

# SUSTAINABILITY REPORT 2023





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## ABOUT THIS REPORT

LPL Financial LLC’s annual Sustainability Report focuses on the environmental, social, and governance (ESG) topics most material to our business, which are informed by the perspectives of our broad community of stakeholders. As we progress in our ESG journey, we’ll continue to enhance our commitments and reporting.

### Report boundaries

This report describes our approach to managing our most material ESG topics by providing both qualitative and quantitative information. In early 2023, we conducted a refresh of our ESG materiality assessment. The results of this assessment, combined with our previous ESG materiality assessment, enabled us to define the content for this report. For more information about our materiality assessment, please see the [2023 LPL ESG Materiality Assessment](#) section of this report. In 2023, we also plan to release our first report in alignment with the Task Force on Climate-Related Financial Disclosures (TCFD), providing new insights to our stakeholders on how we assess and manage climate-related risks and opportunities.

This report and the data presented cover the period of January 1, 2022, through December 31, 2022,

unless otherwise noted. Some early 2023 initiatives are also included to provide the latest updates to our stakeholders. For additional information, please visit [LPL’s Social Responsibility page](#).

### Reporting guidelines and content

We prepared this report using various reporting frameworks and guidance documents, including the revised 2021 Global Reporting Initiative (GRI) Sustainability Reporting Standards (which came into effect for reporting in January 2023) and the Sustainability Accounting Standards Board (SASB) sector standards for Asset Management & Custody, Consumer Finance, and Investment Banking & Brokerage.

Throughout this report, we highlight the key areas where we believe both our competencies as a firm and our sustainability initiatives can help advance the United Nations Sustainable Development Goals (UN SDGs).

When we use the terms “LPL,” “we,” “us,” “our,” and the “company,” we mean LPL Financial Holdings Inc., a Delaware corporation, and its consolidated subsidiaries taken as a whole, unless the context indicates otherwise. The intended audience of this communication is the

general public, and the purpose is to communicate the business operations of LPL Financial. Throughout this communication, the terms “financial advisors” and “advisors” include registered representatives and investment adviser representatives affiliated with LPL Financial LLC, an SEC-registered broker-dealer and investment adviser.

The use of the term “materiality” and other similar terms in this report refer solely to ESG and sustainability topics. We specifically distinguish this usage from the usage of such terms in the context of financial reporting and the securities laws of the United States or any other jurisdiction, and note that in this report they do not have the significance ascribed to them in such context.

### Reporting uncertainties

Nonfinancial information is subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for collecting and evaluating such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.



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# GOVERNANCE

## Sustainability governance

Sustainability is embedded in LPL's core values; we seek to actively engage with our stakeholders and engender trust by delivering sustainable value in our work. We believe robust governance practices are central to the success of our sustainability strategy and business performance. While our Board of Directors (Board) is actively engaged in and updated on ESG matters, its Nominating and Governance Committee has primary responsibility for oversight of our sustainability program and initiatives.

The Nominating and Governance Committee consists entirely of independent directors and receives quarterly updates on LPL's sustainability initiatives and progress, as detailed in the [Nominating and Governance Committee Charter](#). In addition, there is an ESG Steering Committee consisting of cross-functional senior leaders of LPL that helps to set the strategy and roadmap for ESG, and is responsible for disclosures, policy, and accountability for ESG across LPL. Implementation of our ESG strategy is overseen by our senior vice president of Client Communities and Sustainability and led by our head of ESG, alongside functional and program leaders who report on progress and initiatives. For more information on our ESG Steering Committee responsibilities, please reference our [ESG Steering Committee Charter](#).

## Climate risk governance

In 2022, LPL established a Climate Task Force. This group comprises members from Facilities, Research, Finance, Business Continuity, Government Relations, Legal, and Procurement, and oversees all of LPL's climate

risk and impacts. The committee is overseen by our Risk department, which reported to the Nominating and Governance Committee on our climate approach and is setting the groundwork to move forward on climate risk considerations in 2023.

## LPL corporate governance

The Board exercises oversight of our culture, values, and business strategy, as well as performance and risk, including ESG risks and opportunities. We believe our integrated governance framework guides behavior, ethics, and integrity while also ensuring accountability and effective business practices. In addition to discussing at least one strategic topic in each quarterly meeting, the board holds an annual two-day session focused on the company's long-term strategy, which informs the board's oversight and work plan for the following year. We also have a structured, proactive engagement program that provides a forum for stockholders to engage with board directors outside the presence of senior management.

With the exception of our CEO, the Board consists entirely of independent directors, each of whom are elected annually. It has three standing committees that lead oversight in the areas set forth in their respective charters:

- Audit and Risk Committee
- Compensation and Human Resources Committee
- Nominating and Governance Committee

In addition, the Management Committee (consisting of our CEO and managing directors) is responsible for the implementation of our governance framework, and our

internal audit function supports our risk management, internal control, financial reporting, and governance processes. Our corporate governance information is available at our [Corporate Governance](#) webpage and in our most recent [proxy statement](#).

## Board of directors diversity

In 2022, for the first time in our board history, 100% of our committee chairs were filled by women. In addition:

- 33% of Board directors were women
- 11% of Board directors were Black, Indigenous, and People of Color

We appreciate any feedback on this report and our sustainability programs. For more information or to provide comments, please reach out to Leslie Dunham, LPL's Head of ESG, at [Leslie.Dunham@LPLFinancial.com](mailto:Leslie.Dunham@LPLFinancial.com).

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# MESSAGE FROM OUR CEO



**Throughout 2022, our advisors and institutions helped their clients navigate increased market volatility and challenging conditions in the macro environment. In doing so, they reinforced the value of their advice and the important role they play for millions of Americans. We're honored and privileged to support their extraordinary work, and every day we aspire to bring our mission to life: taking care of our advisors so they can take care of their clients.**

As we pursue that aspiration, we believe it's critical we do so in a responsible, transparent, and sustainable way.

In that spirit, I'd like to provide some color on LPL's environmental, social, and governance (ESG) efforts in 2022, and touch on our focus areas for 2023 and beyond.

## Looking back at 2022

In 2022, we continued to make progress across each of our ESG strategic focus areas:

- **Operations:** Reimagine the way we work to enhance social and environmental performance
- **Culture:** Promote a diverse and inclusive financial system for all
- **Business:** Enable advisors to thrive and incorporate ESG into the investment options available to their clients and operations of their businesses

For example, last year we refreshed our Diversity, Equity, and Inclusion (DEI) operational framework to help us continue to foster a sense of belonging for all of our LPL family.

At the same time, we launched the Leadership Inclusion Council, which comprises executive leaders from across the firm and focuses on helping us advance our key DEI priorities, including attracting, promoting, and retaining diverse talent, and nurturing an inclusive environment through manager development.

These efforts reflect our broader commitment to ensuring that LPL is both a great place to work and a great corporate citizen. We believe that commitment is evident in the recognition we received for our ESG-related efforts in 2022, including:

- *Newsweek's* "America's Most Responsible Companies" for the third consecutive year<sup>1</sup>
- Score of 100% on Human Rights Campaign (HRC) Foundation's Annual Corporate Equality Index<sup>2</sup>
- JUST Capital: America's Most Just Companies<sup>3</sup>

## Innovating for tomorrow

As we look ahead, ESG will continue to be integral to who we are as a company and how we operate. And we will continue to pursue our ESG goals by leveraging purposeful, data-driven strategies and focusing on key areas for good corporate citizenship—including community involvement, environmental sustainability, and fostering a culture of belonging.

In doing so, we believe we'll be well-positioned to deliver great experiences for our team, drive profitable growth for our shareholders, and help our advisors and institutions differentiate and win in the marketplace.

## Keeping you informed

I hope that this report provides helpful context on our ESG efforts in 2022 and how we're continuing to evolve and enhance our strategy for corporate responsibility and sustainability. As we move forward, we will continue to keep you apprised on our progress, as well as on what's ahead.

Thank you for your partnership.

Sincerely,

Dan Arnold  
President & CEO

1. Based on publicly available key performance indicators derived from CSR Reports, Sustainability Reports, and Corporate Citizenship Reports as well as independent survey (2020-2022)

2. Nation's foremost benchmarking survey and report measuring corporate policies and practices related to LGBTQ+ workplace equality.

3. Ranking leverages data that identify the 10 issues that best define how companies invest in the health and well-being of their workers, the families they support, and the communities in which they operate; fair pay, livable wage, diverse and inclusive workplace, worker health and safety, benefits and work-life balance, community development, supports local communities, products that do not harm, combat climate change, minimizes pollution, prioritizes value creation.

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## Our Firm

**\$8.6B**

in revenue

**\$846M**

in net income

**\$96B**

in organic net new assets

**98%**

AUM retention rate

**7.9M**

client accounts

**~4,500**

Services Group subscriptions

## Our Culture



**6,452**

employees across the U.S.\*



**21,000+**

financial professionals serviced by LPL

**49%**

women employees

**~134,000+**

hours in employee training

**86%**

response rate to annual Employee Engagement Survey, LPL Listens

**1,600+**

employees participated in 10 Employee Resource Groups

## Our Impact



**13,000+**

LPL Financial advisors have more than 500,000 clients who cumulatively invested **\$11.8B** in sustainable funds



**~\$2.6M**

in donations from the LPL Financial Foundation



**12,000+**

employee volunteer hours



**93%**

of eligible employees participate in 401(k) plan retirement programs

## Awards and Recognition



**Winner of two “Wealthies” awards** for excellence in technology innovations and diversity initiatives

**Emerging Leaders Program Gold Award, Best Advance in Leadership Development** (Brandon Hall Group)

**Newsweek’s “America’s Most Responsible Companies”** three years in a row

**JUST Capital America’s Most JUST Companies**

**Score of 100%** on Human Rights Campaign (HRC) Foundation’s Annual Corporate Equality Index

\*The employee headcount excludes LPL’s employee advisors and those staff directly supporting the employee advisors.

“Wealthies” criteria include quantitative measures—such as specific support levels, scope, scale, advisor/client survey scores, usage, etc.—along with qualitative measures such as innovation, creativity, new methods of delivery, etc.

The Emerging Leaders Program leverages data that identify the 10 issues that best define how companies invest in the health and well-being of their workers, the families they support, and the communities in which they operate; fair pay, livable wage, diverse and inclusive workplace, worker health and safety, benefits and work-life balance, community development, supports local communities, products that do not harm, combat climate change, minimizes pollution, prioritizes value creation.



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# LOOKING AHEAD: LPL'S THREE- TO FIVE-YEAR ESG GOALS



## EMPLOYEE DEI GOALS

- Increase AVP+ women representation at LPL by 3% by 2026, from a baseline of 38.7% in 2022
- Increase AVP+ People of Color representation at LPL by 2% by 2026, from a baseline of 29.2% in 2022



## RESPONSIBLE SOURCING

- Increase diverse supplier spend to an average of 13% or better by 2028, from a 2022 baseline of 6.4%
- Achieve 100% top-tier vendor alignment with LPL policies and 85% or greater with remaining vendors by 2028



## ENVIRONMENTAL STEWARDSHIP

- Reduce number of paper statements mailed by 40% or greater by 2026, from a baseline of 2.4 million per month average in 2022



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# LEADING WITH STRENGTH, STABILITY, AND ADVOCACY

## About LPL Financial

Thirty-four years ago, our founders set out to build a better way to serve financial advisors and their clients and created a firm that works for the advisor, empowering advisors to build businesses on their own terms, so that they can guide their clients toward a secure financial future. As our business has grown and evolved over the years, we've remained committed to upholding this spirit of freedom and independence—and expanded the breadth and depth of financial professionals we serve.

We meet advisors and enterprises where they are in the evolution of their businesses, provide capabilities to help them grow and drive efficiency, and deliver an industry-leading service experience they can rely on. We aspire to be the leader across the advisor-mediated marketplace by empowering advisors to deliver exceptional advice to their clients and be great operators of their businesses, while we also serve as a partner for financial institutions, helping them differentiate their wealth management programs and deliver an even better experience for their advisors and clients. By providing capabilities, holistic support, and valuable services, we seek to help all the financial professionals and businesses we serve achieve their vision for success.

Visit our [About LPL](#) and [Investor Relations](#) pages on our website for more information on our business operations and financial results.



## OUR MISSION, VISION, AND VALUES

At LPL, our mission is to take care of our advisors so they can take care of their clients. We remain steadfast in our commitment to the advisor-centered model and the belief that every American deserves access to personalized guidance from a financial professional.

Our corporate values help us activate and execute our mission every day—keeping us focused, agile, and accountable:



**One team on one mission:** We believe that it is up to each of us—every single employee—to deliver on our mission.



**Seek, embrace, and apply feedback:** We learn from our mistakes and use feedback to help us get a better outcome.



**Stop and consider the big picture:** We exercise judgment, spot issues before they happen, and solve problems using data and logic.



**Value progress over perfection:** We experiment, learn, iterate, and innovate, sharing bold ideas and taking calculated risks to create extraordinary new capabilities.



**Deliver results for our advisors and their clients:** We make it easy for advisors to do business with us, as we earn their business every day and hold ourselves accountable for seeing things through for them.





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# ESG AND TRANSPARENCY AT LPL

At LPL, how we conduct business is as important as the business we conduct, and that means we continuously seek better ways of managing and disclosing our ESG risks. An integral component of our ESG strategy is aligning our sustainability initiatives and operations to advance the specific outcomes outlined by the 17 UN SDGs, as demonstrated in various sections throughout this report. Our ESG initiatives are mapped to the four SDGs that we've determined are most closely aligned to our material ESG topics and firm operations: SDG 5: Gender Equality, SDG 8: Decent Work and Economic Growth, SDG 10: Reduced Inequalities, and SDG 16: Peace, Justice, and Strong Institutions.



## ESG VISION

Our ESG vision is to take care of our advisors and their clients by operating responsibly and ethically and strengthening trust with our mutual stakeholders.



### OPERATIONS

Reimagine the way we work to enhance social and environmental performance



### CULTURE

Promote a diverse and inclusive financial system for all



### BUSINESS

Enable advisors to thrive and incorporate ESG into investing and operations



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## 2023 LPL ESG materiality assessment

Our intention is to focus on the topics most relevant to our business, communities, and our stakeholders. Therefore, we periodically refresh our ESG materiality assessment.

We operate in a dynamic market environment in which sustainability matters can evolve rapidly. As a result, in early 2023, we engaged with more than 20 internal stakeholders and our management to review and refresh our ESG Materiality Assessment. This enabled us to re-prioritize our ESG topics based on their current importance to our stakeholders and our business at LPL.

As part of this process, we performed desktop research, conducted peer benchmarking, and leveraged our previous ESG materiality assessment results to develop

our list of ESG topics relevant to our business. We then conducted internal stakeholder interviews to identify the most material topics, and validated the resulting list with our ESG Steering Committee.


The results of our ESG materiality assessment support LPL's prioritization of ESG programs and commitments and inform a refresh of our ESG strategic roadmap, which is an ongoing process to align ESG with LPL's projected growth and adapt to the evolving demands of our stakeholders and regulators.





## Stakeholder engagement

Our ESG strategy is informed by the diversity of perspectives of our stakeholders, who provide insights on our ESG topics and priorities. We continuously seek ways to engage with our stakeholders on an ongoing basis, as outlined below.

