



## MINERVA BRIEFING

# UK Stewardship Shifts: Key 2026 Code Changes and Implications

December 2025



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This briefing will also contain expert insights and perspectives on the changes to the 2026 UK Stewardship Code from Minerva Analytics' Senior Stewardship Analyst Thomas Bolger.

## Executive Summary

6

Years since the last UK Stewardship Code update, two fewer than the gap between the 2012 and 2020 editions, reflecting stewardship's increasingly rapid evolution.



Key changes to the 2026 version of the code include changing the definition of stewardship and introducing new specific principles including for proxy advisors.

299

UK Stewardship Code signatories counted as of August 2025. This currently comprises 199 asset managers, 79 asset owners and 21 service providers.



The UK Stewardship Code has many non-UK signatories and is being used by other countries as a blueprint to create their own versions of stewardship codes.



Minerva Analytics has been a signatory of the UK Stewardship Code since 2010, as well as a provider of multiple stewardship-focused services.

The UK's [new Stewardship Code](#), developed following extensive stakeholder feedback and practical experience from the 2020 Code, **redefines stewardship** to focus on creating long-term sustainable value for clients and beneficiaries, while removing explicit references to environmental and societal benefits - a polarising decision in the eyes of many.

Reporting requirements have been **streamlined** into a two-part system: a Policy and Context Disclosure updated every four years and an annual Activities and Outcomes Report. This structure is intended to reduce duplication and reporting burdens, allowing organisations to better tailor submissions to their actual activities.

The Code also **simplifies principles** for asset owners, managers and service providers, with **differentiated expectations** based on their roles. However, some stakeholders have reservations about whether these changes will have a positive impact on the quality of disclosure that the previous 2020 Code offered and increased flexibility may challenge those new to stewardship or lacking internal expertise.

A **transition year** will take place in 2026, with existing signatories retaining their status while adapting to the new framework. The Financial Reporting Council (FRC) is providing guidance and resources to support organisations through the change, with application windows in spring and autumn 2026. This includes two sets of guidance focused on stewardship code reporting released last month, as [reported by Minerva Analytics](#).

## Key Questions and Guidance

Navigate to the answers you are looking for using the arrows below.

<b>1. Strategic Direction and Rationale</b>	
What are the main reasons behind the 2026 update to the UK Stewardship Code and how did stakeholder feedback shape these changes?	<a href="#">→</a>
How does the new definition of stewardship differ from the 2020 Code and what are the implications of this shift for ESG accountability and fiduciary duty?	<a href="#">→</a>
How does the new two-part reporting system (Policy and Context Disclosure vs. Activities and Outcomes Report) aim to reduce reporting burdens and improve relevance? What are the potential risks or drawbacks of this approach?	<a href="#">→</a>
<b>2. Principles and Practical Impact</b>	
How have the principles for asset owners and managers been streamlined? What are the key differences compared to the 2020 Code and are there criticisms?	<a href="#">→</a>
How have the principles for service providers been streamlined? What are the key differences compared to the 2020 Code and are there criticisms?	<a href="#">→</a>
<b>3. Broader Implications and Future Outlook</b>	
What challenges face stewardship code signatories in adhering to the 2026 version?	<a href="#">→</a>
How can these challenges be best navigated?	<a href="#">→</a>
How might the two-part reporting system affect the comparability and quality of disclosures over time and what best practices can ensure consistency?	<a href="#">→</a>
What are the potential impacts of an EU-wide stewardship code on the UK's position as a global benchmark, and how might regulatory divergence or harmonisation play out?	<a href="#">→</a>
<b>4. Support and Resources</b>	
What resources and guidance are available to help organisations adapt to the new Code, and how can service providers like Minerva support signatories through the transition?	<a href="#">→</a>

## Key Changes

### Definition of Stewardship

Some stakeholders felt the 2020 UK Stewardship Code’s definition of stewardship overemphasized broader societal and environmental goals, diluting its primary focus on long-term financial returns and potentially creating legal and practical challenges. While ESG integration was welcomed, ambiguity around its prioritisation raised concerns about reporting complexity.

The revised definition centres on sustainable value for clients and beneficiaries, omitting explicit references to environmental and social outcomes. The FRC asserts this aligns stewardship with fiduciary duties, but critics, including Pensions UK and the PRI, have warned that it may weaken ESG accountability by making these factors appear optional. This is particularly challenging for UK pension funds with specific ESG obligations written in to the Pensions Bill.

This change underscores a key debate: whether stewardship should address only financial interests or also systemic risks. The new definition’s narrower focus has prompted concerns about increased short-termism and reduced engagement with climate and social issues.

