Audit Committee report

Committee overview

The role of the Committee

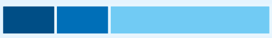
The Committee monitors the integrity of the Group's financial reporting (including climate and other ESG-related disclosures) and provides oversight of the control environment. In addition, the Committee monitors the adequacy and effectiveness of the Group's system of risk management and internal control as well as the Group's internal and external audit processes.

Members
Tushar Morzaria (Chair)
Nilufer von Bismarck
Philip Broadley
Carolyn Johnson
George Lewis

Gender

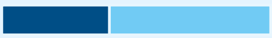
40% Women
60% Men

Tenure



20% Over 6 years
20% Between 3 – 6 years
60% Between 0 – 3 years

Ethnicity



40% South Asian
60% White

Key responsibilities

- Consider the integrity of the Group's financial reporting, formal announcements and regulatory information in relation to the Group's financial performance.
- Assess the going concern assumption and the longer-term viability statement.
- Advise the Board on whether the annual report and accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.
- Review the Group's accounting policies, including any proposed changes, and review the appropriateness of significant accounting policies and judgements.
- Review and make a recommendation to the Board on the adequacy and effectiveness of the Group's system of internal control over financial reporting.
- Oversee the appointment, reappointment, remuneration, independence and effectiveness of the external auditor.
- Oversee the work of Group Internal Audit including the independence and effectiveness of the function.
- Review the adequacy of the Group's whistleblowing arrangements.
- Oversee the audit committees of the Company's principal subsidiaries.

The Committee's terms of reference can be viewed on our website: group.legalandgeneral.com/committees

Chair's introduction

I am pleased to present my report for the year ended 31 December 2023. During my first full year as the Chair of the Audit Committee, the Committee continued to assist the Board in fulfilling its core responsibilities, including monitoring the integrity of the Group's financial reporting, the adequacy and effectiveness of the internal control environment and the performance and objectivity of both the internal and external audit functions.

A key area of focus for the Committee in 2023 was the final phase of implementation of the new IFRS accounting standard IFRS 17, 'Insurance Contracts'. The Group has applied IFRS 17, alongside IFRS 9, 'Financial Instruments', for the first time from 1 January 2023. These standards have brought significant changes to the accounting treatment for insurance and reinsurance contracts and financial instruments respectively and have had a material impact on the Group's financial statements in the period of initial application. It was therefore appropriate that the Committee spend a significant proportion of its time overseeing the final elements of implementation.

This included regular updates on the results of a series of 'dry runs' ahead of initial reporting under the new standards and monitoring the development and implementation of the required changes to systems, processes and operating models. In addition, the Committee paid close attention to the effectiveness of the systems of controls over the new IFRS 17 reporting systems and also reviewed, challenged and approved the material accounting judgements, methodologies, policies, assumptions and new reporting metrics.

The Committee has also received regular updates from KPMG in relation to IFRS 17 and commissioned Group Internal Audit to perform audits on various aspects of the implementation and received regular updates on the outcome of these audits.

IFRS 17 was an unusually complex accounting standard to implement. It required fundamental changes to accounting records, as well as new systems and processes for preparing financial statements in accordance with the required framework. In common with other insurers, the Group began significant implementation work in 2017, some years before the final form of the standard was known. I would like to express my gratitude to everyone that contributed to the IFRS 17 programme for their dedication and tenacity in ensuring the Group was fully prepared for the transition.

Committee meetings and membership

The Committee met 6 times during the year – this represents 1 more meeting than in an average year due to additional time spent on monitoring and reviewing the implementation of IFRS 17. The Committee comprises only independent non-executive directors and fulfils the experience and expertise criteria required by the UK Corporate Governance Code and the FCA's disclosure and transparency rules. The Board considers that the Committee, as a whole, has a balance of skills and experience to deliver its responsibilities and has competence relevant to the sector and broader financial services industry. In addition, the Board considers that I, as Chair of the Committee, have recent and relevant financial experience and am competent in accounting and auditing.

All members of the Committee are also members of the Risk Committee, which ensures that there is appropriate identification and management of any issues that are relevant to both committees. The full biographies of all Committee members can be found on pages 64 and 65. Between meetings, I meet regularly with senior management across the Group's Finance, Tax and Internal Audit functions, as well as with the lead external audit partner.

