CLIMATE REPORT 2024

LPL Financial

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The terms "LPL," "we," "us," "our," and "the company," refer to LPL Financial Holdings Inc., a Delaware corporation, and its consolidated subsidiaries as a whole, unless the context indicates otherwise. In this report, we are referencing the terminology. When we refer to "materiality" and other similar terms, we refer to it specifically in the context of ESG and sustainability topics; we are not employing these terms as they are used under securities laws or any other laws of the United States or any other jurisdiction, nor are we using them in the context of financial statements and financial reporting. Our focus is on addressing ESG and sustainability matters relevant to our role as an independent broker-dealer, investment advisory firm, and custodian.

INTRODUCTION

In 2023 we published our first Climate Report based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This report provides updates on our environmental stewardship, the goals we published in 2023, and our climate-risk governance at LPL Financial Holdings Inc. (LPL)

About us

Founded on a vision that took shape more than three decades ago, LPL has become a cornerstone in supporting more than 22,000 financial advisors, including advisors at approximately 1,100 institutions and approximately 570 registered investment advisor firms nationwide, who serve more than 8.3 million client accounts across the United States. Driven by the belief that financial advisors should have autonomy to shape their businesses and guide clients toward financial independence, our founders laid the groundwork for a firm that places the advisor at the forefront of everything we do. Today, we remain steadfast in our commitment to the advisor-mediated model and the belief that Americans deserve access to personalized guidance from a financial advisor.

At our core, we provide financial advisors with the freedom they deserve to choose the business model, services, and technology resources that allow them to run a thriving business. Independence extends beyond operations to encompass the management of client relationships, recognizing advisors' sound understanding of their clients' needs.

For more information regarding our business operations and financial results, please visit the About LPL and Investor Relations pages on LPL.com.

Mission and values

Our mission — to take care of our advisors, so they can take care of their clients.

Our corporate values help us activate and execute on our mission every day.

- **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 achieve a better outcome.
- **Stop and consider the big picture:** We exercise judgment, spot issues before they happen, and solve problems using data and logic.
- **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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We view climate change as a systemic risk that could have a widespread effect on institutions, the economy, and society. As such, we have a responsibility to analyze, prioritize, and report on our climate-related risks and impacts, as well as a responsibility to implement an approach to manage and mitigate them, including continuously evolving our understanding of the potential risks and opportunities that climate change presents.

This report provides an overview of our progress to date, and communicates how we view and manage our operations and business practices:

- From an operational perspective, our Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions are minimal. The environmental impacts of our business operations are largely related to our electricity use, energy consumption, and the emissions associated with business travel, water, and waste at our offices.
- We proactively manage our business's environmental impact and will continue to further integrate climate risk considerations into our overall risk management business practices and strategy.

About this report

This report describes our current approach to identifying, managing, and mitigating our climate-related risks, and implementing the recommendations set forth by the TCFD. For additional information on governance, risk strategy, and other sustainability strategies and disclosures at LPL, please refer to our 2024 Proxy Statement, 2023 Annual Report on Form 10-K, and 2024 Sustainability Report.

This report provides an overview of our current climate initiatives, with additional information as of December 31, 2023. Our GHG emissions have been calculated leveraging the GHG Protocol, published by the World Resources Institute (WRI). Throughout this report, the terms "financial advisors" and "advisors" include registered representatives and investment advisor representatives affiliated with LPL, an SEC-registered broker dealer and investment advisor. The term "material" and other similar terms, such as "risk impacts," in this report refer solely to ESG and sustainability-related topics and are not intended to have the meanings or significance ascribed to such terms in other contexts. We specifically distinguish this usage from the usage of such terms in the contexts of financial reporting and the securities laws of the United States or any other jurisdiction.

Reporting uncertainties

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

GOVERNANCE

We believe robust governance practices are central to the success of our sustainability strategy and business performance. Our corporate governance framework guides our actions, including how we engage with our stakeholders, and holds us accountable for our culture, values, and business objectives. Thus, our climate risk governance supports our ability to manage risk and create value.

Board of Directors oversight

Our Board of Directors, including its Audit and Risk Committee and Nominating and Governance Committee, oversees LPL's sustainability and climate strategy, including the management of related risks and opportunities:

- The Audit and Risk Committee reviews and assesses LPL's processes for managing and controlling risk, including climate risk, and reviews disclosure controls and procedures designed to ensure compliance with applicable laws and regulations.
- The Nominating and Governance Committee oversees LPL's sustainability program, including its alignment with LPL's overall strategy and external reporting to LPL's stakeholders.