In addition to the redefined definition of stewardship, a previous draft of the supporting language to the 2026 Code’s definition of stewardship stated, “*Stewardship that supports sustainable, long-term returns may lead to wider benefits for the economy, the environment and society*”. This definition was criticised by [Minerva](#) and other stakeholders – including Pensions UK, the UK Sustainable Investment and Finance Association and UK workplace pension scheme NEST - for its ambiguity and for weakening the principle of addressing systemic risks.

In response, the FRC removed “may” and clarified that effective stewardship [enables informed investment decisions that deliver returns without compromising future objectives, while considering long-term risks and opportunities related to the economy, environment, and society](#).



“The new definition aims to align stewardship more closely with financial materiality and long-term returns, removing explicit references to the environment and society. This change in part reflects the current debate on market competitiveness and recent governance developments.

While the definition’s supporting language clarifies that investors may consider ‘the economy, the environment and society’, concerns remain that the revised definition sends mixed signals about investors’ role and ability in addressing material environmental, social and governance issues.

This could reduce transparency and accountability at a time when systemic risks are increasingly significant for both investors and investee companies whilst also risking the UK’s reputation as a global leader in responsible investment.”

*Thomas Bolger, Senior Stewardship Analyst, Minerva Analytics*

Application and Flexibility

The 2026 Code seeks to enhance its flexibility and reduce the burden of being a signatory through changes to the reporting structure and the streamlining of principles and reporting prompts to avoid ‘box-ticking’. Organisations are encouraged to tailor their reporting to the principles most relevant to their specific stewardship activities, recognising the distinct characteristics and priorities of each signatory, including asset classes, geographies and investment styles. For example, where a principle refers to a stewardship activity that represents 10% or less of a signatory’s assets under management it is not an expectation that they respond to that principle. According to the FRC, [early evidence suggests that signatories could reduce reporting volume by 20-30% while “maintaining quality”](#).

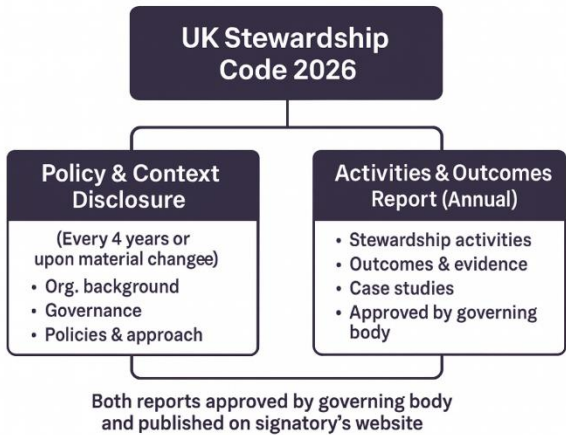
The FRC has provided [guidance available online](#) to help tailor reporting.

Two-Part Reporting System

Unlike the 2020 Code, which required signatories to submit a single comprehensive stewardship report every year, the 2026 Code introduced the two-part reporting system, an extension of the interim rules under the third version of the code.

Under the system, organisations must submit two key documents: a Policy and Context (P&C) Disclosure every four years and an Activities and Outcomes (A&O) Report annually (Figure 1). These documents can be separate or combined into a single report.

Figure 1: 2026 UK Stewardship Code’s Two-part Reporting System



While many organisations support changing the frequency of reporting on contextual information, the FRC received feedback questioning whether this change would have a material impact on reporting burdens. This was due to these disclosures still requiring annual internal reviews and approval, irrespective of whether this information needs to be reported.

Critics also argue that allowing policy disclosures only every four years could weaken accountability, as firms might delay updating stewardship frameworks even when market conditions or ESG priorities shift significantly.

“The flexible reporting structure has been introduced to reduce repetitive disclosures and enable signatories to focus on demonstrating meaningful outcomes rather than restating static policies annually.

While this aims to streamline reporting and reduce reporting burdens, there is a risk that separating out reporting could create fragmentation, loss of transparency and weaken the link between day-to-day actions and long-term stewardship philosophy.

To mitigate these risks, the Code offers flexibility through optional combined reporting, requires governing body sign off on both reports and provides guidance emphasising the need to maintain clear connection between annual activities and overarching policies.”

Thomas Bolger, Senior Stewardship Analyst, Minerva Analytics

### Principles for Asset Owners and Managers

The 12 principles that form part of the 2020 Code for asset owners and asset managers will be replaced with five disclosures (Disclosures A to E) that form part of the P&C Disclosure and six principles that should be reported on as part of their A&O Report.