Key stakeholder group	Engagement mechanisms	Key stakeholder group	Engagement mechanisms
 <b>Financial Advisors</b>	<ul style="list-style-type: none"> <li>In-person and virtual engagement events with LPL directors</li> <li>Feedback and recommendations on diversity and inclusion topics from the 18-member Advisor Inclusion Council (AIC)</li> <li>Regular surveys</li> <li>Industry groups, roundtables, events, and conferences for soliciting feedback and industry perspectives</li> </ul>	 <b>Communities</b>	<ul style="list-style-type: none"> <li>Employee volunteering opportunities with local nonprofits</li> <li>Charitable donation matching program for employees and advisors</li> <li>LPL Financial Foundation philanthropic donations and strategic partnerships with community-based nonprofits</li> </ul>
 <b>Board of Directors</b>	<ul style="list-style-type: none"> <li>Board meetings and Nominating and Governance Committee meetings</li> <li>Quarterly reports to share sustainability program and initiatives updates</li> </ul>	 <b>Investors</b>	<ul style="list-style-type: none"> <li>Annual shareholder meetings</li> <li>Quarterly earnings conference calls to share business and financial results</li> <li>Annual and quarterly reports and proxy statements</li> <li>Ongoing shareholder events and meetings to maintain open dialogue</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>Engagement campaigns to collect input, including annual culture surveys</li> <li>Company intranet, internal social media channel, newsletters, company-wide announcements, and updates</li> <li>Regular communication, including virtual and onsite town halls with Q&amp;As</li> <li>Manager relationships to solicit 1:1 feedback throughout the organization</li> <li>Leadership Inclusion Council serving as a critical thinking group on a number of DEI topics</li> <li>Diverse recommendations and input on topics important to employees from Employee Resource Groups</li> </ul>	 <b>Regulators</b>	<ul style="list-style-type: none"> <li>Proactive policy engagement and outreach with officials at all levels of government</li> </ul>
		 <b>Suppliers</b>	<ul style="list-style-type: none"> <li>Direct outreach on contracts and procurement procedures</li> <li>Engagement with critical suppliers to help manage supply-chain risk and opportunities</li> <li>Outreach to expand diversity within our supply chain</li> </ul>
		 <b>Trade Organizations</b>	<ul style="list-style-type: none"> <li>Trade association events, advisory panels, issue-specific forums, and informal best-practice sharing</li> </ul>

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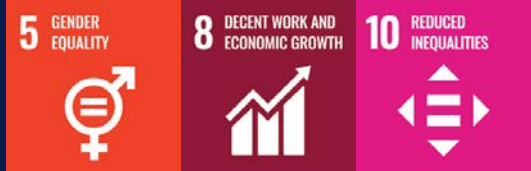
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SUSTAINABLE DEVELOPMENT GOALS



# ENGAGING OUR EMPLOYEES, ADVISORS, AND COMMUNITIES

At LPL, our people are at the core of what we do, the value we bring, and the services we provide. We strive to take care of our advisors, our employees, and the communities in which we live, work, and operate—to foster an environment where our business success is driven by a transparent, inclusive, and thriving culture.

**6,452**  
employees\*

supporting our advisors and running daily operations for the business

**21,275**  
LPL advisors

supporting nearly 7.9 million client accounts, helping investors pursue their financial goals

**\$2,615,000**  
in LPL Financial Foundation grants

provided to improve the economic and social well-being of underserved populations, increase diversity in the financial services industry, and improve the financial capabilities of small-business owners

\*The employee headcount excludes LPL's employee advisors and those staff directly supporting the employee advisors.



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# EMPLOYEES

Our employees’ work touches hundreds of thousands of people and makes a real difference in their lives; therefore, we believe in investing in our employees so they have all the resources they need to succeed in their roles at LPL and as part of their personal career path. We’re dedicated to hiring and retaining the top talent by continually learning, adjusting, and creating a place of belonging.

## Work-life balance and flexibility

Our LPL culture is about being nimble, agile, and responsive to feedback—from the environment, and from our employees. That’s why we are creating an experience where employees can be “great from anywhere.” That means employees are empowered to do their work on any given day in the place that’s best for them, their team, and the firm. We believe in offering employees the flexibility to make informed choices about where they work and feel that they’re set up for success—whether working at home or in the office.

As the workplace continues to evolve in a post-pandemic environment, we consider offering flexibility to our employees as a great differentiator for LPL to attract and retain the best talent.

## Employee wellness

We think about well-being through our five dimensions of wellness: community, mental/mindfulness, physical, financial, and environmental. This year, we launched a campaign called “Take a Break to Recharge” to help employees reclaim and prioritize self-care and their overall well-being. Each month, we featured activities,

content, and videos that supported one of the five dimensions of wellness, such as:

- Sponsoring local 5K fun runs in our San Diego and Fort Mill locations
- Producing videos of employees sharing their stories on how they “Take a Break to Recharge”
- Hosting eight financial wellness educational webinars throughout the year so employees could take a break and prioritize their own wealth management
- Running challenges for fitness, mindfulness, and gratitude

## Employee benefits

Supporting the health, safety, and well-being of our employees and their families is fundamental to the success of our business. Through comprehensive benefits, programs, policies, and resources, we look to ensure we’re meeting the needs of our diverse workforce. We seek to continuously improve upon our benefit offerings. To that end, LPL employees receive an annual Total Rewards survey seeking input to help shape everything from healthcare benefits and compensation packages to recognition, well-being, and career-development programs. In addition to employee surveys, we evaluate our programs through performance indicators, such as plan utilization, cost trends, network utilization and discounts, high-cost claimants, preventive care, and quality care markers. The programs are then reviewed monthly by our internal team and via third-party consultants at key points throughout the year.



## Mental health

To help reduce the stigma around mental health challenges, our prioritization of employees’ and their family members’ emotional well-being was enhanced by partnering with Lyra. A leading provider of innovative mental health benefits, Lyra makes it easier to find and receive confidential, personalized mental health care. LPL employees and their dependents can access eight coaching or therapy sessions per year at no cost. The feedback from our employees has been very positive.

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Our benefits are overseen by our Total Rewards team, in partnership with our Corporate Communication, Finance, Payroll, and Human Capital departments. Benefits are provided to all full-time employees and qualified part-time employees—which equates to over 99% of our workforce—and are based on these guiding principles:

- Support the needs of our employees and their families by offering meaningful and personalized benefit and well-being options
- Deliver competitive and long-term sustainable benefit options for employees and their families while minimizing annual disruptions
- Promote optimal benefit decision-making by driving accountability through continuous education and resource utilization
- Evaluate plan changes through the lens of the employee and their family
- Align medical premiums to the employee pay range so more highly compensated employees pay more of the medical premium than lower compensated employees



### Service department programs to encourage work-life balance

Work-life balance is a critical focus area, and we aim to support employees with programs to help them navigate and achieve balanced, enriched lives. Some departments offered employees the option to:

- Work **part-time/reduced hours** if they were tenured and wanted to stay on in that capacity
- **Reduce hours** during the summer months to less than 40 hours (but above 30 to maintain benefits)
- **Extended lunch and breaks** to offer flexibility to the schedules of non-exempt employees in our Fort Mill office
- Test a pilot program for **4-day/10-hour shifts** (employees opted not to continue that after the trial period)
- Fewer working hours on **low call-volume** days
- Access pre-approved **additional time off** beyond assigned paid time off

### Employee safety

LPL is committed to providing a safe and secure workplace for our employees and to protecting assets and information from internal and external threats, which is reflected in our Safety Policy. Employees are encouraged to report all unsafe working conditions, accidents, and injuries, regardless of how minor, to their immediate supervisor, Human Resources, or the Corporate Security department. A dedicated team in the Corporate Security department is responsible for ensuring that all aspects of physical security comply with government regulations, adhere to safety and security principles, and account for all applicable state laws. These objectives are accomplished through comprehensive policies and procedures, in conjunction with educational and awareness training protocols.



## OVERVIEW OF BENEFITS

- Exempt employees receive unlimited paid time off.
- Non-exempt employees receive 16 to 26 days paid time off per year (depending on years of service) for vacation, sick leave, and personal reasons.
- All employees may take up to 16 hours of paid time off per year to volunteer or give back to their communities.
- Parents receive gender-neutral paid leave for six weeks.
- Reimbursement up to \$10,000 (\$15,000 for a special needs child) is available for qualified adoption expenses (after one year of service).
- The Working Parents ERG provides resources, engagement experiences, an online community, and support navigating LPL policy.
- Retirement benefits include 401(k) matching contributions of 75% on the first 8% of an employee's designated deferral of their eligible compensation. Approximately 93% of eligible employees participated in our 401(k) program.
- Eligible employees can participate in an employee stock purchase plan to purchase LPL stock at a discount (after six months of service).



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# EMPLOYEE TRAINING AND PROFESSIONAL DEVELOPMENT

We offer an extensive mix of training programs to help employees in their personal and professional development and to equip them with the knowledge and skills to be successful. Training and development is overseen by our chief human capital officer and Human Resources executive team.

Our programs are centered on three themes: experience (on-the-job learning), exposure (learning through others), and education (formal training). We also provide employees with certification and licensing preparation courses, including a prep series for Securities Industry Essentials (SIE) and Series 7 exams, a 12- to 14-week program that consists primarily of self-study, with two hours of instructor-led virtual training per week. Tuition assistance is also available for eligible employees to continue their education through university courses or certifications.

**In 2022, we added two new programs to our training and development offerings for employees:**



## Career Growth Portal

Our one-stop-shop to enable career mobility, growth, and reskilling. It offers a personalized experience catering to employees' needs, aspirations, and timelines, enabling them to track progress and drive their careers. It also supports meaningful and transparent manager/employee career discussions, increasing engagement related to career management and employee retention.



## Skills Badging

Micro-credentials that are a representation of a competency or achievement earned through participation, progression, completion, and demonstration of learning. They motivate learners to work toward a learning goal that may span more than one course and provide employees a way to share their knowledge and accomplishments.





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## TRAINING AND DEVELOPMENT PROGRAM HIGHLIGHTS

### Career Growth Portal

The Career Growth Portal features resources to help employees at any stage of their career stretch their talents, expand their skillsets, and prepare for new opportunities. Among them are tools for skills and performance assessment, and roadmaps for career advancement. Some are specific to LPL and the financial services industry, while others focus on leadership development, coaching, managing people, data-driven decision-making, and agile project management.

### LPL's Corporate University

LPL U is our corporate university, which provides a portal for a more personal way to learn. Some courses are self-paced and online, and others are led by instructors in physical or virtual classrooms. LPL U includes a variety of business-related courses provided by Udemy®.



### LPL Wins Gold for Best Advanced Leadership Development

In September 2022, LPL was awarded the Gold from Brandon Hall Group for Best Advance in Leadership Development for LPL's Emerging Leaders Program (ELP). The program is designed to enhance and develop high-performing talent while ensuring LPL is building

### Talent review

Talent Review is an annual process where LPL's overall talent is assessed, high-potential leaders are identified, and succession plans for senior-level leaders are confirmed. This process guides our employees in their career progression and is an important part of employee development. More than 95% of our workforce received career and performance reviews in 2022.

### Ethics, safety, data privacy, and more

We make it mandatory for employees at all levels of our company to regularly participate in required training programs. Topics include data privacy and security, ethical behavior, workplace safety, workplace harassment, anti-money laundering, home office security and privacy, and workplace violence, among others. We consider these concepts fundamental to maintaining a great workplace and work environment.

## Employee engagement and training

We measure training effectiveness through surveys, post-engagement performance, assessments, and observations to assess outcomes. In 2022, our overall employee learner satisfaction score was 91%.

- Total employee training hours
- Total employee mandatory business ethics and compliance training hours
- Employee training satisfaction rate

### 2020



### 2021



### 2022







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# DIVERSITY, EQUITY, AND INCLUSION

In 2022, we refreshed our Diversity, Equity, and Inclusion (DEI) operational framework to foster a culture where everyone can belong, powered by our LPL Financial Core Values. This new framework provided guidance for measuring success and a path toward anchoring DEI as part of our firm’s DNA. Our CEO, chief human capital officer, and chief culture and inclusion officer oversee our DEI efforts and participate in monthly discussions on our progress. The Management Committee is updated quarterly on our progress, using trackable monthly metrics, and the Board of Directors is updated several times throughout the year.

Our 2022 focus areas included examining our employee brand management and DEI communications to maximize our DEI footprint in digital spaces and cultivate more employee awareness and engagement in our work. Additionally, the DEI team began streamlining employee resource group (ERG) efforts and processes with the goal of freeing up time and energy for our ERG leaders and members to make real and effective business impact.

We’ve set internal goals to advance DEI at LPL and share quarterly with employees our progress across an established set of key performance indicators. We measure our improvements through biannual employee engagement surveys, feedback from our ERGs, and turnover rates.<sup>1</sup> A culture of belonging is also reflected in our resources, policies, and practices, which we re-evaluate annually. We also track our annual recruitment, retention, growth of underrepresented employee groups, representation of women and employees of color at the assistant vice president and above levels, attrition, hiring rates, and the DEI Engagement Index.

## Employee DEI training

All LPL employees are required to take the Preventing Workplace Harassment required training, which includes a section on DEI. In 2022, we enhanced our DEI toolkit for people managers, which provides access to courses and tools to empower them to have meaningful conversations with their employees on why creating an environment of diversity, equity, inclusivity, and belonging helps LPL deliver on our mission. Our Emerging Leadership Program, for which we won the Gold award for Best Advanced Leadership Development, also offers a DEI external course as part of the curriculum. In addition, we launched How to Start Building High Performing Teams, a course designed to help managers lead more inclusive teams. The course also provides tips on how to build a diverse pipeline.

## Talent attraction

The DEI talent attraction efforts are centered on strengthening relationships with community partners, particularly historically Black colleges and universities, where we have hosted several career fairs. These efforts helped create a 2022 class of interns where over 70% identified as a woman and/or as Black, Indigenous, or a Person of Color. LPL leverages a multifaceted approach to sourcing from a diverse pool of talent inclusive of new methodologies, nontraditional recruitment channels, and investing in teams to amplify connections with diverse professionals and early-career partners.

*(continued)*



## EMPLOYEE DEI GOALS

By 2026, we aim to:

**3%**

Increase our **AVP+ women** representation at LPL by 3%, from a baseline of 38.7% in 2022

**2%**

Increase our **AVP+ People of Color** representation at LPL by 2%, from a baseline of 29.2% in 2022

## LEADERSHIP INCLUSION COUNCIL

In 2022, we launched the Leadership Inclusion Council, a group of executive leaders from each business unit who serve as a critical thinking group, sharing insights and helping us gain momentum on numerous DEI topics, including:

- Championing a workplace where everyone belongs
- Attracting, promoting, and retaining diverse talent
- Ensuring an inclusive environment through manager development

1. See Appendix I: Consolidated Data Sheet for more information on our turnover rates and engagement metrics.



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### Building an inclusive culture through ERGs

Our 10 Employee Resource Groups (ERGs), representing over 1,600 LPL employees, provide a space for individuals to be themselves, connect, and collectively help shape our culture of belonging. Each of our ERGs has an executive sponsor, and oversight is managed by the LPL employee DEI team. Our ERG leadership meets monthly with our enterprise DEI team to ensure alignment and direction. Our ERG efforts are focused on leveraging our groups as a collective to drive more employee engagement and participation. Intersectionality became a working theme in our DEI strategy to gain deeper insights into our employees' diverse spectrum of identification and belonging. Our ERG Fair resulted in 16% of participants immediately joining an ERG.

- African American
- Asian
- Hispanic/Latinx (HOLA)
- People with Disabilities
- Pride Alliance
- Veterans
- WAVE (Workers with Accumulated and Valued Experience)
- Women
- Working Parents
- Young Professionals

# 100%

LPL Financial earns a perfect score of 100% for the fourth consecutive year in Human Rights Campaign (HRC) Foundation's **Annual Corporate Equality Index**

Our hourly employees are paid above their state's minimum hourly wage requirement.



## TRANSPARENT AND EQUITABLE COMPENSATION

Annually, LPL conducts multiple analyses of compensation programs that focus on identifying whether there are disparities that may be tied to race/ethnicity or gender. Specifically (for employees below executive vice president who aren't on sales incentive compensation plans), LPL conducts the following three analyses: 1) base pay, 2) merit increases, and 3) discretionary bonus awards.

LPL retained an outside attorney and a labor economist, each with expertise in pay equity, to perform the analyses using statistical models they created specifically for LPL. Prior to each annual analysis, LPL and our outside experts review the models and make any necessary adjustment to ensure that they accurately reflect the latest LPL compensation programs. Individuals who identified as statistically significant outliers based on race/ethnicity or gender are subject to an in-depth review. LPL's compensation and legal team collects and reviews additional relevant information about outliers to understand the drivers behind the compensation subject to analysis, and compensation adjustments are implemented as appropriate.



