainable solutions for the future.

*UN Sustainable Development Goals Portfolio Alignment*

ESG and sustainability-centric investment is predicated on understanding a wider range of systemic risks than the investment research process has traditionally considered. The UN Sustainable Development Goals are an overarching framework which aims to show the interconnectedness of ESG and sustainability risks. While they are not all necessarily immediately investable, it is possible to identify the positive and negative contributions of global corporations towards the achievement of the Goals.

One of Minerva's core stewardship services, launched in 2022, is our SDG Portfolio Alignment service. To build the foundations of Minerva's SDG alignment services, our expert stewardship team assesses sectoral impacts against each individual SDG. Economic sectors are defined using the EU's NACE codes, and each sector is marked as having a positive, negative, or neutral impact upon the potential delivery of each individual SDG. The resulting heatmap, similar to the example provided below, is then used to assess clients' portfolios for systemic risks.



### *Enhancing voting and engagement*

Minerva conducts an annual review of our voting guidelines to ensure our services address ongoing and emergent systemic risks. For example, climate risk-related frameworks including TCFD, TPI and the 'Just Transition' have been integrated into our research, thereby supporting our clients in adapting their voting and voting-related engagement work to include systemic risk issues.

Another example of the way in which we integrate systemic risks into our work is through the recent addition of the Global Canopy's Forest 500 assessment score to our proxy voting services. Clients can now use the Forest 500 score to set a custom percentage threshold to vote against the Chair of the board in instances of a low score.

### *Partners for sustainability*

Minerva works with a select number of partners to help clients address market risks in a more holistic manner, including:

- Engagement International (EI) supports clients with bespoke ESG and Climate Change specific outreach and engagement across a range of issues. The EI team is based in Copenhagen and led by CEO Erik Alhøj. Erik has over 20 years' experience of responsible investment. As one of the pioneers of responsible investment in Denmark, Erik has been a board member of DanSIF and CSR and has led hundreds of face-to-face engagement meetings with listed companies all over the world.
- Discern Sustainability (DS) are experts in ESG, Investment and Stewardship Integration. Founded by Niall O'Shea, they have over 20 years' comprehensive ESG experience across sectors, themes, asset classes and investment styles. DS provides clients with bespoke sustainability analysis, market and product advice, as well as leadership services.

## **Internally accounting for systemic risks**

### *Reporting our own carbon emissions*

Once Minerva's parent company, Solactive, began reporting their carbon footprint in 2021, discussion began for Minerva to do the same. Since last year we have been working together with a third-party climate footprint calculator, ClimatePartner. For 2023, Minerva and Solactive are preparing a joint report covering Scope 1, 2 and 3 greenhouse gas emissions data for 2023 compared to 2022, to demonstrate the company's efforts to reduce our carbon emissions.

### *Building capacity for sustainable stewardship*

In 2015, Minerva launched its sustainability governance research service to provide insights into the disclosures, processes and assurances of the world's largest 1,000 listed companies. Over time, we have grown our coverage so that every client has an opportunity to have their 'Say on Sustainability' at all the companies they own. In the past two years we have undertaken four major steps to ensure that our services will continue to support sustainable stewardship in the years to come:

- I. Grown our sustainability team to map emerging risks and policy developments beyond traditionally understood concepts of ESG and controversial products.
- II. Developed new data storage and analytics tools.
- III. Extended ESG and sustainability training to all research analysts.
- IV. Enhanced our market communications on ESG and sustainability topics.

## Memberships and Affiliations

Supporting and contributing to sustainable stewardship and voting on a global scale is a significant part of Minerva's business strategy. Minerva is closely involved with several key organisations and initiatives addressing systemic issues within the finance industry. We are either corporate or individual members or supporters of the following organisations and initiatives illustrated below:



In addition to these memberships, some examples of industry initiatives Minerva has participated in during 2023 are outlined below:

### *DWP Social Issues Taskforce*

Announced in 2022 and formally established in February 2023, the Department for Work and Pensions (DWP) created an industry-led taskforce to tackle social factors in the investment world. Minerva's CEO sits on the taskforce of industry leaders, with three key tasks set for it to achieve: identifying reliable data sources that can be used by pension schemes to identify and manage social risks; monitoring developments of the ISSB and other standards; and 'developing thinking' around how

trustees can identify and manage risks posed by modern slavery and supply chain issues. The group is set to operate for one year and deliver guidance and recommendations on social factors for pension funds in the UK. Of course, the work and discussions pertaining to the Taskforce are managed separately to the work of Minerva to avoid potential conflicts of interest.

### *LGPS SAB Responsible Investment Advisory Group*

Minerva provides support and insights in respect of stewardship and ESG issues to the UK's Local Government Pension Scheme (LGPS) Scheme Advisory Board (SAB) Responsible Investment Advisory Group ([RIAG](#)).

### *Best Practice Principles for Shareholder Voting Research Group*

The Best Practice Principles Group ([BPPG](#)) was formed to address a recommendation from the European Securities & Markets Authority (ESMA) that the shareholder voting research industry should seek to improve their transparency and institutional investors' understanding of the role and services they provide.

The BPPG also seeks to strengthen the market for stewardship services by promoting sound business practices and advocating the highest level of ethics and integrity. Minerva was a founding signatory to the BPP Group and has been actively involved in the development of the Best Practice Principles for Shareholder Voting Research since February 2013. Our CEO, Sarah Wilson, currently sits on the BPPG Committee.

The Committee is responsible for handling comments and feedback on the Principles, undertaking regular reviews of the Principles and issuing and analysing any consultations developed by the Committee. Our statement affirming our commitment to the Principles can be found [here](#).

### *Net-Zero Financial Service Providers Alliance (NZFSPA)*

In 2021, Minerva, together with its parent company Solactive, became founding members of the Net Zero Financial Service Provider Alliance ([NZFSPA](#)). As a founding member of the NZFSPA, Minerva has committed to achieving the Paris Agreement goals of ensuring the maximum average global temperature rise of +1.5°C above pre-industrial levels by 2050. In 2022, the group established a permanent secretariat at the PRI and has been developing more detailed targets for each type of financial service provider within the alliance.

