

Our responsibility for the future—Living Lincoln's legacy



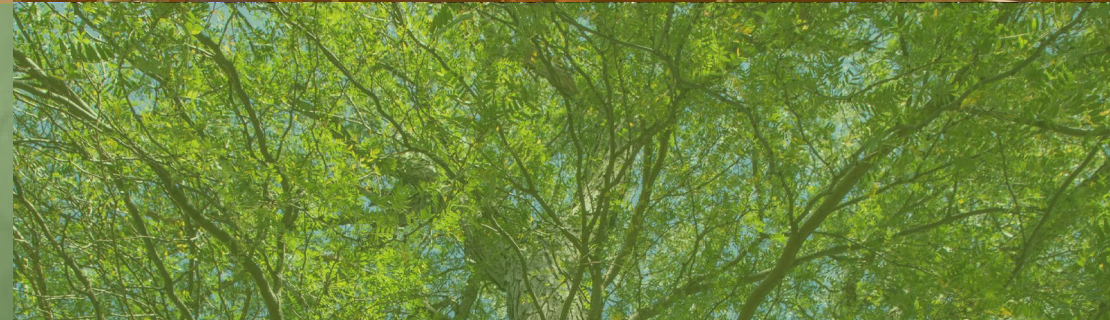
Community



Employees



Environment

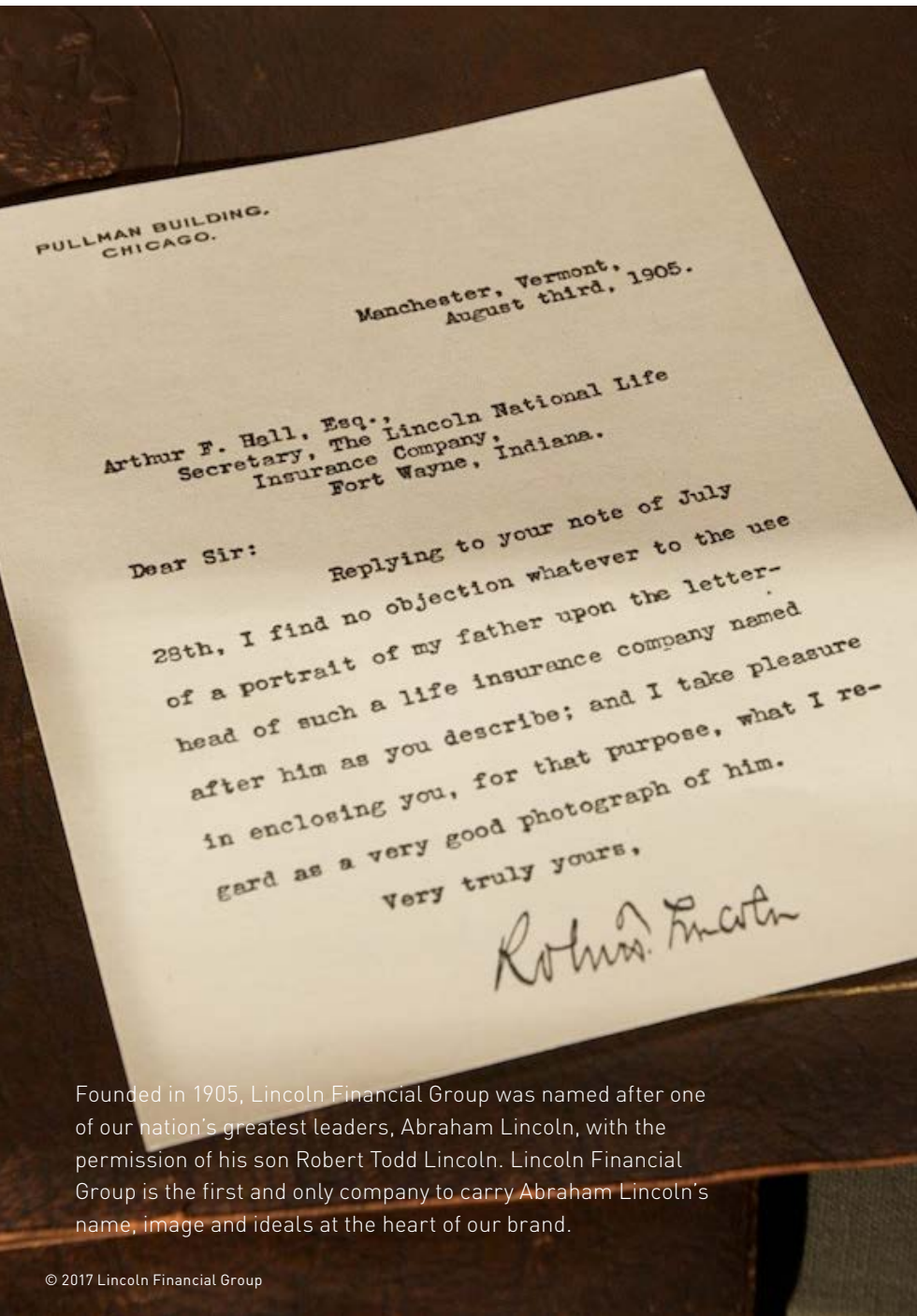


Business



You cannot escape the responsibility of tomorrow by evading it today.

—Abraham Lincoln



Founded in 1905, Lincoln Financial Group was named after one of our nation's greatest leaders, Abraham Lincoln, with the permission of his son Robert Todd Lincoln. Lincoln Financial Group is the first and only company to carry Abraham Lincoln's name, image and ideals at the heart of our brand.

For more than a century, we have advanced President Lincoln's inclusive vision and values by building an honest, dependable financial services company. We're dedicated to helping people secure better, more optimistic futures for themselves and their loved ones.

We honor our heritage as we consider our responsibility to build a future of promise and potential. Each day, we seek to embody Lincoln's strength, courage and integrity. We extend his legacy through our service to our customers, at our workplace and in our communities. In every action, Lincoln Financial is committed to empowering optimism in others. In every relationship, we help people feel in control, confident and well-prepared financially.

In this corporate social responsibility report we share our values and describe the impact we have on our stakeholders, including our customers, employees, investors, the communities in which we operate and the environment we all share.

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# A letter from our CEO

From our company's origins in 1905, we have been committed to serving our customers, our shareholders and our communities. This is reflected not only through offering financial products and solutions designed to meet the needs of individuals and families at every life stage, but also in our commitment to improving the quality of life in the places where we live and work. By empowering our employees to do the right thing every time, we ensure the long-term sustainability of our company and our ability to keep our promises to the people who count on us. We do that by nurturing a culture that encourages learning, embraces diversity, and considers the impact of our actions. I'm proud of the advancements we made in 2016, including the highlights selected for this report.

**Building stronger communities** — I'm extremely proud to lead a company that employs so many women and men who strive to make a positive difference. This past year, Lincoln Financial employees donated more than \$1 million to the United Way and its agencies. Our employees spent thousands of hours in volunteer efforts, and also gave more than \$1 million in gifts to nonprofits, with an equal match from the Lincoln Financial Foundation. And through our Foundation, we distributed \$10 million in corporate charitable contributions in 2016 alone. These contributions support agencies focused on education, art and culture, human services, and economic and workforce development, as they help people better their lives and build strong, vital communities.

**Empowering and engaging employees** — We encourage our employees to leverage their unique talents, skills and experiences for the benefit of our customers and communities. Our values guide our work, and we are committed to fostering a culture of diversity and inclusion. I'm pleased to share that I recently signed the CEO Action for Diversity & Inclusion™ pledge. This affirms Lincoln Financial's ongoing commitment to a work environment where every employee feels welcome and appreciated for who they are and what they bring to our organization. Lincoln Financial values a diverse, inclusive workforce, and we are proud to have received perfect scores and *Best Places to Work* awards in both the 2016 Human Rights Campaign Corporate Equality Index and the 2016 Disability Equality Index.

Our employees across the country are our most important asset and are fundamental to everything we do. Year after year, our employees play a significant role in our locations by working side-by-side with our nonprofit partners as volunteers or board members. Through our employee community programs, we encourage and support our colleagues, who give of their time and money to support local organizations. This dedication to meeting the needs of others is an important part of Lincoln's legacy. It fuels our investment in our employees' well-being across multiple dimensions, including physical, emotional and financial wellness and professional development opportunities through company-sponsored benefits, programs and resources.

*Continued on the next page.*



**Dennis R. Glass**  
President and Chief Executive Officer

# A letter from our CEO

**Protecting our environment** — Lincoln Financial remains committed to understanding, assessing and reducing our energy use over time. We began a concerted, companywide effort to lessen our environmental impact well ahead of the curve and to date we have made great strides. We have redesigned our buildings to increase energy efficiency while, in the case of older structures, preserving their historical integrity. We have also continually upgraded our operating systems, allowing us to cut costs while using fewer natural resources. As a result of these and other environmental efforts, Lincoln Financial has been ranked in the top third of the 2016 Newsweek Green Ranking.

**Responsible business practices** — Lincoln Financial puts integrity, respect and responsibility at the heart of our business practices. After more than 110 years of being guided by Abraham Lincoln's values, it's what our customers and business partners expect of us, and what we demand of ourselves. Our responsible business practices extend from our governance to our risk management and investment approach, which was recognized by EQDerivatives, Inc., in giving Lincoln Financial the 2016 Insurance Risk Management Team of the Year award. These practices also led to Lincoln Financial being included on the FTSE4Good and Dow Jones Sustainability Indices.

Lincoln Financial's sustainable business practices do more than reflect our values; they help drive our success. Our business model has a demonstrated track record of stability and financial strength, and as a Fortune 250 company we play a significant role in the U.S. economy. Our strategy of consistency and sustainability is at the heart of creating value for our customers who depend on us for their families' futures. Looking ahead, we will build on our progress as our corporate social responsibility and sustainability efforts evolve. These important goals, consistent with our commitment to live Lincoln's legacy, are in keeping with the long-term nature of our guarantees and the fundamental nature of our business, namely, that the decisions we make today impact us and the people we serve for decades to come.

