CDP Climate Change Questionnaire 2019

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Through its affiliated companies, Lincoln National Corporation offers: annuities; life, group life, disability and dental insurance; 401(k) and 403(b) plans; savings plans; and comprehensive financial planning and advisory services. All business units are included in the company's GHG inventory. Their contributions to emissions are based on whether operations are conducted from leased facilities (Scope 3) or company-owned facilities (Scope 2), and whether, for the relevant larger facilities, they have direct Scope 1 emissions.

With headquarters in the Philadelphia region, the operating companies of Lincoln National Corporation had assets under management of $298.1 billion as of December 31, 2018. Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliated entities.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1, 2018	December 31, 2018	Yes	1 year

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Financial control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The Board of Directors has delegated to the Corporate Governance Committee (the "CGC") authority to take a leadership role in shaping corporate governance of Lincoln. At Lincoln, corporate governance means the responsibility to ensure the company is governed by an independent board, is managed in the best interests of our shareholders, and is accountable as a good corporate citizen. The CGC advises the board on corporate governance matters, including an oversight role in the company's strategy and reputation related to climate change and other sustainability matters. The CGC members have expertise in corporate governance matters generally and in the company's responsibilities in the communities in which it makes an impact. The CGC is informed by the Office of Corporate Responsibility (OCR), directly and through OCR's work with the Risk Management team, regarding relevant sustainability issues and trends, including climate-related matters as they emerge.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain

Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Lincoln's Corporate Enterprise Risk and Capital Committee (ERCC) oversees the processes to identify, measure, monitor, and manage significant risks and the Chief Risk Officer reports to the Audit Committee of the Board quarterly. The Board oversees the risk management process, including reviews of operational, financial, legal and regulatory, strategic, and competitive risks. Climate change risks are identified in the company's Risk Self-Assessment (RSA) process and the Emerging Risk Task Force (ERTF). The RSA process surveys business units at least twice a year. Risks are prioritized based on likelihood, impact (financial and non-financial), and velocity and aggregated into a corporate view. The SVP of Corporate Responsibility and Sustainability (SVP-CR) also reports to the board on at minimum an annual basis. The SVP-CR provides the Corporate Governance Committee of the Board of Directors with information about Lincoln's management of environmental, social and governance risks and opportunities consistent with the company's Sustainability Management System. The report also includes information on competitive positioning, progress relative to goals, and future strategy. Questions and feedback from the CGC are provided through these meeting mechanisms and are generally communicated by the SVP-CR to the Sustainability Advisory Group and management team as warranted.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other, please specify SVP Corporate Responsibility and Sustainability	Both assessing and managing climate-related risks and opportunities	Annually

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The SVP Corporate Responsibility and Sustainability reports to the Executive Vice President and Chief People, Place and Brand Officer who reports directly to the CEO.

Enterprise risk management is an integral part of Lincoln's business processes. Senior management, including the Chief Risk Officer, is primarily responsible for establishing policies and procedures designed to assess and manage the company's significant risks. We also have a Corporate Enterprise Risk and Capital Committee, made up of members of senior management and the Chief Risk Officer, which provides oversight of our enterprise-wide risk structure and of our processes to identify, measure, monitor and manage significant risks. The Board's role is regular oversight of the overall risk management process, including reviews of operational, financial, legal and regulatory, cybersecurity, compensation, strategic and competitive risks.

Climate change and other environmental and social impact risks are identified and assessed through the company's formal Risk Self-Assessment process and its Emerging Risk Task Force. The SVP-CR and the Office of Corporate Responsibility oversee enterprise-wide integration of sustainability practices along with climate change risk and opportunity assessment. The office routinely gathers and assesses information relating to relevant business risks stemming from climate change that may impact the company. It is also responsible for the integration of enterprise-level processes for further evaluation of climate change risks and impacts on the business in general.

Among other things, the SVP-CR has been charged with collecting information and coordinating responses to disclosure requests and RFP's, as well as supporting the development of voluntary communications regarding social and environmental impacts and actions. The SVP-CR, with support from team members and consultants, regularly reviews information pertaining to the impact of climate change on business and the risks and opportunities related to climate change for life insurance and financial services companies, in particular. Information is gathered from a variety of sources such as Ceres, NAIC, UNPRI, and Bloomberg and is reviewed with information from other published articles, research reports, company reports, conferences, and conversations with experts. Identified areas of risk and opportunity are reported to and discussed quarterly with the Sustainability Advisory Group, a cross functional team comprised of senior management that represent a majority of Lincoln's business units. Areas of opportunity and risk related to climate change are also reported and discussed directly with members of individual business units, such as the investment team, the Emerging Risk Task Force, the facilities team, compliance, and product groups as appropriate.

Through Lincoln's risk assessment process, we have identified potential risks to business operations and profitability driven by physical climate change parameters, such as severe weather events. Severe weather has the potential to impact Lincoln's facilities directly. To mitigate the impact of such events, business continuity and disaster recovery plans are in place for critical business units. Risk assessments are also conducted at specific sites with greater exposure to natural risks, such as severe winter weather and tornadoes.

As a financial services provider primarily engaged in the sale of products and services associated with life insurance, annuities, employer-sponsored retirement plans and group benefits products and services, our company is focused on a variety of risks associated with these businesses. The primary risks associated with these business lines are mortality, morbidity, longevity, policyholder behavior and capital markets risk. As a result, enterprise risk management is an integral part of our business processes.

The corporate Enterprise Risk Management team calculates capital requirements based on catastrophic and other extreme events, which encompasses climate-driven scenarios. Lincoln's risk management processes are designed to promote awareness of new, existing and potential risk factors to meet existing and evolving circumstances.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Who is entitled to benefit from these incentives?

Other, please specify

SVP Corporate Responsibility and Sustainability

Types of incentives

Monetary reward

Activity incentivized

Other, please specify

General sustainability

Comment

General sustainability, including management of climate change risks and opportunities. A component of the annual compensation formula for the SVP of Corporate Responsibility and Sustainability is based on sustainability performance.

Who is entitled to benefit from these incentives?
Facilities manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction project

Comment
Merit increases for facilities managers are tied to performance evaluations, which include goals related to Energy Star performance and energy management in buildings.

Who is entitled to benefit from these incentives?
All employees

Types of incentives
Recognition (non-monetary)

Activity incentivized
Other, please specify
Ideas for improvements

Comment
Through the Ideas@Work program, employees are engaged to shape the future of Lincoln Financial Group by submitting ideas for improvements that will increase productivity /efficiency, reduce costs /generate revenue, or enhance customer and employee satisfaction. Lincoln recognizes employees that make innovative suggestions for process and productivity improvements, including energy and carbon emission reduction suggestions.