#### **Net Zero Finance Service Providers Alliance - Commitments**

- NZFSPA supports the UN's [Race to Zero](#).
- NZFSPA is comprised of 18 organisations providing services to investors and the wider financial market.
- Signatories include stock exchanges, credit rating agencies (CRAs); auditors; investment consultants; index and benchmark providers; together with ESG and stewardship service providers. Minerva's commitment to the NZFSPA can be found [here](#).
- Participants are aligned with a science-based net zero transition path.

### **Supporting well-functioning financial markets**

Outside of industry initiatives, Minerva also aids the market in addressing systemic risks by actively participating in regulator consultations. Key examples of our consultation responses are provided below.

#### *FCA Consultation Paper 23/10 – Primary Markets Effectiveness Review*

The FCA proposed a reform to the London listing regimes, with a focus on equity shares of commercial companies (ESCC) with the aim of producing

a more diverse range of companies and bolstering the competitiveness of the UK markets, whilst also maintaining appropriate disclosure safeguards to preserve market integrity and transparency.

The proposals set out in the consultation signalled a radical overhaul of the current rules with a distinct short pivot towards a more disclosure-based regime, which the FCA recognises would put greater responsibility and associated investment risk on to investors and shareholders.

Minerva responded to the [consultation proposal](#) in June 2023, and highlighted the risks of introducing this proposal as the financial system may become a source of privatised gains and socialised losses. Our feedback has underlined the lack of addressing core problems adequately, as there has not been a demonstration of a detailed root cause analysis of London Stock Exchange's perceived commercial difficulties as compared with global peers. We raised concerns for shareholder protections and concerns that long-term investment decisions depend on investor confidence in the financial markets and the rule of law. While the shareholder protections provided under company law and the listing regime offer some degree of accountability between risk providers and company management, the proposal risks undermining investor confidence as well as undermining pension funds' ability to meet their fiduciary responsibilities to members.

#### *HM Treasury – Future regulatory regimes for ESG Rating Providers*

Minerva [responded](#) to the HM Treasury consultation for the future regulatory regimes for ESG ratings providers in July 2023. The changes proposed aimed to improve transparency and best practice consistently across the ESG ratings market.

Minerva considered the recommendations and aims of the proposal and welcomed the regulatory approach to enable a level playing field for investment support services, to help avoid greenwashing and support better governance.

With careful consideration of the potential impact the proposal would have on the market, Minerva highlighted the effectiveness of existing Codes of Conduct for Shareholder Voting Research which captures the essence of the IOSCO recommendations. This was raised as an element to be further considered by HM Treasury as smaller service providers were at greater risk of being disproportionately burdened with the introduction of further regulatory mechanisms, the requirement to consider the practicalities of conforming to more regulations for smaller ESG rating providers and the limited resources they may have compared to larger bodies.

Minerva identified the overall key challenges from the proposal: regulatory fragmentation, liability and legal risks, innovations and market competition, and international consistency.

#### *NZFSPA - Net Zero Financial Service Providers Alliance Republican AG Letter*

The Republican Attorney General in Tennessee sent a [letter](#) to members of the Net Zero Financial Service Providers Alliance (NZFSPA) stating that our commitment to support global net zero greenhouse gas emissions by 2050 or sooner may violate state and federal antitrust and consumer protection laws.

In [response](#), Minerva's CEO, Sarah Wilson, rebutted the absurd allegations, stating that in her opinion their letter was a 'disguised attempt to undermine global climate change action in the service of an extreme political agenda which faces dwindling public support'.

Minerva's response spurred engagement with a number of bodies including Principles for Responsible Investment (PRI), ClientEarth and the Council of Institutional Investors (CII), drawing significant media attention. This highlights the importance of actively defending initiatives that Minerva deems important for well-functioning financial markets.

#### *DWP Social Issues Taskforce-New guide*

Minerva's CEO, Sarah Wilson, has served as a member of the UK Taskforce on Social Factors since it was established by the Department for Work and Pensions (DWP). In 2023, Sarah helped develop a [new guide](#) that was launched in March 2024, which aims to empower pension trustees with tools to identify and monitor social risks and investment opportunities. To help investors manage systemic risks, Minerva provides support on how social factors should be addressed based on their 25 plus years of experience on the subject.

#### *PLSA - Pensions and Lifetime Savings Association - Voting Guidelines*

Minerva also provides insight and data to the Pensions and Lifetime Savings Association for the development of their voting guidelines. The [voting guidelines](#) to be used in 2024 set out a framework on key issues that need to be considered by pension schemes in their stewardship activities.

### **Outcomes**

Minerva believes it plays an essential role in identifying systemic risks through knowledge dissemination, as well as providing financial market support.

The Russian invasion of Ukraine obviously brought a great deal of uncertainty to the financial market. In response to this, Minerva worked with our clients to revise their voting guidelines to account for the associated risks and opportunities. Our proactive and flexible approach assists investors to respond appropriately and quickly to the challenges and risks that such situations cause.

Market uncertainty – an uncertain geopolitical and macroeconomic environment – presents a systemic risk for investors as companies navigate inflation, higher interest rates and the post-pandemic recovery. Due to these external factors, the G in ESG is an important consideration



in ensuring boards are well positioned to provide effective oversight of material financial and sustainability risks and opportunities, and protect the bottom line in an uncertain operating environment.

Minerva supports investors through its research and voting guidelines in considering a range of factors that are integral to ensuring well-composed and effective boards, including independence, diversity, skills and experience, as well as director capacity and overcommitment. Additionally, for 2024 Minerva has enhanced its coverage of sustainable shareholder returns with the introduction of new guidelines on dividend cover and debt ratios.

It is now accepted that climate risks have clear financial implications for institutional investors, which gives them a key role in driving the climate transition and engaging with investee companies. Market developments have:

- Increased awareness and demand for climate-related disclosures from companies in line with TCFD recommendations;
- Raised awareness and opportunities for investing in climate change solutions; and
- Influenced and raised expectations on engagement, voting and lobbying around climate-related issues.

In line with these developments, Minerva has enhanced its climate-related voting guidelines, building on its longstanding Say on Sustainability framework. In recent years Minerva has codified and clarified its voting guidelines on shareholder proposals on climate (including on climate lobbying, accounting for climate change, and fossil fuel financing amongst others), introduced a voting guideline on whether external auditors are considering climate change in audit reports, and introduced a comprehensive 'Say on Climate' voting framework that considers climate metrics and targets, climate governance, disclosure, policy engagement, capital allocation and the 'Just Transition'.

