

LPL SUSTAINABILITY REPORT 2021



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MESSAGE FROM OUR CEO



Most of us would agree that 2020 was a year unlike any other. The effects of the pandemic were felt in almost every aspect of our lives, while at the same time, our communities rallied to create a more just and equitable society. As I reflect back, I believe that when we experience this pace and magnitude of change, we often find opportunities emerging from the disruption.

In that spirit, I've been impressed and encouraged by the pivots and adjustments made by LPL employees and advisors in order to meet challenges head-on and provide much-needed financial advice to millions of Americans.

This resiliency and responsiveness to what is taking place in the world around us is at the heart of running a sustainable business. In that spirit, in 2020 we leveraged our solid foundation in ESG to meet the needs of our operating environment while also evolving our areas of focus for the future.

Looking back at 2020

Given this environment, one of the biggest areas of emphasis for LPL from an ESG perspective was our focus on diversity, equity, and inclusion. At LPL, we dedicate resources to promote equality in our workplace through the development of top employee talent, and by fostering a diverse community of advisors. Our goal is to build an ecosystem where every member of the LPL family can develop, thrive, succeed, and be equally engaged.

A second major area of focus within ESG has been our response to the COVID-19 health crisis. Using an agile approach to adapt and get ahead of ongoing shifts in the environment, our principles throughout the pandemic have remained unchanged: Protect the health of our employees and stay focused on taking care of our advisors so they can continue to take care of their clients.

Evolving our ESG strategy for tomorrow

As we look ahead, LPL is continuing to evolve and grow our ESG commitments. As a reflection of that goal, we have broadened our ESG framework to encompass three strategic focus areas:

- **Operations:** Reimagining the way we work to enhance social and environmental performance
- **Culture:** Promoting a diverse and inclusive financial system for all
- **Business:** Enabling our advisors to thrive, whether it be supporting their clients through COVID-19 or pursuing sustainable investing opportunities

These areas of focus are highly aligned with our mission and our management approach to serving our advisors, developing our talent and culture, and adapting to changing market dynamics. Within each area, we pursue a variety of high-impact programs and initiatives designed to create value for all our stakeholders.

As we look ahead, we remain focused on executing our strategy while continuing to take care of our advisors and financial professionals, so they can help millions of Americans build better, more secure futures. Using the hard-won learnings from this year to fuel us, along with the foundation of our transformed culture, we will be ready to face whatever the future brings.

Sincerely,

Dan Arnold,
President and Chief Executive Officer



CREATING VALUE, TOGETHER

At LPL Financial, we're more than just a retail investment advisory firm and independent broker-dealer. We're a network of individuals succeeding through a powerful business model with a singular focus: enabling financial advisors to create and grow highly profitable businesses by providing them with the services and tools to meet the needs of their clients.

Simply put, our business is dedicated to our advisors. We serve independent financial advisors, financial professionals, and institutions by providing them with the technology, research, clearing and compliance services, and practice management programs they need to create and grow their practices. LPL's front-, middle-, and back-office solutions empower our advisors to serve a complete spectrum of investor needs, while maintaining autonomy over their practice and their business. Our solutions give our advisors the freedom to run their business in a way that helps them succeed.

As a company, we believe financial advisors, financial professionals, and institutions need a trusted partner who can help them meet the evolving needs of their clients. This belief drives everything we do, and it inspires us to take care of our advisors so they can take care of their clients.

Mission-driven values

At LPL, our values help us activate and execute on our mission every day. They keep us focused, agile, and accountable so we can take care of our advisors even as demographics change, new technologies emerge, and our industry transforms.

LPL values:

- **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.

1. In order to be licensed with LPL Financial, advisors must be approved through our assessment process, which includes a review of their experience and compliance history, among other factors.



OUR MISSION

We operate under the guiding mission of taking care of our advisors, so they can take care of their clients.

ABOUT LPL

- Founded in 1989, LPL has office locations in **San Diego, California; Fort Mill, South Carolina; Boston, Massachusetts; Cleveland, Ohio; and Austin, Texas.**
- We believe in preserving independence, without letting our advisors feel like they're alone; staying ahead of the industry with new technology and a commitment to innovation; and helping our advisors free up more time for what drives them—dedication to their clients.
- Our advisors are a diverse community of more than 17,000¹ entrepreneurial investment and brokerage financial advisors and representatives. They average 20 years of industry experience and build long-term relationships with their clients in communities across the United States by guiding them through the complexities of investment decisions, retirement solutions, financial planning, and wealth management.



LPL FINANCIAL HOLDINGS

LPL Financial Holdings Inc., which is the parent company of our business, was incorporated in Delaware in 2005. The Company's most significant, wholly owned subsidiaries are described below:

- **LPL Holdings, Inc.** is a direct subsidiary of LPL Financial Holdings Inc. and is an intermediate holding company of our business.
- **LPL Financial LLC ("LPL Financial")** is a clearing broker-dealer and an investment adviser that clears and settles customer transactions.
- **Fortigent Holdings Company, Inc.** and its subsidiaries ("Fortigent") provide solutions and consulting services to registered investment advisers ("RIAs"), banks and trust companies serving high-net-worth clients.
- **LPL Insurance Associates, Inc. ("LPLIA")** operates as a brokerage general agency that offers life and disability insurance products and services.
- **AdvisoryWorld** provides technology products, including proposal generation, investment analytics, and portfolio modeling.
- **The Private Trust Company, N.A. ("PTC")** provides trust administration, investment management oversight, and Individual Retirement Account ("IRA") custodial services.
- **LPL Employee Services, LLC** is a holding company for Allen & Company of Florida, LLC ("Allen & Company"), an RIA that we acquired in 2019.
- **Blaze Portfolio Systems LLC ("Blaze")**, which we acquired in 2020, provides an advisor-facing trading and portfolio rebalancing platform.

