



# The Investor & Issuer Compass

The UK equity investment chain brings together interdependent actors – asset owners, asset managers, companies, and intermediaries – all working to steward capital for the long term while navigating complex and evolving regulatory expectations.

Despite different mandates, all share a common interest in the long-term success of companies, the effective stewardship of capital, and the health and competitiveness of the UK capital markets that connect them.

The Compass draws together observations of best practice already present in the UK market into a shared reference point for more aligned, transparent, and trusted relationships across the investment chain.

It helps orient behaviour and expectations, providing a practical guide for navigating complexity while working towards shared long-term outcomes.

It is not a new framework or pledge, but a way to connect and reinforce the existing principles and codes that already guide our market – from the FRC’s UK Corporate Governance Code and Stewardship Code to other industry standards and best practice guidance.

By recognising and reflecting these behaviours in practice, market participants can build trust, reduce friction, and support sustainable value creation and the competitiveness of the UK equity market.

## Unifying Objective:

### Creating Long-Term Sustainable Value

The creation of long-term sustainable value is the unifying objective that underpins effective stewardship activity. In practice this is characterised by time and resources being directed to those matters that are financially material and contribute to the enduring success of the enterprise in question.

## 1 Expectations are Proportionate and Practical

Expectations across the chain are clear, achievable, and grounded in practice. Asset owners set clear mandates that recognise the inevitable differences between active and index-based approaches; asset managers implement the mandates in ways consistent with the agreed strategy; and companies have clarity on what is expected of them by their shareholders.

## 2 Dialogue is Constructive

Constructive engagement is the starting point for addressing concerns wherever feasible, recognising the practical limitations of universal engagement. Companies seek dialogue on significant resolutions, and investors are transparent about voting rationale. Where escalation is necessary, it follows a thoughtful and transparent process that encourages dialogue at every stage and reflects the shared interest in corporate success.

## 3 Boards are Empowered and Accountable

Boards are the stewards of their enterprises and are empowered to make operational, financial and strategic decisions that support long-term value creation and competitiveness. Investors hold Boards to account and are consulted on significant strategic matters, where appropriate.

## 4 Reporting is Clear, Focused and Decision-Useful

Reporting along the investment chain reduces duplication and box-ticking. Disclosures focus on what matters – enabling meaningful conversations and informed oversight of how companies are run and how expectations are being met.

## 5 The Ecosystem is Aligned and Responsible

The investment chain relies on a wide ecosystem of advisors and service providers, and their contributions are transparent, pragmatic, and aligned with the unifying objective of value creation. There is trust and collaboration across all parts of the chain – and their wider ecosystem.