Minerva participates and contributes where we believe that we can add value with evidence-based insights. The outcome of our most recent initiatives has resulted in:

- Development of a Social Factors guide;
- Support and guidance in the development of voting guidelines;
- Support and guidance on responsible investment for Local Government Pension Scheme Funds;
- 'Net Zero' voting commitments; and
- Clarity around pooled fund split voting.

Minerva provides a well-balanced analysis of issues pertaining to clients' concerns to empower them to make informed decisions. From Minerva's perspective as an active owner, investors have a chance to influence companies' conduct, making divestment a final resort strategy. The Tesla analysis presented to the investor was a clear example that opting out of divestment, grounded in particular frameworks, can potentially yield future gains for the entire market.

In addition, Minerva diligently produces insightful ESG content for the industry, viewing it as a responsibility to share its expertise. Minerva's regulatory briefings look at new and emerging issues from the UK and Continental European perspectives. These are available on our website [here](#).

Our demonstrated response to market-wide and systematic risks confirms our compliance with Principle 4 of the Stewardship Code. As a result of this, we are also aligned to Article 3j 'Transparency of Proxy Advisors' from the [Shareholders Rights Directive 2](#) and both Principle 1 'Service Quality' and Principle 3 'Communications Policy' from the [Best Practice Principles for Shareholder Voting Research](#).

## PRINCIPLE 5: SUPPORTING CLIENTS' STEWARDSHIP

*Signatories support clients' integration of stewardship and investment, taking into account, material environmental, social and governance issues, and communicating what activities they have undertaken*

### Supporting client stewardship integration

Sustainable stewardship support is at the heart of Minerva's offering. Throughout the full stewardship value chain, Minerva's services are designed to enable institutional investors to achieve their sustainable stewardship goals. The following section outlines how our services support informed investor stewardship.

Minerva's clients are always in the stewardship driving seat. Our starting point is to understand what our client considers material to them. All clients go through an onboarding process, which explores the key issues so that we understand how to implement the client's policy preferences. Concepts of materiality are informed not only by regulatory standards or agreed frameworks, but also by our own analysis of issues with reference to academic research. Everything we do, therefore, is grounded in a solid evidence base which is clearly articulated to our clients.

### Vote Agency

Minerva is not a shareholder, nor does it solicit votes or seek to block votes in its own name. Rather, we manage the logistics of the AGM season by streamlining and automating the highly complex processes associated with shareholder voting. Our unique 'golden ballot' methodology manages over 9,000 company meeting notifications each year. All agendas are checked for legal validity, resolutions are classified, and research categories allocated to them. Daily portfolio holdings checks are performed with automated reconciliations across our clients' custodians.

At the end of the cycle, voting results are obtained to enable clients to understand the impact of their votes. All this information is fully transparent to clients through our user-friendly web platform, Manifest.info. Additionally, our client-facing team members are in regular contact with clients to support them with the administrative tasks or issues associated with voting.

All of Minerva's clients have [custom voting policies](#) which reflect each client's individual preferences. Therefore, while our clients outsource the administrative, research and analytical functions to us, our role as a facilitator of stewardship means that clients are always in the driving seat.

Voting guidance is advisory and based on each client's predetermined concerns. Moreover, our integrated engagement letter module means that when voting instructions are passed down the chain, or in some cases directly to the meeting, it is clear to companies that it is our client who is the 'fiduciary steward'. We maintain a comprehensive series of audit trails to demonstrate that the key stages from meeting agendas through to lodgement have been transacted as per client specifications.

Annual voting policy reviews are undertaken through a mixture of client outreach, desk-based research, and academic research. All clients are offered a one-to-one meeting with our stewardship team to evaluate their individual concerns or preferences.



### *Pooled Fund Split Voting*

The [unique architecture](#) of our voting platform enables asset owners and managers to steward their assets jointly through the application of bespoke templates and advanced algorithms for asset ownership reconciliation.

### *Sustainable Securities Lending*

Minerva supports clients who have expressed a desire to adopt a nuanced approach to stock lending by providing tools and data which enable them not only to take ESG and voting considerations into account with regard to lending and recall decisions, but to execute their decisions in line with their stewardship commitments.

### *Research Reports*

Our governance and sustainability [research reports](#) make a valuable contribution to stewardship and engagement by helping companies understand the issues which concern investors. Voting guidance is supported by comprehensive and in-depth governance, remuneration and sustainability profiles based on leading good practice indicators. Granular audit trails of data sources are provided, down to the relevant page reference.

### *Stewardship Consulting*

Clients value the support we can give them in developing their stewardship policies and processes in line with new regulatory and best practice developments. Through our [Stewardship Support](#) team, we provide a range of policy consultancy services to investors, including climate risk stewardship, implementation statements and also Stewardship Code statement support.

### *Stewardship Monitoring and Benchmarking*

Not all clients vote their shares themselves. Therefore, to help asset owners we provide a comprehensive stewardship benchmarking service which consolidates their managers' voting disclosures with a comprehensive analysis of activities to identify potential opportunities for closer alignment with schemes' values.

### *Engagement*

Minerva's clients have strongly expressed preferences for undertaking their own engagement directly with issuers. Our role, therefore, is to facilitate that process with expert insight, high quality data and appropriate software systems to make the engagement process as successful as possible. We provide this service through offerings such as our [Sustainable Governance Reports](#).

### *Custom ESG indexes*

To support the allocation of capital towards more sustainable outcomes, Minerva works closely with Solactive's product development team and provides bespoke ESG data screens covering a range of taxonomy-aligned data points.

## **Communicating with our clients**

As highlighted under our response to Principle 1 of the Stewardship Code, communication is a core value of our business culture. We continually engage with our clients, giving them ample opportunity to communicate with us to identify their requirements, as well as providing feedback on our services.

### *Method and frequency of communication*

Clients have access to dedicated account managers during UK business hours, who receive all incoming enquiries. The account managers are the first points of contact for these queries, which are then routed internally to the appropriate specialist. Operational voting queries are routed in the first instance to our Voting Manager; research queries are routed to the appropriate Research Manager (Governance, Remuneration, Sustainability or Data). Client service support queries submitted by email are responded to within a 24-hour timeframe, and on a same day basis wherever possible.