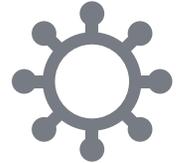
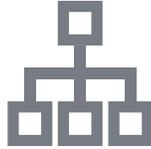
At LPL, we stand for freedom and independence in financial advice, the power of a strong partnership, and the unlimited potential of our financial advisors.

- We provide our advisors with integrated technology solutions, comprehensive clearing and compliance services, consultative practice management programs and training, and independent research. The comprehensive and increasingly automated nature of our offering enables our advisors to focus on their clients while successfully and efficiently managing the complexities of running their own practices.
- We are not a market-maker, nor do we offer investment banking or underwriting services. We offer no proprietary products of our own. Because we do not offer proprietary products, we enable the independent advisors, banks, and credit unions we support to offer their clients objective advice.
- Most of our advisors are entrepreneurial independent contractors who are primarily located in rural and suburban areas and are viewed as local providers of independent advice. Many operate under their own business name.



YEAR IN REVIEW

REFLECTING ON OUR ESG MILESTONES



Our Employees and Advisors

- 4,756 full-time employees
- 17,287 financial advisors and professionals
- 18-point increase in NPS scores in 2020
- Favorable employee engagement of 78.6%
- Awarded as “Best Place to Work for LGBTQ Equality” in 2020
- In 2020, top talent retention averaged 95.6%, and our voluntary attrition average was 1.7%

Our Operations and Communities

- USD \$5.9 billion 2020 net revenue
- Four out of nine of our directors are women or people of color
- Our four primary office buildings are LEED Certified
- Total corporate and foundation giving totaled \$1.76 million
- We reduced energy use by 30% in our offices due to COVID-19 shifts to remote work

Our Product Offerings and Solutions

- We offer access to 157 sustainable mutual funds and 75 sustainable exchange-traded funds
- We provide three sustainable Model Wealth Portfolios
- More than 10,000 of our advisors are currently integrating sustainable strategies into their practices

Our COVID-19 Response

- Contributed over \$1 million to nonprofit firms for COVID, including \$24,000 donated to children in need of school supplies and computers for distance learning
- Purchased over 1,450 fabric face masks from a nonprofit
- Offered cash-out benefit to non-exempt employees to receive a payout from their paid time off. 292 employees cashed out a value of \$803,000
- 1,280 health kits with masks, digital thermometers, and hand sanitizer distributed to employees



PURSUING ESG AT LPL

At LPL, we're committed to creating positive, lasting change for our employees, advisors and their clients, the communities we operate in, and our environment. We believe it's our responsibility to manage the environmental, social, and governance (ESG) factors we affect through our work.

To embrace this responsibility, we pursue an ESG vision: **to take care of our advisors and their clients by operating responsibly and ethically and strengthening trust with our mutual stakeholders.** LPL's ESG vision guides our sustainability priorities and reflects our commitment to conduct our business in a responsible manner. It also inspires us to strengthen our ESG program and further align it with our business strategy by identifying new ways to create value for our stakeholders, especially when our business is challenged by market pressures and societal dynamics such as COVID-19 and other events in 2020.

LPL's ESG areas of impact

In early 2021, we revisited our material ESG topics given the growth in sustainability programming our company has experienced since we conducted our initial materiality assessment. This exercise led to minor updates to our ESG topics, in terms of phrasing and prioritizing, that more effectively reflect how our company thinks about our ESG areas of impact for 2021 and beyond. These adjusted topics capture the ESG issues that are significant to our stakeholders and to our business, including our long-term strategy. The resulting topics are highlighted below and relate to corresponding sections in this report, which provide more detailed disclosures on our management approach and key metrics.



Lakeside at our Fort Mill office.



LPL Office in Fort Mill, SC



LPL’s material ESG prioritizations

The ESG topics most material to us and our stakeholders, and to our ability to create long-term value include:

	LOWER MATERIALITY Important to LPL	MODERATE MATERIALITY Very important to LPL	HIGHEST MATERIALITY Most important to LPL
ENVIRONMENT	<ul style="list-style-type: none"> Energy Efficiency Greenhouse Gas Emissions Renewable Energy Waste and Water Management 	<ul style="list-style-type: none"> Climate Risk 	<ul style="list-style-type: none"> Reduction of Paper Use
SOCIAL	<ul style="list-style-type: none"> Local Employment Human Rights and Supply Chain Management 	<ul style="list-style-type: none"> Developing Financial Literacy Employee Compensation Employee Well-Being Training and Professional Development Employee Volunteering Corporate Giving Service Affordability 	<ul style="list-style-type: none"> Attracting and Retaining Talent Advisor Diversity, Equity, and Inclusion Employee Diversity, Equity, and Inclusion Employee Engagement
GOVERNANCE		<ul style="list-style-type: none"> Preventing Anti-Competitive Practices Executive Compensation 	<ul style="list-style-type: none"> Sustainable Investing Board Diversity Legal and Regulatory Compliance Corporate Governance and Risk Management Business Ethics Consumer and Advisor Protection Cybersecurity Data Privacy and Protection

Strategic ESG focus areas

Our sustainability materiality assessment helped us define our ESG framework, which allowed us to develop and deploy sustainability initiatives aligned with our values and overall LPL strategy. Ultimately, we found a high degree of correlation between the ESG material areas identified and our mission and management approach to serving our advisors, developing our talent and culture, and adapting to changing market dynamics.