In line with the FRC’s aim to make the 2026 Code more flexible and less burdensome, a key change combines principles 9, 10 and 11 (engagement, collaboration and escalation) of the 2020 Code into Principle 3 – Engagement.

Table 1 below provides a high-level mapping outline of how the content of the 2020 Code has changed in relation to the 2026 Code as supported from disclosures provided within the FRC’s UK Stewardship Code Consultation document, covering both Policy & Context Disclosure and Principles (Activity & Outcome). Some principles in the right-hand column appear multiple times as they feed into more than one principle in the 2026 code.

Table 1: 2020 vs 2026 UK Stewardship Code for Asset Owners and Asset Managers

2026 Code for asset owners and asset managers	2020 Code for asset owners and asset managers
<b>Policy and Context Disclosure</b>	
A. Organisation, investment beliefs and stewardship approach	1. Purpose, strategy and culture
B. Governance and resources	2. Governance and resources
C. Policies, processes and review	5. Review and assurance
D. Conflicts of interest	3. Conflicts of interest
E. Dialogue with clients and/or beneficiaries	6. Client and beneficiary needs
<b>Principles (Activities and Outcomes Report)</b>	
1. Integration of stewardship and investment	7. Integration of stewardship and investment
2. Promoting well-functioning markets	4. Promoting well-functioning markets
	11. Escalation
3. Engagement	9. Engagement
	10. Collaboration
	11. Escalation
4. Exercising rights and responsibilities	12. Exercising rights and responsibilities
	11. Escalation
5. Selection and oversight of external managers	8. Monitoring managers and service providers
6. Monitoring service providers	8. Monitoring managers and service providers

Additionally, reporting expectations against the six A&O principles will differ according to whether asset owners and asset managers manage their assets directly or delegate the responsibility to external managers. These differences in expectation are outlined in Table 2 below.

Furthermore, the FRC notes as a guideline, those who directly manage 10% or more of their assets under management would report on principle 3, and those who manage 10% or more of their assets through external managers would report on principle 5.

*Table 2: 2026 UK Stewardship Code Principles for Asset Owners and Asset Managers*

Principles	Investing directly	External managers
Principle 1: Integration of stewardship and investment	Required	Required
Principle 2: Promoting well-functioning markets	Required	Required
Principle 3: Engagement	Required	Optional
Principle 4: Exercising rights and responsibilities	Required	Optional
Principle 5: Selection and oversight of external managers	Not required	Required
Principle 6: Monitoring Service Providers	Required	Required

Following stakeholder feedback, the FRC noted that some had expressed concerns that by streamlining principles, particularly escalation and collaboration, risk being seen as optional rather than core elements of stewardship. This perception could lead to fewer collaborative efforts and more investors acting in isolation, ultimately reducing stewardship effectiveness.

This change may reflect pressure from the rising number of US anti-ESG policies and antitrust challenges faced by collaborative initiatives like Climate Action 100+, with the FRC aiming to retain US asset managers as signatories. However, this approach could undermine the Code's impact on systemic risks and weaken accountability across the investment chain.

The [Association of Member Nominated Trustees \(AMNT\)](#) claims the revisions, particularly to principle 6, dilute requirements for asset managers to align with client interests and report on stewardship activities. Key obligations, such as explaining how managers consider client views, have been removed and replaced with vague references to “clients and/or beneficiaries.” AMNT argues this undermines pension trustees' ability to hold fund managers accountable and weakens fiduciary duties, especially regarding systemic risks like climate change.

The [CFA](#) raised concerns that oversimplification of the principle headings could lead to a narrower interpretation by some signatories, impacting the quality of reporting and diluting two core aspects of effective stewardship – escalation and collaboration.

The revised disclosures and principles for asset owners and asset managers, as well as for service providers, can be found in full in Appendix B of this briefing.

## Principles for Service Providers

Similar to the principles for asset owners and managers, the six principles that form part of the 2020 Code for service providers will be replaced with four disclosures (disclosures A to D) that form part of the P&C Disclosure and four principles that should be reported on as part of their A&O Report.

The 2026 Code introduces principles to be applied specifically by proxy advisors, investment consultants and engagement service providers. This aims to reflect the importance of the services provided to clients in the stewardship ecosystem. As such, Principle 1 applies to all service providers, while Principle 2 applies to proxy advisors. Principle 3 applies to investment consultants and Principle 4 applies to engagement service providers.

Table 3 below provides a high-level mapping outline of how the content of the 2020 Code has changed in relation to the 2026 Code as supported from disclosures provided within the FRC's UK Stewardship Code Consultation document, covering both Policy & Context Disclosure and Principles (Activity & Outcome). Some principles in the right-hand column appear multiple times as they feed into more than one principle in the 2026 code.