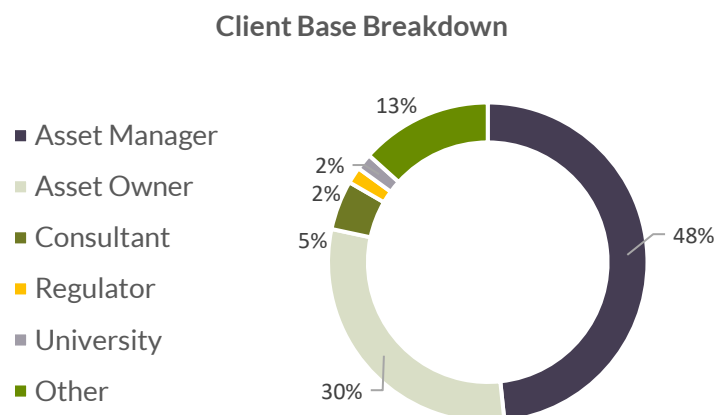
Live technical support is also available on Minerva's dedicated client platform during UK office hours. Responsibility for follow up on those queries will be dependent upon the nature of the query (complexity and urgency). Additionally, IT-related queries (e.g. password changes, queries about platform tools) can be sent into our support email address.

Minerva's Stewardship Team is also on hand to assist clients with ad-hoc requests. We use group emails to ensure that the entire team is aware of any issues, and these are routed to our Client Relationship Management platform to provide a comprehensive audit trail. The account management and stewardship teams are based in Minerva's Head Office in Witham, UK.

### *Client base*

Minerva provides various services for clients who are responsible for the management of assets valued in excess of GBP 8.1 trillion. While Minerva's primary client base is in Europe, we also provide services to clients in Japan, Taiwan, Singapore, Australia and the US.

A breakdown of the types of clients and regions in which Minerva provides its services is shown below:



### **Minerva Clients 2023**

Clients spread geographically



### *Client views and feedback*

As part of our client service offering, Minerva conducts client service review meetings on an annual basis. These meetings serve as an opportunity to provide our clients with service metrics as to how Minerva has performed over the previous year, as well as discussions around any areas for development or potential changes in service levels for the forthcoming year, for example, changes to a voting template. These service review meetings are generally conducted online. Prior to the meeting an agenda is circulated within Minerva's Stewardship Team and to the client.

Example agenda items are listed below:

- Service metrics and feedback from client;
- Market observations with regards to voting which would impact client's voting guidelines;
- Any changes to client's voting template; and
- Governance: update on ownership and costs for next year.

Any outcomes from the meeting are noted and followed up where required. Meeting notes are also entered into Minerva's Client Relationship Management system.

Service metrics allow Minerva to form an objective view on our performance and whether our clients are being appropriately supported. Furthermore, all client support requests are logged from the point they are raised and are then closely monitored by the client servicing manager until they are resolved to the client's satisfaction.

Client feedback also gives Minerva the opportunity to further improve its service, whether existing or through the development of new products or services. For example, Minerva's clients identified a few areas within Minerva's online client portal, Manifest.info, where enhancements have enabled the client to use the portal more effectively. Minerva acted swiftly to ensure these amendments were completed to further improve our clients' experience.

Case studies of where Minerva has both improved its service and developed a new product are provided opposite:

#### Case Study 1: Improvement of service through the enhancement of a client's existing voting policy

During an annual service review meeting in January 2023, an asset owner client requested several custom enhancements to their voting policy, in order to address new areas of sustainability reporting in the financial marketplace. These included artificial intelligence and cybersecurity, packaging, recycling and the circular economy, including a focus area for large petrochemical (pesticides and fertiliser) companies and supermarkets, as well as deforestation. Minerva responded to these points and produced new bespoke guidelines within these areas.

The amendments include the following:

- Expanding discussion of artificial intelligence to reference ethics and big technology companies;
- Expanding discussion of circular economy and plastic pollution, with references to petrochemicals and consumer goods;
- The addition of reference to sustainability certification in connection to deforestation.

All these points have now been fully incorporated into the client's voting guidelines.

## Case study 2: Development of a new and innovative product

Pension Trustees face increased regulatory demands to enhance their approach to investment stewardship, including voting - a fiduciary responsibility. Whilst most private sector pension funds have been comfortable in leaving management of their voting rights to investment managers, public sector funds are subject to pressure from their members to have policies that are aligned with their interests. Pooled investments are cost-effective investment options; however, they often restrict the ability of investors to vote on issues that matter to them.

Responding to the issue of direct exercise of voting rights and how investors can express their wishes, Minerva has developed smart voting technology, enabling split voting within a pooled fund depending on each investor's preference, and in proportion to their holding. Trustees can therefore have greater influence on how votes are cast on their behalf, becoming more effective stewards of their investments.

The unique architecture of Minerva's voting platform enables asset owners and managers to steward their assets jointly. The success of our product is illustrated by the recent launch of a low carbon, global equity index strategy, by Carne, which uses Minerva's innovative split voting capabilities to offer investors diversified equity exposure aligned with the long-term targets of the Paris Climate Agreement. By working with Minerva, Carne can offer both cost-effective asset management and active ownership.

Minerva's user-friendly web platform provides clients with comprehensive historic time series to monitor the progress of investee companies, sectors, indices, and portfolios.

*Minerva Briefings*

Our Communications Manager ensures that our clients receive all the latest webinars, news briefings, and blogs. We frequently host Webinars on our BrightTALK channel on a variety of topics, regarding the latest developments in ESG investing and stewardship. BrightTALK allows us to host live webinars and upload on-demand talks. As an example, one webinar focused on sustainable securities lending, bringing together several speakers from across the financial sector to discuss how investors can be responsible for their lending. We provide clients with policy 'Briefing' notes on a range of topics which are evidence-based. These notes summarise key issues or developments that we believe are of interest and relevance to our clients and contain our views and comments on such developments. As experts in this area, these avenues provide us with the opportunity to share our knowledge and analysis of these topics with our clients.

We have issued briefings on the topics shown below in the past year. These briefings are then distributed through multiple mediums, including webinars on the BrightTALK platform. Minerva's growing library of webinars serves our clients and the wider finance community, acting as a platform for discussion of important and emerging issues facing investors. Webinars aired in the past year include:

2023 Proxy Preview: ESG at the crossroads

Sustainable securities lending - the next greenwashing scandal in the making?