I strongly encourage you to read this report and see for yourself how we extend President Lincoln's legacy through our service to our customers, our workplace and our communities.

Sincerely,



Dennis R. Glass  
President and Chief Executive Officer



# About Lincoln Financial

Lincoln Financial Group provides advice and solutions that help empower people to take charge of their financial lives with confidence and optimism.

Our range of solutions across four core business areas—life insurance, annuities, retirement plan services and employee benefits—offers our customers the flexibility and coverage options to take charge of their financial futures.

## Family of companies

At Lincoln Financial, we work together as a single enterprise focused on supporting, preserving and enhancing people's lifestyles and retirement outcomes. Our parent company, Lincoln National Corporation, and its affiliates operate under the marketing name of Lincoln Financial Group.

## Our insurance companies

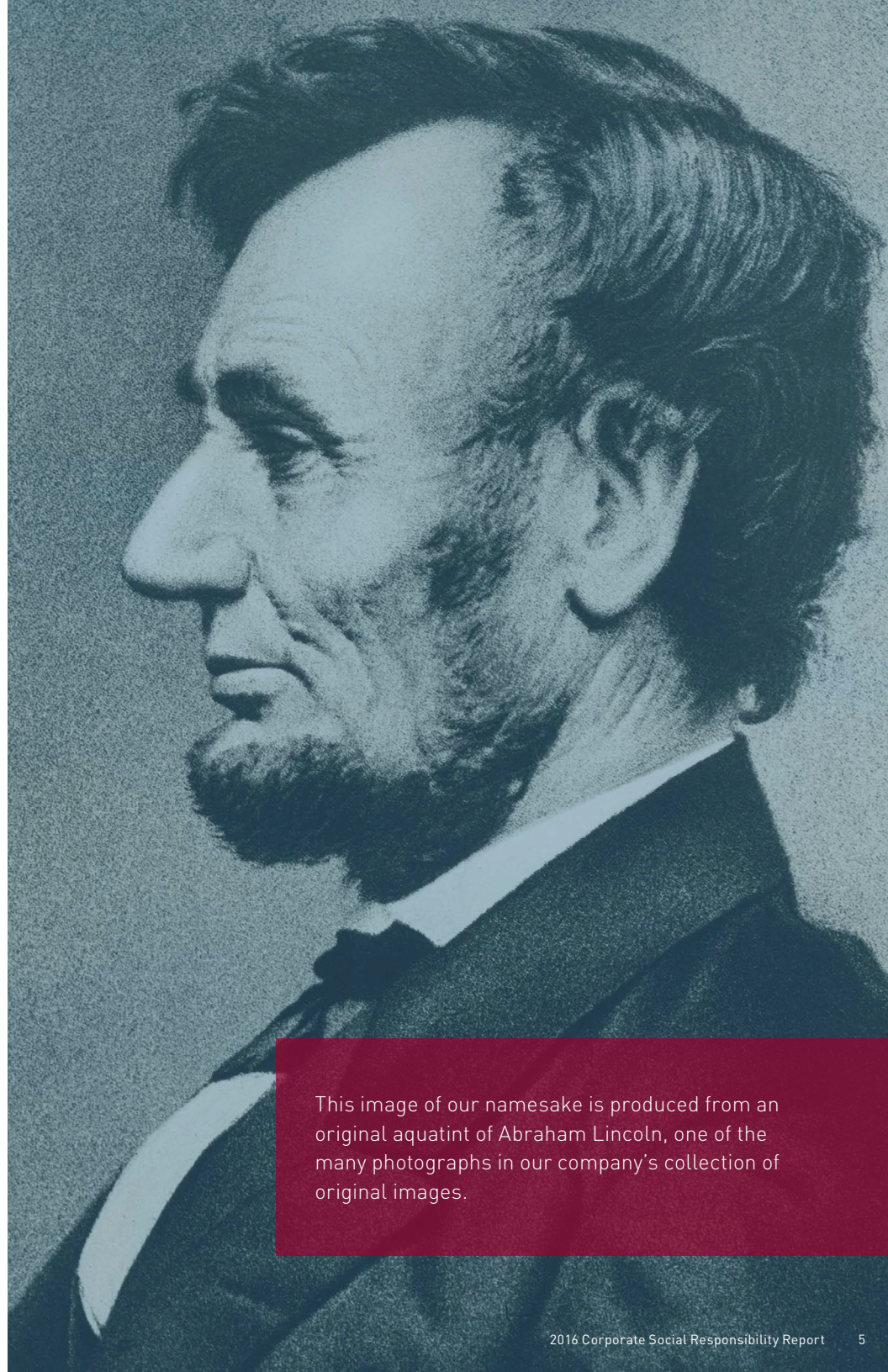
- The Lincoln National Life Insurance Company is one of the oldest and largest stock insurance companies in the United States.
- Lincoln Life & Annuity Company of New York offers additional annuity, retirement planning and insurance products.

## Our affiliates

- Lincoln Financial Distributors is the wholesale distribution organization for providing Lincoln-manufactured variable and fixed annuities, life insurance and investment management products through financial intermediaries.
- Lincoln Financial Advisors offers personalized financial planning services.
- Lincoln Financial Securities Corporation provides long-term financial solutions to individuals and small businesses.
- Lincoln Financial Foundation donates approximately \$10 million each year in charitable contributions.

## Our customers

The financial products and solutions we provide are designed to meet a range of needs so that our customers can focus on enhancing their lives and the lives of those they love.



This image of our namesake is produced from an original aquatint of Abraham Lincoln, one of the many photographs in our company's collection of original images.

# Our focus and scope

## HOW WE MAKE A DIFFERENCE

We proudly embrace Abraham Lincoln's character and legacy as we strive to make a difference in the lives of those we serve.

**A tradition of strength**—With solid industry rankings, broad distribution capabilities and a strong financial foundation, we've been helping people take charge of their futures for more than a century.

**A commitment to corporate responsibility**—We recognize and celebrate good corporate citizenship, promote sustainable business practices and strive to improve the quality of life in our communities.

**Success through diversity and inclusion**—Diversity and inclusion inform our business strategy and drive our success. We empower collaboration, insights and innovation among our partners and employees to reach our fullest potential.



## Lincoln by the numbers\*

### Our financial strength

**\$229 billion** in assets under management

**\$8.8 billion** in total adjusted statutory capital

**\$561 million** in cash and invested cash at the holding company

**#205** on the 2016 Fortune 500 list (by revenue)



\*All data are as of December 31, 2016, unless otherwise noted.

### Our community presence

#### Offices in:

Atlanta, GA  
Concord, NH  
Ft. Wayne, IN  
Greensboro, NC  
Hartford, CT  
Omaha, NE  
Philadelphia, PA  
Radnor, PA  
Rolling Meadows, IL

**1,225**  
planners and agents

### The lives we touch

**1.4 million** participants in our employer-sponsored retirement plans

**1.8 million** life insurance policies in-force

**1.7 million** individual annuity transactions processed

**4.4 million** employed Americans insured through our group benefits business

### Protecting our environment



Reduced electricity use across our Greensboro campus by **7.11%** since **2014**

Reduced Scope 2 greenhouse gas emissions intensity per employee by **6.57%** since **2014**

Achieved U.S. EPA ENERGY STAR rating for **73% of eligible buildings**

### Empowering and engaging employees



Achieved a perfect score and named **“Best Places to Work for LGBT Equality”** in the 2016 Human Rights Campaign Corporate Equality Index

Achieved a perfect score and named **“Best Place to Work”** by the 2016 Disability Equality Index

### Building stronger communities



**\$10 million** in charitable contributions to communities

**\$1+ million donated** by employees to United Way

**\$1+ million contributed** by Lincoln Financial to match employee giving

### Good corporate citizenship is intrinsic to our success.

We are committed to improving the quality of life in our communities, empowering people to achieve better lives, and investing in sustainable business practices.

Through charitable contributions to nonprofit organizations, we help people improve their lives and contribute to strong, vibrant communities.

We encourage our employees to share their time and talents with the communities in which they live and work.

We strive to reduce our negative impact on the environment and to ensure that we do business in an ethical and responsible manner.

### Responsible business practices



Listed on the FTSE4Good Index for **11 consecutive years**

Listed on the Dow Jones Sustainability Index North America in **2016**

Paid **\$7.3 billion** in interest and benefits helping people achieve financial security

Our deep connection to the places where we live and do business is intrinsic to our values and success. We're committed to helping people better their lives and to building strong, vital communities.



**THE POWER OF PHILANTHROPY**

Founded in 1962, the [Lincoln Financial Foundation](#) dedicates significant resources each year to local organizations that help people of all ages and backgrounds build better futures for themselves and their families. We focus our efforts in our key cities, those communities in which we have a significant business presence. People achieve better lives every day with the help of more than 300 nonprofits we support.

**FOUR IMPACT AREAS**



Education



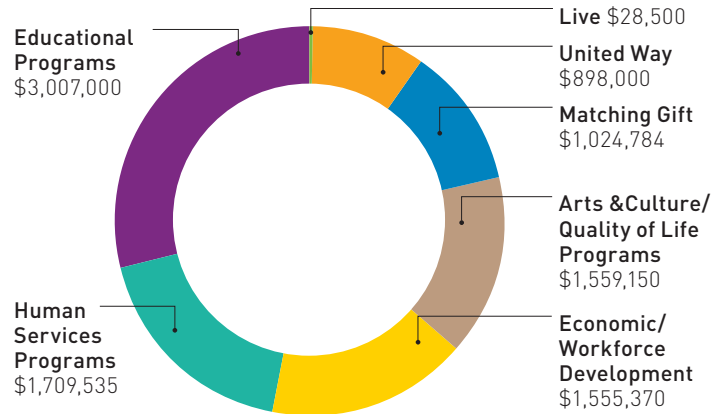
Arts and culture



Human services



Economic and workforce development



**Employee giving and matching grants**

Lincoln Financial employees participated in workplace giving during 2016 that totaled more than \$1 million for United Way agencies in the communities where employees live. These employee contributions are in addition to United Way grants given by the Foundation. In 2016, the Foundation also matched 1,487 employee gifts to nonprofits for a total of \$1,024,784.