Table 3: 2026 vs 2020 UK Stewardship Code for Service Providers

2026 Code for service providers	2020 Code for service providers
<b>Policy and Context Disclosure</b>	
A. Organisation and services	1. Purpose, strategy and culture
B. Governance and resources	2. Governance and resources
C. Policies, processes and review	6. Review and assurance
D. Conflicts of interest	3. Conflicts of interest
<b>Principles (Activities and Outcomes Report)</b>	
1. Communicating with clients	5. Supporting client's stewardship
2. Proxy advisor services – Quality and accuracy of recommendations	5. Supporting clients' stewardship
3. Investment consultant services – Promoting well-functioning markets	4. Promoting well-functioning markets
4. Engagement provider services – Engagement	5. Supporting client's stewardship

## Significance and Impact of the Changes

The FRC has designed the 2026 Stewardship Code with the aim of streamlining and clarifying stewardship expectations by making reporting more practical and aligned with the actual activities of asset owners, managers and service providers. This includes by reducing and refining the principles, the new two-part reporting framework and a focus on what is most relevant to each organisation. The Code seeks to deliver disclosures that are meaningful, transparent and comparable, minimise duplication, reduce the reporting burden and enable organisations to concentrate on achieving substantive stewardship outcomes.

However, the increased flexibility and less prescriptive guidance could be challenging for current and prospective signatories who are new to stewardship or lack internal expertise. This could lead to inconsistent reporting and require more interpretation, as well as less detailed disclosures.

Asset owners already often benefit from receiving detailed, high-quality information on their asset managers' stewardship activities because of the current Code's reporting requirements, fostering a constructive dialogue between investment value chain participants.

The separation between proxy advisors and investment consultants misrepresents the interconnected nature of stewardship services. It risks creating uneven regulatory oversight, stifling competition and failing to improve accountability or transparency. Minerva's experience shows that there is significant overlap between these roles and the framework ignores the growing influence of ESG data providers. If consultants advise on voting, they should meet the same transparency and accountability standards as proxy advisors.

The new Code could reduce the reporting burden for asset managers, asset owners and service providers seeking signatory status. However, its impact on disclosure quality remains uncertain. The 2026 code must preserve progress made by the 2020 version and the FRC should continue to provide clear guidance on expectations for all participants.

Preserving and enhancing quality transparency ensures that stewardship disclosures remain insightful, comparable and credible. This empowers asset owners, managers and service providers to build trust, foster accountability, and drive substantive long-term value for clients and beneficiaries, while supporting constructive dialogue and continued investment ecosystem improvement.

### **Minerva's Service Provider Code Perspective:**

Minerva supports the idea of a more integrated approach — one that holds all service providers, including proxy advisors, investment consultants and engagement overlay providers, to consistent standards of transparency and accountability. Stewardship is a shared responsibility, and frameworks should foster the development of effective, collaborative practices.

# Feedback and Review Process Leading to 2026

The [FRC proposed a consultation on the UK Stewardship Code 2020](#) in November 2024 following the Code's implementation and stakeholder engagement. Key reasons include:

<b>Commitment to Review</b>	<b>Reporting Burden Concerns</b>
FRC made commitments to review the 2020 Code a few years following its implementation.	Signatories raised concerns with the Codes reporting requirement being overly detailed and burdensome.
<b>Clarifying Stewardship Purpose</b>	<b>Maintaining Global Relevance</b>
Feedback revealed ambiguity between environmental and social objectives over financial returns in relation to the definition of Stewardship.	With nearly 40% of signatories headquartered outside the UK, the Code needed to remain practical and attractive internationally while upholding high standards.

This process identified key concerns, notably the prescriptive nature of reporting requirements, the risk of encouraging short-termism and the tendency toward a ‘box-ticking’ approach rather than meaningful engagement, in addition to the points detailed above.

The review addressed these issues through targeted outreach and a public consultation (Nov 2024–Feb 2025), yielding 182 responses: asset managers (35%), asset owners (21%), service providers (10%), membership bodies (18%), corporates (5%), and others (11%).

**Minerva Analytics’ Code Consultation Response**

Minerva responded to the **FRC consultation** on the **revised UK Stewardship Code in February 2025** ahead of the confirmation of the details of the new code being unveiled in June 2025.

We expressed concern that the then-proposed new definition of stewardship, which introduced the word “may” regarding its impact on the economy, environment, and society, risked diluting the code’s clarity and reducing its effectiveness in promoting responsible investment practices.

Minerva advocated for the retention of the previous 2020 definition, which explicitly acknowledged environmental and societal factors, arguing that weakening this language could reduce the accountability of asset managers and undermine investor confidence in the UK market.