Our material ESG topics are brought to life through our ESG framework, which encompasses three strategic focus areas: our operations, our culture, and our business. Within these focus areas, we pursue a variety of high-impact programs and initiatives designed to create value for all our stakeholders. Our ESG framework, which is illustrated below, serves as the guidepost for our ESG program.

Operations	Culture	Business
Reimagine the way we work to enhance social and environmental performance	Promote a diverse and inclusive financial system for all	Enable advisors to thrive and incorporate ESG into investing and operations



Supporting the United Nations Sustainable Development Goals

In 2016, the United Nations (UN) launched the UN Sustainable Development Goals (SDGs), which consist of 17 goals and 169 targets geared toward solving the world's most pressing problems, including ending poverty, improving health and education, making cities sustainable, and tackling climate change.

At LPL, we're seeking to support all of the SDGs and play our part in supporting their ambitions. We believe we can make the greatest contribution to four of these goals, in particular: **gender equality (Goal 5), decent work and economic growth (Goal 8), reduced inequalities (Goal 10), and peace, justice, and strong institutions (Goal 16).**

Gender equality (Goal 5):

The commitment to advancing gender equality has brought about improvements in some areas, but women still face legal, social, and economic barriers to achieving full equality. At LPL, we prioritize gender diversity among our employees and our financial advisors, and promote this important issue by offering diversity, equity, and inclusion training, events, and engagement campaigns. We also proactively pursue increasing gender representation across every level of our business through recruiting and promotion initiatives for both employees and advisors.

Decent work and economic growth (Goal 8):

Employment is a critical route out of poverty and helps move people toward prosperity. With this in mind, we provide jobs and follow applicable labor, health, and safety standards. In response to COVID-19, we helped our employees place their families and friends in temporary and full-time positions at LPL to help them get back on their feet after COVID-19 impacted their livelihoods. We provide our financial advisors and employees tools and resources on financial literacy topics, and provide these for the public to access as well. We promote service affordability to allow greater access to our advisors, tools, and resources for all interested investors, regardless of economic background. Through the LPL Foundation's corporate giving and grant programs, we help increase access to career pathways for under-resourced teens and young adults. We also contribute to economic growth by encouraging diverse and local vendors to be part of our supply chain.

Reduced inequalities (Goal 10):

We aim to address the important issue of reducing inequalities by providing free financial literacy tools and resources that aid sound financial planning and decision-making. We also focus on ways we can promote access to our advisors and products and offer programs and avenues for greater service affordability that allows more individuals to work with an LPL advisor for their financial needs.

Peace, justice, and strong institutions (Goal 16):

Conflict, insecurity, weak institutions, and limited access to justice remain a great threat to sustainable development. Millions of people have been deprived of their security, human rights, and access to justice. At LPL, we take this issue seriously and strive to support the targets of this SDG by promoting greater dialogue with our employees, where we openly talk about societal issues, how we can improve communications, our personal roles in making LPL a more inclusive place, and hopefully carrying that beyond our four walls.



CORPORATE GOVERNANCE AND ESG ACCOUNTABILITY

We're proud of what our company stands for, the relationships we've established, and the trust we've built with our stakeholders. To maintain those relationships and our strong reputation, we have a robust corporate governance framework that defines the roles and responsibilities of our Board of Directors, ensures oversight of our strategies and operations, and promotes ethical behavior across our business. Our corporate governance framework also guides our actions, including how we engage with our stakeholders, and holds us accountable for our culture, values, and business objectives. Overall, it supports our ability to create value as a company and together with our advisors and their clients.

Board oversight

Our commitment to good governance starts with our board and management team, who provide leadership, structure, and evaluation of our culture, values, and business objectives. Our diverse, independent board provides the highest level of oversight for our organization and includes three standing committees: Audit Committee, Compensation and Human Resources Committee, and Nominating and Governance Committee.

Our board is responsible for overseeing our long-term strategic development and managing the most significant risks we face. These risks include those related to ESG matters. We also have an internal audit function that assists in evaluating and improving the effectiveness of our risk management, internal control, financial reporting, and governance processes. For more information about our corporate governance leadership and policies, please visit our [Corporate Governance](#) webpage and read our most [recent proxy statement](#).

Overseeing our ESG strategy and performance

Our board supports LPL's efforts to serve its stakeholders' interests. The Nominating and Governance Committee provides oversight of our ESG program, which began in 2008 as a corporate social responsibility program, with a focus on community involvement. This focus evolved to become our ESG program, expanding to encompass additional social and environmental matters that are aligned with our strategy and culture.



LPL's history wall in our San Diego office.

CORPORATE GOVERNANCE HIGHLIGHTS

- All of our directors other than our chief executive officer are independent under applicable Nasdaq and SEC rules.
- We separate the offices of the chair of the board and the chief executive officer.
- All of our directors are elected annually
- Four out of our nine directors are women or people of color.
- We have a strong commitment to strategy oversight and stakeholder engagement.
- We annually evaluate the board's and its committees' performance, operations, size, and composition, with the Nominating and Governance Committee overseeing the evaluation process.



Stakeholder engagement

We engage with our stakeholders—including financial advisors, communities, employees, government regulators, investors, suppliers, and trade organizations—through many avenues to collect valuable input on a variety of issues, including ESG matters.