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**2016 CORPORATE SOCIAL RESPONSIBILITY IN ACTION**

\$10 million in total corporate charitable contributions to communities

\$1+ million donated by employees to United Way

\$1+ million contributed by Lincoln Financial to match employee giving



**Our approach to giving**

Lincoln Financial's approach to giving is local, measurable and focused on making a lasting contribution to our communities. It is guided by data and harnesses the enthusiasm and expertise of our employees.

**Community focused** — The Foundation's approach to local philanthropic giving reflects Lincoln Financial's strong connection to our communities. Recognizing that the employees in our affiliate offices can best determine the needs of their respective communities, we established local Charitable Contribution Committees in our primary business locations. These committees review grant proposals and award grants to the nonprofit organizations that they determine will make the most significant impact on their communities.

[Learn more about our community giving.](#)

**Data driven** — Each decision to award a grant is based on a deep understanding of a community's needs and a thorough analysis of a nonprofit's ability to provide quality programs that deliver measurable outcomes.

Our rigorous evaluation of grantees enables us to identify those which we believe are most effective in delivering results. The Foundation relies on metrics to benchmark outcomes and inform decision making.

**Employee supported** — Employee volunteering is integral to our support for communities. The nonprofit organizations that receive grants from the Foundation are also often supported extensively by the volunteer efforts and expertise of our employees, many of whom serve in leadership roles on nonprofit boards. [Read more about employee volunteerism.](#)

**IN THIS CHAPTER**THE POWER OF  
PHILANTHROPY**IMPACT AREAS**CELEBRATING  
LINCOLN'S LEGACYImpact area: **Education**

We want children to reach their greatest potential. We support educational programs that impact academic achievement so that students are successful during each phase of their education and graduate from high school with the knowledge and skills they need to live full and productive lives.

**129 charitable contributions totaling more than \$3 million**

**Equipping kids with basic money management skills**

**Junior Achievement (JA)** prepares young people for bright, economically independent futures by equipping them with practical money management skills such as balancing a checkbook and managing a credit card. Each year, hundreds of employees from various Lincoln Financial offices participate in programs such as JA in a Day for kindergartners through eighth-graders. In Fort Wayne, IN, our employees present *JA Biztown*®, a fully interactive simulated town for fifth- and sixth-graders. High school students learn about financial issues such as incomes, budgets, personal and family expenses, and saving through the *JA Lincoln Finance Park*® program and the immersive, day-long, on-site Lincoln Finance Park experience.

**Putting young people on the path to great futures**

With its commitment to helping students achieve success, build character and live healthy lives the **Boys & Girls Club's** mission aligns with our own goals for youth education. Programs such as Readers to Leaders focus on economically disadvantaged seven- and eight-year-

olds, and the Literacy Initiative utilizes a multisensory approach to improve reading skills of low-performing kindergarten through fourth-grade students. Older students benefit from Power Hour tutoring and homework assistance and Project Learn after-school and summer programming.

**Helping young people achieve more**

We support **Teach For America's** efforts to improve the quality of education in underserved communities. Since 2010, Lincoln Financial has provided more than \$2 million to Teach For America's work to introduce at-risk school children to the STEM (science, technology, engineering and math) skills that are increasingly important for success today. In 2016 alone, more than 95 employees corresponded with ninth grade students through our Teach For America pen pal program, sending handwritten notes each month. Through these letter exchanges, students practice writing skills and forge relationships with professional role models.

**IN THIS CHAPTER**THE POWER OF  
PHILANTHROPY**IMPACT AREAS**CELEBRATING  
LINCOLN'S LEGACY**A caring presence in the classroom**

For more than a decade, Lincoln Financial has funded **City Year**, an AmeriCorps program focused on boosting student achievement by placing a diverse group of young role models in classrooms. Working alongside teachers, these dynamic young people cultivate supportive relationships with students. Lincoln Financial grants support City Year corps members in high-need schools in Philadelphia and New Hampshire. In the Manchester, NH school system, 70 City Year corps members serve full-time, working to improve school attendance, behavior and coursework performance in that state's most under-resourced elementary schools.



**Sharing the magic of theater**

**Fort Wayne Civic Theatre** (pictured below) also entertains, educates and enriches the community by making live theatre experiences available to diverse audiences. The Civic Theatre partnered with the AWS Foundation, which serves children and adults with enduring intellectual, developmental and physical disabilities to develop Project Lights Up, special performances for individuals with autism and sensory issues. The Civic Theatre works with hands-on education facility Science Central and local businesses to present Operation Science Theatre, offering tickets for veterans and active duty military personnel.

**Opening doors to childhood creativity**

Third- through fifth-graders in economically disadvantaged schools across the Philadelphia region experience theater both in their own classrooms and in a theater setting, thanks to the Arden for All program of **Arden Theatre**. Students in partner classrooms attend productions on stage at the Arden and also enjoy in-classroom lessons taught by Arden Teaching Artists, connecting the theater experience to the state's core curriculum.

**Inspiring and connecting people**

For more than 50 years, **ArtsGreensboro** has harnessed the transformative power of the arts to educate, inspire and connect people. Arts Greensboro opens the arts to ethnically diverse and low-income people and promotes arts education. It also drives economic activity and access to the arts through opportunities such as its recent successful bid to host the National Folk Festival from 2015 through 2017. This free, three-day event draws from 100,000 to 175,000 people and generates an annual economic impact in the host community of up to \$30 million.

**IN THIS CHAPTER**THE POWER OF  
PHILANTHROPY**IMPACT AREAS**CELEBRATING  
LINCOLN'S LEGACY**Impact area: Arts and culture**

Arts education and cultural activities are not only catalysts for learning; they foster creativity and confidence in children that can have positive impact in the classroom and beyond. Performances, exhibitions and hands-on arts projects bridge our differences and draw us together, inspiring our children and strengthening our communities.

**110 charitable totaling nearly \$1.6 million**

**Combating childhood hunger**

Many children and adults in the Guilford region lack reliable access to affordable, nutritious food, making it one of the most food insecure regions in the nation. **Out of the Garden**

**Project** combats childhood hunger through multiple programs including Operation Backpack, which provides 1350 children in nearly 60 schools with enough food for two family meals per weekend. Out of the Garden project also operates 21 Fresh Mobile Market each month in neighborhoods where there are no grocery stores. Most recently, it opened a food reclamation center and a shared-used kitchen and provides summer meals on Fridays in partnership with the Guilford County

School Nutrition Department when summer feeding sites are not open. They distributed 1.7 million meals to children and families in need in 2016.

**The path to independence**

**Siena/Francis House** is Nebraska's largest homeless shelter. Its emergency shelter program cares for the poorest members of Omaha's community and helps get them back on the path to independence. Its comprehensive outreach includes permanent supportive housing, employment training, re-housing, reintegration services and a daytime shelter.

**Transitioning to self-sufficiency**

**Vincent Village** in Fort Wayne helps homeless families grow stronger and become independent, productive community members. Through a strategic, long-term approach, Vincent Village provides a range of services and subsidized housing to help families gradually transition from shelters to permanent housing and jobs. Over a five-year period, case managers work with clients to elevate their wages, improve their financial decision-making and eventually pay market-rate rent.

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LINCOLN'S LEGACY**Impact area: Human services**

We believe that basic access to food and housing is fundamental to a community's well-being. We are committed to helping our neighbors meet their needs for food, housing and independent living.

101 charitable contributions totaling more than \$1.7 million



**Promoting well-being and connectedness**

Studies show that trails and greenways have a well-established record of stimulating economic development and community engagement. That's one reason Lincoln supported the **Downtown Greenway** (pictured below), a planned four-mile urban biking and walking trail. To date, the project has triggered over \$215 million in private economic development through completed and planned projects adjacent to the Downtown Greenway, which has also spurred an annual run and the establishment of a bike share program.

**Training for a living wage**

Through training for living wage jobs, the highly successful Nurse Assistant Training Program offered by the **American Red Cross New Hampshire** forges a pathway to financial stability. The eight-week training program prepares students for Licensed Nurse Assistant (LNA) positions, which offer sustainable, competitive employment. Ninety percent of students earn their LNA state certification, and 85 percent obtain a paid position within 90 days of graduation.

**Finding a future in food services**

Since 2008, the Recipe for Success Culinary Job Training program run by the **New Hampshire Food Bank** has graduated more than 492 students with the skills and experience needed to obtain employment in the food services industry. Students develop their skills in part by preparing 2,600–3,000 meals each week, which are distributed to local hunger relief agencies.

**IN THIS CHAPTER**THE POWER OF  
PHILANTHROPY**IMPACT AREAS**CELEBRATING  
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We support initiatives that attract economic development, create jobs and equip workers with the skills needed for the jobs of the future. Communities thrive when individuals have the capacity to earn a living that will support themselves and their families.

***Pictured: Gateway of the Open Book  
by Brower Hatcher***



**Lincoln sculptures promote riverfront renewal**

The Lincoln Financial Sculpture Walk along the Connecticut River uses art to breathe life into downtown Hartford. The popular mile-long walk features 16 sculptures that celebrate Abraham Lincoln's legacy, values and life experiences. With underwriting from Lincoln Financial, the Greater Hartford Arts Council, and Riverfront Recapture, Inc., the sculpture walk has contributed to the economic revitalization of the state capitol. Each year Riverfront Recapture events and programs draw more than 625,000 people.

In 2016, Lincoln Financial enhanced visitors' experience of the sculpture walk by underwriting a self-guided mobile tour narrated by Doris Kearns Goodwin, Pulitzer Prize-winning author and Lincoln biographer.