Review of financial disclosures

The Committee reviewed the half year and annual financial statements, which focused on the integrity and clarity of disclosure, application of accounting policies and judgements and compliance with legal and financial reporting standards. With the implementation of IFRS 17 and IFRS 9, and their impact across multiple reporting periods, including the transition as at 1 January 2022 and a restatement of the Group's 2022 half year and annual results, additional meetings were scheduled in advance of the Group's half year 2023 results to ensure that the Committee had sufficient opportunity to understand, review and challenge those first financial statements and disclosures under the new standards. As part of its review, the Committee received regular updates from management and the external auditor and was able to place reliance on the updates provided throughout the year on internal controls in relation to financial reporting.

During the second half of 2023, the Financial Reporting Council (FRC) undertook a thematic review of 'IFRS 17 'Insurance Contracts' Interim Disclosures in the First Year of Application'. The Group received the outcome of this review in respect of the Group's half year report to 30 June 2023. This review was conducted in accordance with the FRC's usual procedures, and accordingly was based solely on that half year report without detailed knowledge of our business or an understanding of the underlying transactions entered into. The review does not provide assurance that the half year report was correct in all material respects. The Committee was pleased to note both that, based on the review, there were no further questions or queries that the FRC wished to raise, but also that the FRC's report on their thematic review, published in November 2023, included a number of disclosures contained in the Group's half year report as examples of better practice.

As part of its review of financial disclosures, the Committee also considered whether the annual report was fair, balanced and understandable (FBU) and whether it provided the information necessary for shareholders to assess the Company's position, performance, business model and strategy, as well as the risks facing the business including in relation to increasingly important ESG and climate considerations. The Committee reviewed the FBU assessment taking into consideration the impact of market volatility and the changing interest rate and inflationary environment and giving due attention to the use of APMs in increasing the level of information available to investors on the Company's underlying performance and the effects of one-off financial events. In conjunction with verification processes, management assurance and a report from the external auditor, the Committee recommended to the Board that the annual report and accounts, taken as a whole, is fair, balanced and understandable.

The Audit Committee, together with the Risk Committee, reviewed the key assumptions and methodologies of the risk-based capital model, Solvency II disclosures and disclosures made in relation to internal control and risk management, as well as the principal risks and uncertainties the Group faces. The Committee can confirm that the key judgements and significant issues considered in relation to the 2023 financial statements are consistent with the disclosures of key estimation uncertainties and critical judgements as detailed in Note 1 on page 151. The statement is underpinned by the Committee's belief that all important information has been disclosed and that the descriptions and reviews of the Group's business and performance as set out in the Strategic report are consistent with the financial reporting in the Group's financial statements.

Climate and other non-financial reporting

While the FRC chose not to include any revisions to the UK Corporate Governance Code in respect of wider responsibilities and considerations for boards and audit committees in relation to ESG objectives and other sustainability matters, following its consultation in 2023, the Committee provides close oversight over the Group's climate and other non-financial reporting, in light of ever-increasing stakeholder expectations. During the year, the Committee has received updates on the European Union's Corporate Sustainability Reporting Directive and the release of the inaugural standards from the International Sustainability Standards Board.

Other key areas of focus for the Committee during 2023

In addition to the implementation of IFRS 17, the Committee has also focused on:

Macroeconomic environment: the impacts of economic volatility on key accounting and actuarial areas of judgement and estimates that are sensitive to changing interest rates and inflation, as well as consideration of geopolitical events and their potential impact on balance sheet valuations and valuation uncertainty.

Internal controls: activities associated with the operation and effectiveness of the Group's framework of internal controls over financial reporting and the evaluation of any failings or weaknesses.

Non-financial reporting: the adequacy of climate-related and other non-financial disclosures, including recommending the approval of the Group's first Climate transition plan.

Internal Audit effectiveness review: reviewing the outcomes of the assessment by an independent external party.

UK audit and corporate governance reform: overseeing the Company's approach to proposed reforms, particularly in relation to internal controls, in light of a changing approach from both the Government and FRC.

Audit Committee report
continued

In addition, the Committee has focused on improvements that can be made to the Group's climate-related disclosures in the financial statements and ensuring that there is a coherent link between those disclosures and the narrative in the front half of the Annual report and accounts. The Committee also has responsibility for reviewing and approving the Group's Climate and nature report and Social impact report and, to that end, has sought to understand the verification and assurance framework that is in place to ensure that disclosures were in line with relevant requirements, and were materially accurate, consistent, fair and balanced. The Committee remained supportive of the proposal to commission limited third-party assurance over specific climate and pay gap-related metrics.

