
Disclosures and Labels Advisory Group (DLAG)

Terms of Reference

Purpose

The Disclosures and Labels Advisory Group ('DLAG') is an expert advisory group made up of key financial market stakeholders and subject matter experts which will provide independent advice to the FCA on the development and implementation of new sustainability-related financial disclosure requirements ('disclosures') and a sustainable classification and labelling system for investment products ('labels').

These initiatives are aligned with the Government's [Roadmap to Sustainable Investing](#) (the 'Roadmap').

Role and remit

The role of the DLAG will be to provide non-binding advice to the FCA on market, regulatory and consumer-related considerations for developing and implementing the disclosures and labels. This will include advising on:

- **Design** – The FCA's approach to introducing the disclosures and the design principles, categories, definitions and criteria underpinning the labels
- **Scope** – The products and firms that should be captured by the disclosures and labels
- **Coherence** – How the FCA should best ensure coherence with existing standards and initiatives
- **Operation and oversight** – The potential role for third-party verification of the proposed approach to disclosures, labels and organisational arrangements of product providers, and the role of other market participants in communicating sustainability-related information along the investment chain
- **Other matters** – For example, how to provide disclosures in a machine-readable format to better enable data collection and analysis

Engagement with the DLAG will inform but not alter the FCA's established policy development process. The disclosures and labels will be subject to full consultation and cost benefit analysis prior to implementation, in accordance with the FCA's obligations and statutory processes under the Financial Services and Markets Act (2000).

Governance and responsibilities

The full list of DLAG members is set out in Annex 2 of [Discussion Paper 21/4](#) ('Sustainability Disclosure Requirements (SDR) and investment labels').

- The DLAG will be chaired by the FCA, who will also act as Secretariat. The FCA will be responsible for organising meetings, chairing discussions and circulating materials beforehand, as needed.
- HMT, BEIS and DWP sit on the DLAG as observers. Their presence will help ensure consistency and coherence with other measures to be taken to implement SDR, and with Government policy more broadly.
- DLAG members constitute the remainder of the Group. Members are expected to attend scheduled meetings, as far as possible, and to be prepared to provide

input. If members are unable to attend scheduled meetings they may nominate alternates. Members may also be invited to provide input in between meetings as needed, or to attend and provide input to ad hoc meetings or focus groups alongside the scheduled meetings.

Approach to convening and working

- Selection – DLAG members have been individually invited to join the Group. They are experts who have been drawn from representatives of those who
 - (i) are working on related initiatives in this area;
 - (ii) will either operate within the disclosure and labelling regime (product manufacturers) or use the disclosures and labels to guide consumer decision-making (distributors and consumers), or
 - (iii) offer other subject matter expertise.
- Confidentiality requirements – The day-to-day work and deliberations of the DLAG should be respected as confidential to support open debate within the group. Members are free to discuss their involvement in the DLAG and share personal views on key issues on the condition that anything shared by the FCA or others with the DLAG is not disclosed without express permission. In the interests of encouraging open engagement, discussions will be subject to Chatham House rules and no meeting minutes will be published. Discussions within the meetings will not be attributable to individuals or the organisations they represent.

Members may wish to share and discuss topics and issues that arise in the DLAG within their organisation. In doing so, individual members are expected to accept responsibility for ensuring that those third parties are aware of and respect the confidentiality and sensitivity that attaches to the work of the DLAG and any related papers and materials. With regard to third parties outside their organisation, members will undertake to keep confidential the work of the DLAG unless the FCA has agreed to its wider release.

- Timespan of work and frequency of meetings – The DLAG will initially be convened for a term of 1 year, with the option to extend. In extending, the FCA will consider whether maintaining the forum continues to be beneficial to the work on disclosures and labels. The DLAG will meet on a regular basis and may also undertake work as needed in between scheduled meetings, as needed. Additional DLAG meetings may also be convened if deemed necessary.
- Sub-groups, external participants and focus sessions – In addition to the scheduled DLAG meetings, the FCA may organise dedicated sub-groups to work on specific matters relating to the disclosures and labels. The FCA may also invite external parties to present to the DLAG or join sub-groups. The FCA may also convene supplementary focus sessions, as needed.
- Transparency – The list of members and observers and Terms of Reference will be published on a suitable FCA webpage.

Competition Compliance

- It is the responsibility of all DLAG members to ensure they understand and comply with their obligations under all applicable competition laws, including UK competition law. To the extent that any DLAG member is unclear of these, they should seek legal advice and if appropriate arrange to undertake competition law compliance training or seek further guidance at their respective organisations.
- Particular care will be exercised in order to ensure that DLAG members and persons participating in meetings and roundtables, familiarise themselves with the concept

of competitively sensitive information and do not unilaterally disclose or exchange it under any circumstances.

- Furthermore, if it is considered by the FCA, that the disclosure or exchange of potentially competitively sensitive information is absolutely necessary for the operation of any part of the DLAG, then procedures will be put in place in advance to ensure that the information is appropriately anonymised and aggregated and can be shared in compliance with relevant competition laws.