



# ENVIRONMENTAL STEWARDSHIP POLICY

LPL Financial is a leader in the markets we serve, supporting over 22,000 financial professionals and 1,100 enterprises. We are steadfast in our commitment to the advisor-centered model and the belief that Americans deserve access to personalized guidance from a financial advisor. While taking care of our advisors is central to everything we do at LPL, we recognize our responsibility to minimize our footprint as a business and reduce our impact on the environment.

Our environmental stewardship is focused predominantly across five impact areas:

- **Paperless:** Utilizing eDelivery to avoid the production and distribution of paper statements and other advisor/client communications
- **Energy use and emissions:** Reducing energy consumption in our corporate locations and within our operations
- **Water consumption:** Optimizing water consumption across our facilities
- **Waste:** Decreasing the volume of landfill waste generated by our operations and increasing the percentage of waste that is recycled, repurposed, or otherwise added to circular economy systems
- **Climate-risk management:** Identifying and assessing the resilience of our operations and corporate locations to the systemic risks climate change may present

## Governance

The environmental performance of our operations is managed according to impact area:



### Facilities

The Chief Human Capital Officer has overall responsibility for the oversight of our corporate facilities, environmental policies, procedures, and initiatives. Regular updates are provided to our Chief Executive Officer, and the Board of Directors are notified quarterly when there is a material update. Our Senior Vice President and Vice President of Facilities work closely with LPL's Sustainability Team on the advancement of our facilities management and energy-related programs.



### Climate

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 for compliance with applicable laws and regulations. In addition, LPL has a cross-functional climate task force to address evolving regulations.



### Supply chain

The Senior Vice President, Sourcing and Procurement, along with the Vice President, Risk and Performance Management of Procurement, oversee our environmental-related procedures, initiatives, and reporting on behalf of LPL. This team reports into the EVP, Chief Risk Officer, and LPL's Chief Financial Officer, who inform the Board of Directors when there is a material update.



### Paper impacts

LPL recently hired an EVP of Operations, who is dedicated to LPL's overall paper reduction plans across all operations. This function reports to our Chief Financial Officer. LPL has a cross-functional working group to advance all paperless efforts.

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### Strategy

Our environmental performance is managed through three key elements:

- 1. Programs and initiatives:** Implementing programs and initiatives that provide targeted opportunities to improve our environmental performance, including enhancing biodiversity. Examples of existing initiatives include the LEED certification of our main corporate office buildings, the use of fuel cells in our San Diego office, and WELL Health and Safety Certification to promote the well-being of our employees in our main office locations.
- 2. Performance monitoring:** Setting ambitious goals and monitoring performance through metrics to track environmental impact. Examples include the collection and monitoring of office energy use in LPL facilities, setting renewable energy and waste reduction goals, and paper reduction targets.
- 3. Reporting and transparency:** Internal and public reporting of environmental information aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Examples include reporting quarterly to LPL's Nominating and Governance Committee of the Board of Directors, our annual Sustainability Report, and periodic Climate-related reporting.

### Paperless efforts

Leveraging digital technology enables us to focus on reducing paper consumption, which represents one of our highest impacts on the environment. We continue to reduce the use of paper by driving several initiatives, which include:

- Automatic system alerts and communications prompting clients to select paperless communications
- Consolidating multiple communications, such as those related to automated clearing houses, into single communications
- Expanding the list of communications eligible for eDelivery to include tax documentation
- Procuring paper from sources certified as sustainable, such as the Forest Stewardship Council (FSC)

LPL achieved a reduction of over 50% in statement mailings, a major milestone for a rapidly growing firm.

### Stakeholder engagement

As we continue to evaluate and manage our environmental performance, we are committed to consulting with stakeholders. Examples of this include:

- **Employee engagement:** Our employees provide feedback to our facilities team and participate in our office recycling program, volunteering engagements, and other green initiatives.

- **Investor engagement:** We engage with our investors on environmental stewardship through our Investor Day, annual Proxy, and annual Sustainability and Climate Reports.
- **Advisor engagement:** LPL's sustainable investing study group focuses on environmental and climate-related topics as they pertain to investments.

### Sustainable investing

Environmental and climate-related issues also have an impact on the investment products LPL offers on our platform. We offer a list of sustainable investing managers, where, through our detailed investment manager research efforts, we identify a list of third-party asset managers who are committed to the principles of sustainable investing—alignment, emphasis, and engagement. For more information on how we manage these concerns, refer to our annual Sustainability Report.

LPL is committed to providing relevant and transparent disclosures on our environmental and climate-related activity and the potential risks of climate change.

\*As reported by *Financial Planning* magazine, June 1996-2023, based on total revenue.

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