Internal control

The Committee has the primary responsibility for the oversight of the Group's system of internal controls including controls over financial reporting and the work of the Internal Audit function. The Committee, in collaboration with the Risk Committee, seeks to ensure that the Group operates within a framework of prudent and effective controls that allow risks to be identified, assessed and managed.

Policies and manuals in relation to International Financial Reporting Standards (IFRS) and Solvency II reporting requirements and a Financial Control Framework (FCF) are in place across the Group. FCF is a first line framework that supports the Committee in enabling it to understand and assess the design and effectiveness of controls over financial reporting, covering IFRS, APMs, Solvency II and, going forward, climate and other non-financial reporting. FCF is a risk-based approach with management identification, documentation, testing, remediation (as required), reporting and certification over key financial reporting-related controls.

The Committee has completed its review and approval of the effectiveness of the Group's system of internal control policies and procedures, during the year and up to the date of this report, in accordance with the requirements of the guidance on risk management, internal control and related financial and business reporting published by the FRC. During this review, the Committee did not identify any weaknesses which were determined to be significant to the preparation of the financial statements. Where areas for improvement were identified, processes are in place to ensure that the necessary actions are taken, and progress is monitored by the Committee.

UK audit and corporate governance reform

2023 has seen a significant scaling back of proposals relating to audit and corporate governance reform in the UK, with: primary legislation required for, amongst other things, the establishment of the Audit, Reporting and Governance Authority (ARGA) now likely delayed until post the general election; the late withdrawal of proposed secondary legislation on the Audit and Assurance Policy, Resilience Statement, fraud reporting and reporting on distributable reserves; and finally the removal of a number of proposed changes to the UK Corporate Governance Code following the FRC's consultation in 2023. As a Group, Legal & General remains supportive of proposals that make the UK an attractive market for shareholders, investors and broader stakeholders through high quality and transparent audit and corporate governance activities. The Committee has been actively engaged throughout the year in overseeing the Group's readiness for the proposed reforms and, while it was disappointing to see such late changes, it will continue to keep a close focus on the changes to the UK Corporate Governance Code that remain, notably in relation to the declaration on the effectiveness of the risk management and internal control framework.

Audit quality

It remains an important aspect of the Committee's work to keep under review the independence and effectiveness of the internal and external audit process.

Internal audit

The Group Chief Internal Auditor presents a report at each Committee meeting, to update the Committee on the results of audits since the previous meeting. The report includes: details of any significant control weaknesses and positive assurance provided; themes arising from audits and management's progress in addressing actions related to audit findings; and Group Internal Audit's (GIA) evaluation of the overall control environment for each of the Group's divisions. Key areas of GIA's work reported to the Committee during the year included: financial reporting processes and controls related to IFRS 17; IT and data security; data privacy risk management; IT and operational resilience; Solvency II compliance; financial risk governance including credit, market and liquidity risk; financial crime risk management; third-party oversight including material outsourcing; readiness for the FCA's Consumer Duty regulation; climate change reporting; and major IT change programmes. GIA continues to evaluate the risk and control culture across the Group and includes specific reporting to the Committee on the results of this work. The Committee approved GIA's risk-based audit plan for the year and monitored the delivery of the plan throughout the year as well as the associated key performance metrics.

During 2022, Deloitte were engaged to perform an external quality assessment of GIA, which assessed the function's effectiveness including its independence and positioning within the organisation. Deloitte presented its report to the Committee in May 2023. The function was assessed as a mature internal audit function, generally conforming with International Internal Audit Standards and applicable professional codes for effective internal audit in financial services. The Deloitte report noted the function's clear purpose and support from management; appropriate safeguards related to independence and objectivity; mature working practices; a high quality experienced team, and a strong focus on data analytics and continuous improvement.

The Committee continued to meet with the Group Chief Internal Auditor in private throughout the year. In accordance with the Institute of Internal Auditors' Financial Services Code of Practice, the Committee conducted its annual review of the independence and objectivity of the Group Chief Internal Auditor and concluded that independence and objectivity had been maintained throughout the year. The Committee undertook its annual review of, and approved, the GIA Charter and undertook a regular review of key performance indicators, including: audit plan delivery progress; resourcing and skill levels; and progress in completing actions to implement the recommendations from Deloitte's 2022 External Quality Assessment, which were incorporated into GIA's continuous improvement plan.