[Access the mobile tour.](#)

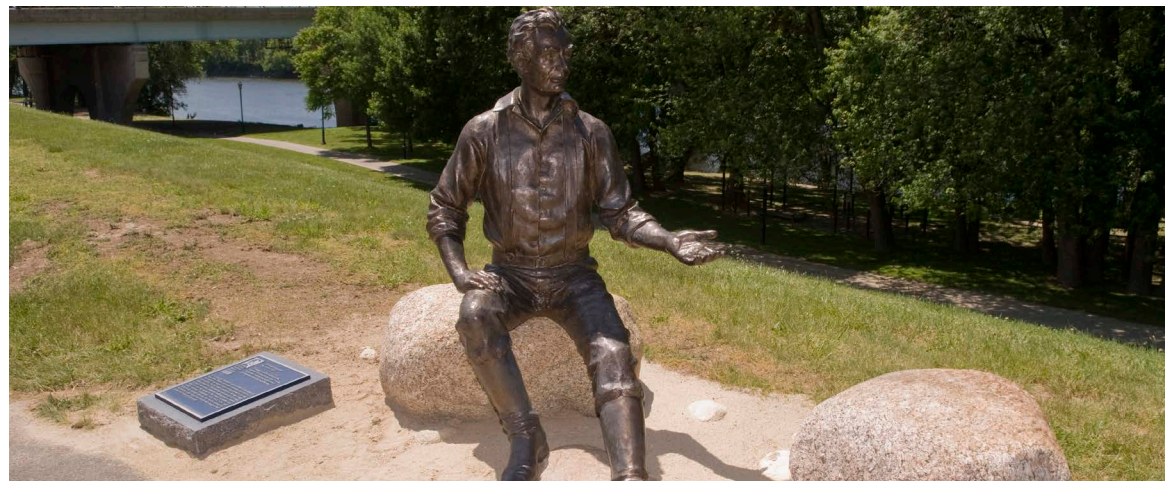


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CELEBRATING LINCOLN'S LEGACY



Our celebration of freedom and civil rights is inspiring young people to hold fast to Lincoln's ideals.

### CELEBRATING LINCOLN'S LEGACY

When Lincoln Financial adopted President Abraham Lincoln's name, we also adopted his ideals of freedom, equality and opportunity. To preserve and promote his legacy for generations to come, we launched Lincoln's Legacy, a three-year celebration of the 150th anniversaries of signing of the Emancipation Proclamation and the 13th Amendment.

Oral history interviews were conducted with influential people who overcame significant odds to achieve great things in their lives. [Listen to the oral histories.](#)

We presented education awards to nonprofit organizations whose principles and programs advance Abraham Lincoln's legacy of freedom and opportunity through education. [Learn more about the award winners.](#)

Exhibitions showcased an original 1864 signed copy of the Emancipation Proclamation at the National Urban League's annual meeting in Philadelphia, and at the Greensboro Historical Museum for that city's sesquicentennial celebration. [Read about the exhibits.](#)


[Listen to Lincoln Financial employees recite the Emancipation Proclamation.](#)

### Voices of civil rights champions

Our Lincoln's Legacy initiative concluded in 2016 with the release of the recording "We Stood Up: Reflections on the Civil Rights Movement." This powerful audio anthology features conversations with courageous men and women such as John Lewis, Andrew Young, Shirley Franklin, Julian Bond and Franklin McCain who championed civil rights. Lincoln Financial produced the recording and an accompanying curriculum to inspire the hopes and dreams of children across the country. Through stories and songs, the ideals of freedom, opportunity and equality are brought to life for a new generation.

**"We Stood Up" Audio Anthology**

A curriculum to educate and inspire



WE STOOD UP

REFLECTIONS ON THE CIVIL RIGHTS MOVEMENT

[Learn more](#) about "We Stood Up."

[Download](#) the album for free.

[Watch](#) a trailer about the album.

[Read](#) about the album and curriculum.

[Watch an interview with](#) civil rights advocate Dr. Franklin McCain, Sr.

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**CELEBRATING  
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**Our Lincoln's Legacy initiative featured activities and programs to inform and engage people on the topics of freedom, opportunity and equality.**

*Dr. Franklin McCain, Sr. and Taylor McCain,  
International Civil Rights Center  
and Museum*



# 2

## EMPOWERING AND ENGAGING EMPLOYEES

We are committed to creating a workplace and culture in which our employees are encouraged and supported to work for a brighter future for themselves, for our customers and for our communities.

### EMPOWERING EMPLOYEES

Corporate responsibility extends to how we treat our employees. We value a diverse, inclusive workforce and provide benefits and programs to empower employees to take charge of their health, financial future and career, and maintain a healthy work-life balance.

#### Employee health and well-being

We make a serious investment in our employees' futures through a broad range of physical and emotional health and wellness programs as well as wealth accumulation and protection plans. These benefits and programs are designed to empower employees to take charge of their financial future, health and career — while maintaining a fulfilling and balanced life.

Our employees receive a personalized *Your Total Rewards* statement that provides a comprehensive look at their direct and indirect compensation — the total investment that we make in them as an employee. Highlighted below are some of the many programs we offer to our employees.



#### Physical well-being

We offer comprehensive health and wellness benefits, including a medical plan with domestic partner eligibility, plus optional dental and vision, Health Savings Account (HSA) and healthcare flexible spending accounts.

Our health and welfare benefit plans cover in-network preventive care and our wellness program provides access to personal health coaches, on-site health screenings and flu shots, discounts on Weight Watchers memberships and reimbursements for gym memberships.

We introduced a PreventT2 diabetes prevention program in our Greensboro office in 2015 and expanded it to our Ft. Wayne office in 2016.

#### Social well-being

Social well-being contributes significantly to employee success and satisfaction. That's one reason we offer a range of support options to help our people cope with everyday issues as well as crisis situations.

Through our Employee Assistance Program, employees can get support for concerns such as stress management, marital and couples counseling, family and parenting issues, and referrals for dependent care and elder care services.

Lincoln Financial offers eligible employees paid parental leave and adoption assistance programs.

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WORKPLACE CULTURE

#### 2016 CORPORATE SOCIAL RESPONSIBILITY IN ACTION

Achieved a perfect score and named a "Best Places to Work for LGBT Equality" in the 2016 Human Rights Campaign Corporate Equality Index

Achieved a perfect score and named a "Best Place to Work" by the 2016 Disability Equality Index



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## EMPOWERING AND ENGAGING EMPLOYEES

### Financial well-being

We offer programs which enable our employees to take charge of their financial future. Our employees can plan and save to have the financial flexibility to meet their retirement goals and prepare for the unexpected.

Eligible employees can protect their income with company-provided life insurance, short- and long-term disability plans and savings account programs including a 401(k) plan with a company match and other convenient features.

Our employees also have access to Lincoln Retirement Consultants for one-on-one consultations to evaluate their retirement readiness.

### Training and professional development

Our vision is to foster a premier learning culture — one that accelerates employee development and is a catalyst for Lincoln Financial’s business performance. To build a best-in-class learning culture, we focus on three critical areas:

#### Effectiveness

Offering the right type of development

#### Efficiency

Offering the right amount of learning

#### Experience

Creating an employee experience around learning

Career development is a collaborative process between Lincoln Financial employees and their managers, backed by a wealth of resources to help them reach their potential. Our employees have access to a range of learning and development opportunities through our Leadership Excellence and Development program which includes instructor-led courses, e-learning, tuition assistance and more. Our Career Framework provides employees with tools and resources to help them discover, assess, plan and invest in their career at Lincoln Financial.

[Learn more about the ways Lincoln Financial empowers our employees.](#)

Nearly 100,000 hours of in-house compliance, leadership and management training provided to employees in 2016



### DIVERSITY & INCLUSION

Our commitment to [diversity & inclusion](#) creates a vibrant work culture that upends conventional thinking, drives innovation, and helps our employees, customers and community members lead greater lives. It is critical to our ultimate success.

**Business unit diversity teams** — Teams of employees execute on the priorities stated in their respective business unit’s diversity & inclusion plan.

**Diverse professional organizations** — Employees engage with external organizations that align with our industry and talent needs to help Lincoln define, pursue and execute recruitment and business opportunities.

**Multicultural awareness committees** — Committees of employees in each of our locations take the lead to plan, communicate and educate our population to celebrate cultural awareness.

**Constituency leadership group** — Employees in many of our locations come together to offer professional development and volunteer opportunities across diverse groups.

**Business resource groups** — Employees contribute to our workplace, marketplace and community by lending their perspective to delivering culturally-relevant recommendations for outreach to the constituencies they represent. Lincoln Financial’s six business resource groups are open to all employees and support our efforts among women, people with disabilities and African-Americans, as well as the Latino, Asian and LGBTQ communities.

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## EMPOWERING AND ENGAGING EMPLOYEES

### Driving business results

Our employees' unique backgrounds and skills positively impact the company as a whole and are essential to meeting and exceeding our company goals. By representing the diverse markets we serve, we can better understand and meet their needs.

### Women of excellence

Fifteen registered representatives of Lincoln Financial Network qualified for the Women in Insurance & Financial Services' 2016 Circle of Excellence. All are members of The WISE Group (Women Inspiring, Supporting, and Educating), Lincoln's business resource group for female financial advisors and clients.

### Leadership accountability

In addition to extensive employee participation, our diversity & inclusion approach is characterized by leadership involvement and accountability. We believe that this differentiates our efforts and helps produce tangible results.

These expectations are embedded in business plans, processes and performance assessment.

**Diversity council** — Executive and senior leaders ensure that diversity & inclusion remains a business priority for the organization and is aligned to their respective divisional goals.

**Business unit operational plans** — Each member of our senior management committee has diversity & inclusion business plans customized to areas of opportunity for their employee, marketplace and philanthropic priorities.

**Board of Directors support** — Lincoln Financial's Board of Directors provides executive reviews of stated priorities, progress and strategic plans for diversity & inclusion for the enterprise.

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# 2

## EMPOWERING AND ENGAGING EMPLOYEES

### Lincoln twice recognized as a “Best Place to Work”

Our commitment to and support for human rights has earned Lincoln Financial a score of 100 percent on the Human Rights Campaign’s Corporate Equality Index, an annual scorecard on LGBT workplace equality. We are honored to be included on the Corporate Equality Index for the fifth consecutive year and to have attained a perfect score. This award recognizes Lincoln Financial’s many LGBT-related practices and policies, such as our Non-Discrimination/Equal Employment Opportunity Policy, insurance products and financial service offerings tailored for the LGBT community, spousal and partner benefits, transgender-inclusive benefits and our organizational LGBT competency.