Who is entitled to benefit from these incentives?
All employees

Types of incentives
Monetary reward

Activity incentivized
Other, please specify
Ideas for Improvement

Comment
Through the Ideas@Work program, employees are engaged to shape the future of Lincoln Financial Group by submitting ideas for improvements that will increase

productivity /efficiency, reduce costs /generate revenue, or enhance customer and employee satisfaction. All employees whose ideas are implemented by the company are recognized for their contribution within the organization and some are awarded prizes and monetary awards.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	1	3	
Medium-term	4	6	
Long-term	7	30	

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	

C2.2b

(C2.2b) Provide further details on your organization’s process(es) for identifying and assessing climate-related risks.

Lincoln’s Corporate Enterprise Risk and Capital Committee (ERCC) oversees the processes to identify, measure, monitor, and manage significant risks reports to the Board quarterly. The Board oversees the risk management process, including reviews of operational, financial, legal and regulatory, strategic, and competitive risks. Climate change risks are identified in the company's Risk Self-Assessment (RSA) process and the Emerging Risk Task Force (ERTF).

The RSA process surveys business units at least twice a year. Risks are prioritized based on likelihood, impact (financial and non-financial), and velocity and aggregated into a corporate view. Likelihood is considered high if there is a >50% chance of it occurring within the next three years, medium if there is a 20%-50% chance of it occurring within the next three years, and low if there is a <20% chance of it occurring within the next three years. High, medium, or low impact is defined relative to each business unit based on sales, earnings, and statutory capital. A substantive financial impact must equate to at least $5M of earnings or capital and $10M in sales. The velocity scale is driven by when impact to business is potentially evident. It would be high were impact to be evident within 6 months of risk event, medium were it to be within 18 months of risk event, and low were it to be within 3 years of risk event.

The ERTF includes individuals from all areas, including the Office of Corporate Responsibility (OCR), and meets bi-weekly to discuss emerging risks (strategic, reputational, and competitive), including climate change. OCR provides information on climate change risks and opportunities to the ERTF. To gather this information, Lincoln's OCR team regularly engages with consultants, associations and a cross functional, senior level, internal committee. Discussions cover developments in the market and trends related to climate change and the potential risk and opportunity for the company. All risks are assessed and prioritized based on type of impact, severity, likelihood of occurrence, and timing of potential impact, and mitigation plans are formulated. The ERTF focuses on senior management priorities and other items that have the potential to significantly impact the company when determining what items will be tracked. Their ratings help the company prioritize climate change related risks.

At an asset level, Lincoln considers risks related to its physical assets and invested assets. For physical asset risk, sites with a higher likelihood of being impacted by severe weather are assessed. From an investment perspective, Lincoln requires its third-party asset managers to consider ESG factors, including climate-related risks, in their selection and review process as appropriate. For investments managed internally (mortgage and real estate holdings), Lincoln incorporates ESG and climate change factors into a range of factors in its investment management process. We review environmental assessments on all real estate securing our mortgage loan investments. We also consider opportunities such as investments in renewable energy companies and projects.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Lincoln is required to report climate change information to the National Association of Insurance Commissioners annually. This request and the questions therein are reviewed by the Office of

		Corporate Responsibility (OCR) and discussed with the appropriate Lincoln business units, including the Public Policy group.
Emerging regulation	Relevant, always included	The potential for a carbon tax or regulation on reporting carbon emissions. The OCR monitors the industry and the national and local political environment for emerging environmental regulation, such as carbon tax or building codes, and other regulatory proposals and initiatives. The OCR and Risk Management teams further assess these risks. For example, regarding the potential for carbon taxation, based on the political environment there might be a review of the annual emissions levels and current methodologies for pricing carbon. The OCR confers with the Emerging Risk Task Force and the Public Policy group to evaluate a risk of emerging regulation.
Technology	Not relevant, explanation provided	Lincoln's products do not result in any emissions and Lincoln does not incur the cost of transitioning to lower emission technology directly. Lincoln periodically reviews opportunities related to solar, but it is not considered a risk because of our low energy spend.
Legal	Relevant, always included	Risks related to increased climate change disclosure requirements are reviewed on an annual basis by the Office of Corporate Responsibility (OCR), such as, for example, mandatory public disclosure related to climate change risks. The OCR determines whether the risk warrants discussion with the Emerging Risk Task Force and the Public Policy group. Lincoln's Legal and Compliance Group monitors these risks and ensures that our public reporting is in compliance.
Market	Relevant, always included	The potential impacts to our product assumptions based on climate change. Our product and underwriting teams evaluate a wide range of data resources, participate in industry studies, and closely monitor the mortality and morbidity of our insured population. Climate change can impact health status but, to date, we have not noted unfavorable mortality or morbidity experience related to climate change. For that reason, climate change has not impacted product pricing or assumptions. Product and risk representatives within Lincoln participate on the Sustainability Advisory Group and discuss these findings with the Office of Corporate Responsibility.
Reputation	Relevant, always included	The risk of not meeting, or not being perceived as meeting, expectations of investors and/or customers regarding managing climate change impacts. This risk is assessed on a quarterly basis by the OCR, and subsequently discussed with the Investor Relations team as needed. The OCR also discusses this risk, when warranted, with the Emerging Risk Task Force.
Acute physical	Relevant, always included	Extreme weather events such as tornadoes, hurricanes and floods have the potential to impact Lincoln's facilities and workforce. To mitigate the risk of a business disruption based on a weather-related event, business continuity and disaster recovery plans are in place

		for critical business units. Risk assessments are conducted at sites with greater exposure to natural risks such as severe winter weather and tornadoes. Plans are completed based on three key loss scenarios: loss of building, data, and people. Additionally, the Chief Resilience Officer is a member of the Operational Risk Committee and Task Force. This ensures that planning, response and recovery risks are recognized as part of the operational risk management process.
Chronic physical	Relevant, always included	The potential health impacts of climate change on morbidity and mortality of our customers. We routinely monitor general population (CDC), industry and company specific mortality and morbidity patterns. This monitoring includes mortality trends along with cause of death analysis. Climate change can impact health status although we have not noted unfavorable experience related to climate change. Product and risk representatives within Lincoln participate on the Sustainability Advisory Group and discuss these findings with the Office of Corporate Responsibility.
Upstream	Relevant, sometimes included	This risk of a particular supplier or category of spend being impacted by climate change in a way that would have a significant impact on Lincoln's business. The most likely impacts would be to the manufactured goods, such as computers and furniture. The company has adopted a Supplier Code of Conduct which includes environmental impacts. OCR and procurement functions are collaborating to assess ESG risks related to suppliers.
Downstream	Relevant, always included	The impact of climate change could cause changes in weather patterns, resulting in more severe and more frequent natural disasters such as forest fires, hurricanes, tornados, floods and storm surges. In our group insurance operations, a localized event that affects the workplace of one or more of our group insurance customers could cause a significant loss due to mortality or morbidity claims. These events could cause a material adverse effect on our results of operations in any period and, depending on their severity, could also materially and adversely affect our financial condition. The risk is assessed through two Risk Assessment components managed by the ERM team. Two components are our Emerging Risk process and our Risk Self-Assessment (RSA) process. The output of these processes creates a very granular Risk Register, which includes key elements to measure and rank each risk and to create and track a mitigation action plan.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