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# ADVISOR TRAINING AND PROFESSIONAL DEVELOPMENT

LPL advisors are the heartbeat of our organization, and our engagement, training, and resources are designed to meet them where they are. We support our advisors through a variety of training opportunities and resources to help them achieve their business objectives. In addition to education and training noted in the [Sustainable Investing](#) section of this report, these range from technology and financial skill-building programs to ethical and legal compliance certifications, including:

- **ClientWorks Fundamentals:** A live series of interactive webinars where new financial professionals and their staff learn about LPL’s tools and technology for establishing their LPL Financial practice.
- **Virtual Technology & Resources Forum:** A three-day training event for advisors, program managers, sales managers, licensed branch employees, administrative staff, and sales assistants designed to increase proficiency in LPL’s investment tools and resources. The agenda provides hands-on technology training and the ability to select breakout sessions to tailor the learning experience. During the event, learners can expand their network by connecting with LPL subject-matter experts, sponsors, and peers.
- **Advisor University:** A one-stop-shop on a digital resource center providing information on upcoming webinars and workshops, as well as previous recordings of best practices and materials.
- **LPL Office Essentials:** This five-module program focuses on operational processing and professional development. Obtaining this certification shows an office professional’s dedication to their role and their ability to use ClientWorks.
- **Firm Training:** Regulatory training for advisors, which is essential for their compliance. Training covers security and privacy, Annual Compliance Meeting, anti-money laundering, financial crimes and fraud, and Regulation Best Interest.



## We obtain feedback from advisors through a variety of platforms:

**Advisor Solutions:** A team created to evolve, enhance, and strengthen how we engage with our advisors and address advisors’ unique needs through fostering innovative solutions to help them grow and win in the marketplace

**Net Promoter System:** A tool that enables us to collect advisor input and translate it into actionable plans responding to their feedback, occurring three times a year

**Periodic advisor surveys:** Specific surveys to assess the strength of advisor development resources

**New advisor calls:** An opportunity for new advisors to speak about their experience in joining LPL to identify strengths and opportunities for improvement

**Annual Compliance Questionnaire:** Includes a self-identified advisor diversity data survey

## Advisor engagement and training

- Total training hours
- Total mandatory business ethics and compliance training hours<sup>2</sup>
- Advisor training satisfaction rate

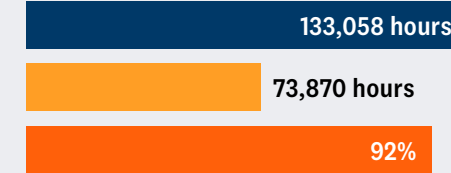
### 2020



### 2021



### 2022



2. Increase in advisor training hours from 2021 to 2022 due to two additional hours of required training per advisor in 2022.



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## Advisor engagement and DEI

We aim to create a community of financial advisors that is as diverse as the communities they're working in. Our advisor initiatives are developed and implemented by the LPL Client Communities & Sustainability team, along with strategic partnership and oversight from LPL's Management Committee, and the Advisor Inclusion Council. The council provides a space where LPL financial professionals are empowered to share ideas and suggestions with LPL leaders. They can highlight challenges they're facing as business owners and opportunities to better support their clients. The council is comprised of 18 advisors—44% women and 55% advisors of color—who meet three times a year, with a goal to further diversify and create inclusive practices.

In addition to the council, we actively engage our advisors through programs focused on fostering a diverse and inclusive culture:

### Diverse advisor recruitment

Includes our ongoing efforts to enhance our engagement with women and underrepresented minorities. We also increased assistance and incentives to help remove barriers to entry and support growth for diverse junior advisors.

### Advisor communities

Formed in response to advisor feedback, these groups help advisors build relationships with their peers and connect with LPL resources to support their business success. Our advisor communities include women advisors, Black advisors, Hispanic & Latino advisors, Asian American Pacific Islander advisors, and Pride Alliance (LGBTQ+) advisors. In partnership with our Employee DEI, select advisors were featured and spoke in front of LPL employees in panels during our DEI Summit and ERG events throughout the year. Advisors are encouraged to engage with one another in dedicated private LinkedIn groups for each community.

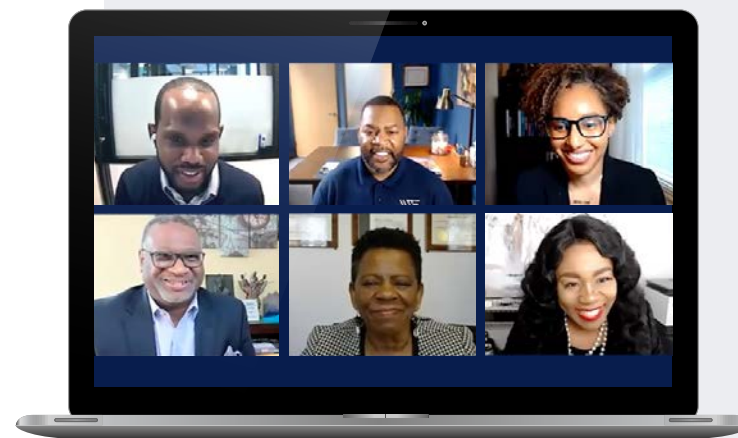
We actively seek and respond to feedback from our advisors. We measure our success through our annual recruitment, retention, and growth of underrepresented advisor groups (including women, LGBTQ persons, and advisors of color), advisor participation in engagement opportunities and events, and advisor satisfaction surveys. Our Advisor Event Surveys are an effective tool for us to understand and respond to the advisor experience, and this year our overall event Experience Satisfaction Score was 8.6 out of 10.

### Focus conferences

Our annual flagship advisor conference featured a segment about our LPL advisor communities. We also held our Focus on Women annual conference for women advisors and Focus on Inclusion, our event designed for AAPI, Black, Hispanic & Latino, and Pride Alliance advisor communities.

### Women advisor initiatives

This year we launched a mentorship program for top performing women advisors as part of our Achieve Rising Stars conference, our event celebrating young registered independent advisors and career changers who are advancing the industry through their accomplishments, contributions, and service to the community of advisors and clients nationwide.



## LPL AROUND THE TABLE

### **Black Advisor Voices wins award for diversity, equity, and inclusion**

LPL won an award from the Wealth Management "Wealthies" industry awards program, which recognizes outstanding organizations that support financial advisor success.

LPL earned recognition for the *Around the Table: Black Advisor Voices*, a video series that featured honest conversations among LPL leaders and advisors from a variety of backgrounds about how embracing diversity and inclusion can enhance and lead to advisor business growth. The series premiered during Black History Month and featured Black advisors sharing their unique perspectives on overcoming barriers to success, why they chose to become financial advisors, the importance of mentorship, and how the industry can better serve the Black community, among other topics. The series was shared across advisor, employee, industry, and client audiences.



# OUR COMMUNITY IMPACT

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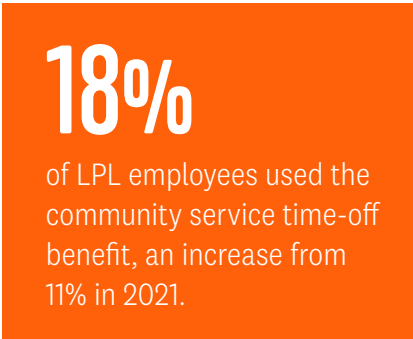
We're committed to caring for our advisors, our employees, and our communities. The caring power of our advisors and employees can be seen every day. Together, we actively work to better our local communities through volunteering and financial support.

## Employee volunteerism

LPL employees continued to show their commitment to supporting their communities and passion for giving back. We provide employees 16 hours of paid time off each year to work on a community service project or volunteer at a nonprofit organization of their choosing. Additionally, we offer volunteer programming that's accessible to all employees throughout the year, recommendations on how employees can engage in their

communities, and tools to set up their own events. Employee volunteering is overseen by the chief human capital officer, senior vice president of Employment Brand Management, and senior vice president of Community Impact.

This year, we focused on enabling our employees to volunteer from anywhere. With a remote, hybrid, and onsite workforce, it's critical to provide opportunities for employees to connect virtually and in person during both set and on-demand times. We also sought to increase the number of volunteer hours by our employee volunteers, which resulted in approximately 18% of our LPL employees using the community service time-off benefit, an increase from 11% in 2021. We proactively seek employee and community partner feedback to enhance our volunteering programs and evaluate our performance based on engagement outcomes.





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## 2022 EMPLOYEE VOLUNTEERISM HIGHLIGHTS

- **GIVEMBER:** Our annual holiday service campaign took place from November 28 to December 9. LPL hosted meal packaging events in partnership with the global food security nonprofit, Rise Against Hunger, at four different LPL campuses. Additionally, our ERGs led food and necessities drives and virtual options like supporting and encouraging young writers and playing bingo with seniors to engage our remote and hybrid workforce.
- **May Serve Days:** Our annual spring service campaign offers multiple ways for employees to engage and encourages them to volunteer in their communities and support the causes most important to them. ERGs hosted weekly virtual volunteer activities throughout the month, and employees gathered in person to make care packages for Ukrainian child refugees at our San Diego and Fort Mill campuses.
- **The Acts of Kindness program,** sponsored by the LPL Financial Foundation, enables ERGs to submit an annual grant request of between \$250 and \$1,500 to use in direct support of a volunteer project with a 501(c)(3) nonprofit organization that serves members of their community.

### Our Annual GIVEMBER Campaign

# 20,000+

meals shipped to insecure communities globally

# 874

employee volunteer hours

# \$26,176

total value of volunteer service

# 4

locations conducted charity drives for food and critical needs

# \$70,430

total charitable contributions from the LPL Financial Foundation to nonprofit organizations addressing hunger, homelessness, and other important causes

### May Serve Days 2022

# 43

 unique volunteer events, both virtual and in person

# 232

 employee participants

# 1,250

 volunteer hours

# 51%

 increase in volunteer hours year over year

# 57%

 increase in number of employees who participated in volunteerism throughout the month

### Frosted Faces

As part of May Serve Days, LPL employees volunteered with Frosted Faces, a nonprofit organization that rescues and cares for senior dogs. Volunteers spent time walking and bathing dogs, cleaning yards, filling up treat dispensers and lick mats, and socializing with animals.



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### The LPL Financial Foundation

2022 was the LPL Financial Foundation’s biggest grant-making year since its inception in 2011. Their mission is to advance the opportunity for economic and social well-being of underserved populations by supporting career training to increase the diversity of the financial services industry and build the financial capabilities of small-business owners. Last year, we refined our strategic focus areas to maximize our community impact, streamlining our focus to provide charitable grants to registered 501(c)(3) organizations and public schools that align with one of the three strategic pillars:

- Building the capacity of underserved small-businesses owners
- Increasing diversity in the career-ready financial services talent pipeline
- Acts of Kindness, a program that enables employees and advisors to double their personal financial contributions through the Matching Gifts program, supports our ERG volunteerism and responds to critical needs in our communities

### Partnerships

This year, the Foundation renewed and expanded its partnerships that were established last year with Local Initiatives Support Corporation (LISC) and the American College of Financial Services.

- **LISC:** Committed to a \$387,000 grant in support of more than 200 small businesses in the Carolinas and San Diego
- **American College of Financial Services:** Committed \$500,000 to continue the HBCU Equity Scholars program and launch a five-year longitudinal study on the impact of scholarship programs aimed at diversifying the financial services talent pipeline

The Foundation also onboarded four new strategic partners:

- **Girls Who Invest:** Granting \$250,000 in support of needs-based services and career development for program participants
- **Rock the Street, Wall Street:** Granting \$100,000 to build out their alumnae network for college-aged women pursuing careers in financial services
- **Johnson C. Smith University:** Granting \$258,600 to launch Finance Academy, a cohort of college sophomores and juniors from all majors to introduce and train for careers in finance
- **SCORE Foundation:** Granting \$100,000 in support of mentorship, advice, and resources free of charge to entrepreneurs

(continued)

## OUR COMMUNITY IMPACT BY THE NUMBERS

**\$2,558,000**

in total Foundation gifts

**\$480,000**

through the advisor matching gift program

**\$1,600,000**

in strategic grants

**\$128,000**

through the employee matching gifts program

**\$295,000**

in sunset partner grants

**12,000+**

employee volunteer hours logged

**\$63,000**

in Acts of Kindness grants



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The LPL Foundation also gave \$192,500 in grants to sunseting partners who no longer align with its strategic focus areas. In addition, the LPL Foundation matches up to \$500 in both employee and financial advisor charitable contributions annually.

Invited potential grantees go through a grant application process, reviewed during one of our quarterly Foundation board meetings. We evaluate the effectiveness of our giving programs through employee survey questions related to awareness of the Foundation, programming and commitment to our communities, participation in matching programs, and percentage of Foundation giving compared to the company's pre-tax profit.

### Governance

Employee volunteerism is a part of LPL's Community Impact programming. Employee engagement, employee giving, and LPL Financial Foundation grant making all fold up under the company's overall Community Impact strategy that is overseen by the chief human resource officer, the president of the LPL Foundation, and the Foundation's board of directors.

The LPL Financial Foundation is a separate legal entity governed by a Board of Directors. While the directors are employees of LPL, they act independently of the company's interests when governing the Foundation. Foundation directors are diverse in terms of business unit, location, corporate title, gender, race, ethnicity, and sexual orientation. An outside accounting firm manages the Foundation's taxes, and we use outside counsel for Foundation governance matters.

## SERVICE AFFORDABILITY

LPL believes that it's important to address unequal and unaffordable access to investing and financial planning. As a result, we've increased our focus on service affordability and financial literacy. We frequently re-evaluate the cost of our products and services and adjust as necessary to expand access for both individuals and small businesses.



### LPL's Partial Book Sales

In early 2023, we launched LPL's Partial Book Sales, to help advisors create capacity and better serve clients with diverse needs, service expectations, and account sizes. Partial Book Sales allows advisors to reshape their book of business by transferring select accounts to a digital platform. LPL's Investor Focused Solutions team of licensed advisors then assumes responsibility for the accounts, ensuring a seamless transition and personalized service catered to the appropriate stage of investing and needs of the client.



### Our Small Market Solution

Provides an affordable way for small businesses to offer retirement plan services and help their employees save and invest toward a secure future. Through this offering, our advisors provide ERISA Section 3(38) fiduciary services and monitoring, and assume discretion for determining the plan's investment menus.



### Guided Wealth Portfolios

A cost-effective, online investment advice platform. With a \$5,000 annual minimum, it allows people with a lower income to get started on their financial journey. Investors also have access to personalized portfolio management through an LPL advisor and access to cost-efficient exchange-traded fund models, which are managed by LPL Research and automatically invested and rebalanced according to their specific goals.



### Optimum Market Portfolios

Offers a solution to help more investors pursue their goals through a combination of managing risk through professional money management and investment research. This offering has a \$1,000 investment minimum, which expands the range of clients that advisors can offer services to and allows those with lower investable assets access to professionally managed asset allocation models. We also waived confirmation fees to client accounts with systematic contributions in place, which lowers the barrier to continuous investments.

See Disclaimer on page 65 for additional information.





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SUSTAINABLE  
DEVELOPMENT  
GOALS



# SUSTAINABLE INVESTING AT LPL

Our goal is to provide advisors and their clients with a diverse selection of products to support competitive, risk-adjusted returns. Sustainable investing is one way that our investors can seek opportunities to build long-term value into their portfolio strategies.

## **Our approach to sustainable investing**

At LPL, we serve our advisors by providing them with the end-to-end services and insights required to run their business and best serve their clients. We don't offer any products of our own, but we support our clients with information and resources on the products on our platform, combining insights delivered by our Research team with educational opportunities to equip our advisors to make their own assessments and sustainable investment strategies.