We achieved a perfect score of 100 percent and the honor of “Best Places to Work” for our commitment to creating a welcoming, inclusive work environment for people with disabilities by the 2016 Disability Equality Index (DEI). This award recognizes Lincoln Financial’s practices which promote equal opportunity employment, embrace diversity and encourage people with disabilities to be themselves, and our comprehensive policies to assist people with disabilities.

[View our other awards and recognitions.](#)



### Accelerating diversity in the actuarial profession

Lincoln Financial supports the International Association of Black Actuaries by introducing young people to careers as actuaries and promoting diversity in the profession. In 2016, our Hartford, Greensboro and Fort Wayne offices hosted the third annual Actuarial Case Competition for high school students and provided a summer internship for one student from each of the participating schools.



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## EMPOWERING AND ENGAGING EMPLOYEES

### ENGAGING EMPLOYEES

Research indicates that engaged employees are committed and motivated to contribute their best each day. In fact, engaged employees are a critical factor in Lincoln Financial's continued business success. In 2016 we repeated our employee engagement survey, giving our people the opportunity to share their views on what it's like to work at Lincoln Financial.

We were pleased that once again our overall engagement index exceeded the survey company's industry benchmark. The survey revealed an exceptional level of pride in

the service we provide to customers, in our philanthropic and community efforts, and in the value that Lincoln Financial places on diversity & inclusion.

Working together, we continue to make Lincoln Financial a place where our employees are proud and excited to work and grow professionally, while making a difference in the lives of our clients.

### Helping communities thrive

Lincoln Financial employees play a significant role in our locations as they work side-by-side with our nonprofit partners as volunteers or board members. In our major locations, Lincoln Financial organizes volunteer activities, from cleanup days in parks and schools to food and clothing drives, mentoring students and building homes. In 2016, our employees contributed thousands of volunteer hours in their local communities.

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**Proper vision is essential to academic success. That's why since 2011 Lincoln has provided financial and volunteer support for the Philadelphia Eagles Eye Mobile and Eagles Glasses Lab, which provides underserved and underinsured children with vision care. Through annual screenings, children receive eye exams, prescription eyeglasses and follow-up care from an ophthalmologist, all at no cost to them or their families.**

In 2016, Lincoln Financial volunteers screened more than 1,260 students in nine schools over 10 days, which helped identify 240 children who needed additional vision care. The Eagles Eye Mobile provided a total of 2,528 eye exams, including those students initially identified by the volunteer screenings. Immediately after the eye exam, students that need vision correction are provided with glasses from the Eagles Glasses Lab, which makes and dispenses the eyewear on location.



# 2

## EMPOWERING AND ENGAGING EMPLOYEES

### Sharing our skills

Our employees apply a wide range of professional expertise and skills to address community needs. Lincoln Financial attorneys, actuaries, IT specialists, human resources professionals, financial advisors and many others provide support to nonprofit organizations and work directly with the people served by the groups we fund. By volunteering their skills in law, predictive analysis, computer coding, career development, financial management and other areas, our employees help people build brighter futures.

**Encouraging kids to code** — Through our innovative codeLinc event, college and high school students hone their computer coding skills while competing to develop working prototype solutions that benefit nonprofit agencies. In 2016, more than 50 students from the Greensboro, NC, area, competed to create a technology solution for Junior Achievement (JA) of the Triad, a nonprofit focused on preparing students to compete in the

global economy. A team of 40 Lincoln Financial employees including IT specialists organized the competition, guided students and judged the entries. Lincoln Financial is now working with the winning team to turn its prototype into a fully-functional technology solution for JA.

### Giving back through the United Way

Since our founding, Lincoln Financial has promoted the spirit and value of giving back. We have increased awareness of local agencies and demonstrated what people working together can accomplish.

This is particularly evident in our employees' financial and volunteer support for United Way. During the annual United Way Days of Caring, hundreds of employees across the company's six key cities volunteer their time at local nonprofit agencies. In 2016, our employees donated more than \$1 million to United Way and its partner agencies.

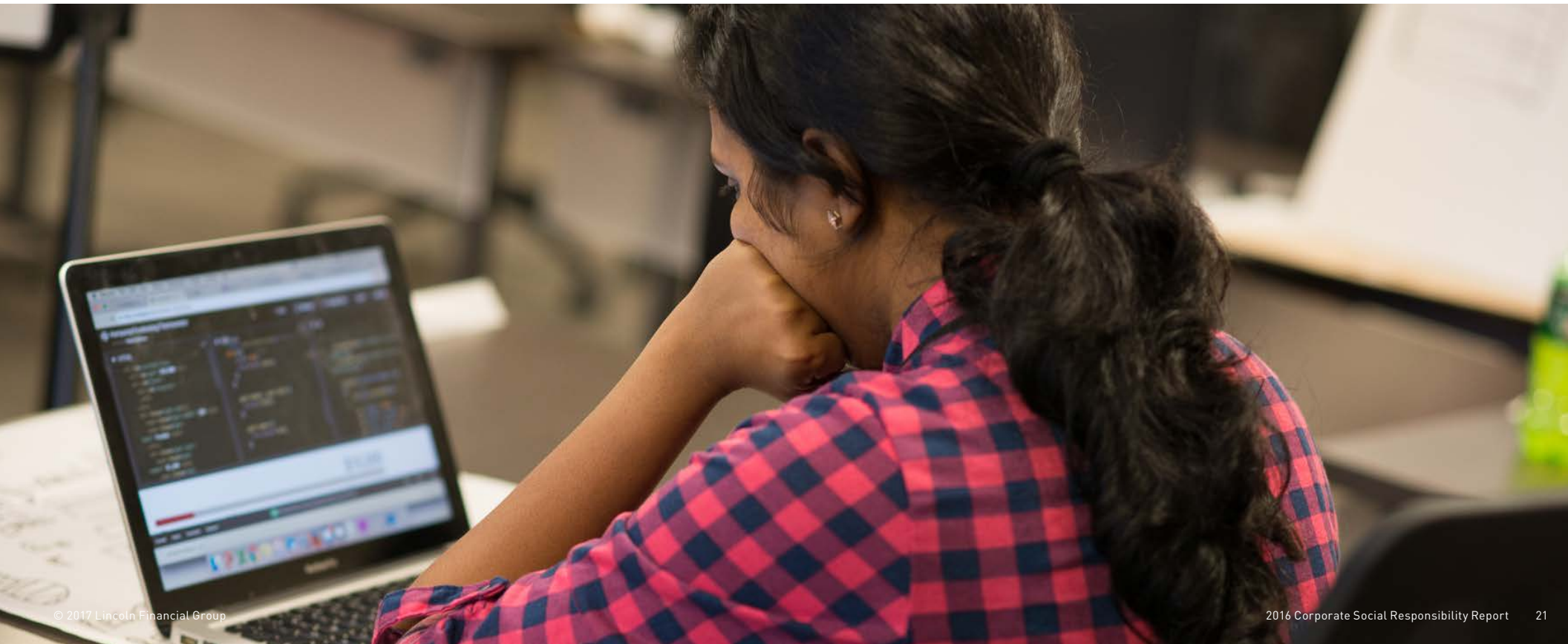
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## WORKPLACE CULTURE

### Human rights and labor practices

Lincoln Financial's commitment to upholding human rights is embedded in our company culture. Our policies, practices and community programs reflect our belief that all people should be treated with respect and dignity. We strive to exemplify this belief throughout all of our relationships — every employee interaction, partner relationship and customer engagement.

We strive to provide a safe, inclusive and respectful workplace for our employees. At Lincoln Financial, every employee is respected, valued, accepted and rewarded according to his or her contribution to the attainment of the Company's goals and objectives.

We conduct business in a manner consistent with the principles expressed in the Universal Declaration of Human Rights. Our respect for these principles is demonstrated by our ongoing support for diversity & inclusion in our workforce, as reflected in our Code of Conduct and the practices described in this corporate social responsibility report. They are also reflected in our efforts to improve the lives and well-being of the individuals in the communities where we live and work in the areas of education and human services.\*

[View our Code of Conduct.](#)

### Providing equal opportunity

We are firmly committed to Equal Employment Opportunity and advancement for racial and ethnic minorities, women, individuals with disabilities, veterans and any other group protected by federal, state or local law. We also strive to accommodate qualified individuals with disabilities to enable them to perform the essential functions of their jobs.

We prohibit all forms of discrimination and harassment, and are fully committed to diversity in the workplace. Our requirements and expectations regarding fair employment are clearly outlined in our

Code of Conduct and are included in our training for all employees. We believe that diversity & inclusion strengthens our organizational culture, helps us to attract the best and brightest talent, and creates a rewarding, vibrant work experience for all.

Lincoln Financial is also committed to diversity in our supplier base. We collaborate with a number of minority supplier networks to help us identify potential suppliers from various minority- and women-owned businesses.

[Learn how Lincoln Financial is expanding supplier diversity.](#)

### Work-life balance and flexible work schedules

Time away from work provides positive options that support work-life balance. Lincoln Financial believes that taking time off from work is important for employees to maintain health and well-being. Lincoln Financial also recognizes that a different work schedule may make it easier for an employee to meet their family and personal needs as well as work responsibilities. To help employees manage these sometimes-competing demands, we offer a Flexible Work Arrangement Policy.

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\* Lincoln Financial is also committed to complying with all labor laws in all of the jurisdictions in which we operate. These laws include, but are not limited to, Title VII of the Civil Rights Act of 1964, the Family and Medical Leave Act, the Americans with Disabilities Act and the Fair Labor Standards Act.

# 3

## CARING FOR THE ENVIRONMENT

As the first U.S. president to designate land for public use and preservation, our namesake Abraham Lincoln was a pioneer in conserving our nation's natural resources. We follow his example in our work to manage our environmental impacts.