Section I [decisions to mitigate, transfer, accept or control risks]
Once a risk has been identified through the process in 2.1 it is reported to the company's Sustainability Advisory Group, which consists of senior level executives from all business units and functions. Depending on the discussion and response from the Sustainability Advisory Group, the CSR team may continue discussions outside of the meeting with the appropriate individuals, whether that be the facilities team, the investment team, a product team or other function. Those discussions include consideration of the types of potential risks covered in the stakeholder inquiry, the significance and likelihood of those potential risks, and any actions which might be advisable to mitigate or address those potential risks.

Section II [description for process to manage opportunities]
The process for managing opportunities is the same as for managing risks.

Section III
[Case study for 1 transition risk]
The risk with the greatest level of impact on company operations to date is "Reputation: Increased stakeholder concern or negative stakeholder feedback". Increased stakeholder communication is one of the primary drivers behind Lincoln's decisions in the past eight years to establish its Office of Corporate Responsibility, to report to CDP, and to publish a CSR report on the company website. Over the last few years, the number of stakeholder questions related to the impact of climate change on Lincoln and its associated management practices has increased. The CSR team presents and discusses these inquires at every quarterly Sustainability Advisory Group meeting as well as regularly between meetings with internal business unit leaders and other relevant internal stakeholders. To proactively address the increased interest, Lincoln has published a CSR report that describes Lincoln's approach to managing issues of interest such as the integration of ESG considerations, including climate change, into enterprise risk management and investment management processes; progress against our GHG targets; and business continuity planning.

[Case study for physical risk]
Extreme weather events such as tornadoes, hurricanes and floods have the potential to impact Lincoln's facilities and workforce. To mitigate the risk of a business disruption based on a weather-related event, business continuity and disaster recovery plans are in place for critical business units. The objective of Lincoln's business resilience program is to identify risk, plan for the events that could impact all or part of its business operations and/or technology infrastructure and minimize the impact of a disruption using agile planning methodology. This ultimately ensures a level of organizational stability and an orderly recovery after a disaster. The Office of Business Resilience is a dedicated team focused on building a resilient business environment by collaborating with Lincoln leaders to develop strategies and plans that protect employees, the company and its assets. Program documentation, including Lincoln's Organizational Resilience Policy and testing statement, is reviewed annually and signed off by senior leaders. Additionally, the Chief Resilience Officer is a member of the Operational Risk

Committee and Task Force. This ensures that planning, response and recovery risks are recognized as part of the operational risk management process.
Risk assessments are conducted at sites with greater exposure to natural risks such as severe winter weather and tornadoes. Plans are completed based on three key loss scenarios: loss of building, data, and people. A range of solutions for business interruption are applied including geographic dispersion of key business functions along with alternate work and data center locations. Plans are tested using plan walkthroughs, tabletops and scheduled annual operational readiness tests. For Lincoln's data centers, strategies and procedures are in place to address situations involving loss of facility, data, equipment or power. A variety of recovery options have been established and are tested to ensure recoverability of our critical business systems and applications.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact

Increased capital costs (e.g., damage to facilities)

Company- specific description

The risk of disruption originating from a weather-related event resulting in loss of revenue, impact to reputation and cost associated with reconstituting and/or recovering business operations. Lincoln's business resilience program focuses on proactive planning, agile solutions and recovery procedures aimed to reduce the impact of an incident. The company's planning, procedures and training are tailored to each location and its specific risks. Risk assessments are conducted at sites with greater exposure to natural risks such as severe winter weather and tornadoes. Plans are completed based on three key loss scenarios: loss of building, data, and people. A range of solutions for business interruption are applied including geographic dispersion of key business functions along with alternate work and data center locations. Plans are tested using plan walkthroughs, tabletops and scheduled annual operational readiness tests. For Lincoln's data centers, strategies and procedures are in place to address situations involving loss of facility, data, equipment or power. A variety of recovery options have been established and are tested to ensure recoverability of our critical business systems and applications.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

25,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Because Lincoln is geographically dispersed and many functions can be moved between sites, the likelihood of any significant financial impact is low. We have a strong real estate risk process that evaluates typical impacts to offices. The process takes into account the impact of outages when leases come up for renewal. The majority of offices that would likely be impacted by the defined risk (tropical cyclones, hurricanes and typhoons) are leased sites meaning the cost associated with reconstituting an office would not be borne by Lincoln. We did not experience any disruptions in 2018, but based on disruptions in prior years, the financial impact associated with outages would be primarily associated with travel to an alternate location, shipment of equipment and short-term office rentals.

Management method

Lincoln has a strong risk management process that includes a dedicated Chief Risk Office and a Business Resilience team at a corporate level. This team is responsible for coordinating all planning, response and recovery. The staff are all certified planners who guide business and IT teams in identifying potential risks and developing strategies that work at a business and enterprise level. One of four standard planning scenarios examines the impact of weather events on facilities, functions and staff. Each key city location has a resident Crisis Management Team charged with planning for and managing disruptions occurring at a local level. These teams are supported at a corporate level by a senior leadership Enterprise Crisis Management Team that handles escalation of events that may span multiple location and/or business units. Lincoln locations are dispersed geographically to support business continuity and disaster recovery. Critical business and IT functions and staff are often resident in multiple locations to ensure our ability to maintain and support normal business operations in a disruptive event. Lincoln supports a suite of planning readiness and response tools including planning, emergency notification, incident and crisis management mobile plan, and threat assessment tools. Cost of Management considers salaries and benefits, professional certifications, tools and site travel budget for FTEs who manage and consult before, during and after an event.

Cost of management

30,000

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Reputation: Stigmatization of sector

Type of financial impact

Reduced revenue from negative impacts on workforce management and planning (e.g., employee attraction and retention)

Company- specific description

For financial services companies, there are some climate risk drivers that could impact the reputation of the entire sector. One example might be the ability to attract and retain talent. There is a risk of losing or being unable to attract talent, particularly among millennials, if they do not view the industry or Lincoln in particular as a "responsible company." Because Lincoln's programs, such as the Leadership Preparation Program (LPP), focus on attracting early talent, the company could be affected by this risk. A reduced supply of early talent might hinder the company's ability to compete for talent and require us to rethink strategy and restructure our talent acquisition program.