Additionally, Minerva challenged the proposed reduction in the frequency of policy and contextual disclosures, suggesting that a bi-annual cycle, rather than the suggested three-year cycle, would better reflect the pace of regulation. We also called for the introduction of randomised audits of Stewardship Code reports to strengthen oversight and ensure signatory commitments are met.

## Transition Arrangements and Stewardship Support

The update to the UK Stewardship Code means that 2026 will be a transition year for it. Existing signatories renewing their application will stay on the signatory list during this period, recognising their compliance with the 2020 Code and allowing them time to adapt to the new, more flexible framework without immediate FRC assessment. As such, existing signatories will still need to submit their report to the 2026 Code in the Spring or Autumn 2026 application window; however, this will not be subject to an immediate assessment of their reporting by the FRC.

The assessment process will resume in 2027. New applicants in 2026 will undergo the full assessment process, with additional support and feedback provided through publications, webinars and direct engagement.

The FRC has provided guidance and supporting documents to help with submissions of the 2026 Code:

- [FRC UK Stewardship Code 2026](#)
- [How to report on the UK Stewardship Code 2026](#)
- [Preparing for the UK Stewardship Code 2026: Applying insights from current reporting](#)
- [UK Stewardship Code 2026 Guidance](#)

### How Minerva Analytics Can Help

Minerva offers guidance to both aspiring and current signatories as they navigate the changes made by the 2026 code and meeting the requirements to be a code signatory. This includes helping develop tailored reporting solutions for the new Policy and Context Disclosure and Activities and Outcomes Report, making compliance easier and more transparent.

During the last few years, Minerva Analytics has been supporting asset managers and asset owners in preparing for their Stewardship Code submissions by offering a comprehensive Stewardship Code Gap Analysis. This service maps disclosures provided by the client in its latest annual report FRC's UK Stewardship Code principles. This provides a clear view on areas where the client has failed/potentially fails to comply with the requirements of the code as well as areas for potential improvements.

For those who may need additional support to navigate the new requirements and maintain robust, comparable reporting, Minerva is here to help.

With nearly 30 years of experience, Minerva expertly integrates sustainability and ESG considerations into proxy research and voting recommendations, ensuring that reporting aligns with the latest definition of stewardship. Minerva also delivers robust data and analytics on systemic risks and market-wide issues, empowering clients to embed stewardship throughout their investment processes.

## Looking Forward

The UK Stewardship Code has long served as a global benchmark for promoting transparency, accountability and responsible investment practices. The 2026 revision seeks to further strengthening these principles. In parallel, the European Securities and Markets Authority (ESMA) and, more recently, the Institutional Investors Group on Climate Change (IIGCC) have called for an EU-wide stewardship code to enhance coherence across member states and reduce fragmentation internationally.

ESMA recommended in 2024 that the European Commission introduce an EU-wide stewardship code, which would build on existing frameworks like EFAMA's and aim for consistency across member states. The EFAMA Code, first published in 2011, already aligns with EU regulations such as SRD II and SFDR, requiring institutional investors and asset managers to disclose engagement and voting policies on a "comply or explain" basis. [IIGCC has urged](#) the EU to leverage its "second-mover advantage" by integrating voluntary and regulatory approaches, aligning with SRD II and SFDR, and safeguarding access to decision-useful data under CSRD and ESRS.

The proposed EU code would set clear principles for engagement, escalation, and sustainability integration, improve AGM practices, and extend stewardship obligations across asset classes. This could reshape the global landscape by driving harmonisation and embedding stronger climate and ESG considerations. However, it may also increase reporting burdens and complexity for global asset managers, requiring integrated strategies and advanced reporting tools. A key question is whether the EU will align closely with the UK or pursue a distinct framework.

For the UK, strategic risks include losing its position as the global benchmark if the EU code is seen as more comprehensive, particularly on climate and ESG. Divergence could force asset managers to comply with multiple codes, raising costs and complexity. To mitigate these risks, the UK could strengthen ESG provisions, pursue interoperability with the EU code, and lead in practical implementation and reporting innovation. Collaboration between UK and EU regulators will be critical to avoid unnecessary divergence and maintain global credibility.

"Organisations have advocated for an EU-wide stewardship code to harmonise expectations across member states and build on existing sustainable finance regulations. However, its necessity is questioned given national codes, international frameworks like the ICGN principles and existing disclosure rules, which raise concerns about dual compliance and added complexity and costs.