Sustainable Stewardship and SDG Alignment

2022 UK proxy season - Climate rises up the agenda



#### *Effectiveness of client communication*

Minerva has dedicated account managers who play a critical role in delivering primary client support, overseeing implementation management, and providing assistance in business development. By establishing effective and ongoing communication channels between clients, relevant stakeholders and Minerva, the account managers ensure positive onboarding experiences and successful project completions. Their close client relationships and regular 'check-in' calls enable them to discern and address clients' needs effectively.

Regular interaction between the account managers and clients occurs through various mediums such as emails, phone calls, and meetings, with all communication documented in our customer relationship management (CRM) tool. Emails are automatically logged into the CRM, while meeting and phone call notes are diligently recorded. Clients are encouraged to copy in the account manager in all email communications with the company, ensuring their comprehensive awareness and proactive involvement in all client-related matters.

This proactive approach allows the account manager to intervene and guide clients to the appropriate department if initial contact is misdirected.

Effective communication channels, facilitated by the account manager and direct interaction with relevant teams available Monday to Friday (and Saturdays during peak seasons), contribute to the efficiency of client communication. Clients have direct access to the teams responsible for voting, stewardship, IT and report feedback.

An annual review is scheduled to provide clients with an opportunity to share their feedback on service delivery, and Minerva reciprocates by offering updates on upcoming developments for the following year. The comprehensive log of all communications serves as a valuable resource for the account manager to review and address issues encountered throughout the year. This aids in ensuring that responsible parties are well-informed about how concerns were addressed and resolved in the best interest of the client.

*Evaluation of the effectiveness of client communication*

Regular ongoing contact, coupled with the annual review meeting with our clients, helps us to understand their needs and to evaluate whether we are meeting their expectations. The regular contact allows us to re-evaluate our approach should that be needed, and to react quickly when client requirements evolve naturally. A case study illustrating the evaluation of our effectiveness is provided opposite.

*Summary*

Minerva constantly monitors clients' views, feedback and changing needs. The analysis of Minerva's service performance shows the positive impact of our investment in training and process enhancements, guided by both client feedback and Minerva's internal procedures. This rigorous effort has yielded a notably high level of effectiveness in serving our clients. That said, Minerva continually strives to improve its effectiveness in this area to ensure that its communication continues to serve the needs of its clients, and that we react to any additional requirements.

Post peak season 2024, Minerva will be issuing clients with a client questionnaire, inviting them to provide further feedback and establish what worked well, as well as identifying any areas that require improvement going into the next year. This will then be sent out on an annual basis. Minerva felt this questionnaire would enhance the evaluation of our communication to encompass all clients and determine if there are any themes or areas that require particular attention going forward.

## Case study: Client communication evaluation

At an annual review meeting, one of Minerva's pension fund clients identified issues with some research reports that had been produced with some minor inaccuracies in 2022. This feedback allowed the research team to take on board these errors, using it as an opportunity to provide further training to the analysts, resulting in significantly fewer inaccuracies in the reports produced in 2023. The KPIs set by the client provided a useful measure of how Minerva was performing against their expectations.

Client evaluations indicated that the established KPIs were satisfactorily met. The client rated Minerva's service highly, affirming our ability to meet their service expectations. This assessment confirms that we successfully handled all their requirements, delivering high quality research reports and analyses on a timely basis. Additionally, our annual meeting facilitated the identification of areas where the client could enhance their service provision to their own clients. For instance, by considering the issuance of engagement letters to their investee companies, accompanied by their voting rationale, they can advocate for changes to company policies which are important to them, such as on climate change and modern slavery.



## Outcomes

Minerva recognises the important role the United Nations-supported Principles for Responsible Investors (PRI) plays in promoting the incorporation of ESG issues into investment practices and decision-making processes. Minerva works with and supports its clients in applying and fulfilling their reporting obligations under the six principles of the PRI.

In terms of key statistics, Minerva has achieved:

Data Point	2022-2023
Meetings logged	9,332
Resolutions coded	102,360
Companies analysed	6,082
Research reports written	12,425

The Minerva database is a comprehensive, independent archive of objective governance data, and we are extremely proud of our close links with scholars who use our data in the creation of world-class high-impact academic research.

Since December 1995, Minerva has:

- ✓ Analysed 141,879 meetings;
- ✓ Logged over 1.3 million resolutions;
- ✓ Reviewed the biographies of 287,267 directors; and
- ✓ Captured voting results for over 172,000 meetings.

As a result of our reporting on the Stewardship Code Principle 5, we are also aligned to Article 3j 'Transparency of Proxy Advisors' from the [Shareholders Rights Directive 2](#) and both Principle 1 'Service Quality' and Principle 3 'Communications Policy' from the [Best Practice Principles for Shareholder Voting Research](#).



## PRINCIPLE 6: REVIEW AND ASSURANCE

*Signatories review their policies and assure their processes.*

### Policy Review Processes

Minerva's management system is based on [ISO9001 quality management principles](#) which covers seven key areas:

- Customer focus;
- Leadership;
- Engagement of people;
- Process approach;
- Improvement;
- Evidence-based decision making; and
- Relationship management.

All aspects of our workflows are comprehensively documented, and our central knowledge management system is supplemented by continuing professional development.

Examples of controls and checks include:

- Agenda procurement;
- Annual report publication;
- Sustainability report publication;
- Data quality controls – automated and manual oversight; and
- Pre-publication research report checking.

We undertake systematic reviews of all aspects of our business on a range of timescales, from daily monitoring of agenda availability, through to annual voting policy reviews.

The senior executives are closely involved in product delivery and service quality is a standing item at board level meetings. Each team has a comprehensive assurance framework for monitoring quality standards to ensure any service gaps are addressed and there are regular team meetings between the directors and department heads.

Furthermore, as discussed under Principle 2, Minerva conducts an annual review of our voting policy guidelines based on the following methodology:

#### Guideline update

Minerva conducts an annual review of global good practice developments for each market in coverage.

#### Client consultation

Clients receive a comprehensive report of planned voting guideline updates for the year ahead. If a client wishes to either propose new guidelines or customise any of the proposals, they are given the opportunity to do so.

#### Guideline implementation

Minerva's updated voting guidelines with client-specific customisation are implemented inside our proxy voting platform.

#### Review

Minerva engages clients throughout the year should they wish to make changes to their custom voting policy or request the addition of new guidelines in the next annual review.