Time horizon

Medium-term

Likelihood

Unlikely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

55,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The $55,000 represents the cost estimate of losing 10% of our high potential early talent. The financial impact is based on the cost of recruiting new college graduates and employees in the leadership rotational program, which would increase if Lincoln were to face a reputational risk affecting talent acquisition and retention.

Management method

The expense related to managing this risk is the cost of staff, consulting, report creation costs, software expenses, and third-party verification expense. Lincoln's Corporate Social Responsibility (CSR) team engages with current employees on Lincoln's sustainability initiatives, including climate change management across the company's locations. Communication methods include information on the internal intranet, in-person meetings, as well as the publication of Lincoln's annual CSR report. Current employees are also encouraged to submit sustainability ideas through the Ideas@Work program. The CSR team works with the communication and recruiting business units to ensure their work is communicated to potential employees both through our website and at in-person recruitment events.

Cost of management

450,000

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Reputation: Increased stakeholder concern or negative stakeholder feedback

Type of financial impact

Reduced revenue from decreased demand for goods/services

Company- specific description

In certain business segments, which include Group Protection and Retirement Plan Services, existing and potential customers may be looking to assess climate change related risks in their supply chain. Were they to use climate change risk as a primary or secondary criteria for selecting an insurance or retirement plan partner, and were they to find Lincoln unprepared, this may impact their decision to do business with us. Lincoln continuously monitors requests for climate-related information in RFPs so that we can keep pace with market expectations in this regard. In the past year Lincoln has noted increased focus in some RFPs in this regard and has incorporated such information into established feedback loops to inform our continuous improvement process.

Time horizon

Medium-term

Likelihood

Unlikely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

1,760,000

Potential financial impact figure – maximum (currency)

3,520,000

Explanation of financial impact figure

The estimated financial impact would range from approximately $1.76 MM – 3.52MM. This number was calculated assuming the risk would affect less than 1% of Lincoln's

Group Protection and Retirement Plan Services businesses. The range represents a loss between .5% and 1% of the income from operations in 2018.

Management method

As part of its process for continuous improvement and its commitment to understanding and meeting customer expectations, Lincoln established the Office of Corporate Responsibility and the senior level Sustainability Advisory Group to assess and manage climate related risks and to communicate the results of that work to stakeholders both publicly, through CDP, our annual report, and our CSR report, and directly through RFPs. We have set specific, measurable climate-related goals and use a variety of metrics so that we are able to measure and communicate our commitment to the environment. The OCR works with the business units to track and assess ESG related questions in customer RFPs and industry trends, all of which inform areas of focus going forward. The expense related to managing this risk is the cost of staff, consulting, report creation costs, software expenses, and third-party verification expense.

Cost of management

450,000

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

No

C2.4b

(C2.4b) Why do you not consider your organization to have climate-related opportunities?

	Primary reason	Please explain
Row 1	Opportunities exist, but none with potential to have a substantive financial or strategic impact on business	The process for identifying potential opportunities begins with the office of Corporate Social Responsibility. The team regularly reviews industry and sustainability related research reports and market analysis and discusses the potential emerging trends that may impact a company offering life insurance, group protection, annuity and retirement plan services. Opportunities that warrant further review are discussed in the cross functional, senior level, Sustainability Advisory Group meetings. Based on this assessment process, Lincoln does not foresee any new opportunities that have the potential to generate a substantive change in our business operations, revenue or expenditures in the next 3-6 years. Lincoln has evaluated the following as potential opportunities and

		in all cases the likelihood or magnitude or both were below the threshold of significant: • The potential for a carbon tax or carbon cap and trade program in the US. • The potential for greater SEC requirements on reporting on non-financial material issues, such as greenhouse gas emissions. • The degree to which the company's level of preparedness for the physical impacts of climate change could impact the company's reputation. • If increased communication about this level of preparedness could positively influence the purchasing or investment decisions of some of the company's stakeholders who are factoring climate change into their decision-making process. • If the company's communications on management of risks and opportunities related to climate change, or its calculation and management of carbon emissions, might positively influence consumer choice for insurance and retirement service. In all cases, the potential to impact the company substantively were deemed insignificant. For example, if a mandatory cap and trade program, within which Lincoln would be regulated, were instituted in the US in the next six years, it is highly likely that Lincoln's emissions would fall below the regulated level. This could provide Lincoln with an opportunity for additional revenue through the sale of carbon credits or tax benefits. However, given the relatively low level of spend on energy, these opportunities were estimated as not likely to substantively influence operations.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Not impacted	We have not seen any material changes in morbidity or mortality related to climate change that would impact how our products and services are structured.
Supply chain and/or value chain	Not impacted	Lincoln has not received any requests to manage climate change issues for its suppliers, nor has there been any climate related event that has prompted concern regarding suppliers. Given the nature of Lincoln's spend being primarily services based in the US, it is not anticipated that any climate change related event will increase supply chain costs by more than a fractional amount in the next 3-5 years.

Adaptation and mitigation activities	Impacted	Extreme weather events such as tornadoes, hurricanes and floods have the potential to impact Lincoln's facilities and workforce. To mitigate the risk of a business disruption based on a weather-related event, business continuity and disaster recovery plans are in place for critical business units. LNC's Business Continuity Plans address advance preparations and actions to be taken in response to disruptions of various magnitudes. The Business Continuity Plans address the potential impact of varying risks of disruptions to LNC employees, equipment, computer and telecommunications systems, and office facilities. While it is impossible to anticipate every type of disruption that could affect LNC's businesses, LNC takes an 'all hazards' approach to planning which encompasses reduction in workforce, loss of facility and loss of data. The magnitude of the impact of this risk on our business is low and includes the cost of the Office of Business Resilience.
Investment in R&D	Not impacted	We have not seen any material changes in morbidity or mortality related to climate change that would impact how our products and services are structured.
Operations	Impacted	The Office of Corporate Responsibility has a well-established process for collecting and reporting data and information related to the company's environmental impacts, including climate change and GHG emissions. The impact has been moderate and has included administrative and staff costs. Activities and related goals have included and continue to be focused on improvements to facilities to improve energy management and reduce GHG emissions, including occupancy optimization strategies, energy efficiency improvements to equipment, and conservation efforts. For example, if the expected ROI for a newly proposed energy reduction project is within 12-18 months, the project will be funded from the current year's energy budget. If the ROI period exceeds 18 months, projects are reviewed as part of the annual company-wide strategic planning process. All decisions regarding the purchase of equipment, changes to building structures and or systems or processes are evaluated based on the financial cost and benefit to the organization. For every project, various methods of accomplishing the goal will be evaluated. Energy efficiency is among the factors considered in the decision-making process.
Other, please specify	Not impacted	We have not identified any other risks or opportunities, which have impacted our business.