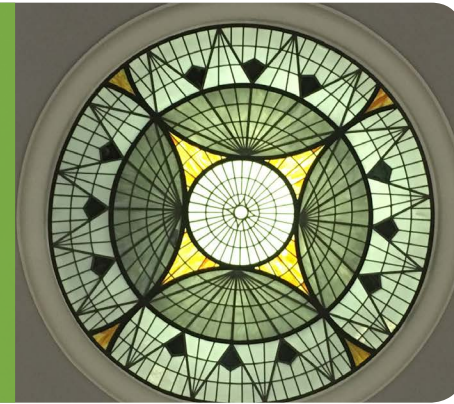


### MANAGING OUR IMPACT

Lincoln Financial has been, and will continue to be, committed to understanding, assessing and reducing our energy use over time. Long before energy efficiency measures were reported in corporate responsibility reports, we were engaging in cutting-edge measures to reduce the energy we consume in our buildings.

Our first, large scale, centralized and automated energy management system was installed in 1972. From that point forward, we have focused on reducing our energy use and related expenses through a variety of systems, processes, construction techniques, engineering principles, technology and best practices. In this way, our energy efficiency measures have been mitigating our impact on climate change for decades.

**A top green company**  
Lincoln was named a Top Green Company by *Newsweek* and ranked in the top third among companies assessed for the 2016 *Newsweek* Green Rankings.



### Our environmental goals

In every aspect of our business, Lincoln Financial works to ensure that we meet the long-term needs of our policyholders, shareholders, employees and communities. This commitment to create a brighter future inspires us to set strategies and goals that are focused on the long-term. Even our actions related to the environment are focused on ensuring the ongoing health of our organization, so that we can deliver on all our promises. We have set and are working toward three measurable, time-bound goals that address our areas of greatest impact.

**Social**  
A healthier workplace for our employees

**Environmental**  
Reduced use of energy and natural resources; reduced emissions

**Economic**  
Reduced operational costs

### How we benefit people, the environment and our business

As Lincoln Financial works to achieve our goals of reducing energy use, lowering emissions and increasing building efficiency, we generate tangible social, environmental and economic benefits.

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### 2016 CORPORATE SOCIAL RESPONSIBILITY IN ACTION\*

Reduced electricity use across our Greensboro campus by 7.11% since 2014

Reduced Scope 2 greenhouse gas emissions intensity per employee by 6.57% since 2014

Achieved U.S. EPA ENERGY STAR rating for 73% of eligible buildings

\* All data as of Dec. 31, 2016.

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## CARING FOR THE ENVIRONMENT

In 2015, Lincoln Financial began a major renovation of our largest owned property located on the three-building campus in downtown Greensboro, NC. This campus is composed of the Greene Building (1990), Friendly Building (1974), and Elm Building (1922), also known as the Jefferson Standard Building, a local landmark listed on the National Register of Historic Places.

This five-year project will completely transform 270,962 square feet of office space in the historic Elm Building. The new infrastructure and state-of-the-art building operating system, which will support both the Elm and Greene buildings, will provide a comfortable, modern workplace with cost-saving systems and technology that will serve Lincoln Financial well for many years into the future.

Our sustainability goal is to reduce electricity use across the Greensboro campus by 10 percent by 2020, against a 2014 baseline.

With only the first of three phases completed, we had already achieved a 7.11 percent reduction at the end of 2016. But, improved environmental performance is just one positive outcome of this comprehensive project.

**Goal**  
10% reduction in electricity use across our Greensboro campus by 2020

**Progress**  
7.11% reduction since 2014

### Building a better workplace

#### Saving energy, reducing expenses

Reduced energy use has already lowered related costs significantly. Replacing outdated boilers has lowered natural gas usage by 40 percent and a centralized chiller plant now cools the entire campus.

#### A healthier, more comfortable work environment

Most private offices have been replaced with window-facing open workspaces, allowing more natural light to enter employee work areas. A new automated building management system monitors lighting, temperature, humidity, and CO<sub>2</sub> levels to regulate fresh air intake and maintain comfortable conditions.

#### Preserving the character of downtown Greensboro

Lincoln Financial worked with local craftsmen to restore existing cast iron windows on lower floors and design new energy-efficient interior storm windows that maintain the building's historical appearance, in compliance with historical preservation standards. The upper floors feature historically accurate, high-efficiency replacement windows which also help meet our energy reduction goals. The new windows are expected to save 15,050 kilowatt-hours of electricity and 920 therms of natural gas per year on each floor as they are installed.

#### Protecting local history

In the historic lobby, hand-cleaned sculptural relief panels illustrating early streetscapes and locations in Greensboro are illuminated by energy-efficient LED portrait lighting. The original elevator doors with wood veneer, brass inlay and etched brass plates depicting Thomas Jefferson were carefully cleaned to maintain their historic patina, as was the checkered marble floor.

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Our company is committed to understanding and managing our greenhouse gas emissions by calculating our greenhouse gas inventory annually and by working to reduce our emissions. We are proud to report that since this effort began in 2011, we have already achieved significant results. We have advanced our measurement and management of emissions from the sources we control or own (Scope 1) and from the energy we purchase (Scope 2).

Lincoln Financial has been reporting our carbon reduction strategy and emissions to the CDP, formerly the Carbon Disclosure Project, since 2014 as we strive for transparency in environmental performance and to provide data of interest to our stakeholders. For more information on our response to climate change, see the [Managing Risk](#) section of this report and refer to our “[2016 CDP Climate Change](#)” survey response.

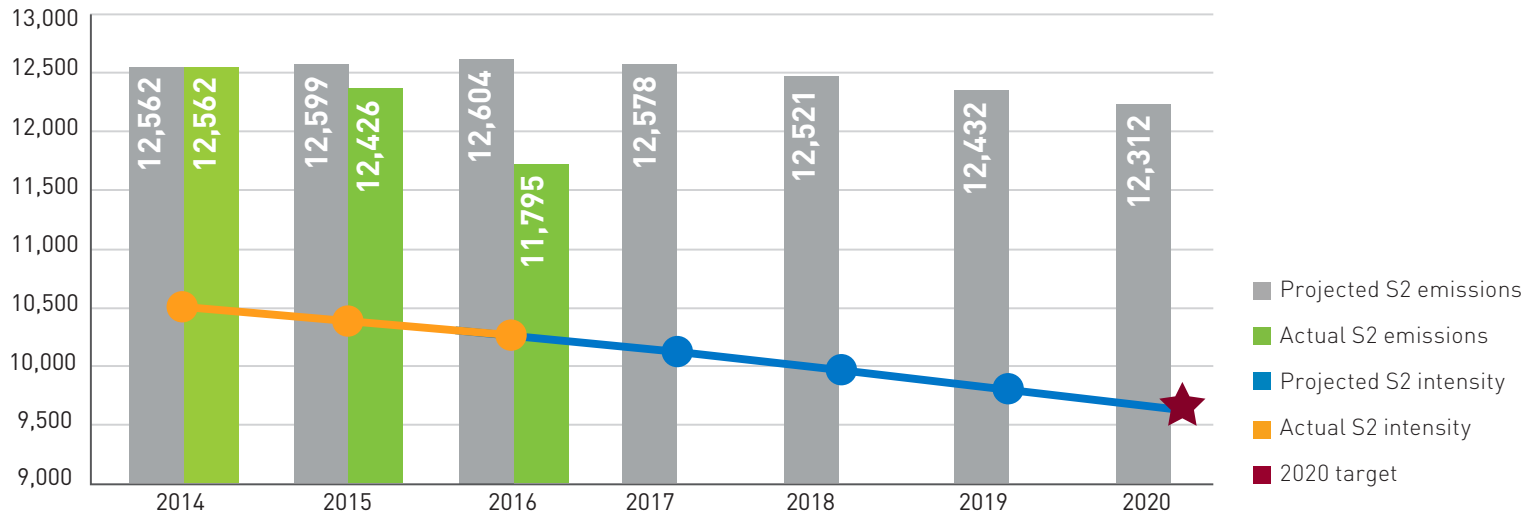
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**LFG Scope 2 Emissions (in MT CO<sub>2</sub>e)**



**Goal**  
Reduce Scope 2 greenhouse gas emissions intensity per employee by 20% by 2020, against a 2014 baseline

**Progress**  
6.57% reduction since our base year

In 2011 we formally calculated our first companywide greenhouse gas inventory. This identified the energy used to operate our buildings as our greatest contributor to greenhouse gases, accounting for about 70 percent of our emissions.

In 2014 we set our first carbon target of reducing Scope 2 emissions, which result from the energy we purchase.



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## CARING FOR THE ENVIRONMENT

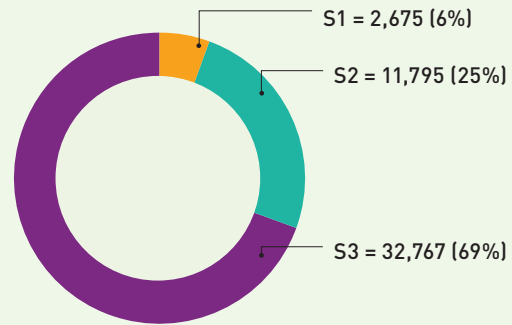
Given our business activities, a major portion of our environmental impact results from energy use in our buildings. For several years, we have been tracking and benchmarking our energy consumption using the U.S. Environmental Protection Agency's (EPA) ENERGY STAR Portfolio Manager, an industry-leading energy measurement and tracking tool for commercial buildings. At the beginning of 2016, we set a goal to have all owned or operated Lincoln properties ENERGY STAR-rated by the end of 2017\*. One year into our effort, we have already obtained a rating for 73 percent of buildings included in this goal.

**Goal**  
100% of Lincoln-owned and -operated buildings ENERGY STAR rated by 2017

**Progress**  
73% of buildings are now ENERGY-STAR rated

\* As a tenant in many of the buildings we occupy, this goal encompasses those buildings at which Lincoln receives and pays the utility bills and for which a rating can be obtained based on the building type.