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# SUSTAINABLE RESEARCH, PRODUCTS, AND SOLUTIONS

## Sustainable products and solutions on LPL’s platforms

Exchange-Traded Funds (ETFs)  
Mutual Funds

Model Wealth Portfolios (MWP)

We offer access to a wide range of sustainable investment options, including centrally managed portfolios, mutual funds, separate accounts, and exchange-traded products (ETP).

LPL provides research to our advisors on sustainable investing funds by using our sector knowledge and resources to enhance their understanding of the variety of sustainable investing options on the market, which can be challenging due to the contradictory methodologies and increased size of data sets from providers. We do this through our Recommended List—our list of mutual funds and separately managed accounts that we recommend based on their history of delivering financial returns and their verifiable integration of ESG issues into investment analysis and decision-making. The products and investment managers that are featured on this list are subject to a validation process to identify managers that transparently deliver sustainable value, including:

- **Authentic incorporation:** A prospectus and marketing literature review is performed for evidence of authentic incorporation of ESG analysis and decision-making.

- **Demonstrable return:** An investment manager diligence process is executed that assesses the manager’s ability to consistently add value over rolling three-year periods, alongside other traditional investment value analyses.
- **ESG appraisal process:** A questionnaire issued to managers under consideration to obtain further information around the investment manager’s policies, investment analyses, and proxy voting approach. The questionnaire’s responses are assessed against defined rating criteria.

The mutual funds that perform the best against the above criteria are ultimately reviewed and approved for the Recommended List. From the Recommended List, top strategies ultimately feature in LPL Research’s Sustainable Models.

In addition to our research, LPL offers sustainable Model Wealth Portfolios (MWP) from Calvert and DFA that provide a range of options for advisors and clients to consider. All of the sustainable MWPs represent diverse sustainable investment strategies spanning asset classes, industries, market cap, and risk profile, and overall provide a broad range of exposure for investors to select from, while focusing on strong financial and ESG performance.



## LPL SUSTAINABLE INVESTING PORTFOLIOS

### MWP Sustainable Investing Mutual Fund Model

Offers broad exposure to the spectrum of sustainable investing through investment methods such as integrating ESG risks and opportunities in the investment decision-making process, engaging in dialogue with investee companies to improve their ESG performance, and contributing to solutions through approaches such as community investing

### MWP Sustainable Investing ETF Model

Offers broad exposure to the spectrum of sustainable investing that can be implemented in a passive rules-based way, such as negative screening and thematic strategies

### External Models

Similar models managed by external investment firms to provide our advisors and their clients diversified opportunities

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## Demystifying sustainable investing through advisor education

We meet our advisors where they are in their ESG educational journey, supporting them with various levels of ESG knowledge and maturity. We have online educational modules and guidebooks to provide information from sustainable investing basics to reporting on performance. We've had nearly 120 advisors complete our Sustainable Investing Fundamentals course since its launch last year.

In addition to our online learning resources, we offer advisors access to a peer group and experts through our Sustainable Investing Study Group. This resource is open to all LPL financial professionals and allows for the exchange of best practices, networking opportunities, and steps to implement sustainable investment strategies.

## Tracking our progress

We tailor our resources by tracking the uptake of sustainable investing products and measuring the percentage of advisors who have sustainable investments in their total portfolio of clients year over year (YoY). In 2022, the number of advisors that had invested in sustainable investments on behalf of their clients grew by 6%. Furthermore, 45% of our advisors invested in at least one sustainable product on behalf of clients, and 18% of advisors had at least 1% of their client accounts in sustainable investments. Core metrics related to our sustainable investing program can be found in [Appendix I, Consolidated Data Sheet](#).

LPL reports on the financial performance of its investment products, including those that integrate ESG issues and sustainability, and those that are subject to positive or negative environmental or social screening. Data related to this performance can be found in [Appendix I, Consolidated Data Sheet](#).

## LPL continues to provide sustainable investing mutual funds, ETFs, and model portfolios

As of December 31, 2022, LPL offered the following:

	2021	2022
Mutual Funds	199	196
Separately Managed Accounts (SMAs)	22	28
ETFs	93	93
Managed Models	4	4

## Sustainable investing advisor profiles

Sustainable investing profile	Number of advisors that leveraged sustainable investments as of 12/31/22	Sustainable investing holdings as % of total book	Percent of advisors
None	7,424	0%	36%
Dabbler	9,283	0-1%	45%
Adopter	3,055	1-5%	15%
Heavy Adopter	450	5-10%	2%
Focused	239	>10%	1%



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## SUSTAINABLE INVESTING KEY PERFORMANCE INDICATORS

Our sustainable investment offerings seek competitive financial returns and methodically consider ESG risks and opportunities in the investment process.

### Changes in sustainable model wealth portfolios on LPL's platforms growth

		AUM			Accounts		
		12/31/2021	12/31/2022	% change	12/31/2021	12/31/2022	% change
LPL Model	MWP Sustainable Investing Mutual Fund Model	\$1,128,398,666	\$946,352,885	-16%	6,638	7,110	7%
	MWP Sustainable Investing ETF Model	\$46,890,538	\$123,413,525	163%	413	1,088	163%
	MWP Dimension Sustainable	\$330,423,382	\$294,742,770	-11%	2,063	2,246	9%
	MWP Calvert Responsible Allocation	\$138,578,045	\$142,394,571	3%	1,042	1,368	31%
		<b>\$1,644,290,631</b>	<b>\$1,506,903,751</b>	<b>-8%</b>	<b>10,156</b>	<b>11,812</b>	<b>16%</b>

Managed assets	AUM	
	12/31/2021	12/31/2022
Mutual Funds	\$8,300,000,000	\$7,200,000,000
ETFs	\$3,300,000,000	\$2,400,000,000
Separately Managed Accounts	\$23,382,481	\$2,173,182,561
	<b>\$11,623,382,481</b>	<b>\$11,773,182,561</b>

\* 12/31/2022 Separately Managed Accounts data unavailable at this time.



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# SUSTAINABLE INVESTING GOVERNANCE

Our sustainable investing team is led by the senior vice president of LPL Research, supported by other analysts. To add products to the Recommended List, voting members of the Implementation Committee review the underlying analyses and vote to add or remove listed products. Further governance structures are in place to oversee the Sustainable Model Wealth Portfolios. LPL Research has six Model Portfolio Committees, which oversee the implementation of model changes under their purview. The Model Portfolio Committees implement strategic and tactical asset allocation guidance, including changes to stocks, bonds, and cash and changes within equity and within bonds using Manager Research Recommended List funds. All senior leaders of LPL Research meet at least weekly to vote on asset allocation changes that may impact the Sustainable Investing models. All Research models report to the LPL Enterprise Product Risk Committee, which provides further risk oversight and input.

An Environmental, Social and Governance (ESG) fund's policy could cause it to perform differently compared to funds that do not have such a policy. The application of social and environmental standards may affect a fund's exposure to certain issuers, industries, sectors, and factors that may impact relative financial performance—positively or negatively—depending on whether such investments are in or out of favor

See Disclaimer on page 65 for additional information.





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# TRANSPARENT AND ETHICAL OPERATIONS

At LPL, we aim to operate responsibly and to strive for transparency and integrity in everything we do. We believe it's good business and the best way to serve our stakeholders. We uphold our culture of ethics and integrity by adhering to corporate policies and practices designed to guide our teams in terms of professional conduct, ethical business practices, and compliance with all laws and rules related to our industry.

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# BUSINESS ETHICS AND COMPLIANCE

## Code of Conduct

Our [Code of Conduct](#) serves as our commitment to ethics and integrity in our daily operations and business practices. The Code covers guiding principles on a variety of topics such as conflicts of interest, anti-bribery and corruption, insider trading, disclosure of transactions in company securities, ethical obligations for financial reporting, obligations to report gifts and entertainment, and other topics intended to guide our employees' conduct. The code also covers the proper handling of confidential information, cybersecurity, maintaining accurate books and records, business continuity, and intellectual property—all topics that provide guidance to safeguard our company and our clients.

Our Code of Conduct applies to all officers and employees and all financial professionals associated with LPL. To ensure compliance with our Code of Conduct, all employees must complete a Code of Conduct and Code of Ethics acknowledgment and reaffirm their commitment annually. Additionally, employees (including contractors, temporary employees, and others) and financial professionals are required to complete an annual training that covers general ethics, anti-corruption, bribery, tax evasion, and international sanctions compliance. Failure to comply with the Code could result in disciplinary action, including but not limited to fines, an interruption of business by suspension of systems access or licensing, and possible termination of employment. In addition to this training, our business risk management team and our compliance functions receive additional technical training to assist in their administration and oversight of ethics and business conduct at LPL. Our Enterprise Risk Management (ERM) and Internal Audit functions reinforce our policies related to ethical business practices by

conducting regular risk assessments that review and test various areas of our business including issues of ethics and integrity. Additionally, LPL conducts annual anti-bribery and anti-corruption policy reviews to confirm that departments across the firm are following policies and procedures to comply with our guidelines.

## Addressing ethical concerns

We seek to identify and address ethical concerns proactively and promptly. Employees and financial professionals are required to immediately report known and suspected violations of the Code of Conduct. Complaints can be reported to LPL in a variety of ways, including through supervisors, management, Human Capital department, and our Whistleblower and Integrity Hotline, which is operated by an independent service provider and allows anonymous reporting. Our whistleblower program is described in our [Integrity Hotline Policy and Procedures](#) to facilitate reporting concerns regarding financial statement disclosures, accounting, internal accounting controls, auditing matters, compliance with applicable laws, rules and regulations, or violations of the LPL Code of Conduct. The Hotline provides employees, temporary staff, contractors, and others an avenue to confidentially or anonymously report concerns, in any language, 24 hours a day, seven days a week, including questionable accounting or auditing matters, without fear of retaliation. Employees are informed about the hotline through our mandatory trainings and via our company intranet.

Allegations may also be made directly to management, in writing or in person. Our Integrity Ombudsperson is designated by the Audit and Risk Committee to

*(continued)*

## MANAGING BRIBERY, CORRUPTION, AND MONEY LAUNDERING AT LPL

Our regulators put significant focus on our practices for managing bribery, corruption, and money laundering risks in our business as a financial institution. We implement best practices to mitigate these risks, including:

- LPL's **Anti-Bribery Anti-Corruption policy**, which documents our approach to financial crimes, including definitions, processes, and procedures
- A dedicated Anti-Money Laundering policy explicitly outlining LPL's prohibition of and approach to anti-money laundering
- **Red flags** built into procedures to identify issues
- **Mandatory training** for all employees covering bribery, corruption, and tax sanctions
- **Financial Crimes Compliance** via a dedicated mailbox



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investigate and promptly act on allegations and concerns reported. Investigations are conducted with a defined scope and work plan, and typically feature a series of interviews, as well as assessments with respect to LPL policies. The Integrity Ombudsperson provides updates and reports to senior management on a bimonthly basis and to the Audit and Risk Committee during scheduled meetings. In addition, material allegations are reported to the Audit and Risk Committee and, in some cases, are brought before the larger Board.

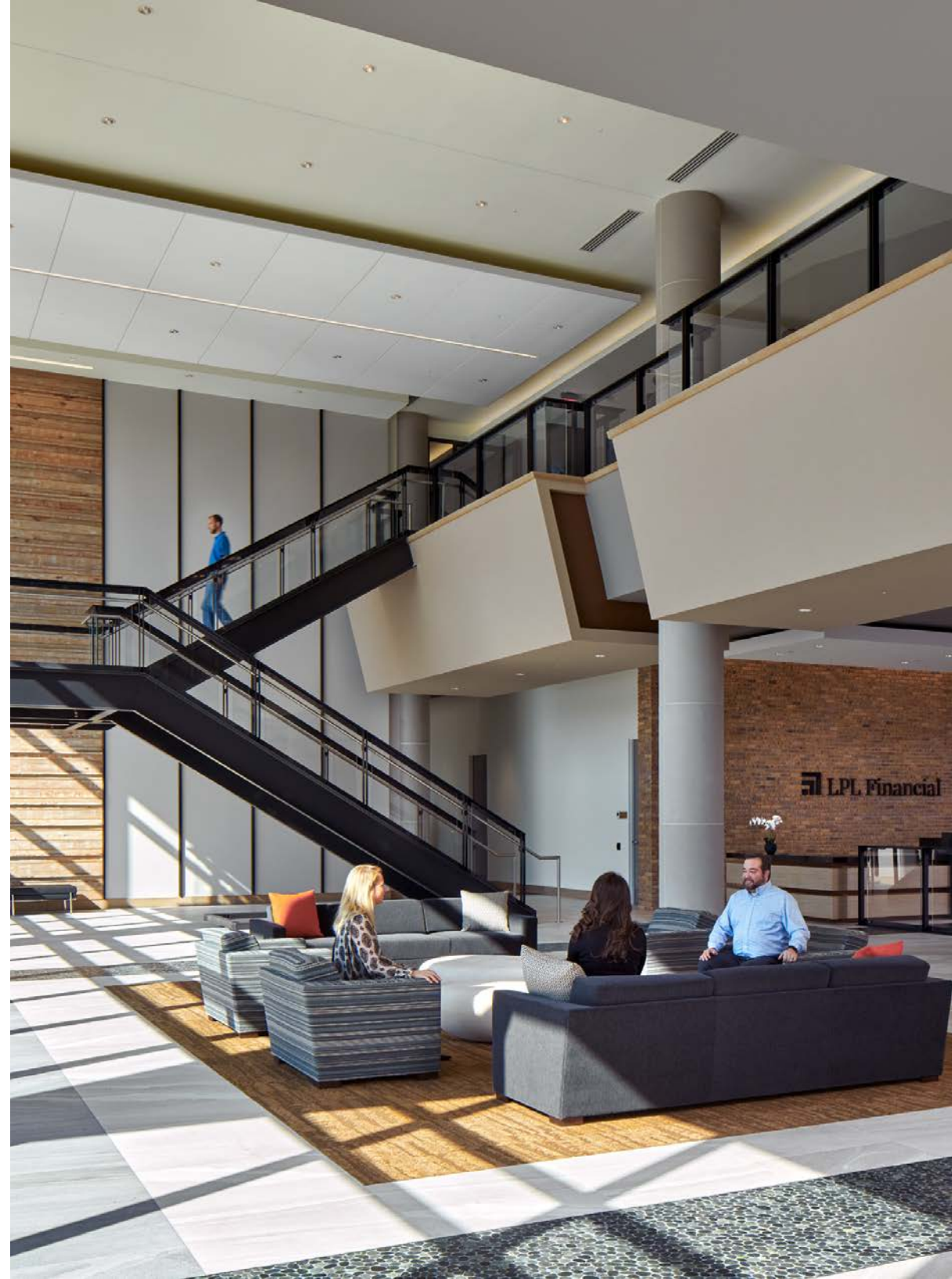
In instances where an investigation reveals a violation of LPL policy or other inappropriate conduct, LPL takes the corrective action deemed appropriate under the circumstances.

### Senior investor protection

LPL is committed to ensuring that all LPL professionals have the tools and training needed to recognize and report suspected senior and vulnerable adult exploitation.

The firm has a dedicated Senior Investor Protection team within our Financial Crimes Compliance department, which serves as the central escalation point for employees and financial advisors and investigates suspected senior and vulnerable adult financial exploitation and abuse.

This team provides guidance and resources to employees and financial advisors to help them understand the requirements under federal and state laws and regulations to help protect senior investors and vulnerable adults. In the event an employee or advisor recognizes red flags of diminished capacity and/or exploitation, they collaborate to investigate, report, and work extensively with each state's Adult Protective Services, local law enforcement, and regulators to protect clients and their assets.







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# ENTERPRISE RISK MANAGEMENT

To manage our company risk, the Enterprise Risk Management (ERM) department partners with Internal Audit and business units at LPL. In 2022, the ERM department developed an enhanced framework and launched risk identification and risk and control self-assessment activities to capture and quantify risks across the firm's business lines. Additional activities include control attestations, deep dives, thematic reviews, and scenario stress tests. The Risk Oversight Committee comprises many of the firm's executives and is responsible for overseeing the firm's existing and emerging risk profile. The committee reports to the Audit and Risk Committee of the Board of Directors.