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description

Revenues	Not yet impacted	The company has received inquiries from prospective customers in RFPs related to sustainability and corporate responsibility, but not related to climate change specifically. We anticipate that this could become an area of interest for our customers in the next 5 years.
Operating costs	Impacted	The Office of Corporate Responsibility has a well-established process for collecting and reporting data and information related to the company's environmental impacts, including climate change and GHG emissions. The impact has been moderate and has included administrative and staff costs. Activities and related goals have included and continue to be focused on improvements to facilities to improve energy management and reduce GHG emissions, including occupancy optimization strategies, energy efficiency improvements to equipment, and conservation efforts. For example, if the expected ROI for a newly proposed energy reduction project is within 12-18 months, the project will be funded from the current year's energy budget. If the ROI period exceeds 18 months, projects are reviewed as part of the annual company-wide strategic planning process. All decisions regarding the purchase of equipment, changes to building structures and or systems or processes are evaluated based on the financial cost and benefit to the organization. For every project, various methods of accomplishing the goal will be evaluated. Energy efficiency is among the factors considered in the decision-making process.
Capital expenditures / capital allocation	Impacted for some suppliers, facilities, or product lines	Upon undergoing a renovation in our facilities, Lincoln explores opportunities to integrate energy efficient technologies and compares this with the cost of standard technology. For example, Lincoln has used energy efficient technologies, such as chillers and lighting equipment, in several of its locations, including Greensboro, Omaha and Fort Wayne. Many of these are capital expenditure projects for which capital is allocated based on analysis of both first cost and cost savings over time, as well as reductions in Scope 1 and Scope 2 GHG emissions. The magnitude of this impact is moderate and has been a predominant source of our Scope 2 emission reduction thus far.
Acquisitions and divestments	Not impacted	Given that Lincoln provides life insurance, variable annuities and retirement plan services and energy is less than 1% of the total spend, climate change risks and opportunities are not driving factors in acquisitions and divestment planning.
Access to capital	Not yet impacted	To the best of our knowledge, Lincoln has not had any investors divest because of climate change related issues and we do not foresee this occurring in the next 3-5 years. The impact on financial planning would be minimal.

Assets	Impacted	Lincoln recognizes the importance of considering environmental, social, and governance (ESG) factors in its investments. Our portfolio management professionals, as well as our internal and third-party asset managers, integrate ESG considerations into due diligence, monitoring, and investment decision making. The impact to the company is the allocation of resources within the investment team and of designated individuals to participate in ESG training.
Liabilities	Not yet impacted	Claims resulting from natural or man-made catastrophic events could cause substantial volatility in our financial results for any fiscal quarter or year and could materially reduce our profitability or harm our financial condition. Catastrophic events could harm the financial condition of our reinsurers and thereby increase the probability of default on reinsurance recoveries.
Other	Not impacted	We have not identified any other risks or opportunities.

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, but we anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

i. In January of 2011, as part of its long-term strategy, Lincoln established a department of Corporate Responsibility to enhance the planning and communication of its corporate responsibility and environmental stewardship activities. Among other things, the department of Corporate Responsibility has been charged with collecting information and coordinating responses to disclosure requests, as well as supporting the development of voluntary communications regarding social and environmental impacts and actions. Lincoln's Corporate Responsibility department is the primary collector of information related to climate change. The SVP of Corporate Responsibility, with support from team members and consultants, regularly reviews information pertaining to the impact of climate change on business and the risks and opportunities related to climate change for life insurance and financial services companies, in particular. Information is gathered from a variety of sources such as Ceres, NAIC, G&A Institute, and Bloomberg and is reviewed with information from other published articles, research reports, company reports, conferences, and conversations with experts. Identified areas of risk and opportunity are reported to and discussed quarterly with the Sustainability Advisory Group, a cross functional team comprised of senior and middle level management that represent a majority of Lincoln's business units. Areas of opportunity and risk related to climate change are also reported and discussed directly with members of individual business units, such as the investment team, the Emerging Risk Task Force, the facilities team, compliance, and product groups as appropriate.

ii. For example, in 2015, Lincoln set a carbon emission reduction goal spanning all facilities scope 2 emissions per employee. In 2016, Lincoln posted an ESG Investment Policy Statement publicly, describing the integration of ESG factors, including climate change, into its investment process. In 2017, Lincoln published its first Corporate Social Responsibility Report, which includes information on Lincoln's management practices surrounding climate change and provides an annual update of our GHG and electricity reduction goals. In 2018, Lincoln achieved, exceeded and expanded its energy efficiency goals.

iii. The aspects of climate change that have influenced Lincoln's business strategy include greater awareness of stakeholder interests regarding climate change, identification of risks and opportunities related to energy efficiency and carbon reduction, a recognition that greenhouse gas inventories have the potential to shed light on missed opportunities for cost savings and increased efficiency for the company, an increased understanding of the potential for climate change to impact investment holdings in certain industries, such as utilities and industrials, and an awareness of new investment opportunities such as green bonds. In 2018, Lincoln brought in a variety of interested stakeholders and experts to talk about their perspectives on climate change risks and opportunities in the insurance sector, as well as public reporting. This information is considered carefully by the corporate responsibility team and informs the company's sustainability strategy.

iv. The most significant aspects of the short term (1-3 years) strategy influenced by climate change are efforts to improve collection, coordination, and communication of climate risk and opportunity information through the department of Corporate Responsibility. A significant component of this pertains to improving our understanding and management of carbon emissions information and data. In support of this, the decision was made to switch to a more robust sustainability data collection tracking system that will improve the quality and usefulness of information gleaned from the greenhouse gas inventory process, and the company initiated an internal audit of the greenhouse gas inventory. In 2018 and 2019, Lincoln also completed an internal audit of its GHG emissions.

v. The most significant aspects of the long term (3-10) strategy influenced by climate change relate to the company's management of its Scope 2 greenhouse gas emissions.