## Audit and Assurance

Minerva has an established internal audit procedure aligned with good quality management principles. We aim to ensure that internal audits are conducted with due professional care, integrity and independence. All conclusions derived from the audit are based upon objective and traceable evidence. Where any processes are found to be deficient, recommendations will be made for an improvement.

Minerva's operational process and procedures are tightly controlled and documented, and we ensure the separation of roles and responsibilities. Comprehensive internal controls separate functions so that only authorised employees have access to client data. All our procedures are documented, and key processes are subject to internal audit. Dual sign-off for activities is also a central protection. Our production process is supported by a comprehensive business process control platform to enable smooth teamwork and collaboration.

An audit of the Quality Management System (QMS) is conducted at planned intervals to:

- Determine whether the QMS conforms to planned arrangements;
- Determine whether the QMS is properly implemented and maintained; and
- Provide information on the results of audits to Senior Management.

Internal auditing is undertaken at least once annually. Audits may be completed with a greater frequency if determined by the Quality Manager or as determined by:

- Quality Management System requirements;
- Client complaint;

- Quality objectives/policy;
- Corrective actions;
- Statutory/legal requirements;
- Management decisions;
- Concerns raised by third parties;
- Employee concerns; or
- Management review concerns.

We welcome our clients to refer their auditors to us for review of our processes and audit trails. Available process control points for audit include the date of receipt of meeting notice, upload of agenda onto our system, completion of agenda analysis to enable allocation of relevant customer voting policy questions to each ('attaching guidelines'), the status of research process (in production; editing; published) as well as date of production of reports, the status of vote confirmation from client (Not Amended; Amended; Confirmed), are all available in our platform at any point in time.

We use many of these control points as parts of our own continuous improvement monitoring process, enabling us to monitor the efficiency of each part of the process, including logging new meetings, data input (including breakdown by financials, governance and remuneration), guidelines attachment (broken down by governance, remuneration and sustainability), research report production (for each of the Governance, Remuneration and Sustainability reports) and report editing for each of the three types of report as well. Each of the above is time/date-stamped and records the analyst responsible.

The control points and process employed facilitate Managers and Team Leaders to recognise and rectify issues. This strategy has proven effective as it enables the identification and resolution of issues on an ad hoc basis, promoting efficient internal audit control.

Minerva also emphasises the significance of client feedback in our ongoing efforts to enhance our services and meet their needs. The annual review meeting follows a standardised format for all clients to evaluate the services we have agreed upon. This annual meeting allows us to assess our processes and strategies based on client input.

Combining internal audits with client feedback enables us to confidently assure the efficiency of our processes.

### Vote Agency Platform

Minerva's award-winning vote management platform, Manifest.info, has a number of dedicated pages focused on audit. Clients can view and download real-time reports of all votes submitted as well as details of portfolio holdings reconciliation. These pages enable full management and oversight of the process from receipt of meeting notice to submission of voting instructions. This includes the production status of research for upcoming voting events, as well as the date and identity of client confirmation of votes and their dispatch by Minerva.

Settled portfolio holdings positions are captured from client custodians daily to ensure that our clients have a comprehensive picture of their voting queue. The messages are exchanged through secure file transfer and include, where relevant, information relating to stock lending. All records in the system are time, date and user ID stamped for comprehensive audit trails.

During the busy 'Peak Season', time is of the essence. For this reason, Minerva does not rely on overnight batch processing. Instead, agendas are added to the voting queue in real time throughout the working day to ensure the timeliest delivery possible. Uniquely, Minerva operates a 'Golden Ballot' methodology.

This means that one agenda is used to create all client voting positions based on their legal ownership. Once an agenda has been translated, coded and released, a sophisticated algorithm checks all client settled

holdings positions (which have been obtained directly from their custodian) to identify stockholders.

Minerva's proactive 'Golden Ballot' methodology is proven to be faster, more accurate, and because it uses less computing power overall, more environmentally friendly.

Our voting platform keeps all records of voting, engagement, and research processes in a unified, real-time proprietary database. This setup allows for complete adaptability in meeting reporting requirements. This is one of the key advantages of the Minerva platform: that it is operated on a single database system to reduce errors associated with manual data transfer.

Minerva provides both standardised and tailored governance ratings for companies, encompassing governance, remuneration, and sustainability reports. Fund-level ratings are also offered. The research methodology guarantees a consistent analysis of companies according to voting guidelines. The reports offer insights into each meeting resolution and other relevant issues as part of our due diligence process, following our report production methodology. Stringent processes are in place to ensure consistency and quality.

Every research output undergoes a thorough review by a minimum of two individuals, adhering to our quality control standards and client specifications. In the rare event of disagreement, the matter is escalated to managers and directors for resolution.

The annual voting review serves to affirm that our reporting quality adequately supports clients in their voting decision-making. Having all records in one place with previous years' voting, research, and engagement activities also helps pinpoint issues highlighted in reports and during interactions with individual companies.

This valuable information equips clients with the support they need to make informed decisions. Considering client feedback, we ensure that all

our stewardship reporting is fair, balanced, and understandable, as all our reports adhere to accessibility guidelines.

### **Stewardship reporting: fair, balanced and understandable**

Minerva offers a comprehensive range of operational and legally required reports related to voting activity. These reports adhere to transparency standards and best practices, including SEC, SRDII, PLSA, GRI, Stewardship Code, and PRI reporting requirements.

#### *Custom reporting solutions*

Minerva's expert Stewardship team provides customised web and narrative reports upon request, providing clients with detailed insights into the companies on which they have voted.

These reports serve a number of purposes, including:

1. Satisfying board meeting reporting requirements - providing customised narrative and adding visual elements such as charts, graphs and tables to the reports which are available on an annual, semi-annual or quarterly basis.
2. Internal audit reporting - via online-accessible reports from Minerva's platform.
3. Enabling clients to meet legal requirements for voting disclosure - facilitating seamless integration of interactive voting results, establishing a link between our database and a client's website based on their unique needs and preferences.
4. Additional reporting options are available by aligning client investments with the Sustainable Development Goals (SDGs) and the commitment to achieving 'Net-Zero' outcomes.

The reports undergo internal review by various levels of management and clients prior to publication, ensuring their balance and comprehensibility. Additionally, as mentioned previously, they adhere to specific standards.