Our Risk Oversight Committee governs all risk management activities. Our chief risk officer, who reports to the chief legal officer, is the senior executive responsible for risk management functions. In addition to the Integrity Ombudsperson, the Chief Compliance Officer is the senior executive responsible for oversight of the company's ethics and compliance programs. Among other things, the Compliance Department is responsible and accountable for oversight of the company's anti-corruption and anti-bribery programs. Risk governance activities are further supported by our Internal Audit team's annual audit plan, which is approved by the Audit and Risk Committee. In addition, the ERM department oversees, manages, and administers the firm's ERM program, which includes governance of the Enterprise Risk & ERM Policy, Risk & Control Self-Assessments, Risk Metrics & Reporting, and Management Training. The ERM department works closely with business units to gather risk and performance metrics that inform the quarterly Enterprise Risk Profile report presented to senior and executive management, the Risk Oversight Committee, and the Audit and Risk Committee of the Board of Directors.



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## PUBLIC POLICY AND ADVOCACY

LPL strives to build strong relationships with regulators and legislators so we can serve as a trusted resource as policies are developed that affect the delivery of comprehensive financial advice and services. Each year, we identify key policy initiatives based on the impact they have to advisors, the firm, and the industry to adhere to our commitment to protecting access to financial advice for Americans. Our goal is to be a thought leader and effective advocate in each key policy area. In 2022, our [Government Relations](#) team built on our 2021 key policy areas to set the following goals:

- Raise the profile of LPL Financial among legislators and regulators in Washington, D.C., and in key states through advocacy and education
- Establish LPL Financial as a recognized thought leader and valued resource on issues affecting the delivery of personalized financial guidance and advice
- Coordinate company-wide efforts to educate advisors and employees on the importance of engagement and their role in impacting policy changes to benefit our shared interests
- Develop and maintain an effective grassroots network, demonstrating to advisors the value of their advocacy and leveraging the power of LPL’s network across the country
- Raise \$500,000 in LPL Financial Political Action Committee contributions

We execute against these goals in three core ways. First, we engage directly with federal and state legislators and regulators to build relationships, shape policy, and serve as a partner. Second, we partner with trade associations and work to advance our positions in their separate engagement with regulators and Congress. Finally, we advance our goals through the LPL Political Action Committee (LPL PAC). The LPL PAC is an independent, employee- and advisor-supported, bipartisan group that supports candidates running for federal office.

The LPL PAC is overseen by a board of directors and governed by bylaws the board adopted. Day-to-day operations of the PAC are managed by our Government Relations team, and the PAC seeks to use funds raised by employees and advisors to foster relationships with the policymakers that shape our industry. The performance of our Government Relations team is measured according to metrics established by our management, and reported to management on a quarterly basis. Government Relations activity is reported to all managing directors and executive vice presidents monthly.

### Our Public Policy KPIs

**\$985,422**

LPL’s total annual lobbying expenses in 2022

**\$643,000**

of PAC funds were spent on political donations, with a nearly even split between Democrats and Republicans.



### Government Relations

LPL Government Relations uses our large network of financial professionals to inform and give voice to our positions, and to provide firsthand feedback from experts on policy changes that will impact them the most.

For example, we’ve proudly supported the enactment of the bipartisan SECURE 2.0 legislation, which creates new opportunities for advisors by incentivizing individuals to save and increasing access to workplace plans.

Over the course of two years, we partnered with our affiliated advisors to advocate for the passage of the bill. This included two advisor surveys, showing overwhelmingly positive sentiment for the major provisions. We also did two grassroots campaigns encouraging our advisors to send letters of support to their federal elected officials, resulting in thousands of letters.



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# CYBERSECURITY AND DATA PRIVACY

LPL’s advisors, investors, employees, and business partners provide us with their personal information every day. We recognize that the privacy and protection of this data is a significant concern, and we have made a commitment to protect that information. In 2022, our Information Security team implemented several new initiatives to evolve our program, including investing in new technology, engaging with our advisors and their clients, and working with external standard setters and thought leaders on cybersecurity and data privacy best practices.

## Cybersecurity and data privacy programs management

LPL maintains a library of policies and information to describe our efforts to protect LPL’s stakeholders’ data, including policies on appropriate access and data use for both employees and advisors. Additional maintained policies are LPL’s Home Office Security Policy (HOSP) and Branch Office Security Policy (BOSP), and a Security Incident response plan and supplementary playbooks that describe how we address reported cybersecurity and data privacy incidents in a timely manner. Furthermore, we maintain our [Privacy Policy](#) and [Consumer Privacy](#)

[Notice](#), which documents how we use data. Our policies and procedures are routinely reviewed for updates based on regulatory changes and as part of our business processes; any policy change in how LPL may collect, use, or share client information is disclosed in documents such as the Privacy Policy and Consumer Privacy Notice.

Our program relies on an ecosystem of security measures, including use of secure, reputable systems and software, best practice change management procedures, strong access and password criteria, and secure firewalls and threat monitoring tools. We assess the effectiveness of our program by performing testing and attestation in alignment with strict regulatory standards, such as

*(continued)*

## 2022 cybersecurity and data privacy highlights



### New protections

We launched our Cyber Fraud Guarantee, in which LPL will reimburse clients for 100% of realized losses from LPL accounts incurred from unauthorized access to their accounts.



### New technology

We deployed technology solutions to provide advisors and staff with one-click reporting of dangerous phishing emails, and we deployed a compliance tool to automate computer security checks.



### New communications

To better convey information to our advisors about our cybersecurity protocols, we launched our cybersecurity webpage on LPL.com.



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New York State’s DFS Cybersecurity Regulation, and regularly assessing the risk of technology processes following the federal NIST framework.<sup>3</sup> We regularly test our Security Incident Response plan based on trending threats, including annual data breach tabletop exercises that include the Security Incident Response team, and we periodically assess our third-party vendors to ensure they are complying with our data privacy and control standards. Our information security policies are audited routinely by regulatory bodies such as the SEC, FINRA, OCC, and OCIE. In addition, our systems and security controls are described and audited regularly, both through efforts from our regulators and through our voluntary SOC 1<sup>4</sup> report, demonstrating the strength and security of our efforts.

LPL’s cybersecurity and data privacy programs management aligns with the eight principles outlined in the 1980 OECD Guidelines on the Protection of Privacy or equivalent Fair Information Practices (FIPs) models. For more information, please [see the appendix](#).

Human rights are respected through LPL’s commitment to disclose how we collect, use, and share information, which is covered in our Privacy Policy and Human Capital policies. We provide processes for individuals to assert their personal rights as required by state law, such as CCPA. If an incident occurs where there has been a violation of human rights as a result of LPL’s data sharing practices, free credit monitoring may be provided to individuals or other remedies may be provided that are deemed necessary to resolve the issue.

### Incident response

Events involving a potential compromise of sensitive data are escalated to the Privacy team for review, and relevant internal stakeholders are notified. We have developed incident response procedures intended to ensure that we respond to compromises in accordance with breach notification laws. Our Privacy team reviews numerous potential data security incidents per year. LPL is dedicated to preventing fraud from potential compromises through regular collaboration among various business units including Privacy, Information Security, Fraud, and Technology. These processes are supported by playbooks that are routinely reviewed and updated to adapt to the continuously changing threat landscape.

### Training

Every employee at LPL is responsible for helping us protect the personal data about our clients and colleagues that has been entrusted to us. We’re proud to host an annual Focus training where we concentrate on topics including laptop and email encryption, responsible data transmission, phishing, and client impersonation. Additionally, all persons covered under our Home Office and Branch Office Security Policies are required to complete annual security training. Our security awareness program includes phishing simulation campaigns, ongoing security reminders, and threat awareness.



## OUR CYBERSECURITY AND DATA PRIVACY TEAMS

LPL’s Privacy team is led by our chief privacy officer, who oversees our [Consumer Privacy & Security policies](#) and leads a team to carry out the company’s advice, incidents, vendor, and data security, and privacy compliance and governance functions. Our Information Security team comprises over 100 members and is led by our chief information security officer, who reports directly to the chief information officer.

3. The Framework is a risk-based approach to managing cybersecurity risk developed by the National Institute of Standards and Technology. Each Framework component reinforces the connection between business/mission drivers and cybersecurity activities.

4. SOC reports evaluate the effect of internal controls for financial reporting, including the strength of IT general controls.



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# PRODUCT RISK GOVERNANCE

To serve as responsible stewards of the products and services available on our platform, we're guided by our [Product Risk Governance Policy](#) and are overseen by LPL's Product Risk Management department. Our in-house research function and product platform are key to LPL's mission, and are encumbered by conflicts from product manufacturing, underwriting, and market-making. Our Product Risk Management and Investment Product teams review prospective products, with particular focus placed on those products that are complex or have novel, complicated, or derivative-like features. They also review exchange-traded products and mutual funds; detect, evaluate, and mitigate product risk; and conduct ongoing oversight of approved products on our platforms from third-party entities. They partner closely with Investor and Investment Solutions, the Care organization and various teams within the Compliance, Legal & Risk department to help evaluate and stand up controls to support their policy. Ultimate decision-making for product inclusion is determined by our three Product Risk Committees, comprising individuals from across multiple divisions of the company.

Regulation Best Interest was a significant regulatory change for LPL advisors. We help advisors with the Rule by conducting reviews of advisors' compliance. For example, complex products transactions (e.g., annuities and alternative investments), must be approved by our Compliance, Legal & Risk teams before being executed. In addition, we train our advisors to understand their scope and duty of care responsibilities to ensure that their recommendations are in the customer's best interests. In 2022, we continued to focus on standardizing compensation across product and platform types to reduce our advisors' exposure to conflicts, further reinforcing the integrity of the advisors' businesses.

Customer complaints are handled by our Early Dispute Resolution department, which consists of attorneys and paralegals who review and resolve the matters. Written customer complaints are reportable to regulators on a quarterly basis.

## How we manage product risk governance

<b>LPL Research</b>	<ul style="list-style-type: none"> <li>▪ Conduct ongoing research on returns, allocations, and competency of product investment managers</li> <li>▪ Perform direct engagement with external investment managers</li> <li>▪ Select products for LPL's recommended lists and Model Wealth Portfolios</li> </ul>
<b>Product Risk Management</b>	<ul style="list-style-type: none"> <li>▪ Oversee the introduction of new products and the monitoring of existing products on LPL's platform</li> <li>▪ Take a risk-based approach to oversight, performing differing levels of due diligence based on product type and associated risk</li> </ul>
<b>Product Review Committees</b>	<ul style="list-style-type: none"> <li>▪ Cross functional committees chaired by Product Risk Management that review and approve new and established high-risk product types on the LPL platform</li> </ul>



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# RESPONSIBLE SOURCING

We seek to partner with vendors who share our ethics and values. Our 1,793 suppliers that provide products and services to LPL play a critical role in supporting our operations and achieving our mission. Our Sourcing and Procurement function is part of the Finance group and is overseen by our chief financial officer.

In 2022, we made significant progress in establishing a baseline for enhancing our responsible sourcing practices. We received initial measurable diversity data from our third-party partner that set the foundation for continuous improvement related to responsible sourcing and human rights at LPL. Additionally, we made enhancements to our third-party risk platform that will enable us to apply ESG principles within our vendor performance management process and establish the basis for us to achieve our supply chain goals.

Our goals in 2023 include human rights-related questions within business reviews performed by our vendor owners and the exploration of third-party tools to assess suppliers based on environmental and social criteria.

## Supplier ethics and integrity

We expect our suppliers to share our values, operate with integrity, and respect basic human rights. Our vendor selection process includes screening our suppliers for practices that are consistent with our values and expectations.

Our [Vendor Code of Conduct](#) establishes our expectations for our suppliers to conduct their business ethically, commit to human rights, pursue environmental sustainability and stewardship, and promote DEI. Our

Vendor Code of Conduct applies to all LPL vendors, and any vendor subcontractors, and it's expected to be communicated and upheld throughout their operations and supply chain. We reserve the right to monitor vendor compliance, which may include verification through self-assessment, on-site audits, or other means of due diligence. The Vendor Code of Conduct aligns to the LPL Financial Human Rights Statement of Principles and the LPL Financial Code of Conduct. The standards set forth in the Vendor Code of Conduct draw on internationally recognized standards including the United Nations Universal Declaration of Human Rights, United Nations' Guiding Principles for Business and Human Rights, and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

## Supplier diversity

We believe that our responsibility for and commitment to diversity go beyond our workforce and we're committed to working with diverse-owned and underrepresented suppliers. We actively seek opportunities for minority-, women-, and veteran-owned businesses and further encourage vendors to include and promote such businesses in their own supply chains. In 2022, our third-party report revealed that of the approximately 1,800 LPL suppliers, roughly 9% are diverse.<sup>5</sup> Our team will continue to make efforts to increase the diverse supplier base within our supply chain, and we now have the foundational data to analyze and explore opportunities to improve our results, as reflected in our commitment to increase our certified diverse supplier spend to 13% or greater by 2028.

5. Our total supplier population decreased by roughly 1,500 suppliers from 2021 due to the removal of dormant suppliers from our total supplier population which impacted the overall diverse percentage. While the diversity percentage decreased from 2021 to 2022, total diverse spend increased by \$4.4M YoY to \$63.6M.



## OUR SUPPLY CHAIN GOALS

Our commitment to vendor compliance, basic human rights, and operational integrity is further reflected in our new 2028 targets:

Increase certified diverse supplier spend to an average of

**13%**

or better from a 2022 baseline of 6.4%

Achieve

**100%**

top tier vendor alignment with LPL's Vendor Code of Conduct and 85% or greater with remaining vendors



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# ENVIRONMENTAL STEWARDSHIP

As a financial services organization, the environmental footprint of our business operations is primarily from impacts associated with business travel and the operation of our offices. We actively seek to reduce our impact on the environment by understanding and managing our climate-related risks and opportunities. Our work is supported by our Environmental Stewardship Policy, and we are taking steps to align with the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD).

Our policies guide our commitment to environmental stewardship, the governance and tracking of our performance, our determination of environmental risks and opportunities, and the actions we are taking to reduce our climate impacts. We continue to improve the measurement and disclosure of our environmental data to better measure performance over time.



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# OPERATIONAL SUSTAINABILITY

## Reducing our footprint—energy and emissions

We primarily contribute to climate change through energy usage in our business operations. Our environmental programs and progress are managed by our chief human capital officer and the senior vice president and vice president of Corporate Real Estate. Every year, they evaluate additional methods to reduce energy and emissions and determine which of those make sense for our business. In this, our fourth year of GHG emissions measurement, our inventory includes the measurement of impacts from our employee advisor offices.<sup>6</sup>

We invest in energy conservation programs in our offices to reduce emissions as one of our biggest operational expenses. Our facilities feature equipment that are energy-efficient and adjust to demand, including elevators, lighting, EV charging stations, and energy monitoring systems. For example, all lighting in our facilities is LED, and our systems are set to measure and adjust based on employee movement and external daylight conditions. Much of our equipment has earned Energy Star ratings and offers significant efficiency improvements compared with conventional alternatives.

## Energy conservation highlight

Our Building Automation System is a key component of our energy conservation initiative. The system uses different elements of heating, ventilation, and air conditioning systems to help reduce energy consumption:



Allows start times to be staggered, which keeps electrical demand down



Allows on/off scheduling of patio ceiling fans and our Weir Wall water feature



Monitors outdoor air conditions to automatically turn heating and cooling systems on and off



Monitors occupied demand and conference center occupancy to turn fans off as appropriate



Monitors kitchen cooler/freezer temperatures and water leaks, and notifies our engineers of anomalies



Monitors building pressure and adjusts building exhaust fans via motor speed controls



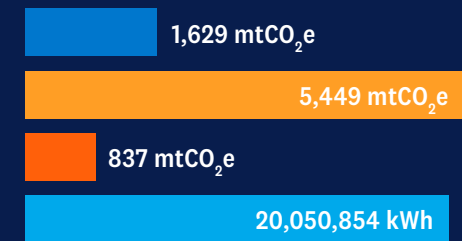
Utilizes analytics to identify faults in the air conditioning system, the energy information system, and key performance indicators

6. We are in the process of expanding the scope of our data collection points to have a more complete understanding of our environmental impacts. Please see the data Appendix I: Consolidated Data Sheet for our source data.