The chart below lists our various stakeholder groups and examples of ways in which we engaged with them during 2020.

Key Stakeholder Groups	Annual Engagement Mechanisms
Financial Advisors	<ul style="list-style-type: none"> Industry groups, roundtables, events, and conferences for soliciting feedback and industry perspectives Surveys, including a Net Promoter® System survey three times a year Engagement events with our directors
Communities	<ul style="list-style-type: none"> Charitable donation matching program for employees and advisors LPL Foundation philanthropic donations Employee volunteering with local nonprofits
Employees	<ul style="list-style-type: none"> Engagement campaigns to collect input, including annual culture surveys, company intranet and virtual Workplace by Facebook, newsletters, company-wide announcements, and updates Regular communications, including virtual and on-site town halls with Q&As
Government/Regulators	<ul style="list-style-type: none"> Proactive policy engagement and outreach with officials at all levels of government
Investors	<ul style="list-style-type: none"> Annual shareholder meetings Quarterly earnings conference calls to share business and financial results Ongoing shareholder events and meetings to maintain open dialogue
Suppliers	<ul style="list-style-type: none"> Direct outreach on contracts and procurement procedures Engagement with critical suppliers to help manage supply chain risk and opportunities
Trade Organizations	<ul style="list-style-type: none"> Trade association events, advisory panels, issue-specific forums, and informal best-practice sharing



LPL'S ESG STEERING COMMITTEE

In 2021, we established an ESG Steering Committee to lead our ESG strategy and create greater accountability for our ESG outcomes. The ESG Steering Committee is a cross-functional management committee that will assist our senior executive leadership team in setting general strategy relating to ESG; developing, implementing, and monitoring initiatives and policies based on that strategy; overseeing communications with employees, investors, and stakeholders with respect to ESG; and monitoring and assessing developments relating to, and improving, LPL's understanding of ESG. Our internal ESG Steering Committee Charter provides further details on this group's responsibilities and activities.



CONTINUED RESILIENCE DURING COVID-19

As both the backdrop to 2020 and a continued part of our daily experiences, COVID-19 reminded us that our personal and business resilience means more than just responding to change. For LPL, COVID-19 highlighted the importance of remaining connected and empathetic to the myriad of impacts facing our employees and advisors, our communities, industries, and the globe.

In response to COVID-19, we challenged ourselves to think about new ways to support our employees, advisors, end investors, and communities. As a firm, we focused on increased communications and engagement opportunities with our colleagues and financial advisors, ensuring we continued to deliver on our commitments as a business.

Flexible working conditions and benefits

To support our employees' ability to work, maintain their well-being, and take care of their loved ones, we enacted a Temporary Remote Work Policy so employees were able to work off-site effectively. The majority of our colleagues worked remotely in 2020, thanks to our swift response for enabling remote work. Our dedicated Employee Relations team led our employee wellness efforts during 2020, helping employees navigate their new work environment and assisting them and their families when employees needed additional support.

We adopted a Temporary COVID-19 Sick Time Policy that provides all workers with up to 14 days of full pay if they are sick and/or have COVID, so they do not suffer wage loss due to an absence, and so they remain off-site when ill. We also extended our Leaves of Absence protocol, which now offers personal leaves of absence to support employees with mental health concerns, daycare challenges, and/or distance learning for their children and dependents.

Similarly, our LPL Friends & Family Temporary Hiring initiative provided hiring preference to employees' family members and friends, for the sourcing of temporary work at the company that was needed at that time due to increased demands for our services. We hired over 100 friends and family members through this initiative in 2020. In addition, we offered outplacement assistance for family members to aid them in reemployment if they were impacted by COVID-19. Fortunately, we did not implement any layoffs during 2020 as a result of the COVID-19.



PTO CASH-OUT BENEFIT

To address the reality that our employees faced new financial and well-being challenges during COVID-19, we adopted a cash-out benefit for non-exempt employees who wished to receive a payout from their paid time off (PTO) accrual.

Total number of employees who cashed out their PTO during the COVID-19 pandemic: 292

Total cash-out value: \$803,000



Maintaining business continuity

For those employees working remotely, we provided laptops, two monitors, a keyboard, a mouse, and offered to loan office chairs—a top request from employees. In total, we distributed over 10,000 pieces of equipment to our employees to ensure they have the things they need to successfully work from home.

In 2020, we launched training and tips for our employees to help them adjust to working remotely. Our Technology team ramped up their IT service model to be able to help with technology issues as they arose in a remote work context. These initiatives allowed our business to continue delivering on its commitments despite the challenges of COVID-19.

Keeping our employees healthy and safe

From the onset of COVID-19, we embraced a multipronged approach to ensuring the health and safety of our workplace and workforce. Across the company, business travel was essentially halted and remote work went into effect for a majority of our employees. For employees on-site, we rearranged seating in our buildings to ensure social distancing, and face masks have been required by all employees, contingent workers, contractors, and visitors when they enter our sites.

Signage throughout our buildings also reminds everyone to wear their masks, observe social distancing, practice diligent hygiene and handwashing, use hand sanitizers, and follow guidance on how to screen for COVID-19 symptoms. We clean and sanitize our buildings every night and conduct immediate deep cleanings with hospital grade cleaners if and when we're

notified that a workspace or area may have been exposed to COVID-19. Our internal LPL@Work intranet site provides COVID-19 updates to all employees, including information on health and safety protocols and COVID-19 resources.

