

Assurance statement: AA1000

Trucost was engaged by **Lincoln Financial Group** to provide assurance of the environmental data for external reporting.

Intended users

The intended users of this assurance statement are the management and stakeholders of Lincoln Financial Group (hereafter, LFG).

Responsibilities of LFG and assurance provider

The management of LFG has sole responsibility for the preparation and content for the external reporting. Trucost's statement represents its independent and balanced opinion on the content and accuracy of the information and environmental data held within.

Assurance standard

Trucost undertook the assurance in accordance with AA1000AS (2008) Type 2 moderate-level assurance, covering:

- ✓ Evaluation of adherence to the AA1000APS (2008) Principles of inclusivity, materiality and responsiveness (the Principles)
- ✓ The reliability of specified environmental performance information (greenhouse gas emissions)

Trucost used the Global Reporting Initiative (GRI) and the GHG Protocol to evaluate LFG's performance information and adherence to the Principles.

Scope and limitations

Trucost was engaged to assure the data and claims in LFG's 2018 external reporting, encompassing the period of 1 January 2017 – 31 December 2017. Trucost was asked to assure reporting for Scopes 1, 2 and 3 (emissions associated with leased assets) greenhouse gases. Lincoln Financial Group took a financial control approach.

Trucost verified the environmental impacts, as calculated by LFG, within the table in the next column.

SCOPE	SOURCE	UNIT	QUANTITY
GHG Scope 1*	Stationary and mobile combustion	Metric tons CO ₂ e	2,912
GHG Scope 2	Electricity	Metric tons CO ₂ e	11,097
GHG Scope 3	Leased assets	Metric tons CO ₂ e	15,712

*Stationary includes natural gas, LPG, fuel oil, diesel, gasoline and refrigerants. Mobile includes fuel uses in vehicles

Methodology

Trucost's assurance activities included the following:

- Review of the processes by which LFG defines the sustainability issues that are relevant and material to its operations and its stakeholders
- Interviews with managers responsible for sustainability data collection and drafting of responses for external reporting
- Assessment of the extent to which LFG's data adheres to the Principles
- Review of processes and systems used to gather and consolidate environmental data.
- Verification of data accuracy for a selection of sites, including an audit of conversion factors and calculations

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PRINCIPLE	COMMENTS
Inclusivity: the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability	LFG has been strategically adopting measures to encourage participation of stakeholders in an effort to improve engagement on sustainability issues. LFG has an internal Sustainability Advisory Group comprised of senior management including the head of facilities for the company's sustainability management. The Governance Committee of the Board of Directors has oversight of sustainability, which includes climate change. The committee evaluates risks/opportunities associated with climate change annually. LFG has a formal process of collecting GHG information across its facilities and conducts regular internal audits on GHG data and reaches out to facilities for any significant changes in the data. LFG manages its GHG emission inventory using a corporate sustainability reporting software Scope5. LFG addresses all concerns raised by its stakeholders as noted below.
Materiality: determining the relevance and significance of an issue to an organization and its stakeholders	LFG has a Sustainability Management System (SMS) which identifies all material issues, risks and opportunities for developing the GHG management plan. LFG reports its carbon footprint, energy usage, waste, and water usage annually in their CSR report. LFG currently has a GHG target for the reduction of Scope 2 (purchased electricity) emissions per employee by 20% by 2020, compared to a 2014 baseline and it is reviewed annually.
Responsiveness: an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions and performance, as well as communication with stakeholders	Stakeholder concerns are not frequent at LFG and efforts are taken to ensure they are responded to in a timely manner. When issues are raised, they are generally managed by the Sustainability Advisory Group in conjunction with the Corporate Social Responsibility team. LFG has an "Ideas@Work" program which encourages employees to contribute ideas for improvements that will increase productivity, efficiency, costs reduction, revenue generation and enhancement of customer and employee satisfaction.

Findings, conclusions and recommendations

The principles: Nothing came to Trucost's attention to suggest that LFG's data does not adhere to the AA1000 Principles.

Data reliability:

LFG has implemented rigorous processes to collect and aggregate energy consumption data. Upon evaluating this system, Trucost found that data was accurate overall and any minor corrections were made as necessary.

Assurance provider

Trucost has been researching, standardizing and validating corporate environmental performance data since 2000. Trucost's research team has the relevant professional and technical competencies and experience to conduct an assurance to the AA1000 standard. Trucost did not provide any services to LFG during FY2017 that could conflict with the independence of this work.

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