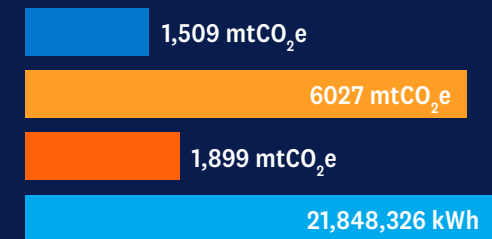
## GHG emissions and energy consumption<sup>7,8</sup>

- Scope 1 emissions<sup>9</sup>
- Scope 2 emissions (location based)<sup>10</sup>
- Scope 3 emissions (business travel)
- Total electricity consumption (kWh)

### 2021<sup>11</sup>



### 2022



7. Our 2022 inventory includes the addition of employee advisor sites into sections of our environmental data including: Carbon (Scope 1, Scope 2, and Scope 3 calculations) and Energy (except where specified).

8. For energy and GHG emissions, data gaps from employee advisor sites were supplemented with data from the Energy Information Administration's (EIA) Commercial Building Energy Consumption (CBECE) Survey for the remainder of the offices. Our GHG footprint is calculated using an operational control approach. We used emission factors from 40 CFR Part 98 Tables C-1 and C-2 and EPA eGRID factors. Global Warming Potential documented in the Intergovernmental Panel on Climate Change AR5 report was used to calculate CO<sub>2</sub>e for methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O).

9. Scope 1 emission source streams include consumption of natural gas, distillate fuel No 2. (diesel), refrigerants (R-404a), and fuel oil.

10. Scope 2 emissions calculated using WRI GHG Protocol's Location-based Method.

11. Our Overland Park office was moved in 2021 and consequently has some data gaps in that year's data collection.





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## Managing our resources—water and waste

As part of the financial industry, our greatest waste impacts are from our paper consumption. We're positioned to help drive efforts to go paperless through digitization of operations, reducing our paper usage and overall waste.

Where we can't go paperless, we continue to look for efficiencies and reductions in paper products such as combining multiple trade confirmations into a single document. We also source Forest Stewardship Council (FSC) certified paper. In 2022, 90% of the paper used for all marketing and web-to-print offers was FSC-certified.

In our offices, we offer recycling for either separate or single-stream recycling waste management, as well as the recycling of batteries, eyeglasses, coffee pods, and print cartridges. We also offer water refill stations and have an office supply collection program, where we collect unwanted office supplies and other objects to be repurposed and provided free to employees.

We also measure and manage the water consumption in our offices, which in 2022 included 1,241,201 gallons of potable water. To mitigate this impact in 2022, we recycled 617,494 gallons of pond water at our Fort Mill office throughout Water Harvesting Solutions water recycling system. This system recycles water from our roof drains and air conditioning condensation back into the local pond, which we then use to provide water to our Weir Wall water feature and all sprinkler heads and drip irrigation. In addition to this, both our San Diego and Fort Mill offices use reclaimed water in their landscaping, building air conditioning systems, and restroom toilets.

## Recycling initiative

We hosted our second annual recycling drive. LPL employees and advisors in our San Diego and South Carolina offices had an opportunity to participate in an earth-friendly solution for disposing old batteries, outdated electronics, unused eyeglasses, and paperwork to keep these items out of landfills. This year, we collected:

FORT MILL	SAN DIEGO TOWER
100 pairs of eyewear	7 pairs of eyewear
55 lbs. of used batteries	42 plastic grocery bags
315 gallons of paper	18 lbs. of used batteries
500 lbs. of e-cycle	224 gallons of paper
	24 lbs. of cardboard
	400 lbs. e-cycle

12. See Appendix I: Consolidated Data Sheet for a more detailed breakdown of our water consumption and waste production, source data, and calculations methodology.  
 13. The Overland Park and Austin campuses experienced substantial increases in water consumption from 2021 to 2022 due to larger and longer duration of occupancy in 2022.



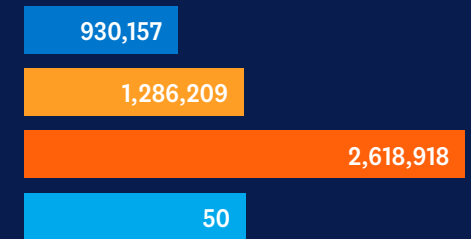
## ENVIRONMENTAL STEWARDSHIP 2026 GOALS

**40%** or greater reduction in number of statements mailed, from a baseline 2.4 million per month average in 2022

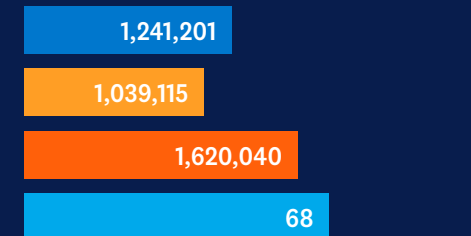
### Water consumption and waste produced<sup>12</sup> (gallons)

- Amount of water consumed (potable)<sup>13</sup>
- Amount of wastewater discharged
- Amount of other water discharged (San Diego only)
- Total waste generated (tons)

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## CLIMATE RISK

Climate change poses both short- and long-term risks to our business. In 2022, we continued to work through the recommendations from the TCFD and conducted an initial analysis of what climate-related risks and opportunities are relevant to our business. We also made progress toward building our two-year roadmap to advance our climate reporting, measurements, and goals, and continued to leverage our Business Continuity and Recovery team to protect the resiliency of our operations. That team helps advisors develop and implement emergency response plans, provides them data backups so their clients' information remains secure and accessible in the event of an emergency, and maintains our Business Continuity and Recovery Event Playbook to document procedures and responsibilities for LPL teams under varying types of emergencies.

In 2023, we plan to conduct a more in-depth evaluation of our most prominent risks and opportunities, including performing scenario analyses, evaluating potential mitigation and adaptation solutions, and drafting our first TCFD report. These actions will help us understand areas of our risk profile that could be vulnerable to climate change and embed climate-related risks into our enterprise risk framework.



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LPL'S BUSINESS	2021 value	2022 value	% change
<i>As of and for the years ended December 31</i>			
Number of client accounts	7,200,000	7,900,000	10%
Total revenue (dollars in thousands)	\$ 7,720,830	\$ 8,600,825	11%
Number of advisors	19,876	21,275	7%

SOCIAL DATA	2021 value	2022 value	% change
<b>Headcount</b>			
<b>U.S. headcount by employment status</b>			
Total headcount	6,005	6,452 <sup>15</sup>	7%
% full-time employees	99.5%	99.6%	0.1%
% part-time employees	0.5%	0.4%	-0.1%
<b>Retaining talent</b>			
Voluntary attrition rate	14%	15%	1%
Voluntary attrition rate for People of Color	-	6%	-
Voluntary attrition rate for women	-	7%	-
<b>Training and professional development</b>			
Number of advisor hours spent participating in LPL training programs (mandatory business ethics and compliance training) <sup>16</sup>	42,515	73,870	74%
Financial professional hours in training	74,715	133,058	78%
Advisor training satisfaction rate	96%	92%	-4%
Number of employee hours spent participating in LPL training programs	123,881	134,269	8%
Average hours of training per year per employee	21	21	0%
Total employee mandatory business ethics and compliance training hours	32,740	38,580	18%

14. Some items that require historic data to calculate are not available and have thus been marked as "-".

15. This excludes LPL's employee advisors and those staff directly supporting them.

16. Increase in advisor training hours from 2021 to 2022 due to two additional hours of required training per advisor in 2022.



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<b>SOCIAL DATA</b>	<b>2021 value</b>	<b>2022 value</b>	<b>% change</b>
Employee training satisfaction rate	91%	91%	0%
% of employees who received career and performance reviews	95%	95%	0%
<b>Employee engagement</b>			
Response rate in 2022 Engagement Survey (LPL Listens)	94%	86%	-8%
Favorable responses in 2022 Engagement Survey	77%	78%	1%
<b>Employee benefits</b>			
% of employees participating in retirement plans	93%	93%	0%
Average employee salary deferral rate <sup>17</sup>	8%	8%	0%
Exempt employee sick leave available for use annually (hours)	40	40	0%
<b>Employee health and safety</b>			
Number of documented reports of occupational illness or injury <sup>18</sup>	14	3	-79%
<b>Corporate giving</b>			
Amount contributed to non-profit organizations from LPL Financial Foundation (USD)	\$ 1,701,843	\$ 2,615,000	54%
<b>Employee volunteerism</b>			
Number of volunteer hours logged by employees	8,008	12,286	53%
% of employees who used Volunteer Time Off	11%	18%	7%
<b>Supply chain management</b>			
Number of vendors that provide services	2,900	1,793	-38%
Estimated % of vendors identified as diverse suppliers <sup>19</sup>	10%	19%	9%
% of vendors that are certified diverse suppliers <sup>20</sup>	12%	9%	-3%
Diverse supplier spend (USD)	\$ 59,343,000	\$ 63,643,603	7%

17. Employee deferral rate is equal to the percentage of income deferred to LPL retirement plans.

18. Two of the 14 reports from 2021 are from the same two employees for the same illness/injury.

19. The total supplier population reviewed by Dun & Bradstreet decreased by roughly 1,500 suppliers from 2021 due to the removal of dormant suppliers from our total supplier population, which impacted the overall diverse percentage. While the diversity percentage decreased from 2021 to 2022, total diverse spend increased by \$4.4M YoY. The team will continue to make efforts to increase the diverse supplier base within its supply chain and now has the foundational data to begin analyzing and exploring opportunities to improve the results.

20. There are 13 indicators that are factored into the "Diverse Supplier" calculation: Minority-Owned, Woman-Owned, Veteran-Owned, Labor Surplus Area, Disadvantaged Business Enterprise, Disabled-Owned Business, Hub-Zone Certified, Historically Black College or University / Minority Institution, 8A, Small Disadvantaged Business, Alaskan Native Corporation, Certified Small Business, Airport Concession Disadvantage Business Enterprise.



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### Workforce Demographics

<b>DIVERSITY AND INCLUSION REPRESENTATION</b> <sup>21</sup>	<b>2021 Value</b>	<b>2022 Value</b>	<b>% Change</b>
<b>Board of directors</b>			
% of directors that are women	33%	33%	0%
% of directors represented by Black, Indigenous, or People of Color	11%	11%	0%
% directors that are women or minorities	44%	44%	0%
<b>Overall diversity figures</b>			
% of employees that are women	48%	49%	1%
% of employees identifying as white women	-	23%	-
% of employees identifying as white men	-	29%	-
% under 30 years of age	19%	18%	-1%
% 30–50 years of age	62%	62%	0%
% over 50 years of age	19%	20%	1%
<b>Independent advisors</b>			
% of investment professionals that are women	17%	17%	0%
<b>Initiatives</b>			
Number of employee resource groups (ERGs)	10	10	0%
Number of employees in ERGs	1,415	1,677	19%

21. Racial diversity data is collected via voluntary self-disclosure with visual identification used when an employee declines to self-identify.



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## Employee Disclosures

This chart reflects the composition of our workforce in 2022 in categories prescribed by the U.S. Equal Employment Opportunity Commission for purposes of the federal EEO-1 report. The employee headcount details in this table exclude LPL's employee advisors and those staff directly supporting the employee advisors. To read more about our diversity progress, please see the [Diversity, Equity, and Inclusion](#) section of this report.

RACE/ETHNICITY: SELF-IDENTIFIED <sup>22</sup>								
Job categories		Exec/Sr level officials and managers	First/mid-level officials and managers	Professionals	Sales workers	Administrative support workers	Operatives	Total
American Indian or Alaska Native (Not Hispanic or Latino)	Female	0	2	8	0	1	0	11
	Male	0	1	3	0	1	0	5
Asian (Not Hispanic or Latino)	Female	1	110	187	0	46	0	344
	Male	1	203	233	5	39	0	481
Black or African American (Not Hispanic or Latino)	Female	0	108	527	0	148	0	783
	Male	1	70	239	5	59	1	375
Hispanic or Latino	Female	0	57	123	4	30	0	214
	Male	0	70	121	5	30	0	226
Native Hawaiian or Other Pacific Islander	Female	0	2	7	0	1	0	10
	Male	0	1	6	1	1	0	9
Not Specified	Female	0	33	170	2	27	0	232
	Male	2	60	106	4	20	0	192
Two or More Races (Not Hispanic or Latino)	Female	0	32	59	2	17	0	110
	Male	0	30	54	3	15	0	102
White (Not Hispanic or Latino)	Female	11	530	741	16	178	0	1,476
	Male	20	872	819	54	105	0	1,870
<b>Total</b>	Female	12	874	1,822	24	448	0	3,180
	Male	24	1,307	1,581	77	270	1	3,260
	Nonbinary	0	2	6	0	4	0	12
	<b>Total</b>	36	2,183	3,409	101	722	1	<b>6,452</b>

22. Numbers are based on employee headcount of 6,452 as reported by LPL's Human Resource Information System on 12/31/2022



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GOVERNANCE CORE METRICS	2021 value	2022 value	% change
<b>Business ethics</b>			
% of employees and advisors participating in anti-money laundering and fraud training	100%	100%	0%
Total monetary losses associated with violations of bribery, corruption, or anti-competitive standards	0	0	0%
Number of incidents of corruption or suspected and substantiated number of breaches of relevant ethics and business conduct policies	0	0	0%
Number of inquiries, complaints, or issues that were dealt with via whistleblower processes	24	25	4%
<b>Product risk</b>			
Total number of marketing- and communications-related incidents	150	158	5%
Number of Reminder Letters	115	105	-9%
Number of Letters of Caution	36	45	25%
Number of representatives terminated due to marketing- and communications-related incidents	7	8	14%
<b>SUSTAINABLE INVESTING CORE METRICS</b>			
<b>Products</b>			
% of ESG funds/ETFs available at LPL as a ratio of the ESG funds/ETFs universe <sup>23</sup>	96%	94%	-2%
<b>Investor commitment</b>			
Number of advisors who have invested (with their clients) in sustainable investments	12,362	13,027	6%
Number of clients with investment in sustainability marked products	396,566	507,126	28%
Percentage of assets managed by advisors (AUM) in ESG funds	1.01%	0.86%	0.15%
Dollars invested in sustainable products (USD)	\$11,623,382,481	\$11,773,182,561	0%

23. Rather than focusing on total number of options (which can vary as smaller funds/ETFs are added or closed), we calculated the total AUM of ESG funds/ETFs available at LPL as a ratio of the total AUM of the ESG funds/ETFs universe.





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ENVIRONMENTAL DATA <sup>24</sup>	2021 value <sup>25</sup>	2022 value	% change
<b>Carbon <sup>26</sup></b>			
<i>Greenhouse Gas (GHG) Emissions (metric tonnes CO<sub>2</sub>e unless otherwise noted)</i>			
Scope 1 emissions <sup>27</sup>	1,629	1,509	-7%
Scope 2 emissions (location based) <sup>28</sup>	5,449	6,027	11%
Scope 3 emissions (business travel)	837	1,899	127%
<b>Energy</b>			
Amount of electricity purchased (kWh)	16,929,865	19,573,615	16%
Energy generated by onsite fuel cells (San Diego office) (kWh)	3,120,989	2,274,711	-27%
Total electricity consumption (kWh)	20,050,854	21,848,326	9%
Electricity intensity (MWh/revenue millions)	2.6	2.5	-2%
Total natural gas usage (therms)	292,125 <sup>29</sup>	244,744	-16%
Number of LEED certified office buildings <sup>30</sup>	3	3	0%
<b>Water</b>			
Amount of water consumed (potable)(gallons) <sup>31</sup>	930,157	1,241,201	33%
Amount of water withdrawn (non-potable)	4,594,084	2,676,966	-42%
Amount of wastewater discharged	1,286,209	1,039,115	-19%
Amount of other water discharged (San Diego only)	2,618,918	1,620,040	-38%
<b>Waste</b>			
Total waste generated (tons)	50	68	36%
Amount of waste recycled, reused, or composted	27	40	48%
<b>Paperless initiatives</b>			
Average number of paper statements mailed out	Not measured	2.4M/month	-

24. Our 2022 inventory includes the addition of employee advisor sites into sections of our environmental data including: Carbon (Scope 1, Scope 2, and Scope 3 calculations) and Energy (except where specified).