Active engagement with our employees and advisors

Despite the largely virtual nature of our business interactions during 2020, we ensured we remained actively engaged with our employees and advisors. For our employees, we regularly conducted conference calls and communication campaigns through our company intranet site, LPL@Work, and our virtual community forums at LPL Workplace by Facebook. We instituted calls with our people managers to help them with employee questions, manage fears and concerns, and emphasize safety protocols. We also offered several virtual engagement events in 2020, such as a Halloween celebration, a holiday event, and our annual LPL ice cream social, where all employees were given a gift card to purchase a treat of their choice. The LPL Foundation used the ice cream social as an opportunity to raise money to help bridge the gap in social inequity for many kids and young adults who do not have access to technology in their homes during COVID-19. See more about this on [page 38](#). In addition, we held and continue to hold virtual town halls with all employees to keep them connected.

For our financial advisors, we continued our engagement initiatives, including our annual Focus conference for advisors, which was held virtually. Advisors received communications throughout 2020 on

best practices for coping with COVID-19 to help them improve the health and safety of their own work environments. We also distributed a COVID Newsletter and Thrivalist Newsletter to share insights and perspectives to help advisors safely transition their office staff to maintain service to investors at a time when their services were most needed. Our Research team also increased their communication to advisors and added resources for investors to help them understand the volatility in the markets and guide their decision-making around investments.

Philanthropic response

During the pandemic, we've pursued ways to give back to our communities to promote health, wellness, and vitality beyond our office walls. In 2020, we purchased 1,450 fabric face masks from the [Refugee Artisan Initiative](#), a nonprofit organization based in Seattle that was founded by an emergency room doctor and a pharmacist. The making of masks provides work for refugees, and the proceeds are reinvested to make additional masks that are then donated to Seattle area hospitals and healthcare providers. Our purchases helped our employees, refugees, and healthcare workers—a trifecta of impact that touched multiple communities.

In addition, our charitable foundation, the LPL Financial Foundation, extended a combined \$1 million in financial support to national and local organizations serving those in need during the COVID-19 crisis. This included \$24,000 donated to children in need of computers and other supplies for distance learning and schooling.



OUR EMPLOYEES AND ADVISORS

Every day, LPL's employees and financial advisors shape our company's future and bring our mission to life. They drive our success, contributing unique perspectives and a growth mindset to create meaningful financial solutions that support the livelihoods and communities our business touches. We're dedicated to taking care of our advisors so they can take care of their clients, and remain committed to fostering a diverse and inclusive workplace that attracts and retains exceptional talent. Through ongoing employee and advisor engagement, comprehensive compensation and benefits, and a focus on employee development and well-being, we help our employees and advisors succeed so they can do their best work, every single day.

OUR EMPLOYEES

Our ability to create value is only achievable through the talent, expertise, and dedication of our workforce. To ensure that our employees can deliver on our advisors' goals, we invest significantly in the talent development, technology, tools, and resources that help our employees reach their full potential both personally and professionally. Most importantly, we strive to nurture a culture that encourages collaboration, inclusivity, and greater diversity of thought.



Entrance to our Fort Mill, SC office.

LPL CULTURE

Focused on our advisors. Inspired to innovate. Committed to continuous improvement. Empowered to make a difference. That's the culture at LPL. It energizes us to achieve our mission every day.



Fair labor practices

At LPL, how we conduct business is as important as the business we conduct, and the way we respect human rights is embedded in everything we do and our values as a firm. We maintain clear policies and procedures to enforce our commitment to diversity, equal opportunity, and a safe, inclusive workplace. Our company policies promote and are applied in a manner consistent with the UN Guiding Principles on Business and Human Rights. Our policies and commitments to human rights and fair labor are outlined below:

- LPL is committed to respecting the human rights of our employees through the internal employment policies and practices included in our [Code of Conduct](#) and [Human Rights Statement of Principles](#), which promote maintaining a diverse, ethical, and inclusive workplace and safeguarding employees’ personal information. We offer equal employment opportunity to all, and do not tolerate discrimination or harassment. In addition, all employees have access to and are encouraged to contact our Whistleblower & Integrity Hotline in the event that there’s an instance of discrimination in our workplace. We seek to abide by all labor laws and regulations in the regions where we conduct business, including those regarding child labor, forced labor, equal pay and non-discrimination, and fundamental freedoms. In 2020, we did not experience any instances where we concluded that discrimination occurred in our workforce.
- We are committed to maintaining a work environment that is free of harassment and discrimination and

expect every employee to show respect for colleagues, clients, employees, and vendors, as outlined in our policy against sexual harassment. To ensure that our colleagues understand and abide by this expectation, all employees are required to participate in mandatory Harassment Prevention training. In 2020, our employees participated in 5,024 hours of Harassment Prevention training. Furthermore, our workplace training program includes courses on Workplace Violence, which provide detailed information on employee responsibilities and expectations, how to identify behaviors and warning signs, and how to take action and report issues.

- Our commitment to equal opportunity and non-discrimination also applies to our remuneration practices. We believe in fair compensation and review our pay equity at all levels to ensure that individuals with similar roles and responsibilities are receiving comparable wages, with bonuses determined on the merits of their performance and potential. In 2020, we committed to paying employees a minimum of \$20 per hour, exceeding applicable state and federal wage minimums. We also continue to analyze pay equity across the company, and any pay equity discrepancies identified internally or by outside counsel are immediately acted upon.
- We’re committed to conducting ourselves in a lawful, professional, and ethical manner. The work our LPL employees and advisors do every day makes a difference to millions of people across the country, and we don’t take that lightly. There’s no way to make a

positive difference if you don’t begin with the basic fundamental freedoms of human rights.