Critics also warn it could risk diluting stronger national standards if based on a lowest-common-denominator approach. Proponents however argue it would strengthen sustainable finance and support the EU's net zero goals—a move that could challenge the UK's position as a global benchmark for stewardship best practice and pressure it to raise ESG and systemic risk standards following its recent narrowing of the stewardship definition."

Thomas Bolger, Senior Stewardship Analyst, Minerva Analytics

# Appendix A

## The Code’s History

The UK Stewardship Code enters its fourth iteration in 2026, following versions in 2010, 2012 and the major 2020 update. The more rapid 2026 update’s introduction contrasts with the eight-year gap before 2020, reflecting sharp shifts in stewardship expectations.

Introduced by the FRC in 2010 after the Walker Review, the Code initially required firms to disclose adherence or explain alternatives. Early versions focused on listed equity with limited impact beyond compliance. Minor adjustments came in 2012, and a 2016 tiering system assessed statement quality. By mid-2016, there were 305 signatories, amid criticism of narrow scope, weak accountability, and pressure for ESG integration.

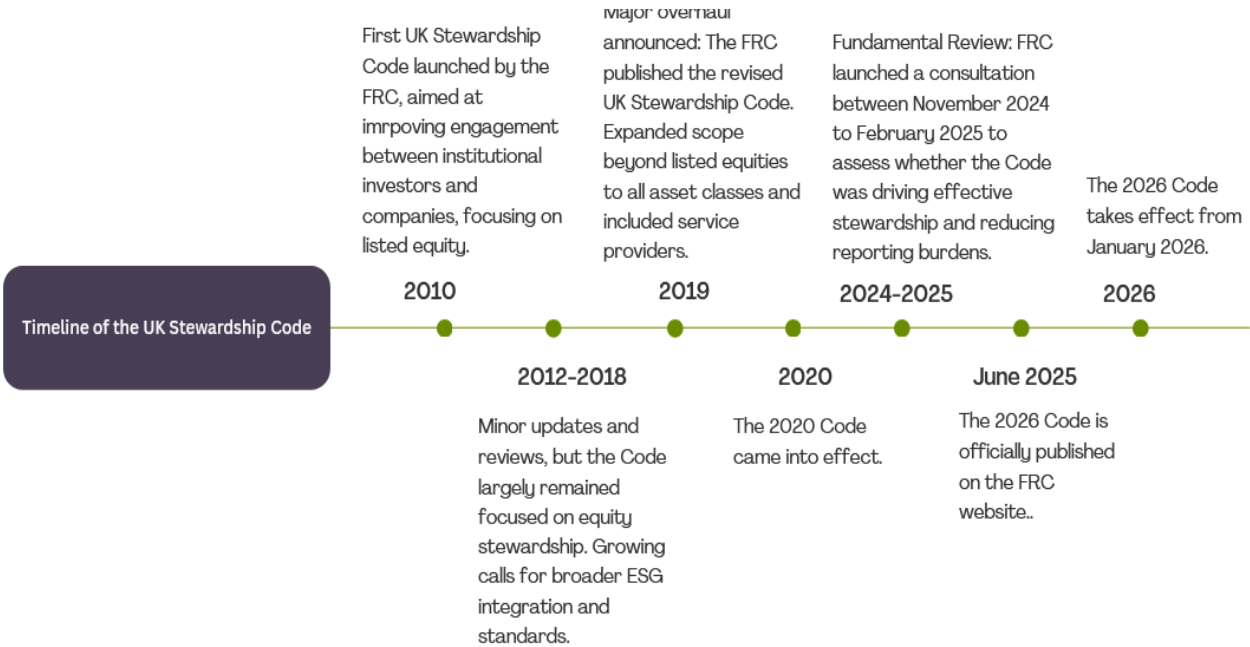
The 2020 revision introduced twelve principles for owners/managers and six for service providers, with detailed reporting under “Activity,” “Outcome,” and “Context.” It emphasised ESG integration, collaboration, escalation, and governing body sign-off. Stricter standards saw signatories fall from about 300 to around 125, later rebounding back to about 300 as signatories adapted to the 2020 Code.

Interim rules in 2024 eased the transition to 2026 by reducing reporting burdens—allowing reuse of “Context” disclosures and removing annual reporting on principles 1, 2, 5 and 6 unless significant updates occurred.

The 2026 Code, effective 1 January, builds on these changes with the two-part reporting system and further alignment with evolving stakeholder expectations.

The timeline of changes to the UK Stewardship Code are outlined in Figure 2 below.

Figure 2: Timeline of the UK Stewardship Code (2010-2026)



### Minerva's Stewardship Code Contribution

In 2021, the FRC commissioned a landmark research project to establish a baseline assessment of early changes prompted by the revised UK Stewardship Code. This initiative brought together academics from Durham University Business School and King's College London, alongside Minerva Analytics' expertise.

