Assurance statement: AA1000

Trucost was engaged by Lincoln Financial Group to provide assurance of its 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, with 2018 addendum) Type 2 moderate-level assurance, covering:

- Evaluation of adherence to the AA1000APS (2018) Principles of inclusivity, materiality, responsiveness and impact (the Principles)
- The reliability of specified environmental performance information (greenhouse gas emissions)

Trucost used the GHG Protocol to evaluate performance information and adherence to the Principles.

**Scope and limitations**
Trucost was engaged to assure the data and claims in LFG’s 2019 external reporting, encompassing the period of 1 January 2018 – 31 December 2018. Trucost was asked to assure reporting for Scopes 1, 2 and 3 (Category 8, 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.

<table>
<thead>
<tr>
<th>SCOPE</th>
<th>SOURCE</th>
<th>UNIT</th>
<th>QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG Scope 1*</td>
<td>Stationary and mobile combustion</td>
<td>Metric tons CO2e</td>
<td>2,905</td>
</tr>
<tr>
<td>GHG Scope 2</td>
<td>Electricity</td>
<td>Metric tons CO2e</td>
<td>10,406</td>
</tr>
<tr>
<td>GHG Scope 3</td>
<td>Leased assets</td>
<td>Metric tons CO2e</td>
<td>15,802</td>
</tr>
</tbody>
</table>

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

**Methodology**
Trucost assurance methodology included the following steps:

- 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 performance and data collection
- Assessment of the extent to which LFG’s sustainability activities adhere 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

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

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 (SAG) comprised of senior management including the head of facilities for the company’s sustainability management. Other key stakeholders that are identified by LFG are employees, trade associations, shareholders, and customers. The Governance Committee of the Board of Directors has oversight of sustainability, which includes climate change, and provides feedback through the Senior Vice President (SVP) of Corporate Responsibility. The committee evaluates risks/opportunities associated with climate change annually, LFG has established and is implementing a Supplier Code of Conduct for engagement with the suppliers.

Principle: Materiality

LFG has a Sustainability Management System (SMS) which identifies all material issues, risks and opportunities for developing the GHG management plan. In brief, the process of identification includes identifying key material issues through stakeholder engagement, assessing the relative risk/opportunity and then identifying which issues will be addressed as part of a work plan. This formal process occurs every few years. The current work plan was set in 2017 that runs till 2020. However, the progress is reviewed, and work is revised as needed on an annual basis.

LFG manages its GHG emissions inventory using a corporate sustainability reporting software Scope5, and with engagement with an external sustainability consultant Sustrans. LFG reports its carbon footprint, energy usage, waste, and water usage annually in their CSR report.

Principle: Responsiveness

LFG has a robust environmental data monitoring, reporting and engagement processes, as evidenced by its internal and external stakeholder consultation as well as third party assurance of its reported data.

LFG considers all concerns that are raised by its stakeholders 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.

For example, LFG recognises the importance of integrating ESG in its investments and the due diligence process. Such strategic initiatives are informed by stakeholder feedback.

Principle: Impact

LFG has undertaken several energy efficiency initiatives such as LED light retrofitting and improvement in energy management systems that resulted in improved GHG performance for this year. LFG has plans to move some data centres to colocation spaces that use renewable energy.

Currently, LFG has a GHG target for the reduction of Scope 2 (purchased electricity) emissions per employee by 20% by 2020, compared to a 2014 baseline, which is same as last year’s target.

Though LFG does not specifically map to and report on the SDGs, the company has activities impacting positive change that correlate to several of the SDGs.

Findings, conclusions and recommendations

The Principles: Nothing came to Trucost’s attention to suggest that LFG's CDP response and Inventory Management Plan do not adhere to the AA1000AS Principles.

Data Reliability: Trucost did not find evidence to insinuate that the processes and systems to collect and collate data are such that the company’s environmental performance would be erroneously described. All minor corrections were made as necessary.

LFG uses a third party software system Scope5, to collect data and make calculations at an environmental impact level. LFG applied the most up-to-date conversion factors where possible. Trucost assured the raw data based on the invoices that LFG provided.

Trucost recommends that LFG continue to review and update emission factors annually or as available. Trucost also recommends that LFG keep continuing with recording the methodologies in their Inventory Management Plan.

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 2018 that could conflict with the independence of this work. This is the second year that Trucost has assured LFG’s GHG emissions data held within its external reporting documents.

Trucost, part of S&P Global
London, June 2019

Libby Bernick
Global Head of Corporate Business