Minerva leverages the expertise of its teams to ensure that its stewardship reporting is fair, balanced and understandable. This stewardship report has been built on Minerva's stewardship report for the previous year, 2022. The 2023 report reflects the comments received from the FRC on last year's submission and has been updated accordingly to ensure the report is comprehensive and addresses all points.

To ensure that the document provides a fair and balanced statement of Minerva and its activities in 2023, information for specific sections of the report was provided by the relevant team managers. The report has been thoroughly reviewed to ensure that the language used is understandable and concise, leveraging Minerva's expertise in producing client reports. The final draft was reviewed and approved by senior managers to help ensure both the accuracy and clarity of the information. The report is approved and signed by its Chief Executive Officer.

#### *Reporting accessibility*

Ensuring data accessibility is a priority for Minerva and we enable a broad client audience to utilise the reports that we generate. We diligently adhere to the accessibility regulations which bind our clients, thereby guaranteeing inclusivity and usability for everyone

### **Audit of voting process**

Minerva operates a quality management system which monitors key elements of the entire vote lifecycle. For both internal and external clients' purposes, we audit our internal controls and produce a report that is provided to directors that includes:

- Percentage of votes lodged as a proportion of possible votes;
- Percentage of missed votes;
- Timeliness of research report production to support clients with voting; and
- Reasons for missed votes (e.g. stock sold after the record date, stock acquired too close to meeting, etc.).

Minerva has robust internal control and audit arrangements through our platform that are available to external audit scrutiny of internal controls.

All voting records are available in real time so that clients, their compliance teams and auditors have a transparent window on the entire process.

### Best Practice Principles Reporting

As previously mentioned, Minerva is a fully compliant signatory of the Best Practice Principles for Shareholder Voting Research.

The Best Practice Principles Group ([BPPG](#)) was formed to address a recommendation from the European Securities & Markets Authority ([ESMA](#)) that the shareholder voting research industry should seek to improve their transparency and understanding of the role and services they provide. The BPP oversight committee serves as an external auditor, conducting an annual independent review of the monitoring of the Best Practice Principles and the public reporting of each BPP Signatory. Consequently, Minerva's transparency and service quality are reviewed annually through the submission of our compliance statement to the Group.

### Outcomes

Minerva has established a comprehensive framework that utilises both internal and external assurances to effectively identify and mitigate risks. This framework also encourages a culture of accountability and continuous improvement. Further, by providing transparency and offering our clients the opportunity to audit our services, Minerva encourages trust and strengthens the bond we have with our clientele.

In 2023, we conducted a thorough evaluation of our workforce procedures, prompted by client feedback and our business growth. Consequently, we restructured our teams and promoted staff members to be responsible for an additional level of quality control in order to ensure

error reduction. In addition, we have enabled staff to continue their professional development, for example in the application of machine learning technologies to support the monitoring of updated or changed corporate disclosures.

Each year we conduct a review of our research and voting guideline process. Minerva's annual voting guideline review ensures that we are responsive to evolving good practices and that our services offer the most relevant and thoughtful approach to stewardship and voting. The voting review is a comprehensive analysis of global governance codes, investor best practices, academic research, client feedback and market developments. From this, we identify which of the voting policy questions and research report components require pre-season updates. In Principle 1: Purpose, Strategy & Culture, we have provided a table showing new guideline updates for 2024 as part of our post season review.

Based upon a client request, we examined UK disability accessibility report standards and integrated the guiding principles into all of our reports. Minerva is also able to provide reporting in a variety of formats, according to the needs of the client. In terms of external assurance, the BPPG provides confirmation of adherence to the principles.

Minerva's compliance with the UK Stewardship Code Principle 6 is aligned with our commitment to 'Article 3c 'Facilitation of the exercise of shareholder rights' from the [Shareholders Rights Directive 2](#) and Principle 1 'Service Quality' and Principle 3 'Communications Policy' from the [Best Practice Principles for Shareholder Voting Research](#).

## CONCLUSION

While this document has been written primarily with the FRC Stewardship Code in mind, there is an intersection between the Code principles and the Shareholders Rights Directive II, together with a number of voluntary or regulatory principles in the broader ESG space, for example, the UN-backed Principles for Responsible Investment. Where possible we have synthesised our response to meet the needs of these frameworks.

To help readers of this document we have provided a summary table which shows the relationship between the three principal frameworks that apply to Minerva: The Stewardship Code, the Shareholder Rights Directive and the Best Practice Principles for Shareholder Voting Research.

### **Better Stewardship, More Sustainable Outcomes**

We recognise that our clients are the providers of risk capital to the financial system and wider economy. Their goal is to deliver long-term sustainable returns for their underlying clients, beneficiaries and indeed, society at large. We believe that effective stewardship supports those objectives, and we welcome the opportunity to support those goals with data, software, informed insight and attentive client support.

The shareholders, directors, managers and staff of Minerva therefore remain fully committed to offering our clients a best-in-class stewardship support service.

Minerva Analytics Ltd  
July 2024

For more information about Minerva's approach to sustainable stewardship, please get in touch by either email or telephone.

**Telephone:** +44 (0)1376 503500  
**Email:** [hello@minerva.info](mailto:hello@minerva.info)

## CODE ALIGNMENT

Stewardship Code 2020	Shareholders Rights Directive 2	Best Practice Principles for Shareholder Voting Research
Principle 1: Purpose, strategy and culture	Art 3j: Transparency of proxy advisors	Principle 1: Service Quality
Principle 2: Governance, resources, and incentives	Art 3d: Non-discrimination, proportionality, and transparency of costs Art 3j: Transparency of proxy advisors	Principle 1: Service Quality Principle 3: Communications Policy
Principle 3: Conflicts of interest	Art 3j: Transparency of proxy advisors	Principle 2: Conflicts of interest management
Principle 4: Promoting well-functioning markets	Art 3j: Transparency of proxy advisors	
Principle 5: Supporting clients' stewardship	Art 3j: Transparency of proxy advisors	Principle 1: Service Quality Principle 3: Communications Policy
Principle 6: Review and assurance	Art 3c: Facilitation of the exercise of shareholder rights	Principle 2: Conflicts of interest management Principle 3: Communications Policy

## NORMATIVE REFERENCES

[Stewardship Code 2020](#)

[Shareholders Rights Directive 2](#)

[Best Practice Principles for Shareholder Voting Research](#)