Lincoln's most significant sources of Scope 1 and 2 greenhouse gas emissions are a result of its building operations. From a building energy efficiency perspective, Lincoln has had a long-standing program to actively monitor and manage energy used in the facilities it owns and operates dating back to 1972. The company has an ongoing commitment to evaluate and act on opportunities to improve energy efficiency in both the short and long term. For example, Lincoln began a major renovation of its largest owned property, located on the three-building campus in downtown Greensboro, North Carolina. This five-year project will completely transform 270,962 square feet of office space in the Elm Building. Energy efficiency is a significant driving force behind the transformation the building will undergo. Our initial goal was to reduce electricity use across our Greensboro campus by 10% through these projects. By the end of 2018, we had achieved and exceeded this goal with a reduction of 17.68% through energy efficiency initiatives. With additional efficiencies planned, we extended this goal to a total reduction of 35% by 2022. In 2019, we set an additional goal to reduce electricity use across our Omaha campus by 8% by 2022 through energy efficiency initiatives. In 2015 Lincoln Financial Group set its first carbon emission reduction target in order to reduce its Scope 2 greenhouse gas emissions per employee from a 2014 baseline by 2020 - and we continue to work towards this goal.

vi. In assessing its position relative to its competitors, the company does see a potential advantage in enhanced reputation, attraction and retention of talent, enhanced employee engagement, and addressing customer and investor preference based on communicating about its ESG management strategies.

vii. The most substantial business decisions made that were influenced by climate change factors have been the decision to report externally on climate change risks, to track and report greenhouse gas emissions, and, most recently, the decision set a carbon emission reduction target. These decisions were made primarily in an effort to better understand, track, and manage the company's impacts on greenhouse gas emissions and the related risks and opportunities.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

As this is a relatively new assessment practice, our Office of Corporate Responsibility is currently working with the risk management team, including the Chief Risk Officer who sits on the Sustainability Advisory Group, to plan an initial scenario analysis. As part of this process, the team is assessing the TCFD guidelines on scenario analyses and will review potentially relevant research, such as the Actuaries Climate Risk Index (publication expected late 2019). Information will continue to be gathered and shared with the risk management team for further review. We anticipate conducting this initial scenario analysis by the end of 2020.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Scope

Scope 2 (location-based)

% emissions in Scope

100

Targeted % reduction from base year

20

Metric

Other, please specify

int. per total employees in S2 locations

Base year

2014

Start year

2015

Normalized base year emissions covered by target (metric tons CO2e)

3.6323

Target year

2020

Is this a science-based target?

No, and we do not anticipate setting one in the next 2 years

% of target achieved

29.72

Target status

Underway

Please explain

This is the same target reported on in 2018, Int1. Planned reductions relative to time elapsed are skewed toward the latter part of the period. We are on track to achieve the target reductions by 2020.

% change anticipated in absolute Scope 1+2 emissions

-21

% change anticipated in absolute Scope 3 emissions

0

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target

Energy usage

KPI – Metric numerator

kWh of electricity in Greensboro

KPI – Metric denominator (intensity targets only)

Base year

2014

Start year

2015

Target year

2022

KPI in baseline year

24,265,377

KPI in target year

15,772,495

% achieved in reporting year

50.51

Target Status

Revised

Please explain

This goal applies to the electricity usage in our Greensboro campus. In 2018, we exceeded our previously reported target. We have identified additional opportunities and have restated our goal to achieve further emissions reductions.

Part of emissions target

Int1

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Target

Energy usage

KPI – Metric numerator

kWh of electricity in Omaha

KPI – Metric denominator (intensity targets only)

Base year

2014

Start year

2019

Target year

2022

KPI in baseline year

4,597,728

KPI in target year

4,229,910

% achieved in reporting year

0

Target Status

New

Please explain

This goal applies to the electricity usage in our Omaha campus.

Part of emissions target

Int1

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO_2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	6	0
Implementation commenced*	0	0
Implemented*	3	371.92
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative type

Energy efficiency: Building services

Description of initiative

Building controls

Estimated annual CO2e savings (metric tonnes CO2e)

229.83

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

39,180

Investment required (unit currency – as specified in C0.4)

217,670

Payback period

4 - 10 years

Estimated lifetime of the initiative

21-30 years

Comment

Initiative type

Energy efficiency: Building services

Description of initiative

HVAC

Estimated annual CO2e savings (metric tonnes CO2e)

51.01

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

18,472

Investment required (unit currency – as specified in C0.4)

360,650

Payback period

16-20 years

Estimated lifetime of the initiative

21-30 years

Comment

Initiative type

Energy efficiency: Building services

Description of initiative

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

91.08

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

22,586

Investment required (unit currency – as specified in C0.4)

334,144

Payback period

11-15 years

Estimated lifetime of the initiative

16-20 years

Comment

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Internal finance mechanisms	If the expected ROI for a newly proposed energy reduction project is within 12-18 months, the project will be funded from the current year's energy budget. If the ROI period exceeds 18 months, projects are reviewed as part of the annual company wide strategic planning process.
Financial optimization calculations	All decisions regarding the purchase of equipment, changes to building structures and or systems or processes are evaluated based on the financial cost and benefit to the organization. For every project, various methods of accomplishing the goal will be evaluated. Energy efficiency is among the factors considered in the decision making process.
Employee engagement	Through the Ideas@Work program, employees are engaged to shape the future of Lincoln Financial Group by submitting ideas for improvements that will Increase productivity /efficiency, reduce costs /generate revenue, or enhance customer and employee satisfaction. Employees who submit ideas are recognized and they receive promotional items. Employees whose ideas are implemented are recognized for their contribution within the organization.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

No

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1, 2011

Base year end

December 31, 2011

Base year emissions (metric tons CO2e)

4,357.13

Comment

Scope 2 (location-based)

Base year start

January 1, 2011

Base year end

December 31, 2011

Base year emissions (metric tons CO2e)

16,182.23

Comment

Scope 2 (market-based)

Base year start

January 1, 2011

Base year end

December 31, 2011

Base year emissions (metric tons CO2e)

16,182.23

Comment

The location based figure has been used as a proxy since a market based figure is not available.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

2,905.16

Start date

January 1, 2018

End date

December 31, 2018

Comment

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)

2,928.39

Start date

January 1, 2017

End date

December 31, 2017

Comment

Previously reported data has been adjusted to reflect new information about emissions sources and activity levels received after the last reporting period, as well as updates to Global Warming Potential values and emissions factors.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

We are only able to access electricity supplier emission factors for 2 of our Scope 2 market-based figures.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

10,406.34

Scope 2, market-based (if applicable)

9,901.04

Start date

January 1, 2018

End date

December 31, 2018

Comment

Past year 1

Scope 2, location-based

11,099.04

Scope 2, market-based (if applicable)

10,599.23

Start date

January 1, 2017

End date

December 31, 2017

Comment

Previously reported data has been adjusted to reflect new information about emissions sources and activity levels received after the last reporting period, as well as updates to Global Warming Potential values and emissions factors.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1,705.51

Emissions calculation methodology

Data on purchased paper (accounting for 90% of purchased paper) was obtained from Lincoln's Procurement Department. The Environmental Paper Network's calculator was then used to calculate the emissions savings. It uses custom GWPs that are calculated for each paper type by assuming 80% landfill and 20% waste to energy for non-recycled paper and using the EPA's conversion efficiency factors to calculate the associated grid electricity from the combustion of landfill gas and heat produced in WTE plants.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

1

Explanation

Paper comprises less than 1% of all purchased goods by spend.