Please refer to our 2024 Proxy Statement, 2023 Annual Report on Form 10-K, and 2024 Sustainability Report for additional information related to Board oversight at LPL.

Risk management governance

Our risk management governance includes the board and select board committees, management's Risk Oversight Committee (ROC) and its subcommittees, and our three lines of defense model. We regularly evaluate, and when necessary, modify our processes to improve risk identification and escalation.

LPL has a well-established ESG Steering Committee comprising cross-functional senior leaders across the firm. The ESG Steering Committee assists in setting LPL's sustainability strategy, including climate-related risks, and assesses and recommends policies, practices, and disclosures that conform with that strategy and long-term goal setting. We also have a climate working group, comprising members from Facilities, Research, Finance, Enterprise Resiliency, Government Relations, Legal, Risk, Technology, Sustainability, and Procurement. The working group oversees LPL's climate-related risk and impacts and helps set recommendations for our climate program. This working group is led by our Sustainability team and overseen by the ROC, which reports to the Audit and Risk Committee. We believe this promotes clear lines of risk management ownership and accountability while providing a structured escalation process for key risk information and events.

Please refer to our 2024 Proxy Statement and 2023 Annual Report on Form 10-K for additional information related to risk management at LPL.

STRATEGY

Over the past three years, we have continued to formalize our climate risk management and strategy. As part of this process, we:

- Performed an initial gap assessment of LPL's climate-related position to TCFD standards, which helped define our future approach and identify initial risks and opportunities.
- Conducted a workshop with our climate working group to identify, validate, and prioritize climate-related physical and transition risks, as well as climate-related opportunities, for LPL.
- Assessed these risks and opportunities against climate scenarios to evaluate our vulnerabilities.
- Identified areas within our Business and Risk functions that should evolve to support risk mitigation.
- Established a cross functional task force to build an inventory of applicable Scope 3 GHG emissions, to help mitigate transition risk. This work will further support the transparency of our Scope 1, 2, and 3 emissions reporting in addition to formulating goals in support of our strategy.

This work will continue guide us in establishing our climate strategy and risk management processes and help us assess if updates are needed in our enterprise risk management framework and corporate strategy.

LPL's approach to climate risk and scenario analysis

Climate change poses short-, medium-, and long-term risks to the environment, our business, and our stakeholders. In our assessment, we considered how climate-related risks and opportunities could affect our business over the following time horizons, defined as:

- Short term: <5 years
- Medium term: 5–10 years
- Long term: > 10 years

We also qualitatively assessed the potential impacts of our climate-related risks and opportunities under low-carbon economy (LCE) and business-as-usual (BAU) climate scenarios.

Aligned to our risk processes, we assessed the relevance and prioritization of our climate-related risks and opportunities based on their probability of occurrence and estimated impact on our business operations.

Our preliminary assessment identified the short-, medium-, and long-term risks and opportunities presented in the following section.

SELECTION OF SCENARIOS

We selected two scenarios aligned to the Representative Concentration Pathways (RCP) and Shared Socioeconomic Pathways (SSP) recommended by the International Panel on Climate Change (IPCC).

- **SSP 1/RCP 2.6 or aggressive mitigation**: This scenario assumes emissions will be halved by 2050, and a temperature rise is not likely to exceed 2°C by 2100.
- **SSP 5/RCP 8.5 or BAU**: This scenario assumes emissions continue to rise at current rates, and a temperature rise is not likely to exceed 4°C by 2100.

Transition risks

The TCFD defines transition risks as potential impacts from policy and legal action, technology, and market changes that result from an LCE transition. According to our qualitative assessment, transition risks are particularly important to LPL in the short- to medium-term, as LPL may be affected by regulatory policy and legal, reputational, market and technology risks:

- Regulatory risks include the potential for enhanced carbon-related disclosure and tax regulations.
  - Implementing a carbon pricing mechanism and mandated climate-related corporate disclosures could lead to increased operational, administrative, and compliance expenses.
  - More stringent reporting and transparency requirements and increasing shareholder expectations may bring financial impacts with regulatory scrutiny for noncompliance and increased spending to meet sustainability and climate goals.
- Reputational risks may arise from increasing stakeholder concern over climate-related management and commitments in the financial services industry.
  - This may lead to negative reputational impacts if stakeholders don't perceive LPL as a climate-responsible company or complying with climate-related regulations.
  - It may also result in operational impacts, such as difficulty attracting, retaining, and developing talent or increased employee and shareholder scrutiny over climate-related matters.
- Shifting consumer demand for more sustainable investment offerings with lower environmental impact may present a risk of losing our advisors and their client base if LPL fails to meet evolving market demands.