Based on regular internal audit reporting, private sessions with the Group Chief Internal Auditor, and taking into consideration the externally facilitated evaluation noted above, the Committee is satisfied with the effectiveness of the GIA function and the appropriateness of its resources.

External audit

The Committee has the primary responsibility for overseeing the relationship with, and performance of, the external auditor. This includes making recommendations for their appointment, reappointment, removal and approval of remuneration. The Committee reviews and approves the terms of engagement of the external auditor and monitors its compliance with the independence criteria in the UK Corporate Governance Code.

The Committee meets regularly and privately with the external auditor. These meetings allow for regular and open dialogue of any issues relevant to the Committee's work. Audit Committee members also meet regularly with management outside of formal Committee meetings to discuss the relationship with the external auditor and the efficiency of the audit process. Throughout the year, the Committee has received updates on the quality of the external audit process and has continued to work with, and challenge, management and KPMG on efficiency gains and ensuring that audit fees are fair and proportionate to the audit work required for the Group. In addition, the Committee has overseen the succession of the KPMG lead audit partner in 2023.

Non-audit services

In order to safeguard the auditor's independence and objectivity, the Group has in place a policy setting out the circumstances in which the external auditor may be engaged to provide services other than those covered by the audit. The policy applies to all Legal & General subsidiaries and other material entities over which the Group has significant influence. The core principle of the policy is that non-audit services (other than those legally required to be carried out by the Group's auditor) should be performed by the auditor only in certain controlled circumstances. The policy sets out those types of services that are permitted (permitted services) and those types of services which are not permitted. The policy pre-approves a number of the permitted services, provided the fee is below a certain threshold; all other permitted services must be specifically approved in advance by the Committee.

The policy is reviewed on an annual basis to ensure that it is fit for purpose and that it reflects applicable rules and guidelines. The policy is aligned with the FRC's requirements and includes the requirement to consider the self-review test under the International Ethics Standards Board for Accountants (IESBA) Code of Ethics, applicable for periods beginning on or after 15 December 2022, before a proposed engagement is assigned. It is also aligned with KPMG's own internal policy on non-audit services for FTSE 350 companies, which broadly restricts non-audit work to services that are 'closely related' to the audit. Any changes to the policy are required to be approved by the Committee. This is in accordance with laws applicable in the UK and FRC guidance, pursuant to which audit committees of Public Interest Entities are required to approve non-audit services provided by their auditors to such entities; and subsidiary Public Interest Entities in the UK – such as Legal and General Assurance Society Limited (LGAS) – can rely on the approval of non-audit services by the ultimate parent's Board Audit Committee.

Appointment

The Company confirms that it has complied with requirements governing the appointment of an external auditor, notably the requirements of the Competition & Markets Authority contained in the Statutory Audit Services for Large Companies Market Investigation (Mandatory Uses of Competitive Tender Process and Audit Committee Responsibilities) Order 2014, including requirements for mandatory audit firm rotation.

Following a competitive tender carried out in 2016, KPMG was appointed as the Group's external auditor with effect from the financial year ended 31 December 2018. In May 2023, KPMG was reappointed as the Group's external auditor for the financial year ended 31 December 2023, which is their sixth year as the Group's external auditor. In accordance with the ICAEW's requirements, Salim Tharani stood down as KPMG's lead audit partner during 2023, and was replaced by Phil Smart, who had previously shadowed Mr Tharani during the 2022 audit.

The Committee considers the quality and effectiveness of the external audit and recommends to the Board, on an annual basis, whether to recommend the reappointment of the external auditor for shareholder approval. On the basis that KPMG continue to maintain their independence and objectivity, and the Committee continues to remain satisfied with their performance, there are no plans as at the date of this report to conduct a tender exercise for external audit services before the end of the current required period of 10 years. The Committee believes it would not be appropriate to tender before the end of this period as it recognises that, while it is important to ensure the audit firm remains objective and does not become overly familiar with management, there is an important balance to be struck with the investment of time required both from management and any completely new audit team for them to gain sufficient understanding of a large and complex organisation, such as Legal & General, to ensure a top-quality audit.