Capital goods

Evaluation status

Relevant, not yet calculated

Explanation

At this time, the calculation of other aspects of Scope 3 has been prioritized based on data accessibility.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, not yet calculated

Explanation
At this time, the calculation of other aspects of Scope 3 has been prioritized based on data accessibility.

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Explanation
While there may be some emissions associated with the transportation involved with the mailing of paper statements, the amount is very small and is decreasing every year due to the transition to electronic statements.

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
7,301.93

Emissions calculation methodology
Data on waste was obtained from Lincoln's facility managers for 2018. The University of Texas' Waste Carbon Calculator was then used to calculate the net carbon emissions. The calculator is available at: https://utexas.app.box.com/v/wastecalculator

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
13,846.17

Emissions calculation methodology

WRI emissions factors, AR5 GWP's. Air travel and car rental mileage was obtained from the corporate travel department. Personal vehicle travel was based on accounting records of reimbursement for personal vehicle use.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

198.34

Emissions calculation methodology

Assumed laptop use 8 hours per day and phone charge at 1 hour per day. Multiplied the hours by the estimated number of "employee days" worked form home in the year by an estimated kWh associated with the laptop and phone use by the 1,713 off-site employees.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Upstream leased assets

Evaluation status

Relevant, calculated

Metric tonnes CO2e

15,802.02

Emissions calculation methodology

Actual electric and fuel usage was obtained for leased spaces where possible, when provided by the utility company. When not possible, a mix of CBECS energy intensity benchmarking figures and emissions factors from EPA eGrid, TCR and WRI were used to generate emissions estimates based on the square footage of the leased spaces. All use AR5 GWP’s.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation
Calculated areas include the electricity associated with office space leased by Lincoln Financial Group. Emissions calculated do not include vehicles leased by Lincoln Financial Group to transport customers.

Downstream transportation and distribution

Evaluation status
Relevant, not yet calculated

Explanation
For Lincoln Financial Group, this Scope 3 category may include the transportation involved with the mailing of paper statements. The extent to which this is a significant source of emissions has not been assessed yet. Other areas of Scope 3 for which data is more readily available and those that are more likely to be significant will be prioritized.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Explanation
As a provider of financial instruments, Lincoln does not sell any intermediate projects and therefore we have no carbon emissions in this category.

Use of sold products

Evaluation status
Not relevant, explanation provided

Explanation
Given that Lincoln Financial Group is a provider of financial instruments, the use of sold products by the consumer should not result in emissions.

End of life treatment of sold products

Evaluation status
Relevant, not yet calculated

Explanation
Given that Lincoln Financial Group is a provider of financial instruments, the treatment of sold products by the consumer would be limited to recycling or disposal of any paper documents, statements, or reports. The extent to which this is a significant source of emissions has not been assessed yet. Other areas of Scope 3 for which data is more readily available and those that are more likely to be significant will be prioritized.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Explanation
Lincoln Financial Group leases a very small percentage of its owned office space. It is expected to be a very insignificant percentage of the overall Scope 3 emissions.

Franchises

Evaluation status
Not relevant, explanation provided

Explanation
Lincoln Financial Group does not have any franchises.

Investments

Evaluation status
Relevant, not yet calculated

Explanation
Standards for obtaining this information are under development. This area will be re-evaluated as better guidance for measurement is available.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Explanation
No other upstream categories have been identified

Other (downstream)

Evaluation status
Not relevant, explanation provided

Explanation
No other downstream categories have been identified

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
8.1049

Metric numerator (Gross global combined Scope 1 and 2 emissions)
13,311.5

Metric denominator
unit total revenue

Metric denominator: Unit total
16,424,000,000

Scope 2 figure used
Location-based

% change from previous year
17.62

Direction of change
Decreased

Reason for change
Our Scope 2 emissions, which represent 78% of these emissions, decreased by 6.24% in 2018 compared to 2017. This decrease was primarily due to emissions reduction activities, such as digital control upgrades and ongoing LED lighting retrofits, at our Greensboro location, which represents 70% of our total Scope 2 emissions (location-based). Over the same time period, Lincoln's total revenue increased by 5%.

Intensity figure
4.3702

Metric numerator (Gross global combined Scope 1 and 2 emissions)
13,311.5

Metric denominator
full time equivalent (FTE) employee

Metric denominator: Unit total
3,046

Scope 2 figure used

Location-based

% change from previous year

0.1

Direction of change

Decreased

Reason for change

Absolute Scope 1 and Scope 2 emissions decreased 5.10% in 2018 compared to 2017. These reductions were almost fully offset by a 5.05% decrease in the number of full-time employees at owned locations over the same time period.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	2,532.92	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	3.45	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	1.27	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify CFC-12	4.63	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify HCFC-22	356.85	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify R-404a	3.58	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify R-414b	2.47	Other, please specify https://en.wikipedia.org/wiki/List_of_refrigerants

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	2,905.16

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By facility

C7.3b

(C7.3b) Break down your total gross global Scope 1 emissions by business facility.

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
Concord Campus	515.45	43.21694	-71.5545
Ft. Wayne Campus	9.19	41.0742	-85.14
Omaha Campus	648.67	41.26144	-96.0481
Radnor (fleet)	0.58	40.043008	-75.365648
Philadelphia (fleet)	1,386.77	39.874352	-75.217376
Greensboro Campus	344.51	36.07289	-79.7913

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
United States of America	10,406.34	9,901.04	26,156.1	2,001.51

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By facility

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2 location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Omaha Campus	2,689.04	3,324.27
Concord Campus	328.43	328.43
Greensboro Campus	7,328.28	6,187.75
Philadelphia	60.59	60.59

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption				
Other emissions reduction activities	768.41	Decreased	5.48	In 2018, -768.41 mtCO2e were reduced by our emissions reduction projects in our Greensboro location. Our total S1 and S2 emissions in the prior year were 14,027 mtCO2e. This sum differs from our reported 2017 emissions to reflect new information received after the last reporting period. We arrived at -5.48% through (-768.41/14,027).
Divestment				
Acquisitions				
Mergers				

Change in output	351.91	Decreased	2.62	We decreased corporate jet air travel in 2018 by 22%. Our total S1 and S2 emissions for the previous year were 14,027 mt CO2e. We arrived at 2.62% reduction through (-367.22/14,027).
Change in methodology				
Change in boundary				
Change in physical operating conditions	168.6	Increased	1.2	A cold winter and extended building hours in some locations contributed to an increase in natural gas use. We arrived at 1.20% through (168.60/14,027).
Unidentified	3.7	Decreased	0.03	All other sources of emissions combined equated to a decrease in emissions of 3.70 mtCO2e. We arrived at -0.03% through (-3.70/14,027)
Other	239.5	Increased	1.71	In 2018, we increased the use of R-22 at our Concord location due to a refrigerant equipment valve leak and recharge. We arrived at 1.71% increase through (239.50/14,027).