Transition risk impacts could be higher and more immediate under an LCE scenario. Policies and public perceptions or demands are expected to shift more in favor of services and offerings that support an LCE. Under both scenarios assessed, the price of carbon and cost of energy expenditure could increase for LPL, particularly at our California and Massachusetts locations, where state-wide policies are in place to achieve net-zero emissions and meet specific thresholds to source clean energy.

Physical risks

Physical risks and their potential impacts result from either "acute" weather-related events or longer-term, "chronic" shifts in climate patterns. Under a BAU scenario, physical risks may be increasingly important to LPL in the long-term, although extreme weather events may have short- and medium-term impacts and could include:

- The acute risk of increased extreme weather events, such as hurricanes, heat waves, and flooding may impact our LPL offices, advisor and employee home offices, and data centers.
- Chronic risks, such as the risk of long-term changes in weather patterns (e.g., rising sea levels, reduced air quality), could damage LPL or our business partners' facilities and operations in vulnerable areas.
- For both chronic and acute physical risks, under a BAU scenario, weather-related impacts to business continuity could be more pronounced, as increased warming is associated with more frequent and intense weather events and patterns. In an LCE scenario, compared to present climate and weather conditions, chronic and acute weather events could occur at mitigated levels.

Climate opportunities

Climate change mitigation and adaptation strategies and an LCE transition may bring opportunities. Strategic opportunities that could impact our business' offerings and operations include:

- Providing new offerings to our advisors to attract and retain new clients due to shifting consumer demands in favor of sustainable investment offerings.
- Enhancing and maintaining our portfolio of available sustainable investment offerings as consumers look for sustainable ways of investing.
- Expanding energy efficiency measures, cost reductions, and business continuity and resiliency efforts, despite our small carbon footprint.
- Reducing operating expenses and enhancing the resiliency of our operations through emissions reduction efforts, expanding existing renewable energy generation, and pursuing renewable energy purchase agreements and carbon reduction projects.

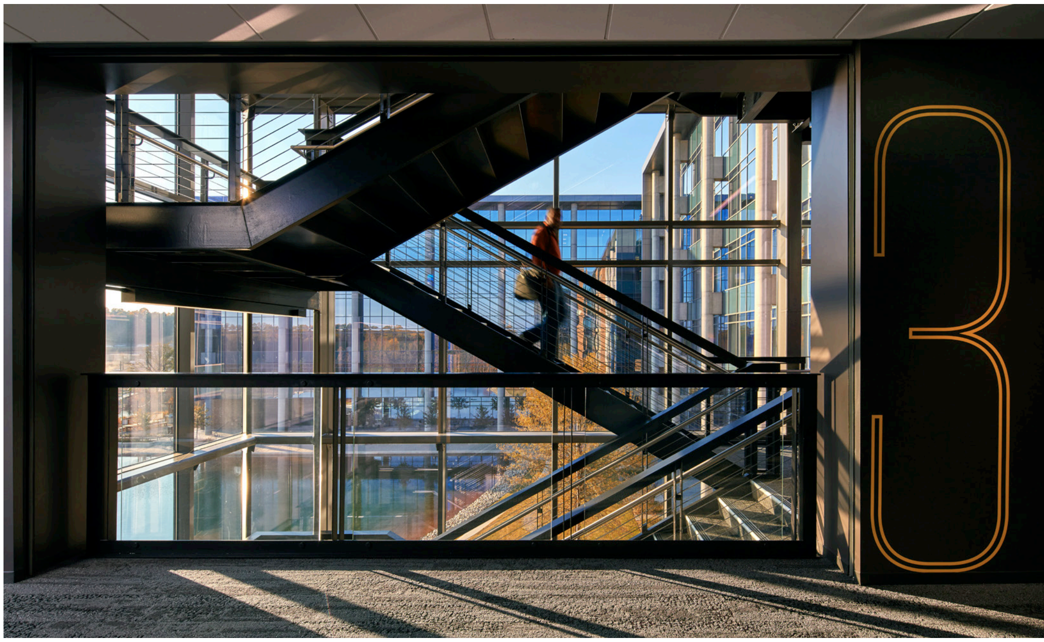
RISK MANAGEMENT

We recognize that climate change presents both risks and opportunities to our business, advisors, communities, and employees and requires a multi-decade approach. We consider climate-related risks to be both strategic and operational, and we are integrating activities to monitor our most material risks into our risk programs.