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Guidance		General Information	
Available Options: Yes, No, Not Applicable (N/A), Not Disclosed (N/D)		Comply	Details
Principle 1 - Service Quality: Signatories provide services that are delivered in accordance with agreed client specifications. Signatories should have and publicly disclose their research methodology and, if applicable, "house" voting policies.			
1.2. Responsibilities to Clients	Services provision in accordance with agreed specifications	Y	Pages 22-23 + 35
1.3. Quality of Research	Relevance, accuracy and review of voting research and analysis by appropriate personnel prior to publication	Y	Pages 14-23
	Demonstration of a reasonable and adequate preparation standard of reports, analyses, guidance and recommendations	Y	Page 22 (KPI table)
	Systems and controls in place to ensure the reliability of the information used in the research process	Y	Pages 44-46
	Retention of records of the data sources used for the provision of services to clients	Y	Pages 46-48
	Adequate verification or double-checking of the quality of research provided	Y	Pages 12 + 44-48
	Transparency regarding the research information provided to clients, including, when applicable, dialogue with issuers or shareholder proponents	Y	Pages 20 + 36-37
1.4. Research Methodology	Disclosure of a general approach that leads to the generation of research	Y	Pages 15-17
	Disclosure of the information sources used	Y	Pages 4 + 5 + 15 -16
	Disclosure of the potential consideration of local conditions and customs	Y	Pages 14-17
1.5.a. Shareholder Policies	Disclosure of any existing custom policies	Y	Pages 17 + 18

<b>1.5.b. Signatory Policies</b>	<ul style="list-style-type: none"> <li>• Disclosure of any existing signatory or benchmark or house voting policies</li> <li>• Disclosure of the consideration of any explained from issuers deviations from comply-or-explain corporate governance codes</li> <li>• Disclosure of the inclusion in research of any corporate transactions and/or ESG-Sustainability matters</li> </ul>	Y	Pages 15-20
	Explanation of how voting policies are developed and updated	Y	Pages 17-19
	Incorporation of feedback in benchmark policies development	Y	Page 15
	Annual review of policies	Y	Pages 18-19
<b>1.6. Employee Qualification &amp; Training</b>	Educated, skilled, competent and experienced staff	Y	Pages 10-14
	Staff training on the relevance and importance of their activities	Y	Pages 12-14
	Disclosure of control exercised over any outsourced procedures	Y	We align with ISO 9001 quality management standards.
<b>1.6. Employee Qualification &amp; Training</b>	Disclosure of operational arrangements for the provision of services	Y	Pages 1-7 + 10-13
<b>1.7. Timeliness</b>	Provision of adequate and timely services, subject to the availability of source information and intermediary constraints	Y	Page 22 (KPI table)
	Use of the most up-to-date information available when delivering services	Y	Page 19
<b>1.8. Complaints &amp; Feedback Management</b>	Existence and disclosure of policies for managing and responding to complaints, comments or feedback about services provided	Y	Pages 20-21
<b>1.9. Client &amp; Supplier Understanding</b>	Notification of clients of the scope of the services provided as well as any known or potential limitations or conditions that should be taken into account in the use of signatory services	Y	Pages 36-38
	Provision of a framework that enables clients to fulfil their due-diligence requirements	Y	Pages 35-38
<b>1.10. Client Disclosure Facilitation</b>	Assistance to clients, upon request, with disclosure issues relating to the clients' discharge of stewardship responsibilities	Y	Pages 36-38

Principle 2 - Conflicts of Interest Management: Signatories should have and publicly disclose a conflicts-of-interest policy that details their procedures for addressing potential or actual conflicts of interest that may arise in connection with the provision of services.			
<b>2.1 Introduction</b>		Y	Page 24
<b>2.2. Conflicts of Interest Policy</b>	Conflicts-of-interest policy in place	Y	Page 24
<b>2.3. Possible Conflicts for Consideration</b>	List of potential conflicts	Y	Page 26
<b>2.4. Conflict Management &amp; Mitigation</b>	Transparent policies and procedures	Y	Pages 24 - 26
	Code of ethics	Y	We have equivalent: Standard of Conduct and Performance Policy
	Division of labour	Y	Page 24
	Employee recusal	Y	Pages 25-26
	Firewalls/IT systems and controls	Y	Pages 43-44
	Information barriers and ring-fencing	Y	Page 24
	Independent oversight committees	N/A	Research policy is agreed by the management board
	Physical employee separation	Y	Pages 24-25 (Research analysts are physically separated from other activities in the company)
<b>2.5. Conflict Disclosure</b>	Separate reporting streams	Y	Page 24
	Disclosure of any existing material conflicts to the relevant client and management of the conflicts as further detailed in the signatory's respective policy	Y	Page 26

Principle 3 - Communications Policy: Signatories should have and publicly disclose their policy (or policies) for communication with issuers, shareholder proponents, other stakeholders, media and the public.			
<b>3.1. Introduction</b>		Y	Page 35
<b>3.2. Dialogue with Issuers, Shareholder Proponents &amp; Other Stakeholders</b>	Policy for dialogue with issuers, shareholder proponents, other stakeholders, and their advisors in place	Y	Pages 35-42
	Communication in the research reports of the nature of a potential dialogue and possibly of the outcome of that dialogue	Y	Pages 20-22 + 40-41
	Disclosure of the circumstances under which such dialogue could occur	Y	Pages 20-21 + 37-41
<b>3.2. Dialogue with Issuers, Shareholder Proponents &amp; Other Stakeholders</b>	Disclosure of ways to verify the information used in the research analysis	Y	Pages 17 + 44-45
	Disclosure of a potential mechanism to review research reports or data used to develop research reports prior to publication to clients	Y	Pages 44-48
	Disclosure of procedures for avoiding receipt of privileged, non-public information	Y	Page 26
	Disclosure of procedures for managing privileged, non-public information in cases where such information is received	Y	Page 26
	Disclosure of steps taken to protect signatories and their employees from undue pressure or retaliatory actions arising from the delivery of services	Y	Page 20
<b>3.3. Dialogue with Media &amp; the Public</b>	Policy for dialogue with media and the public in place	Y	Page 26
	Disclosure of signatory's employees who are permitted to make comments to the media	Y	Page 26
	Disclosure of a policy toward the publication of public recommendations (if made) on any particular resolution prior to the publication of their reports to clients	Y	Page 26