Audit fees

The Committee assesses the external auditor's fee structure, resources and terms of engagement annually. Total fees paid to the auditor for the year were £23.1 million (2022: £17.5 million), of which £1.9 million (2022: £1.7 million), was spent on non-audit and other assurance services. £1.6 million (2022: £1.6 million) was spent on audit-related services required by legislation, which is excluded from any calculation of the ratio of non-audit to audit fees in accordance with the UK FRC Revised Ethical Standard for Auditors (2019). Further details can be found in Note 29 to the consolidated financial statements. The non-audit fee represents 10% of the total audit fee for 2023.

Included within KPMG's fees for 2023 are additional audit fees related to the implementation of IFRS 17 and IFRS 9, and specifically work to support KPMG's audit opinion in respect of the transitional impact to the Group's balance sheet and equity position as at 1 January 2023. The Committee is satisfied that this level of fee is appropriate in respect of the audit services required for the Group and that an effective audit can be conducted for this fee. The Committee continues to work with KPMG to ensure costs remain appropriate and proportionate to the services provided.

	2023	2022	2021
Audit	19.6	14.2	9.3
Audit-related required by legislation	1.6	1.6	1.3
Other audit-related	1.0	0.9	1.2
Other assurance	0.9	0.8	0.1
Non-assurance	–	–	–
Total	23.1	17.5	11.9

Assessment of independence and effectiveness

The Committee is responsible for assessing the effectiveness, objectivity and independence of the external auditor. This assessment is on-going throughout the year and concludes with a formal, internal, effectiveness review, which was conducted in December 2023. As part of the on-going assessment, the Committee assesses the external auditor against a number of criteria, including but not limited to: provision of timely and accurate industry-specific and technical knowledge, maintaining a professional and open dialogue with the Audit Committee Chair and members at all times, delivery of an efficient and effective audit, the ability to meet objectives within the agreed time frames and the quality of judgements and audit findings, management's response and stakeholder feedback. In addition, the Committee holds private meetings with the external auditor to discuss the audit process and relationship with management.

Overall, the assessment of KPMG was positive, with a small number of areas noted for consideration in future audit cycles. Taking into account the result of all of the above, the Committee concluded that KPMG maintained its independence and objectivity and that the audit process was effective. Upon the Committee's recommendation, the Board has recommended that KPMG be reappointed as the Company's auditor, by shareholders, at the 2024 AGM.

Tushar Morzaria
Chair of the Audit Committee

Key accounting and reporting judgements

Throughout the year, the Committee was briefed at each meeting on the Group's key accounting and reporting judgements by management and KPMG. The Committee's response to each issue can be found below and the Committee is satisfied that the financial statements appropriately address the key accounting judgements and estimates in respect of both the amounts reported and disclosures made.