Risk management process and integration of climate risk into overall risk management

Risk management is an integral part of our company culture. The previous strategy section outlines our approach to identifying and assessing our climate-related risks and opportunities, while this section focuses on managing those risks. As we evolve our management of the identified climate-related risks, we will engage the appropriate business units and functions to undertake risk management activities, including Risk and Control Self-Assessments, Enterprise Resiliency Planning, Crisis Management, Strategic Risk Oversight, and Event and Issue Management. These programs are designed to identify, assess, manage, and report risks to mitigate potential impacts to our operations. Oversight of the Enterprise Risk Management (ERM) framework is provided by the ROC.

- The ROC comprises certain managing directors and other members of the firm's senior management team, and oversees the firm's existing and emerging risk profile.
- The risk organization provides oversight of the risk management processes within our business units and functions.
- Business units are responsible for identifying risks specific to their operations and leveraging mitigation frameworks and programs.
- Our internal audit function provides risk assurance of the activities and frameworks deployed.



Current management of identified climate-related risks and opportunities

Our current risk management activities help mitigate the impacts of our climate-related risks.

We regularly review carbon-related disclosures and tax regulations to mitigate the impacts of transition risks. Findings are presented to the ESG Steering Committee and climate working groups for them to provide input on the most appropriate risk response and creating an action plan if appropriate.

To manage our reputation, we implement firmwide policies to articulate current boundaries around climate-related efforts and consider regulator and investor interests in the disclosure of our climate risk and GHG emissions. We also account for stakeholder interests when managing our portfolio of sustainable investment offerings, considering shifts in consumer demands and employee concern for climate-related issues.

To mitigate potential physical risk impacts, our threat intelligence system tracks extreme weather events and alerts LPL personnel through LPL Alert©, our crisis communications tool. Additionally, our national footprint, and remote work policies and procedures, provide for redundancies in our business that mitigate location-based operational disruptions from extreme weather events.

We address our climate opportunities via our portfolio of investment offerings and building efficiency measures. Our portfolio of sustainable investment offerings provides us access to a diverse range of sustainable investment options and addresses the opportunities a changing market poses to our business.

Regarding energy efficiency, our two main campus sites are LEED certified. We also generate renewable energy at our San Diego site, feeding excess power back into the grid. In the coming years, we will further consider the strategies described below to strengthen our firm's mitigation of and adaptation to climate risks.

FUTURE CLIMATE RISK STRATEGIES

Transition risks

- Continue to improve reporting processes around GHG emissions.
- Continue to monitor investor preferences and expand our sustainable investment offerings in line with investor interests.
- Continue to monitor public sentiment and regulatory requirements and adapt our approach where appropriate.

Physical risks

- Expand mitigation efforts to build resiliency in our supply chain.
- Implement strategies to support our employee-based advisor operations, including resiliency planning.
- Examine climate-related risks to office locations before renewing or signing leases.

Climate opportunities

- Further refine how sustainable investing is defined across the business and how it influences sustainable investing strategy.
- Expand the generation of renewable energy on LPL campuses, and formalize energy reduction actions and decarbonization pathways.

METRICS AND TARGETS

Due to the nature of our business, our operational GHG emissions are relatively small. The biggest factors contributing to our emissions are based on:

- Utilization of heating, electricity, and coolant for our main office campuses
- Use of commercially operated air, rail, rental car, and hotel activities related to business travel
- Operations of our colocation data centers now included in our Scope 3 emissions inventory

Minimizing our carbon footprint

We are committed to reducing our carbon footprint overtime. Our strategy to achieve this is focused on the following:

- **Improving efficiency:** Reducing energy consumption is a priority. We will continue to undertake a variety of efficiency measures such as optimizing the use of heating and cooling in our buildings, and expanding these measures across facilities within our operational control.
- **Sourcing renewables:** Increasing the use of onsite renewable energy and increasing our market-based renewable energy through renewable energy procurement agreements.
- **Supply chain management:** Working with partners and suppliers to reduce emissions across our value chain and making investment in projects that either avoid or remove carbon
- **Measurement:** To accurately reflect progress, we are enhancing our data collection, measurement, and reporting
- **Reporting:** In 2024 we will inventory our Scope 3 emissions so that we can more accurately track and develop strategies to reduce our overall GHG footprint

