

Lincoln Financial Group's ESG Investment Policy

Managing Lincoln's Investments

Investment Objective

At Lincoln, invested assets are an integral part of our operations. We follow a balanced approach to investing for both current income and prudent risk management. Our primary emphasis is on generating sufficient current income, net of income tax, to meet our obligations to customers, as well as other general liabilities. This balanced approach requires the evaluation of expected return and risk of each asset class utilized, while still meeting our income objectives.

Investment Portfolio Composition and Diversification

Fundamental to our investment policy is diversification across asset classes. Our investment portfolio, excluding cash and cash equivalents, is composed of fixed maturity securities, mortgage loans on real estate, alternative investments, and other long-term investments. We purchase investments for our segmented portfolios that have yield, duration, and other characteristics that take into account the liabilities of the products being supported.

Managing ESG Risk and Opportunities in Our General Investment Account

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. We recognize that climate change factors may also result in additional risk to our investment portfolio. These risks can manifest in various forms including operational, market, liability, policy, and regulatory risks.

In order to maintain the balanced approach described above, Lincoln and its asset managers consider a range of relevant factors when making investment decisions, including ESG factors. These factors are incorporated into an overall analysis in the manner described below and are considered in the recommendations as appropriate.

Third Party Asset Manager Requirements

At Lincoln, a variety of third party asset managers manage the investments for the general account. Lincoln requires its third party asset managers across all asset classes to consider ESG factors, including climate-related risks, in their selection and review process for investments in Lincoln's accounts as appropriate. For example, our investment advisors consider climate-related risks in the investment selection process for companies in industries where appropriate. On an annual basis, Lincoln requests that its third party asset managers supply Lincoln with their policies and procedures related to the incorporation of ESG factors. Additionally, when vetting subadvisors for funds, prospective managers are expected to disclose how they specifically mitigate risk from potential financial, legal, and/or regulatory liabilities related to ESG issues during their securities selection and portfolio construction processes. Many of Lincoln's third party asset managers are signatories to the United Nations' Principles for Responsible Investment (UNPRI), with the majority having formal ESG investment statements or policies. In addition, to enhance our internal understanding of these factors, designated individuals are required to participate in ESG training on an annual basis.

Internal Investment Management

For investments that Lincoln manages internally, specifically mortgage and real estate holdings, Lincoln incorporates a range of factors in its investment management process. These factors include ESG issues as well as climate change. For example, all real estate-related investments are screened with respect to climate change factors. We routinely conduct environmental assessments for real estate we acquire and review environmental assessments on all real estate securing our mortgage loan investments.

In addition to considering risks in our investment management process, we also consider related opportunities. Lincoln's Sustainability Advisory Group, including senior members of the investment team, participates in educational sessions and discussions regarding sustainable investment opportunities and trends, such as green bonds. We have a dedicated strategy within our alternative investments portfolio to invest in renewable energy companies and projects. We invest in wind, solar, and other renewable energy strategies. This strategy is aligned with Lincoln's long term investment objectives.

Investments Within Our Products

We also recognize that our customers are thinking about ESG factors in their investments. For this reason, we offer a variety of socially responsible investment options in a number of our products, including personal variable annuities, *Lincoln Director*SM group variable annuities, and other retirement plan solutions. For example, Lincoln's proprietary ESG fund, the LVIP Delaware Social Awareness Fund is one of the longest tenured ESG funds available to the public.

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