25. Our Overland Park office was moved in 2021 and consequently has some data gaps in that year's data collection.

26. For energy and GHG emissions, data gaps from employee advisor sites were supplemented with data from the Energy Information Administration's (EIA) Commercial Building Energy Consumption (CBECE) Survey for the remainder of the offices. Our GHG footprint is calculated using an operational control approach. We used emission factors from 40 CFR Part 98 Tables C-1 and C-2 and EPA eGRID factors. Global Warming Potential documented in the Intergovernmental Panel on Climate Change AR5 report was used to calculate CO<sub>2</sub>e for methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O). 69% of Scope 1 emissions were calculated using actual consumption/activity data, while the remaining 31% were calculated using CBECE proxy data. 84% of Scope 2 emissions were calculated using actual consumption/activity data, while the remaining 16% were calculated using CBECE proxy data.

27. Scope 1 emission source streams include consumption of natural gas, distillate fuel No 2. (diesel), refrigerants (R-404a), and fuel oil.

28. Scope 2 emissions calculated using WRI GHG Protocol's Location-based Method.

29. 2021 data only included Fort Mill, Fort Mill Market, and San Diego campuses, and no employee advisor sites.

30. This does not include employee advisor site data.

31. The Overland Park and Austin campuses experienced substantial increases in water consumption from 2021 to 2022 due to larger and longer duration of occupancy in 2022.



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### Privacy

LPL's alignment with the eight principles outlined in the 1980 OECD Guidelines on the Protection of Privacy or equivalent Fair Information Practices (FIPs) models, such as the Generally Accepted Privacy Principles (GAPP).

PRINCIPLE	LPL PRACTICE	FIPP	GAPP
<b>Openness</b>	Readily available privacy policies and procedures	✓	✓
	Periodic communication of privacy policies	✓	✓
	Regular attestation by internal personnel on understanding of privacy policies	✓	✓
	Annual policy reviews	✓	✓
<b>Purpose and use</b>	Documented purpose of data collection and use	✓	✓
	Positive consent prior to data collection	✓	✓
	Data collection and use is limited strictly to the purposes identified in the notice	✓	✓
	Data is retained only as long as necessary for the purposes identified in the notice or as required by law	✓	✓
<b>Individual participation</b>	Data subjects may opt out of data collection and use	✓	✓
	Data subjects may review and amend their data	✓	✓
	Data subjects may determine if LPL has their personal data	✓	✓
	Privacy choices are described to data subjects	✓	✓
<b>Data security</b>	Implementation of industry standard security measures and regular testing	✓	✓
<b>Training</b>	Annual privacy training	✓	✓
<b>Accountability</b>	Defined Chief Privacy Officer	✓	✓
	Privacy representation in governance committees	✓	✓



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This report covers calendar year 2022 and references the revised 2021 Global Reporting Initiative (GRI) Sustainability Reporting Standards (which came into effect for reporting in January 2023). While most information is found in this report, other primary sources include our 2022 Annual Report, 2022 Form 10-K, and 2022 Proxy Statement.

DISCLOSURE NUMBER	DESCRIPTION	LOCATION (REPORT SECTION, URL)
<b>The organization and its reporting practices</b>		
2-1	Organizational details	LPL Financial Holdings Inc. 4707 Executive Drive, San Diego, CA 92121-3091 See <a href="#">LPL Financial 2022 Form 10-K</a> See locations on the <a href="#">LPL website</a>
2-2	Entities included in the organization's sustainability reporting	See <a href="#">LPL Financial 2022 Form 10-K</a>
2-3	Reporting period, frequency, and contact point	Reporting Period: January 1, 2022, through December 31, 2022 Frequency of reporting: Annual Report Publication Date: April 4, 2023 Contact Point: <a href="mailto:Leslie.Dunham@lplfinancial.com">Leslie.Dunham@lplfinancial.com</a>
2-4	Restatements of information	N/A
2-5	External assurance	External assurance for this report has not been obtained
<b>Activities and workers</b>		
2-6	Activities, value chain, and other business relationships	<a href="#">[About LPL]</a>
2-7	Employees	<a href="#">[Appendix I]</a>
<b>Governance</b>		
2-9	Governance structure and composition	<a href="#">[LPL Corporate Governance]</a> ; <a href="#">[Sustainability Governance]</a> ; <a href="#">[Climate Risk Governance]</a> For more information, see: ▪ <a href="#">Corporate Governance</a> on the LPL Financial website ▪ <a href="#">LPL Financial Proxy Statement</a>
2-10	Nomination and selection of the highest governance body	▪ <a href="#">Corporate Governance</a> on the LPL Financial website ▪ <a href="#">LPL Financial Proxy Statement</a>
2-11	Chair of the highest governance body	Chairman of the Board— <a href="#">James Putnam</a>



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DISCLOSURE NUMBER	DESCRIPTION	LOCATION (REPORT SECTION, URL)
2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#">[Sustainability Governance]</a> For more information, see: ▪ <a href="#">Corporate Governance</a> on the LPL Financial website ▪ <a href="#">LPL Financial Proxy Statement</a>
2-13	Delegation of responsibility for managing impacts	<a href="#">[Sustainability Governance]</a> For more information, see: ▪ <a href="#">Corporate Governance</a> on the LPL Financial website ▪ <a href="#">LPL Financial Proxy Statement</a>
2-14	Role of the highest governance body in sustainability reporting	Our sustainability report is reviewed by executive management and the Board of Directors, including the LPL Nominating and Governance Committee, who provides oversight over all LPL sustainability efforts
2-15	Conflicts of interest	<a href="#">[Business Ethics and Compliance]</a> ▪ <a href="#">LPL Financial Proxy Statement</a>
2-16	Communication of critical concerns	<a href="#">[LPL Corporate Governance]</a> For more information, see: ▪ <a href="#">Corporate Governance</a> on the LPL Financial website ▪ <a href="#">LPL Financial Proxy Statement</a>
2-17	Collective knowledge of the highest governance body	<a href="#">[LPL Corporate Governance]</a> For more information, see: ▪ <a href="#">Corporate Governance</a> on the LPL Financial website ▪ <a href="#">LPL Financial Proxy Statement</a>
2-18	Evaluation of the performance of the highest governance body	<a href="#">[LPL Corporate Governance]</a> For more information, see: ▪ <a href="#">Corporate Governance</a> on the LPL Financial website ▪ <a href="#">LPL Financial Proxy Statement</a>
2-19	Remuneration policies	<a href="#">LPL Financial Proxy Statement</a>
2-20	Process to determine remuneration	<a href="#">LPL Financial Proxy Statement</a>
2-21	Annual total compensation ratio	<a href="#">LPL Financial Proxy Statement</a>



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<b>Strategy, policies, and practices</b>		
2-22	Statement on sustainable development strategy	<a href="#">[ESG and Transparency at LPL]</a>
2-23	Policy commitments	<a href="#">[Transparent and Ethical Operations]</a> See underlying information described within topical sections
2-24	Embedding policy commitments	<a href="#">[Transparent and Ethical Operations]</a> See underlying information described within topical sections
2-25	Processes to remediate negative impacts	<a href="#">[Transparent and Ethical Operations]</a>
2-26	Mechanisms for seeking advice and raising concerns	<a href="#">[Transparent and Ethical Operations]</a> ; <a href="#">[Business Ethics and Compliance]</a> Additional features of LPL's integrity hotline: <ul style="list-style-type: none"> <li>▪ Includes a toll-free line and website managed by an outside, independent service provider.</li> <li>▪ The system provides the reporter a report number which they can use to ask questions, get an update on the report, or answer additional questions anonymously which can aid in the investigation.</li> <li>▪ The anonymous person can interact with an Integrity Ombudsperson through this system.</li> </ul>
2-27	Compliance with laws and regulations	Material legal proceedings for the Company are disclosed in our <a href="#">2022 Form 10-K</a> Additional notes on compliance <ul style="list-style-type: none"> <li>▪ In 2022, LPL had no instances of non-compliance with laws and regulations in the social and environmental area.</li> <li>▪ The Compliance, Legal &amp; Risk team measures its effectiveness through Objective Key Results (OKRs) that track progress towards goals and the effectiveness of the legal and compliance function, for example, percentage of issues identified by the first and second lines of defense and past due open issues.</li> <li>▪ A Compliance Alert is sent every month to all advisors informing them of all legal and regulatory compliance related changes. It includes featured updates, training opportunities, and reminders, effectively serving as an awareness program for updates and changes.</li> <li>▪ For LPL employees, there is a robust training program with mandatory required courses.</li> <li>▪ LPL's program is guided by FINRA rules.</li> </ul>



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2-28	Membership associations	<ul style="list-style-type: none"> <li>▪ FINRA/SIP, SIFMA—Securities Industry and Financial Markets Association (the industry’s largest trade group)</li> <li>▪ IRI—Insured Retirement Institute</li> <li>▪ Association of African American Financial Advisors</li> <li>▪ ACCP—Associate of Corporate Citizenship Professionals</li> <li>▪ ASA—American Securities Association</li> <li>▪ Catalyst of San Diego and Imperial Counties</li> <li>▪ Greater Boston Chamber of Commerce</li> <li>▪ New England Council—regional business association</li> <li>▪ Charlotte Regional Business Alliance</li> <li>▪ South Carolina Chamber of Commerce</li> <li>▪ California State Chamber of Commerce</li> <li>▪ Austin Chamber of Commerce</li> <li>▪ Congressional Hispanic Caucus Institute</li> <li>▪ Congressional Black Caucus Institute</li> <li>▪ Association of African American Financial Advisors</li> <li>▪ Consumer Federation of America</li> <li>▪ Florida Securities Dealers Association</li> <li>▪ Foundation for the Carolinas</li> <li>▪ Charlotte Community Affairs Professionals</li> <li>▪ Public Affairs Council</li> <li>▪ Practicing Law Institute</li> <li>▪ Minority Corporate Counsel Association</li> <li>▪ NICSA</li> <li>▪ Latino Corporate Directors Association</li> </ul>
2-29	Approach to stakeholder engagement	<a href="#">[Stakeholder Engagement]</a>
<b>MATERIAL TOPICS</b>		
3-1	Process to determine material topics	<a href="#">[2023 LPL ESG Materiality Assessment]</a>
3-2	List of material topics	<a href="#">[2023 LPL ESG Materiality Assessment]</a>
<b>Economic performance</b>		
3-3	Management of material topics	<a href="#">LPL Financial 2022 Form 10-K</a>
201-1	Direct economic value generated and distributed	<a href="#">[Year in Review]</a> ; <a href="#">[Appendix I]</a> See <a href="#">LPL Financial 2022 Form 10-K</a>
201-2	Financial implications and other risks and opportunities due to climate change	<a href="#">[Climate Risk]</a>
201-3	Defined benefit plan obligations and other retirement plans	<a href="#">[Employee Benefits]</a>



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<b>Anti-corruption</b>		
3-3	Management of material topics	<a href="#">[Business Ethics and Compliance]</a> ; <a href="#">[Enterprise Risk Management]</a> ; <a href="#">[Appendix I]</a> Our Code of Conduct, among other items, includes: <ul style="list-style-type: none"> <li>▪ LPL’s definition of “bribery,” “corruption,” and “conflicts of interest,” and commitment to minimize these</li> <li>▪ Guidelines for what is considered acceptable behavior</li> <li>▪ Explicit prohibition of corruption or payment of bribes of any kind is outlined in our Code of Conduct</li> </ul> Operating guidelines that address potential exposure to bribery and corruption are owned by LPL’s various departments but are reviewed during LPL’s annual Anti Bribery Anti-Corruption (ABAC) Policy review.
205-1	Operations assessed for risks related to corruption	<a href="#">[Enterprise Risk Management]</a> While LPL does not explicitly perform a risk assessment of bribery and corruption, these risks are considered as part of LPL’s broader Annual Risk Assessment.
205-2	Communication and training about anti-corruption policies and procedures	<a href="#">[Business Ethics and Compliance]</a> ; <a href="#">[Appendix I]</a> Additional notes on anti-corruption and bribery: <ul style="list-style-type: none"> <li>▪ Every employee and advisor is given a copy of the Code at the start of his or her association with LPL.</li> <li>▪ An amendment of the Code or a waiver of the Code for an executive officer can only be made by the Board of Directors of the Company or a committee thereof.</li> <li>▪ There is a comprehensive Code of Conduct training course that is offered through LPL University for which employees can receive training credit. Completion of the acknowledgment is monitored for compliance by the Compliance Department.</li> <li>▪ 100% of employees and advisors completed annual AML training.</li> </ul>
205-3	Confirmed incidents of corruption and actions taken	There were no instances of violations of the LPL ABAC Policy by LPL employees in 2022. LPL is committed to ensuring that all LPL professionals have the tools and training needed to recognize and report suspected senior and vulnerable adult exploitation. In 2022, the team reviewed over 900 cases of senior and vulnerable adult exploitation, of which approximately 400 cases were reviewed for exploitation and resulted in 133 reports to state agencies.



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DISCLOSURE NUMBER	DESCRIPTION	LOCATION (REPORT SECTION, URL)
<b>Anti-competitive Behavior</b>		
3-3	Management of material topics	<a href="#">[Business Ethics and Compliance]</a>
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During 2022, there were no legal or regulatory fines or settlements associated with violations of bribery, corruption, or anti-competitive standards for LPL Financial Holdings that occurred.
<b>Materials</b>		
3-3	Management of material topics	<a href="#">[Operational Sustainability]</a>
<b>Energy</b>		
3-3	Management of material topics	<a href="#">[Reducing our Footprint – Energy and Emissions]</a>
302-1	Energy consumption within the organization	<a href="#">[Reducing our Footprint – Energy and Emissions]</a> ; <a href="#">[Appendix I]</a>
302-3	Energy intensity	<a href="#">[Reducing our Footprint – Energy and Emissions]</a> ; <a href="#">[Appendix I]</a>
<b>Water and effluents</b>		
3-3	Management of material topics	<a href="#">[Managing our Resources – Water and Waste]</a>
303-3	Water withdrawal	<a href="#">[Appendix I]</a>
303-5	Water consumption	<a href="#">[Managing our Resources – Water and Waste]</a> ; <a href="#">[Appendix I]</a>
<b>Emissions</b>		
3-3	Management of material topics	<a href="#">[Reducing our Footprint – Energy and Emissions]</a>
305-1	Direct (Scope 1) GHG emissions	<a href="#">[Reducing our Footprint – Energy and Emissions]</a> ; <a href="#">[Appendix I]</a>
305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">[Reducing our Footprint – Energy and Emissions]</a> ; <a href="#">[Appendix I]</a>
305-3	Other indirect (Scope 3) GHG emissions	<a href="#">[Reducing our Footprint – Energy and Emissions]</a> ; <a href="#">[Appendix I]</a>
305-4	GHG emissions intensity	<a href="#">[Appendix I]</a>
<b>Waste</b>		
3-3	Management of material topics	<a href="#">[Managing our Resources – Water and Waste]</a> ; <a href="#">[Looking Ahead]</a>
306-3	Waste generated	<a href="#">[Managing our Resources – Water and Waste]</a> ; <a href="#">[Appendix I]</a>
306-4	Waste diverted from disposal	<a href="#">[Managing our Resources – Water and Waste]</a> ; <a href="#">[Appendix I]</a>





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DISCLOSURE NUMBER	DESCRIPTION	LOCATION (REPORT SECTION, URL)
<b>Employment</b>		
3-3	Management of material topics	[Our Employees]; [Looking Ahead]
401-1	New employee hires and employee turnover	[Appendix I]
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	[Employee benefits]; [Appendix I]
401-3	Parental leave	[Employee benefits]; [Appendix I]
<b>Training and education</b>		
3-3	Management of material topics	[Employee Training and Professional Development]
404-1	Average hours of training per year per employee	[Employee Training and Professional Development]; [Appendix I]
404-2	Programs for upgrading employee skills and transition assistance programs	[Employee Training and Professional Development]
404-3	Percentage of employees receiving regular performance and career development reviews	[Employee Training and Professional Development]; [Appendix I]
<b>Diversity and equal opportunity</b>		
3-3	Management of material topics	[Diversity, Equity, and Inclusion]
405-1	Diversity of governance bodies and employees	[LPL Corporate Governance]; [Appendix I] For more information, see: LPL Financial <a href="#">Diversity and Inclusion</a> web page
<b>Non-discrimination</b>		
3-3	Management of material topics	[Business Ethics and Compliance]  LPL has several teams and channels in place to respond to and address claims of discriminatory or unfair practices, reported by employees, advisors, and other third parties. These include the Whistleblower and Integrity Hotline, Legal Department, and Care Business Unit Employees. LPL analyzes all complaints annually to identify trends and areas of concern and presents them to the Board of Directors. The Board's feedback is incorporated in the development and/or alteration of existing policies, practices, and training.  In addition to our Whistleblower and Integrity Hotline, policies pertaining to fair labor practices can be found in our <a href="#">Human Rights Statement of Principles</a> .