- We enacted a Human Rights Statement of Principles to establish our commitment to respecting human rights and being a fair employer. This statement focuses on our fair labor practices for our employees, our advisors and their clients, and our communities. It also addresses our position on anti-slavery, human trafficking, and promoting human rights with our vendors, which we describe in a bit more detail on [page 35](#) of this report.

FAIR LABOR AND HEALTH & SAFETY POLICIES THAT ARE AVAILABLE TO OUR EMPLOYEES

- Human Rights Statement of Principles
- Policy Against Sexual Harassment and Other Workplace Harassment
- Policy Against Retaliation
- Drug and Alcohol Policy
- How LPL Financial Secures Your Information Policy
- Physical Security Policy
- Safety Policy
- LPL Security Incident Management Policy



Employee engagement

Employee engagement is integral to our culture and to creating an inspiring workplace where people feel valued and included. Providing a strong employee experience, supported by open, two-way communication, helps us fulfill our mission of taking care of our advisors so that they can take care of their clients. We welcome our employees' perspectives and strive to create a culture that embraces continuous improvement.

We check in with our employees twice a year via our "LPL Listens" survey. This engagement survey gauges employee sentiment and helps ensure that our colleagues feel heard. Our survey helps us understand what we are doing well and where we can improve, while also measuring satisfaction in such areas as benefits, compensation, community involvement, and diversity and inclusion, among other relevant topics. In 2020, our LPL Listens survey elicited a 95.9% response rate, with over 78.6% favorable, up about 7% compared with the previous year.

Using the results of our LPL Listens survey, we focused our energy and resources on ways we could help our employees thrive despite working virtually due to COVID-19. We implemented a variety of policies, initiatives, and communication campaigns to ensure our employees and their family and friends remained connected, supported, and rewarded for their dedication to our business in 2020. For more information on how we engaged our employees during COVID-19, please see [page 12](#).

Employee health, wellness, and benefits

To help our employees feel supported, we offer an array of competitive benefits designed to meet the diverse needs of our employees and their eligible dependents. From healthcare to holidays, our aim is to help our employees enjoy happy and healthy lifestyles, while maintaining a good work-life balance.

Our benefits, which are overseen by our Total Rewards team in partnership with our Corporate Communications, Finance, Payroll, and Human Capital teams, are available to all full-time employees and part-time employees working at least 30 hours per week. Our benefits packages are comprehensive and available to over 99% of our workforce. Our health and wellness benefits include, but are not limited to:

- Medical coverage, including telemedicine, Compass Health Pro concierge health advocate services, and Best Doctors second opinion, case management, and education services
 - Our premiums cost our employees less than almost all competitive benchmarks, and, on average, we pay 80% of our employees' medical premiums, which is about 5% higher than the average industry benchmark
- Dental and vision coverage
- Healthcare and dependent-care flexible spending accounts
- Health Savings Accounts



RETAINING TOP TALENT

Our attrition remained low and our employee engagement surveys, which reflect employee satisfaction, remained high, despite the high number of employees working remotely and/or significantly impacted in their daily lives due to COVID-19. In 2020, top talent retention averaged 95.6%, and our voluntary attrition average was 1.7%.



MANAGING HEALTH AND SAFETY

Managing the health and safety of our employees is a priority. Our Building Services and Corporate Real Estate teams, together with our Employee Relations & Legal group, ensure that we're managing health and safety in all our offices and buildings. For more information on how we managed health and safety during COVID-19, see [page 12](#).



- LPL Live Well employee well-being program, including on-site instructor-led fitness classes in our fitness centers, on-site medical clinics, and nutritional counseling
- Free health and wellness tools and resources through the LPL Live Well portal
- Employee Relief Fund, providing financial assistance to employees and their immediate family members who experience losses from emergencies beyond their control
- Employee Assistance Program, including clinical counseling and work/life services for employees and their families
- Accident and critical illness coverage
- Life and accidental death and dismemberment insurance
- Short-term and long-term disability insurance
- On-site cafeterias featuring health-conscious menus
- Many of our employees take advantage of these benefits, helping us achieve a healthier workforce, both physically and mentally, across the company.

Employee training and professional development

Creating the best place for employees to grow and develop is key for our company to fulfill its mission. We offer an extensive mix of training programs to help employees in their personal and professional development. Among them are programs specifically for managers, executives, emerging leaders, women, and anyone who aspires to optimize their skills and career opportunities.

That includes:

- **Experience:** on-the-job learning
- **Exposure:** learning through others
- **Education:** formal training

The following are just a few examples from our vast collection of training and development programs.

- **LPL Development Center:** The LPL Development Center features numerous resources to help employees at any stage of their career stretch their talents, expand their skill sets, and prepare for new opportunities. Among them are tools for skills and performance assessment and roadmaps for career advancement.