Minerva played a central role, leveraging its deep knowledge of stewardship, governance, and ESG to deliver independent, objective insights. The work supported the FRC's mission to promote transparency, accountability, and best practice across the investment industry, ensuring the Code's evolution was informed by robust evidence and real-world impact.

The research examined how asset managers and owners responded to the Code, focusing on governance, resourcing, stewardship activities, outcomes, and reporting—helping shape future standards and supporting the FRC's commitment to trust and long-term value.

### Who are UK Code signatories?

In accordance with the [FRC Handbook](#), UK-regulated asset managers and certain other firms must disclose whether they commit to the Code or explain their alternative approach. While the UK Stewardship Code is **voluntary**, being a signatory is highly beneficial as it demonstrates commitment to responsible investment and strengthens credibility with clients, regulators and stakeholders.

The Code applies to **asset owners**, **asset managers** and **service providers**, including investment consultants, proxy advisors and engagement specialists who support stewardship responsibilities.

### Minerva's Stewardship Code Signatory Status

Minerva Analytics has been a signatory of the UK Stewardship Code since its inception in 2010. We have maintained our signatory Stewardship Code status since 2022, most recently [renewing for 2025](#) earlier this year. Minerva intends to be a signatory and fully adhere to the new 2026 version of the code.

Our ongoing commitment to the UK Stewardship Code reflects Minerva's dedication to responsible investment and high standards of stewardship. Minerva continues to align our practices with the code's principles. Our most recent stewardship report can be found [here](#).

## Appendix B

For further guidance, see the FRC's [UK Stewardship Code 2026 Guidance](#).

### Asset Owners and Asset Managers

#### Policy and Context Disclosure Guidance for Asset Owners and Asset Managers

**A. Describe your organisation, your investment beliefs, your clients or beneficiaries and how that informs your approach to stewardship.**

Explain your business context, including purpose, values, client base, and investment approach. Provide AUM as percentages with clear regional terms and use well-labelled charts if helpful. External managers may include third-party asset managers, fund-of-funds, pension schemes, and limited partners investing through general partners.

**B. Describe how your resources enable effective stewardship.**

Outline stewardship resources, including staff expertise and relevant training, without detailed biographies. They should also describe supporting systems and technologies—such as AI tools, screening platforms, and voting systems—and explain their selection and oversight. Disclosure may include external service providers like proxy advisors, consultants, data and research firms, engagement specialists, and ratings agencies.

**C. Describe your stewardship policies and processes, and how you review them.**

Outline stewardship policies and processes, ensuring consistency with the Activities and Outcomes Report. Full policies aren't required, but links to public documents may be included. Signatories should explain review frequency and triggers for updates. Relevant policies may cover engagement, voting, responsible investment, exclusions, and cybersecurity or AI.

**D. Describe how you manage stewardship-related conflicts of interest to put the best interests of clients and beneficiaries first.**

Explain how they identify, manage, and report conflicts of interest to ensure investment and stewardship decisions serve clients' best interests. A generic firm-wide policy is insufficient; the Activities and Outcomes Report should show how these policies work in practice. Common conflicts include ownership structures, differing client or investor views, stakes on both sides of a transaction, and business ties between corporate pension funds and managed assets.

**E. Describe how you maintain a dialogue with clients and/or beneficiaries.**

Reporting should explain how you communicate your stewardship approach, keep clients informed, and gather feedback. While detailed case studies aren't required, examples of your general approach are encouraged. Common methods include public reports, client-specific updates, meetings, webinars, and surveys. You may also disclose how feedback informs improvements to your stewardship activities.

#### Principles for Asset Owners and Asset Managers

##### Principle 1: Integrating Stewardship and Investment

This Principle requires organisations to systematically incorporate stewardship into their investment processes. Stewardship should not be a separate activity but embedded in how investment decisions are made. Organisations are expected to describe the key themes or issues they prioritise in stewardship, explain how these priorities may differ across investment styles, asset classes, or geographies, and provide examples of how stewardship and investment are integrated in practice.

##### Principle 2: Promoting Well-Functioning Markets

Organisations must identify and respond to market-wide and systemic risks, such as climate change or geopolitical events, that can affect long-term investment returns. Effective stewardship means considering these risks and opportunities, engaging with relevant stakeholders (like policymakers or regulators), and contributing to initiatives that support the health and integrity of financial markets. Reporting should include how these risks are identified, addressed, and escalated if necessary.