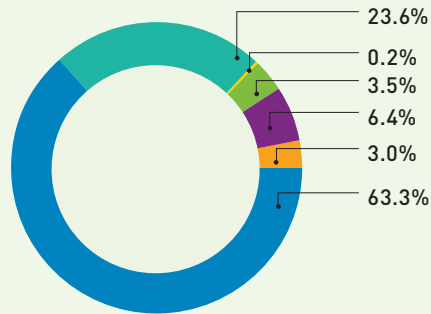
2016 GHG emissions by scope (MT CO<sub>2</sub>e)



Values represent totals from all facilities

- S1 = Scope 1  
Direct emissions
- S2 = Scope 2  
Purchased electric and steam emissions
- S3 = Scope 3  
Value chain emissions

2016 GHG emissions by source (MT CO<sub>2</sub>e)



- Stationary combustion
- Mobile combustion
- Electricity
- Business travel\*
- Fugitive emissions
- Steam

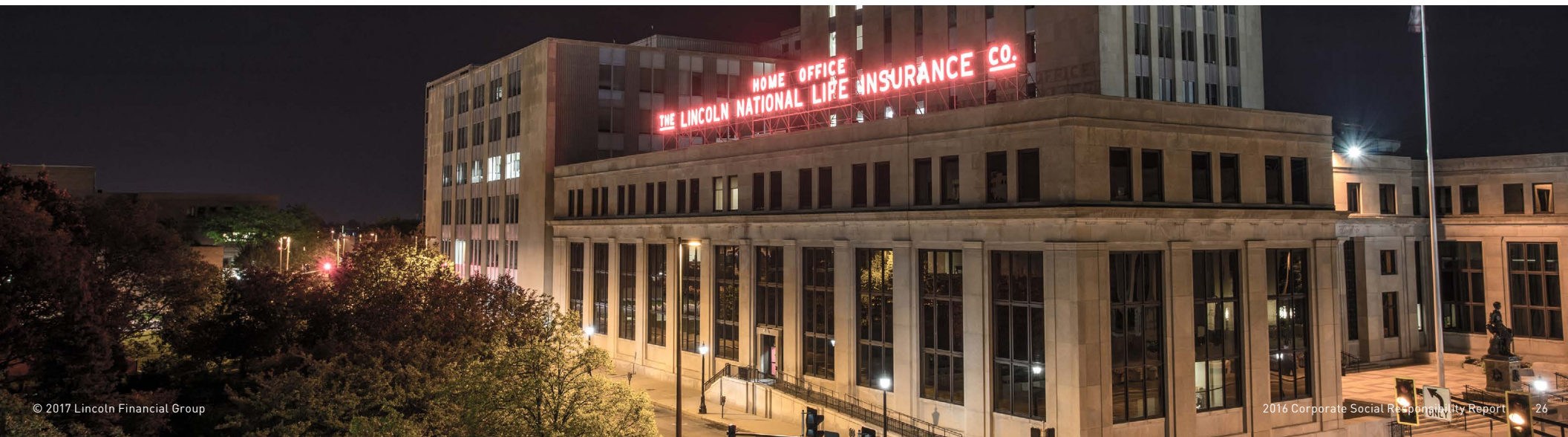
\*Commercial air and personal vehicle travel. Does not include rail and rental car use.

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2016 GHG emissions by Scope (MT CO<sub>2</sub>e)

	2012	2013	2014	2015	2016
Scope 1	3,534	3,815	3,844	3,718	2,675
Scope 2	13,568	13,394	12,561	12,426	11,795
Scope 3*	30,242	30,134	31,801	32,567	32,767
<b>Total</b>	<b>47,345</b>	<b>47,343</b>	<b>48,207</b>	<b>48,712</b>	<b>47,237</b>

\* Scope 3 include commercial air travel, personal vehicle travel, and upstream leased assets.

Energy usage (MWh)

	2012	2013	2014	2015	2016
Steam	975	1,301	1,593	1,453	7,317
Fuel	23,950	26,099	26,879	22,607	20,974
Electricity	64,293	63,528	64,878	65,285	63,342
<b>Total</b>	<b>89,218</b>	<b>90,928</b>	<b>93,350</b>	<b>89,345</b>	<b>91,634</b>

Waste and recycling (U.S. tons)

	2012	2013	2014	2015	2016
Landfill*	4,314	4,586	3,232	4,349	1,424
Recycling*	815	421	950	848	965
Waste to energy	n/a	n/a	n/a	92	155
Compost	6	6	7	n/a	n/a
<b>Total</b>	<b>5,135</b>	<b>5,013</b>	<b>4,189</b>	<b>5,289</b>	<b>2,544</b>

\*For locations where actual data was not available, estimates were used.

Water usage (gal)

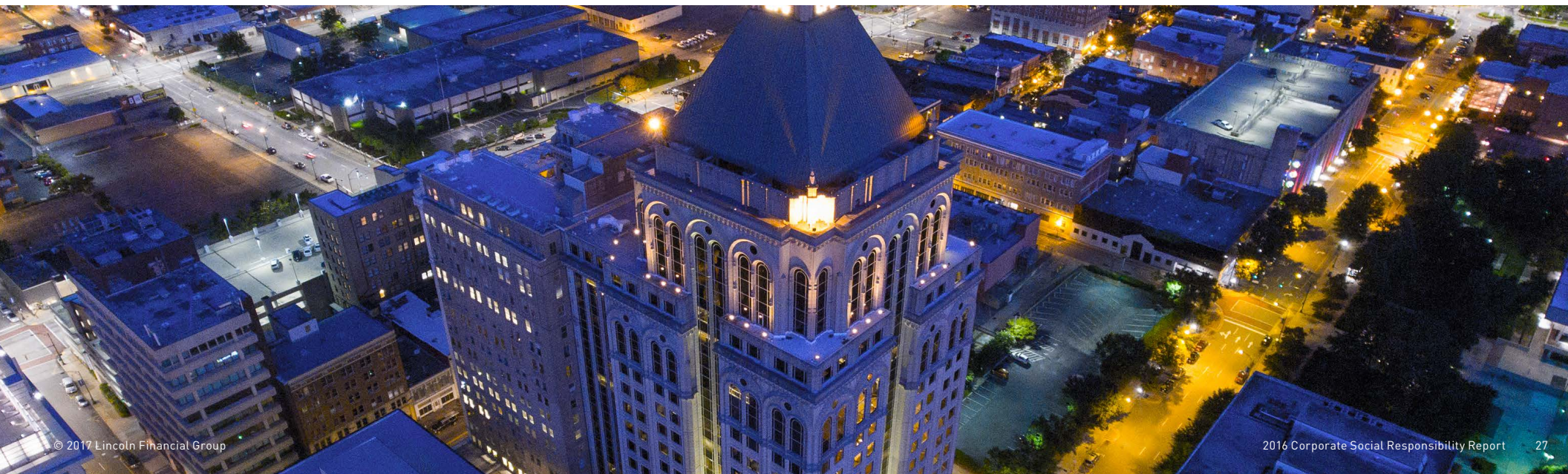
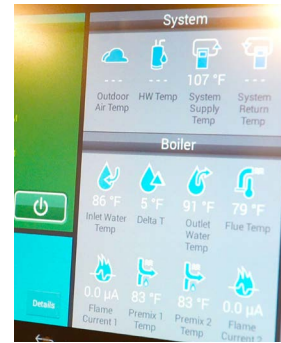
	2014	2015	2016
Total for sites with actual data	24,170,871	43,276,240	51,558,954
Estimate for other sites	2,875,000	2,085,000	4,342,500
<b>Total</b>	<b>27,045,871</b>	<b>45,361,240</b>	<b>55,901,454</b>

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## CARING FOR THE ENVIRONMENT

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Lincoln Financial encourages our employees to practice environmentally friendly behaviors in the workplace, at home and in their communities.

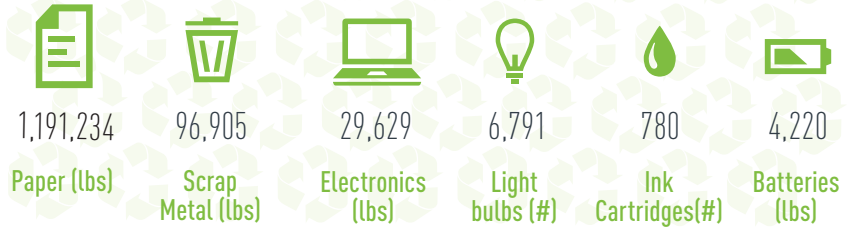
#### Reducing waste

Employee participation is critical to the success of our corporate-wide recycling efforts. Through their conscientious support of our recycling initiatives, employees help Lincoln Financial better manage our waste and conserve natural resources.

#### Creating a cleaner world

In our key cities, employee groups work to create a cleaner, healthier world at events on Earth Day and throughout the year. Last year, our employees participated in a variety of activities, including community and park cleanups, recycling drives and environmental education.

### What we recycled



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### What was saved

12,968 TREES

4,169,319 GALLONS OF WATER



Our responsible business practices touch every aspect of our business and provide a solid footing for all of our actions. They extend from our governance, risk management and investment approach to the way we manage customer information and the investment products we offer.

## CORPORATE GOVERNANCE

Integrity, respect and responsibility are not just guiding principles at Lincoln Financial; they unify and inspire us to help people to take charge of their lives.

## ETHICS AND CODE OF CONDUCT

The Lincoln Financial [Code of Conduct](#) and Conflict of Interest Policy are the center of our ethical culture. The Code of Conduct is more than a set of policies or rules; it is a roadmap that ensures we remain on the path to responsibly accomplish our work. Our Code of Conduct is readily accessible to employees on our website and intranet.

### Communicating our expectations

We reiterate the tenets of our Code of Conduct in our day-to-day internal communications, along with our expectation that our employees and agents will behave in accordance with the shared values and principles set forth. We have also designed support systems to make it easy for employees to “do the right thing” every time. Lincoln Financial’s Enterprise Compliance group is focused on empowering employees with the information and tools they need to promote a culture of integrity at Lincoln Financial.

### Online access to policies

Our employees have access to all of our policies, including our Code of Conduct, through our intranet. Other policies include Lincoln Financial’s Conflict of Interest Policy, Political Contribution Policy, and policies related to improper payments and the Foreign Corrupt Practices Act.

### Annual compliance risk assessment

Each year, a corporate compliance risk assessment is conducted to help prioritize risk areas for the year. Matters related to bribery, anti-fraud, collusion, anti-kickback regulations, unfair practices, conflicts of interest and corruption are evaluated as part of this risk assessment.