HIGHLIGHTED BENEFITS WE OFFER OUR EMPLOYEES

- 401(k) retirement plan, in which 93% of our employees participated during 2020, averaging an 8% contribution rate. LPL matches \$0.75/\$1 contributed by each employee on the first 8% an employee contributes, so an employee contributing 8% is actually saving 14% of their base salary each year. (Company match begins after six months of employment)
- Generous paid time off (PTO) policy, including unlimited PTO for all exempt employees
- PTO to vote
- 16 hours per year for paid volunteer time off
- Gender-neutral paid parental leave policy, available to all employees who work at least 30 hours per week, not including interns and contingent workers. In 2020, 119 employees took advantage of our paid parental benefit, of which 61 were female and 58 were male.
- Employee stock purchase plan, in which 40% of our employees participated during 2020
- Financial assistance for adoption
- Tuition assistance
- Commuter reimbursement program



- **LPL’s Corporate University:** LPL U is our corporate university and provides an easy-to-use portal for a more personal way to learn. Many courses are self-paced and online. Others are led by instructors in physical or virtual classrooms. LPL U includes Harvard ManageMentor® for management and leadership skills training and Udemy® for a variety of business-related courses.
- **Talent Review:** Guiding our employees in their career progression is an important part of what we do. Among the programs we offer is Talent Review. It’s an annual process where LPL’s overall talent is assessed, high-potential leaders are identified, and succession plans for senior level leaders are confirmed. Over 97% of our workforce received career and performance reviews in 2020.
- **The Emerging Leaders Program:** We relaunched this program in 2020 to provide development opportunities for top-talent women and people of color at the levels of assistant vice president or vice president. The training comprises a two-and-a-half-day development program focused on peer-to-peer learning. For more information on our other diversity, equity, and inclusion training programs, please see [page 22](#).

- **Learning Labs:** This program supplements our core five-week Leading with Excellence program. These monthly offerings cover a variety of timely topics relevant to all people leaders. The objective of the Learning Lab series is to provide people leaders with continual leadership development opportunities and an outlet for cross-functional networking and collaboration with one another.
- **Ethics, Safety, Data Privacy, and More:** Because some concepts are fundamental to maintaining a great workplace and work environment, 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.

These training and development programs, spearheaded by our chief human capital officer and human capital executive team, help our employees learn and keep their skills fresh for their careers both at and beyond LPL.



BEST PLACE TO WORK FOR LGBTQ EQUALITY, 2020

In 2020, LPL received a perfect score from the Human Rights Campaign on their Corporate Equality Index, earning the designation “Best Place to Work for LGBTQ Equality.”

Employee Training

	2019	2020	% Change
Total training hours	94,730 hours	92,607 hours	-2%
Learner satisfaction score	90%	88%	-2%



OUR ADVISORS

As part of our effort to take care of our advisors so they can take care of their clients, we regularly engage with our advisors and provide them with training opportunities that help them achieve their business goals. Our advisor training offerings range from technology and financial skill-building programs to ethical and legal compliance certifications. We utilize the Net Promoter® System (NPS) methodology to engage with our advisors and act on their feedback. The tool allows us to collect their input and translate it into actionable plans. We conduct NPS surveys three times a year and had an 18 point increase in 2020. The increase was in large part driven by our focus on providing ample resources and tools for our advisors during COVID-19.

Advisor training opportunities

Our advisors are offered a variety of training opportunities to facilitate their growth and development. These include, but are not limited to:

Virtual Technology & Resources

Forum: This three-day training event for advisors, program managers, sales managers, licensed branch employees, administrative staff, and sales assistants is designed to increase proficiency in ClientWorks, LPL’s Advisor Business Platform, and LPL’s investment tools and resources. The progressive agenda provides hands-on technology training and the ability to select breakout sessions to tailor their learning experience. During the forum, learners connect with LPL subject-matter experts, sponsors, and peers.

▪ **Advisor University:** A one-stop shop located on our company portal for advisors, known as the Resource Center, which provides advisors and their staff with information on upcoming webinars and workshops, as well as previous recordings of best practices and materials.

▪ **LPL Office Essentials:** A strategic educational program consisting of learning paths and levels designed to increase effectiveness in the areas of industry knowledge, client service, office management, technology, marketing, and professional development. There is a library of more than 200 on-demand training programs designed to help advisors serve their clients and grow small businesses.

▪ **ClientWorks Fundamentals:** This training program is a live series of interactive webinars where new financial advisors and their staff learn about LPL’s tools and technology for moving and establishing their LPL Financial practice.

▪ In addition, our advisors are required to participate in Firm Element training. The trainings included in Firm Element, which are compliant with the Financial Industry Regulatory Authority (FINRA), cover topics such as conflicts of interest, security and privacy, the Annual Compliance Meeting, and anti-money laundering, financial crimes, fraud, and Regulation Best Interest. In 2020, our advisors logged over 53,000 hours of regulatory and compliance training.

Advisor Engagement and Training

	2019	2020	% Change
Total training hours	72,306 hours	100,000 hours	+38%
Total mandatory business ethics and compliance training hours	34,000 hours	53,143 hours	+56%
Learner satisfaction score	90%	97%	+7%



DIVERSITY, EQUITY, AND INCLUSION

Now more than ever, companies recognize the role workforce diversity and inclusion plays in both addressing widespread inequality and enhancing business value. At LPL, we understand it’s our responsibility to incorporate diversity at every level of our workforce and promote equity and inclusion in our culture. We know when diverse voices are integrated in our decision making, our business performs better.

Growing the diversity of our employees

In 2020, as part of our emphasis on diversity, equity, and inclusion, we continued to increase the balance of diversity in our organization, across all ranks. We focused on promoting and hiring women and people of color to roles at or above the vice president level, resulting in an increase in diverse representation at the senior levels of LPL.