**Principle 3: Engagement**

This Principle focuses on engaging with investee companies or other assets to maintain or enhance their value. Engagement can be direct, collaborative, or through other stakeholders. Organisations should explain how they select and prioritise engagement issues, the purpose and methods of engagement, and provide examples showing progress towards objectives. They should also discuss how and why they escalate engagement activities when needed.

**Principle 4: Exercising Rights and Responsibilities**

Organisations are expected to actively exercise their rights as investors, such as voting on shareholder resolutions or seeking amendments to contracts. The way rights are exercised will depend on the asset type. For listed equities, organisations should provide voting records, disclose the proportion of shares voted, explain the rationale for voting decisions, and discuss any conflicts of interest. For other asset classes, they should explain how relevant rights and responsibilities are exercised, with examples.

**Principle 5: Selection and Oversight of Managers**

For organisations that use external managers, effective stewardship includes integrating stewardship considerations into the selection, monitoring, and engagement with those managers. This Principle asks organisations to explain how stewardship is incorporated into the tendering process, mandate design, and ongoing oversight. They should also describe how they engage with managers to ensure alignment with their stewardship expectations and how they escalate issues if necessary.

**Principle 6: Monitoring Service Providers**

Many organisations rely on third-party service providers, such as proxy advisors, investment consultants, or engagement service providers, to fulfil their stewardship responsibilities. This Principle requires organisations to monitor and hold these providers to account, ensuring their services support effective stewardship. Reporting should explain how the organisation uses these services, how quality and accuracy are monitored, and how providers are held accountable for supporting stewardship goals.

## Service Providers

### Policy and Context Disclosure Guidance for Service Providers

#### A. Describe your organisation and the services it provides

Disclosure should provide an overview of your business and the clients you serve, offering context for how you support stewardship. While client names or exact numbers are not required, a breakdown of client types and geographic locations is helpful, and may be presented using clear, well-labelled charts or diagrams with consistent terminology. Additional detail or updates can be included in the Introductory Statement of the Activities and Outcomes Report where appropriate.

#### B. Describe how your governance and resources enable delivery of those services

Outline the resources supporting clients' stewardship, providing context for the Activities and Outcomes Report. Individual biographies are unnecessary, but information on staff background, training, or education may be included to demonstrate service quality. Details on systems and technology used, including the role of AI and analytical tools, are also valuable, along with the rationale for their selection and oversight.

#### C. Describe your stewardship policies and processes and how you review them

Disclosure allows signatories to outline the policies and processes that underpin their services, ensuring consistency with what is demonstrated in the Activities and Outcomes Report. Full policies need not be included, but links to publicly available documents are encouraged. Signatories should also explain how often these policies are reviewed to remain current with client needs and regulatory changes. Relevant policies may cover areas such as client engagement, stakeholder engagement, cyber security, and the use of AI.

#### D. Describe how you manage conflicts of interest to put the best interests of clients first

Explain how they identify, manage, and disclose conflicts of interest in stewardship activities to ensure services align with clients' best interests. A generic firm-wide policy without linking to stewardship is insufficient; disclosures should include examples of identifying and managing actual or potential conflicts and demonstrate this in the Activities and Outcomes Report. Common conflicts may include providing services to both investors and issuers on the same governance issues, offering fiduciary management alongside client advice, or engaging on behalf of multiple clients with opposing views.

### Principles for Service Providers

#### Principle 1: Communicating with Clients

Service providers—such as proxy advisors, investment consultants, and engagement service providers—must communicate effectively with their clients to understand their objectives and deliver services that support stewardship. This means engaging with clients to tailor services to their needs, assisting with manager selection and oversight, and providing examples of how client feedback has shaped the services offered.

#### Principle 2: Proxy Advisor Services

Proxy advisors are expected to ensure the quality and accuracy of their research, voting recommendations, and voting implementation.

This involves developing robust voting policies, engaging with clients and stakeholders to inform these policies, and demonstrating how they maintain high standards in their research and recommendations. Reporting should include how quality assurance is achieved and how client needs are met.

#### Principle 3: Investment Consultant Services

Investment consultants must identify and respond to market-wide and systemic risks to promote well-functioning financial markets. They should describe the risks most material to their clients, explain how these risks are incorporated into their advice and stewardship support, and provide examples of their role in initiatives that promote market integrity and resilience.

#### Principle 4: Engagement Provider Services

Engagement service providers are responsible for engaging on behalf of their clients to maintain or enhance the value of assets. This includes selecting and prioritising engagement issues, explaining the purpose and methods of engagement (whether bilateral or collaborative), and providing examples of engagement activities and outcomes. They should also discuss how and why they escalate engagement activities when necessary.