### Ethics Helpline with live agents

An Ethics Helpline is available to employees and is staffed with live agents who answer employee questions and help them navigate difficult situations in a confidential manner.

### Mandatory Code of Conduct training

Lincoln Financial’s legal department also provides all 9,000+ employees and affiliates with mandatory training throughout the year on the Code of Conduct and related policies. The training covers topics including anti-money laundering, anti-fraud, privacy, insider trading, the Code of Conduct and ethics, and conflicts of interest. Many of our employees also receive role-based training from other departments such as Human Resources and Information Security.

### Ongoing compliance monitoring

To ensure colleagues are acting in accordance with internal guidelines, Lincoln Financial regularly collects information regarding compliance with the Code of Conduct and our policies. This information is analyzed and the matters raised are investigated and resolved through the Office of the General Counsel. The legal department meets quarterly with senior management to review significant issues or trends relating to compliance with the Code and our policies. Based on this analysis, we determine whether our policies or training should be revised. The Lincoln National Corporation board of directors (the “Board”) also participates in the oversight of the Code of Conduct. The Audit Committee receives quarterly reports on compliance matters, and the Governance Committee approves changes to the Code.



MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM

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## 2016 CORPORATE SOCIAL RESPONSIBILITY IN ACTION\*

Listed on the FTSE4Good Index for 11 consecutive years

Listed on the Dow Jones Sustainability Index North America in 2016

Paid \$7.3 billion in interest and benefits helping people achieve financial security

\* All data as of Dec. 31, 2016

**Board Independence**

The Lincoln Financial Board of Directors has adopted a set of Corporate Governance Guidelines to promote the functioning of the board and our committees. The guidelines also set forth a common set of expectations as to how the board should perform its functions.

Our board maintains independence standards, which are included in the guidelines. These independence standards require that a majority of our directors must be independent (as defined under the applicable SEC rules) and meet the criteria for independence as set forth in the New York Stock Exchange (NYSE) listing standards.

[Learn more about our corporate governance.](#)

**SUSTAINABILITY GOVERNANCE**

The Corporate Governance Committee provides oversight of the company's sustainability and corporate social responsibility (CSR) strategy. Lincoln Financial's efforts focus on promoting sustainable communities and business practices in the areas of philanthropy, volunteerism and environmental impact. The Office of Corporate Responsibility is responsible for developing and implementing the company's sustainability strategy, which includes the following:

**Issue identification**

We regularly gather information on sustainability issues from a broad range of industry sources and stakeholders.

**Risk and opportunity assessment**

Through the use of a structured, consistent process, we evaluate and prioritize identified risks and opportunities across sustainability issues.

**Risk and opportunity management**

We work together with business units and functional areas to determine priorities, address issues and integrate strategies that make good business sense.

**Stakeholder communication**

Lincoln Financial tracks and reports both internally and externally on key indicators related to our social and environmental impacts. This includes responding to specific information requests and third-party questionnaires.

**Governance and management**

The Sustainability Advisory Group, a cross-functional team comprised of business unit executives, meets quarterly with our CSR team to consider developments in the market and societal trends, and the potential impact, risk and opportunity of identified issues for the company.

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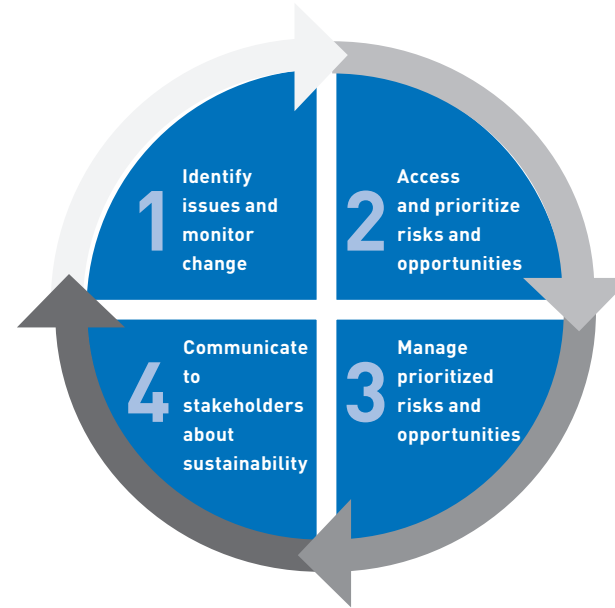
PRIVACY AND DATA SECURITY

# 4

## RESPONSIBLE BUSINESS PRACTICES

### Our sustainability management system

Lincoln Financial recognizes the importance of regularly evaluating environmental, social and governance factors that may impact the business. To formalize this process, we have developed and implemented an institutional Sustainability Management System (SMS). The purpose of our SMS is to guide us in assessing and managing our environmental, social and economic performance with respect to identified areas of impact. The SMS framework is a guide for how to document our management processes and procedures, monitor their outcomes and continually evolve our performance over time. The system follows a plan-do-check-act (PDCA) framework and includes audit procedures for critical areas so that we can verify the accuracy of data and information we publish.



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**MANAGING RISK**

Responsibility for overall risk management rests with Lincoln Financial's Corporate Enterprise Risk and Capital Committee, which oversees the processes to identify, measure, monitor and manage significant risks. This committee periodically reports to the Board on the company's strategies and policies. The board oversees the risk management process, including reviews of operational, financial, legal and regulatory, strategic and competitive risks.

Climate change and other environmental and social impact risks are identified and assessed through the company's Risk Self-Assessment process and the Emerging Risk Task Force.

**Lincoln honored for sophistication and Innovation in risk management**

Lincoln Financial received the 2016 "Insurance Risk Management Team of the Year" award for our best-in-class market risk management program that utilizes hedging strategies to mitigate risk and volatility from variable annuity products. Lincoln Financial was chosen by the EQDerivatives Editorial Board for our work in developing a sophisticated in-house risk management computing infrastructure, trading strategies and risk metrics to efficiently manage and anticipate various market conditions.

**Identifying and managing potential climate change risks**

Through Lincoln Financial'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. In Lincoln Financial's SEC filings, including our Annual Report and Form 10-K (2016 p. 24), the results of certain weather-related catastrophic events typically associated with climate change are cited as a global risk factor that could potentially affect claim liabilities and the availability of reinsurance.

The Office of Corporate Responsibility oversees 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, including the management of environmental risks to physical assets.

**Preparing for physical asset risks**

Severe weather has the potential to impact Lincoln Financial's facilities directly. To mitigate the impact of such an event, 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.

**Managing risk in our products**

As a financial services provider primarily engaged in the sale of products and services associated with life insurance, annuities, defined contribution, group life, disability and dental, 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 would encompass climate-driven scenarios. Lincoln Financial's risk management processes are designed to promote awareness of new, existing and potential risk factors to meet existing and evolving circumstances.

To mitigate financial and other risks identified in our 10-K report, Lincoln Financial reinsures a significant amount of the mortality risk on fully underwritten, newly issued, individual life insurance contracts. If Lincoln Financial were to experience adverse mortality or morbidity events, a significant portion of claims would be reimbursed by our reinsurers.

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### Integrating environmental, social and governance into our investment decisions

Lincoln Financial understands the importance of considering environmental, social and governance (ESG) factors in our investments. Our portfolio management professionals, as well as our internal and third-party asset managers, are guided by our ESG Investment Policy as they integrate ESG considerations into due diligence, monitoring and investment decision making.

Climate change factors may also result in additional risk to our investment portfolio. These risks can include operational, market, liability, policy and regulatory risks.

[Read our ESG Investment Policy.](#)

### Socially responsible investment options

We recognize that our customers are thinking about environmental, social and governance factors in their investments. For this reason, we offer 86 socially responsible investment options in a number of our products, including personal variable annuities, *Lincoln Director*<sup>SM</sup> group variable annuities and other retirement plan solutions.

[View a list of these funds.](#)

## PRIVACY AND DATA SECURITY

Lincoln Financial Group is committed to keeping the personal information collected about our potential, current and former customers confidential and secure.

Lincoln is subject to both federal and state legislation and regulation governing the protection of the nonpublic personal financial and health information we receive about our consumers and customers. Proper handling of confidential information, including nonpublic personal information, which consists of medical, financial and employment information, and strategic business and financial information, is important to Lincoln. We have adopted policies and procedures that we believe are reasonably designed to comply with all applicable federal and state privacy legislation and regulations governing the protection of our customer nonpublic personal information.

### Protecting customer privacy

Lincoln Financial has developed an information security program that addresses physical and logical security, user access management, network perimeter security, incident management, logging and monitoring, vulnerability management, data encryption, application controls, change management, security awareness, and other information risk management controls. Lincoln also has adopted an incident response program.

### Security governance

The Chief Information Security Officer is in charge of security for Lincoln Financial. We also have a dedicated Privacy team that reports to the company's Chief Privacy Officer. The Information Security and Privacy teams each report up to an executive officer.

### Employee training

We recognize that our employees play a key role in keeping information secure. Information security training is required for all employees and contractors annually. Additional privacy training is mandated annually for all employees.

### Records management

The company has a business records retention program that mandates specific retention and destruction time frames for all records according to record type and use. Retention and destruction policies are reviewed annually and updated as needed to ensure compliance with said laws and regulations.

### Annual audits

Multiple internal audits of the company's information risk management practices are conducted each year, including an annual holistic audit covering the company's information security processes. In addition, four external audits are conducted annually that cover (to varying degrees) the company's information security practices surrounding various specific Lincoln products and systems. Information security policies and standards are reviewed annually and updated as necessary to appropriately manage information risk consistent with industry standards.

[Learn more about our policies and practices.](#)

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## ABOUT THIS REPORT



### Report scope

This report encompasses Lincoln Financial Group operations, practices and data corresponding to the calendar year 2016. All environmental data represents the activity across 100% of Lincoln Financial operations for that period. All information and data are as of December 31, 2016, unless otherwise noted.

### Greenhouse gas calculations

Reported greenhouse gas (GHG) emissions were calculated in accordance with the Greenhouse Gas Protocol, the world's most widely used greenhouse gas accounting standard, utilizing a financial control boundary.



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