As part of our strategy to expand the share of our energy that comes from renewable sources, we started a program to source our market-based energy consumption from renewables, and in 2023 purchased and cancelled Green-e Certified Renewable Energy Certificates (RECs) covering 100% of our corporate offices.
We have also created a scorecard to measure progress and performance toward our sustainability and climate-related goals. The scorecard provides a list of our priorities, goals, baseline data, and quarterly updates on each goal. In addition, the scorecard includes details on each goal's associated target for the Nominating and Governance Committee to review and discuss.

Scope 1, Scope 2, and Scope 3 GHG emissions

Our Scope 1, Scope 2, and current inventory of Scope 3 GHG emissions are disclosed in our annual Corporate Sustainability Report (CSR) and provided below. We continue to advance the measurement and disclosure of our environmental data and performance over time. We plan to further define our decarbonization pathways and strategies and have revised our climate goals for 2030 based on the progress we have made to date. We will continue to track progress against these targets and provide periodic reporting.

Paper reduction continues to be an area of focus for the firm, and we are implementing a program to continue our eDelivery efforts. We will look to expand our targets beyond statements and will report on those goals and metrics in the future.

Our climate goals

		Status	2025	2026	2030
Waste	Remove/replace all non-essential single-use plastics	**On Track 75%**	100%		
			Revised target:	Zero waste to landfill	
Paper	Reduction in advisor/client paper statements through use of eDelivery	**Achieved 46%**		40%	
			Revised target:	Evaluating - will review in future reports	
Energy	Increase share of energy consumption from renewable sources	**Achieved 48%**			25%
			Revised target:		75%

Appendix

In 2023, to further enhance our reporting of our environmental footprint, we provide a greater level of granularity across Scope 1, 2 and 3. In addition, we have expanded our Scope 3 reporting beyond business travel to include waste, and data center colocation facilities (previously reported in Scope 2). These changes resulted in a reduction of our Scope 2 emissions reporting and an increase in our Scope 3 emissions reporting for 2023.

ENVIRONMENTAL STEWARDSHIP	2022	2023	% change
Climate action			
Greenhouse Gas (GHG) Emissions (CO_2e)			
Total Scope 1 emissions	1,510	893	-41%
Natural gas		880	-
LPL corporate offices		660	-
Employee advisor sites		220	-
Distillate oil (LPL corporate)		9	-
Mobile combustion		3	-
Total Scope 2 emissions	6,027	4,110	-32%
LPL corporate offices		3,042	-
Employee advisor sites		1,069	-

ENVIRONMENTAL STEWARDSHIP *(cont.)*	2022	2023	% change
Total Scope 2 emissions (Market-based)		0	-
Total Scope 3 emissions (Location-based)	1,899	6,165	225%
Category 5, waste		58	
Category 6, business travel	1,899	2,525	33%
Air		2,117	-
Car		57	-
Rail		1	-
Hotel		350	-
Category 8, upstream leased assets (data center emissions)		3,583	-
Category 8, upstream leased assets (data center emissions) (Market-based)		3,041	-
Total Scope 3 emissions (Market-based)		5,624	-
Energy			
Total Energy use (eMWh)	19,574	30,112	54%
Total electricity (100% renewable)		14,657	-
LPL corporate offices (RECs)		10,486	-
Employee advisor sites (RECs)		2,957	-
San Diego office onsite fuel cells		1,214	-
Total data center electricity		10,585	-
Grid electricity		8.732	-

ENVIRONMENTAL STEWARDSHIP *(cont.)*	**2022**	**2023**	**% change**
Renewable electricity		1,853	-
Natural gas		4,853	-
Distillate oil		34	-
Electricity use intensity (MWh/sq. ft.) (Excluding data centers)		0.0116	-
Natural gas intensity (eMWh/sq. ft.)		0.0038	-
Operational sustainability			
Water (gallons)			
Amount of water consumed (potable)	1,241,201	3,872,024	212%
Amount of water withdrawn (non-potable)	2,676,966	2,040,888	-24%
Amount of wastewater discharged	1,039,115	1,031,862	-1%
Waste (tons)			
Total waste generated	68	102	51%
Hazardous waste	0	0	-
Amount of waste recycled, reused, or composted	40	48	21%