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	11,323.39	11,323.39
Consumption of purchased or acquired electricity		0	26,156.1	26,156.1
Consumption of self-generated non-fuel renewable energy				
Total energy consumption		0	37,479.5	37,479.5

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes

Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)
Diesel

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
1,071.75

MWh fuel consumed for self-generation of electricity
1,071.75

MWh fuel consumed for self-generation of heat
0

Comment

Fuels (excluding feedstocks)
Kerosene

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
0.19

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat

0.19

Comment

Fuels (excluding feedstocks)
Liquefied Petroleum Gas (LPG)

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
1.53

MWh fuel consumed for self-generation of electricity
1.53

MWh fuel consumed for self-generation of heat
0

Comment

Fuels (excluding feedstocks)
Natural Gas

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
4,988.86

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
4,988.86

Comment

Fuels (excluding feedstocks)
Motor Gasoline

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
95

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
95

Comment

Fuels (excluding feedstocks)
Jet Kerosene

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
5,166.07

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
5,166.07

Comment

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor
168.0738

Unit
lb CO2e per 1000 cubic ft3

Emission factor source
WRI

Comment
Pounds per cubic foot

Jet Kerosene

Emission factor
160.7948

Unit
lb CO2e per 1000 cubic ft3

Emission factor source
EPA

Comment
Pounds per cubic foot

Kerosene

Emission factor
158.2392

Unit
lb CO2e per 1000 cubic ft3

Emission factor source
WRI

Comment
Pounds per cubic foot

Liquefied Petroleum Gas (LPG)

Emission factor
97.8505

Unit
lb CO2e per 1000 cubic ft3

Emission factor source
EPA, WRI

Comment
Pounds per cubic foot

Motor Gasoline

Emission factor
146.7827

Unit
lb CO2e per 1000 cubic ft3

Emission factor source
WRI

Comment

Pounds per cubic foot

Natural Gas

Emission factor
401.9

Unit
lb CO2e per MWh

Emission factor source
WRI

Comment

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	1,073.28	1,073.28	0	0
Heat	10,250.11	10,250.11	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor
Grid mix of renewable electricity

Low-carbon technology type
Solar PV
Hydropower

Region of consumption of low-carbon electricity, heat, steam or cooling
North America

MWh consumed associated with low-carbon electricity, heat, steam or cooling

480.63

Emission factor (in units of metric tons CO2e per MWh)

0

Comment

Represents Greensboro only.

Basis for applying a low-carbon emission factor

Grid mix of renewable electricity

Low-carbon technology type

Wind
Hydropower

Region of consumption of low-carbon electricity, heat, steam or cooling

North America

MWh consumed associated with low-carbon electricity, heat, steam or cooling

1,520.89

Emission factor (in units of metric tons CO2e per MWh)

0

Comment

Represents Omaha only.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Energy usage

Metric value

80,771.61

Metric numerator

MWh

Metric denominator (intensity metric only)

% change from previous year

0.54

Direction of change

Increased

Please explain

While energy usage for Scope 1 and Scope 2 sources declined between 2017-2018 (-5.76 and -7.01%, respectively), Scope 3 emissions during this same period increased 7.71% due to the addition of approximately 52,000 square feet of upstream leased office space.

Description

Waste

Metric value

2,355

Metric numerator

U.S. tons

Metric denominator (intensity metric only)

% change from previous year

27

Direction of change

Increased

Please explain

This only includes landfill waste. The increase in landfill numbers in 2018 relates primarily to construction waste from capital projects in Greensboro and Ft. Wayne and an increase in the number of employees.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope
Scope 1

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Moderate assurance

Attach the statement

2019_06_12_LFG_Assurance_Statement_Final.pdf

Page/ section reference
Pages 1-2

Relevant standard
A1000AS

Proportion of reported emissions verified (%)
100

Scope
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Moderate assurance

Attach the statement

2019_06_12_LFG_Assurance_Statement_Final.pdf

Page/ section reference
Pages 1-2

Relevant standard
A1000AS

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope
Scope 3- at least one applicable category

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Attach the statement

2019_06_12_LFG_Assurance_Statement_Final.pdf

Page/section reference
Pages 1-2

Relevant standard
AA1000AS

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?
No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

Starting in 2017, Lincoln added several questions on environmental and social impacts, including questions regarding climate change and GHG emissions goals and projects, to its supplier profile questionnaire. The percentages below are based on the number of suppliers who provided goods and services in 2018.

% of suppliers by number

% total procurement spend (direct and indirect)

60

% Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

Climate change and GHG emission questions were added to our supplier questionnaire as a part of a larger initiative related to Supplier Management in our procurement function. All suppliers are asked to complete these questions as part of our supplier registration process.

Impact of engagement, including measures of success

At this time we are still in the information gathering and assessment stage. As part of this process, and to better frame our supplier expectations, in 2019 Lincoln established a formal Supplier Code of Conduct which included expectations for environmental performance.

Comment

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Trade associations

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

American Council of Life Insurers (ACLI)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

This Association monitors and opines on state, federal and international climate related legislative, regulatory, and policy matters of interest to the insurance industry at the direction of its membership. At the state level, this includes matters such as the National Association of Insurance Commissioners (NAIC) Insurer Climate Risk Survey questions where the focus is on ensuring a uniform process. The ACLI also reports to members on the NAIC committee activities and specific state activity, such as the various California fossil fuel initiatives.

How have you influenced, or are you attempting to influence their position?

Any issues are vetted through the Association's committee process for member company comment and direction, such as the accounting and investment committees. Lincoln representatives serve on these various groups. Policy positions are ultimately set at the ACLI Board level.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

The Senior Vice President, Head of Public Policy also sits on Lincoln's Sustainability Advisory Group. As part of the SVP's responsibility as a member of the Advisory Group, he reviews any substantive decisions regarding sustainability strategy and communications. Additionally, the company has a senior management group that monitors and directs its advocacy on key policy matters.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In voluntary sustainability report

Status

Underway – previous year attached

Attach the document

Lincoln_Financial_Group-CSR_Report-2017 (002).pdf

Page/Section reference

All

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication

In other regulatory filings

Status

Complete

Attach the document

4Q2018 LNC 10-K.pdf

Page/Section reference

Pages 17-32

Content elements

Risks & opportunities

Comment

Publication

In other regulatory filings

Status

Underway – previous year attached

Attach the document

Climate Risk Survey Responses_yearend 2017.pdf

Page/Section reference

All

Content elements

Governance
Strategy
Risks & opportunities

Comment

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Executive Vice President and Chief People, Place and Brand Officer	Other C-Suite Officer

Submit your response

In which language are you submitting your response?

Please confirm below