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DISCLOSURE NUMBER	DESCRIPTION	LOCATION (REPORT SECTION, URL)
406-1	Incidents of discrimination and corrective actions taken	In 2022, we had no substantiated instances of illegal discrimination in our workforce and workplace.
<b>Local communities</b>		
3-3	Management of material topics	<a href="#">[Our Community Impact]</a>
<b>Supplier social assessment</b>		
3-3	Management of material topics	<a href="#">[Responsible Sourcing]</a>
414-1	New suppliers that were screened using social criteria	<a href="#">[Supplier Diversity]</a> ; <a href="#">[Appendix I]</a>
<b>Public policy</b>		
3-3	Management of material topics	<a href="#">[Public Policy and Advocacy]</a> Members of the PAC Board of Directors are approved by LPL’s chief legal officer and are responsible for approving the PAC budget, recipients, and overall strategy. The LPL PAC undergoes an audit using outside counsel after every Congress (every two years) to ensure the PAC complies and is benchmarked against other corporate PACs. The Government Relations team assesses effectiveness using the following metrics: <ul style="list-style-type: none"> <li>▪ PAC dollars raised</li> <li>▪ PAC dollars spent</li> <li>▪ Number of comment letters submitted</li> <li>▪ Number of white papers created</li> </ul> These figures are reported in our annual <a href="#">PAC report</a> .
415-1	Political contributions	<a href="#">[Public Policy and Advocacy]</a>
<b>Marketing and labeling</b>		
3-3	Management of material topics	<a href="#">[Product Risk Governance]</a> ; <a href="#">[Sustainable Investing]</a>
417-3	Incidents of non-compliance concerning marketing communications	<a href="#">[Appendix I]</a> See LPL Financial <a href="#">2022 Form 10-K Annual Report</a> for a summary of LPL’s material legal proceedings and SASB FN-AC-2701.2.



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DISCLOSURE NUMBER	DESCRIPTION	LOCATION (REPORT SECTION, URL)
<b>Customer privacy</b>		
3-3	Management of material topics	<a href="#">[Cybersecurity and Data Privacy]</a>  Human rights are respected through LPL's commitment to disclose how we collect, use, and share information covered in our Privacy Policy and HR policies. We provide processes for individuals to assert their personal rights as required by state law, such as California Consumer Privacy Act compliance.  LPL uses the following core metrics to measure the performance of LPL's cybersecurity and data privacy program: <ul style="list-style-type: none"><li>▪ Risk Assessment Metrics</li><li>▪ Regulatory Report Card Metrics</li><li>▪ Privacy Metrics—Incidents, Data Subject Access Reports (DSARs) and Privacy Choices</li></ul>
418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	In 2022, there were no material incidents that involved a compromise of an LPL Financial system.



# SASB CONTENT INDEX

We have included the disclosures below related to the three sectors that are most closely aligned to our mix of businesses: Asset Management & Custody, Consumer Finance, and Investment Banking & Brokerage. Disclosures that appeared in more than one of these sector standards are included once. Unless otherwise noted, all data and descriptions apply to our entire firm. We do not currently disclose all metrics included in the standards for these three sectors, though we will continue to evaluate them in the future. This report covers calendar year 2022. The table below shows where you can find the information throughout the report.

DISCLOSURE TOPIC	DISCLOSURE NUMBER	DISCLOSURE ACCOUNTING METRIC	LOCATION (PAGE, URL)
<b>Asset management &amp; custody activities and investment banking &amp; brokerage</b>			
Transparent Information and Fair Advice for Customers	FN-AC-270a.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Complaints in Passport for employee advisors 2022: <ul style="list-style-type: none"> <li>▪ PSECU: 7 complaints</li> <li>▪ NYCB: 53 complaints</li> <li>▪ Allen &amp; Co: 11 complaints</li> <li>▪ Linsco by LPL Financial: 3 complaints</li> </ul> Investigations for employee advisors 2022: <ul style="list-style-type: none"> <li>▪ 4 investigations</li> </ul>
	FN-AC-270a.2	Total amount of monetary loss as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers	Total number of marketing communications-related incidents: 158 <ul style="list-style-type: none"> <li>▪ This includes: 105 Reminder Letters and 45 Letters of Caution</li> <li>▪ 8 of the reps who had these incidents have been terminated in 2022</li> </ul>
	FN-AC-270a.3	Description of approach to informing customers about products and services	<a href="#">[Product Risk Governance]</a>
Employee Diversity and Inclusion	FN-AC-330a.1, FN-IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	<a href="#">[Appendix I]</a>

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DISCLOSURE TOPIC	DISCLOSURE NUMBER	DISCLOSURE ACCOUNTING METRIC	LOCATION (PAGE, URL)
Incorporation of Environmental, Social, and Governance Factors in Investment Management and Advisory	FN-AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	<a href="#">[Sustainable Investing at LPL]</a> ; <a href="#">[Appendix I]</a>
	FN-AC-410a.2, FN-IB-410a.3	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	<a href="#">[Sustainable Investing at LPL]</a> ; <a href="#">[Appendix I]</a>
	FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures	LPL utilizes third-party investment managers in order to vote on investee companies' proxies. LPL Research will monitor Recommended Manager's proxy voting activities in order to validate and verify these third-party investment managers' proxy voting activities.
Business Ethics	FN-AC-510a.1, FN-IB-510a.1	Total amount of monetary loss as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	During 2022, there were no legal or regulatory fines or settlements associated with violations of bribery, corruption, or anti-competitive standards for LPL Financial Holdings that occurred.
	FN-AC-510a.2, FN-IB-510a.2	Description of whistleblower policies and procedures	<a href="#">[Business Ethics and Compliance]</a>
<b>CONSUMER FINANCE</b>			
Customer Privacy	FN-CF-220a.1	Number of account holders whose information is used for secondary purposes	Refer to our Privacy Policy and Privacy Notice found on our website and our <a href="#">2022 10-K Annual Report</a> for detail on data security risks.
	FN-CF-220a.2	Total amount of monetary loss as a result of legal proceedings associated with customer privacy	There were no monetary losses in 2022 as a result of legal proceedings associated with a compromise of LPL systems. Please see the <a href="#">2022 10-K Annual Report</a> for more information.



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DISCLOSURE TOPIC	DISCLOSURE NUMBER	DISCLOSURE ACCOUNTING METRIC	LOCATION (PAGE, URL)
Data Security	FN-CF-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	1) There were no material data security incidents that required breach notifications 2) N/A 3) N/A
	FN-CF-230a.3	Description of approach to identifying and addressing data security risks	<a href="#">[Cybersecurity and Data Privacy]</a>  LPL follows the Security Incident Response Plan and playbooks and conducts investigations of incident reports to analyze root causes, review and implement corrective actions as necessary, and present incident metrics at governance committee meetings for next step consideration. LPL's privacy team includes individuals dedicated to the review of data security events for potential breach notification obligations. Data Security events can be reported 24/7, 7 days a week.
Selling Practices	FN-CF-270a.5	Total amount of monetary loss as a result of legal proceedings associated with selling and servicing of products	Material legal proceedings for the Company are disclosed in our <a href="#">2022 10-K Annual Report</a> .
<b>INVESTMENT BANKING &amp; BROKERAGE</b>			
Incorporation of Environmental, Social, and Governance Factors in Investment Banking and Brokerage Activities	FN-IB-410a.2	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry	<a href="#">[Sustainable Investing at LPL]; [Appendix I]</a>



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DISCLOSURE TOPIC	DISCLOSURE NUMBER	DISCLOSURE ACCOUNTING METRIC	LOCATION (PAGE, URL)
Professional Integrity	FN-IB-510b.2	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	Material legal proceedings for the Company are disclosed in our <a href="#">2022 10-K Annual Report</a> .
	FN-IB-510b.3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	Material legal proceedings for the Company are disclosed in our <a href="#">2022 10-K Annual Report</a> .
	FN-IB-510b.4	Description of approach to ensuring professional integrity, including duty of care	<p><a href="#">[Business Ethics and Compliance]</a></p> <p>LPL updates its Code of Ethics annually and distributes it to all investment advisors and employees. Additionally, all new employees and IARs must attest to the Code of Ethics at the time of hire.</p> <p>Multiple avenues to measure effectiveness:</p> <ul style="list-style-type: none"> <li>Stakeholder engagement and employee feedback post-training (mostly anecdotal, but also observed through comments on LPL@Work article and summaries/engagement from executives)</li> <li>Annual training completion</li> <li>Advisor Business Conduct Committee (ABC) metrics around Code of Conduct escalations/terminations</li> </ul>



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## ABOUT LPL FINANCIAL

LPL Financial (Nasdaq: LPLA) was founded in 1989 on the principle that the firm should work for the advisor, helping them build competitive businesses to serve their clients' best interests. We are unwavering in our commitment to the advisor-centered model and the belief that Americans deserve access to independent, personalized financial advice. LPL operates on mission-driven values: one team on one mission; seek, embrace, and apply feedback; stop and consider the big picture; value progress over perfection; deliver results for our advisors and their clients. Our mission drives our work, keeping us focused, agile, and accountable within a transforming industry. LPL is a leader in the markets we serve\*, supporting more than 21,000+ financial advisors, approximately 1,100 institution-based investment programs, and 500 independent RIA firms nationwide. At LPL, advisors have the independence and freedom they deserve to manage their own client relationships, and choose the business model, services, and technology resources that allow them to run their perfect practice. We take care of our advisors, so they can take care of their clients.

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\*Top RIA custodian (Cerulli Associates, 2020 U.S. RIA Marketplace Report); No. 1 Independent Broker-Dealer in the U.S. (based on total revenues, *Financial Planning* magazine 1996-2022); No. 1 provider of third-party investment services to banks and credit unions (2020-2021 Kehler Bielan Research & Consulting Annual TPM Report); Fortune 500 Company as of June 2021. LPL and its affiliated companies provide financial services only from the United States.





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## Disclaimer

Statements in this sustainability report and LPL Financial Holdings Inc.'s website regarding the company's ESG initiatives and future operating results, outlook, growth, plans, and business strategies, including statements regarding projected savings and anticipated improvements to the company's operating model, service offerings, technologies, and ESG metrics as a result of its initiatives and programs, as well as any other statements that are not related to present facts or current conditions or that are not purely historical, constitute forward-looking statements. These forward-looking statements are based on the company's historical performance and its plans, estimates, and expectations as of December 31, 2022. Forward-looking statements are not guarantees that the future results, plans, intentions, or expectations expressed or implied by the company will be achieved. Matters subject to forward-looking statements involve known and unknown risks and uncertainties, including economic, legislative, regulatory, competitive, and other

## Important Product and Platform Information

This material has been prepared for informational purposes only, and is not intended as specific advice or recommendations for any individual. There is no assurance that the strategies discussed are suitable for all investors and they do not take into account the particular needs, investment objectives, tax and financial condition of any specific person. To determine which investment(s) may be appropriate for you, please consult your financial advisor prior to investing. All investing involves risk including loss of principal.

Amounts invested in mutual funds are subject to fluctuations in value and market risk. Shares, when redeemed, may be worth more or less than their original cost.

Exchange Traded Funds/Products (ETF/ETP) are subject to risks including but not limited to the loss of principal, price volatility, competitive industry pressure, international political and economic developments, possible trading halts, index tracking errors and are not diversified. For fund specific risks please refer to the prospectus.

**MWP:** Model Wealth Portfolios (MWP) are centrally managed fee-based portfolios constructed by LPL Financial Research. Investment choices include mutual funds and exchange-traded products (ETPs). The portfolios benefit from ongoing monitoring, rebalancing, and tax management services implemented by the LPL Financial Overlay Portfolio Management Group.

In the MWP Program, the LPL Financial Overlay Portfolio Management Group also implements trades for the client's account based on model portfolio investment recommendations it receives from the listed Strategist(s). LPL Financial may select investments for a client's account that differ from the recommendations based on account level restrictions or other factors. Calvert and DFA are not affiliated with LPL Financial.

factors, which may cause actual financial or operating results, levels of activity, or the timing of events to be materially different than those expressed or implied by forward-looking statements. Important factors that could cause or contribute to such differences include execution of the company's plans and its success in realizing the benefits expected to result from its initiatives and programs, including its customer service and technology initiatives, and the other factors set forth in Part I, "Item 1A. Risk Factors" in the Company's 2022 Annual Report on Form 10-K, as may be amended or updated in the company's Quarterly Reports on Form 10-Q or other filings with the SEC. Except as required by law, the company specifically disclaims any obligation to update any forward-looking statements as a result of developments occurring after the date of this report, even if its estimates change, and you should not rely on statements contained herein as representing the company's views as of any date subsequent to the date of this report.

**GWP:** Guided Wealth Portfolios (GWP) is a centrally managed, algorithm-based, investment program sponsored by LPL Financial LLC (LPL). GWP uses proprietary, automated, computer algorithms of Future Advisor to generate investment recommendations based upon model portfolios constructed by LPL. Future Advisor and LPL are nonaffiliated entities.

An annual small account fee is applied to accounts with less than \$10,000 invested.

**OMP:** The Optimum Market Portfolios are comprised of the Optimum Funds, which are managed by Macquarie Investment Management and distributed by Delaware Distributors, L.P. Delaware Distributors, L.P., is an affiliate of Macquarie Investment Management Business Trust and Macquarie Group Limited. Macquarie Investment Management (MIM), a member of Macquarie Group, refers to the companies comprising the asset management division of Macquarie Group Limited and its subsidiaries and affiliates worldwide. LPL Financial receives a consulting fee and subservice agent fee based on invested assets. Investments in the Optimum Market Funds are not and will not be deposits with or liabilities of Macquarie Bank Limited ABN 46 008 583 542 and its holding companies, including subsidiaries or related companies (the "Macquarie Group"), and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. No Macquarie Group company guarantees or will guarantee the performance of the funds, the repayment of capital from the funds, or any particular rate of return.

Note that systematic contributions are required for accounts under \$10,000.

This material has been prepared by LPL Financial, LLC.

**Securities and advisory services offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC).**

Insurance products are offered through LPL or its licensed affiliates. To the extent you are receiving investment advice from a separately registered independent investment advisor that is not an LPL Financial affiliate, please note LPL Financial makes no representation with respect to such entity.

<b>Not Insured by FDIC/NCUA or Any Other Government Agency</b>	<b>Not Bank/Credit Union Guaranteed</b>	<b>Not Bank/Credit Union Deposits or Obligations</b>	<b>May Lose Value</b>
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