Issue	Committee's response
Valuation of insurance contract liabilities – retirement: The insurance liabilities for retirement products are significant in size and their estimation is inherently judgemental.	The Committee evaluated the significant judgements that have an impact on the valuation of insurance liabilities for retirement products. This included considering: Longevity assumptions – which estimate how long policyholders receiving annuity payments will live. The challenge around the setting of longevity assumptions was a particularly significant area for review as the judgements made could be expected to have a material impact on the Group's results. The Committee considered the effectiveness of the controls over the accuracy and completeness of the data used in determining the longevity assumption and the validity of independent industry data supporting those assumptions. The Committee also reviewed available data illustrating recent trends in mortality experience in the UK population and the mortality experience on different blocks of our business, taking account of the uncertainty in more recent data as a result of Covid-19. Valuation interest rates – which are used to discount the liabilities. These are sensitive to judgements made, for example, on credit default of the backing assets, as well as the investment data used to calculate the internal rate of return. The Committee focused on management's proposed changes to reserving assumptions, other modelling changes, and the determination of the credit default assumption. This included analysis of internal historical data and external market experience. Directly attributable expense assumptions – which determine the specific future expenses that are incorporated in the calculation of the IFRS insurance liabilities. The Committee considered the allocation between servicing new and existing business and the consistency of approach applied. The Committee concluded that the retirement insurance contract liabilities are appropriate for including in the financial statements, reflecting the asset risks and the available data on policyholder longevity.
Valuation of complex investments: Mark to model investments can involve significant judgement and can produce valuation challenges for investments in new classes. Mark to model valuations inherently include assumptions that lead to the existence of a range of plausible valuations for financial instruments (known as valuation uncertainty). Certain assets are subject to a higher degree of valuation uncertainty, particularly where valuations are modelled using no market inputs or the valuations are affected by other factors such as the illiquidity of the asset.	The Group balance sheet carries exposure to complex investments (typically classified as Level 3 in the fair value hierarchy), in line with the Group's strategy and risk appetite. The valuation of these investments, including property assets, lifetime mortgages and private credit, requires the use of complex models and management judgement. The Committee seeks to ensure that the valuation process for these investments is robust. These harder to value assets remain a key area of focus, partially heightened in 2023 as a result of macro-economic volatility and geo-political events. The valuation of a number of asset classes is sensitive to higher interest rates and inflation, and these have therefore been areas of enhanced challenge and review by the Committee. The Committee has continued to review the processes and controls over investment valuations, and in particular the valuation uncertainty policies and governance which include management's assessment of valuation uncertainty by asset type. While we do not currently see any material impact on the valuation of our asset portfolio arising from climate change, there is an increased consideration of climate and other ESG factors in both internal and third-party valuations. We expect this to be an increasing area of judgement (and therefore disclosure) in future years, and it will form a key area of focus in the Committee's review of this area. The Committee concluded that there are appropriate controls surrounding the valuation of complex assets and that they are valued appropriately for inclusion in the financial statements.
Valuation of insurance liabilities – protection: The insurance liabilities for protection contracts are an important driver of the profitability for this line of business and require judgements to be made regarding the assumed rates of mortality and persistency. The Company makes extensive use of reinsurance to reduce mortality risk.	The Committee has reviewed the methodology for calculating reserves including the allowance made for payments to and from reinsurance counterparties. The assumptions for the rate of future mortality and morbidity (how many customers will die or become ill during the policy term) and persistency (how many customers will discontinue cover) are based on the Company's internal experience and use judgement about how experience may vary in the future. During 2023, the Committee has spent time reviewing the findings and judgements in respect of the continuing elevated levels of mortality experience in the UK and the US, reflecting indirect impacts of Covid-19 related illness, and potentially reflecting the deferral of diagnostics and medical treatments for other conditions. The Committee reviewed the judgements underlying the directly attributable expenses included in the insurance liabilities and considered the effectiveness of controls in place over valuation models. The Committee concluded that the insurance liabilities of the Group's insurance businesses are appropriate for inclusion in the financial statements.

Issue	Committee's response
Alternative performance measures (APMs): APMs offer investors and stakeholders additional information on the Company's performance and the financial effect of 'one-off' events, and the Group uses a range of these metrics to enhance understanding of the Group's performance.	As part of its consideration of whether the annual report is fair, balanced and understandable, the Committee has paid particular attention to the use of APMs in reporting the Group's performance. The Committee has reviewed the changes to the definition of adjusted operating profit to reflect the adoption of IFRS 17 and its application. Specifically the Committee has considered the inclusion of certain items either as part of adjusted operating profit or investment variances, to ensure that they are aligned to both the Group's disclosed policies on these APMs and the underlying principles of fair and consistent reporting. Where appropriate the Committee has reviewed additional disclosures provided to enhance transparency in respect of the Group's APMs. The Committee concluded that the use and disclosure of APMs, including the clarity of labelling the prominence of APMs versus statutory measures, are appropriate for inclusion in the annual report.
IFRS 17: IFRS 17 is a new accounting standard for insurance contracts which took effect from 1 January 2023. IFRS 17 has had a significant impact on the reporting of the Group's financial performance.	As well as continuing to monitor the preparedness of the Group to implement IFRS 17, the Committee has reviewed a number of papers during both 2022 and 2023, covering various areas of policy, methodology and assumptions. In particular, the Committee reviewed the methodology and assumptions to support the transition to IFRS 17, and has reviewed and approved both the impact of that transition on the Group's balance sheet and equity position as at 1 January 2022 and the results of the comparative period ended 31 December 2022. This included a particular focus on the assumptions and judgements that have underpinned the calculation of the contractual service margin (CSM) at transition, most notably CSM for business transitioned using the fair value methodology, and the determination of the compensation required for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risk as insurance contracts are fulfilled. The Committee concluded that the disclosures in respect of IFRS 17 (and IFRS 9) included in Note 1 Basis of Preparation and the comparative period results are appropriate for inclusion in the annual report.