In 2020, we hosted diversity, equity, and inclusion-related Employee Resource Groups (ERG), including:

- African American ERG
- Asian ERG
- Hispanic/Latinx ERG
- People with disABILITIES ERG
- Pride Alliance ERG
- Women’s ERG
- Veterans ERG
- Young Professionals ERG

Snapshot of Employee Diversity (%)

	2020	2019
Female	46	46
Male	54	54
Asian (Not Hispanic or Latino)	13	12
Black or African American (Not Hispanic or Latino)	16	17
Hispanic or Latino	8	8
Not Specified	2	2
Two or More Races (Not Hispanic or Latino)	3	3
White (Not Hispanic or Latino)	54	57

Diversity by Level (%)

	People of Color		Women	
	2020	2019	2020	2019
VP and above	23	22	33	33
Middle management	37	36	40	40
Entry-level professionals	52	53	51	52
Support/Operations	60	64	64	62

Percentages were based on employee headcount of 4,736 as reported by LPL’s Human Resource Information System on 12/31/2020.

Not all figures add to 100% due to undisclosed responses.



Governance of diversity, equity, and inclusion

Promoting diversity, equity, and inclusion has been a long-standing priority for LPL, and our efforts are overseen by a cross-functional Diversity, Equity, and Inclusion Council, which includes several members of our Management Committee. The Council is managed by our chief diversity officer and heads of employee and advisor diversity. The chief diversity officer reports to our chief human capital officer, who reports to our chief executive officer. This Council is accountable for our three pillars of diversity, equity, and inclusion: Attraction, Promotion, and Engagement.

PILLAR 1: PROMOTION

While effectively recruiting diverse candidates is a critical first step, we know building sustainable and lasting diversity at LPL requires the continued development of our employees over the full course of their careers. In 2020, we took a new approach to our Emerging Leaders program, our flagship initiative for providing development opportunities for high-potential AVPs and VPs. This program became virtual and we shifted the balance to include more women and people of color.

In addition, the Women Business Leaders Program was conducted for 100 women leaders to help empower them while discussing methods to support women within their own teams, including hosting a panel of women in the earlier stages of their careers to share their experiences. We also partner with the McKinsey Black Leadership Academy Program, and in 2020 we sent four high-performing finance employees to the program. We expect to increase our numbers in 2021 to 24. In addition, we increased our investment in these efforts by adding new staff, analytic tools and measurements, and engagement with external consultants, to increase the representation of diverse employees at the AVP level and higher.

PILLAR 2: ATTRACTION

At the core of our commitment to diversity, equity, and inclusion is our recruitment of diverse candidates. We hold recruiting events, specifically for our Technology and Care teams, at colleges and universities that serve minority students, including Historically Black Colleges and Universities such as Johnson C. Smith University and North Carolina Agricultural and Technical State University, both of which are near our Fort Mill office location.

Our Talent Acquisition team utilizes human capital software designed to identify non-traditional recruitment channels accessing underrepresented pools of candidates. In addition, we are implementing requirements for diversity in senior-level candidates considered for positions across our business; have a working group focused on identifying and developing unique methods to expand the talent pools we tap for our talent recruitment; and partner with executive search firms to help us identify diverse executive candidates.

PILLAR 3: ENGAGEMENT

Strong diversity performance is predicated on building a culture that listens to the perspectives of our employees and helps them come together through shared interests and experiences. One of our primary tools for doing this is our Employee Resource Groups (ERGs). Through panel discussions, networking, and charitable events, these groups bring together an array of diversity in our organization to provide mutual support and camaraderie. In 2020, 1,510 employees, or 31% of our total workforce, were members of one or more of our ERGs, a 33% increase from our 2018 numbers.

To ensure the voices of our ERGs are heard, each is led by an LPL executive and provides consultations to our Diversity, Equity, and Inclusion Council. For example, in 2020, our African American ERG was critical in shaping our response to the global attention on racial equity; the ERG leaders gathered their members to provide a safe space to voice concerns, and, through our “Community Conversations” engagement initiative, hosted discussions with senior leaders to help enhance our strategy to address equity. Nearly 60% of LPL’s employees participated in these powerful sessions. Furthermore, the ERG conducted weekly “Let Your Voices Be Heard” sessions, and Juneteenth was celebrated with a moment of reflection and early dismissal among many business units.



LPL'S DIVERSITY INDEX

To help measure our performance in our Engagement pillar, our diversity, equity, and inclusion team has developed our Diversity Index which assesses the engagement of different LPL identity groups based on responses to our Employee Engagement survey. The figures below represent a combination of the agreement from different identity groups to the following statements:

1. Diversity is valued at LPL

2. It would take a lot for me to leave

	2019	2020	% Change
OVERALL DIVERSITY INDEX	72%	79%	7%
Two or More Races (Not Hispanic or Latino)	65%	78%	13%
Native Hawaiian or Other Pacific Islander (Not Hispanic or Latino)	74%	79%	6%
American Indian or Alaska Native (Not Hispanic or Latino)	73%	73%	0%
Black or African American (Not Hispanic or Latino)	71%	76%	5%
Hispanic or Latino	64%	78%	14%
Asian (Not Hispanic or Latino)	74%	80%	6%

In the last year, our overall index improved 6% and increased in every equal employment opportunity employee category, reflecting the impacts of LPL's concerted efforts toward diversity in the last year.

DEI TRAINING

Beyond our Employee Resource Groups, we also conduct diversity, equity, and inclusion-focused training for our employees, including:

- **Leading Inclusively** – 100 of our team leaders participated in this LPL course designed to help obtain and incorporate the diverse perspectives of their teams.
- **MESH Diversity Training** – As part of our third-quarter Executive Development Day, all of our most senior leaders (EVPs and above) participated in a four-hour learning session with the head of Behavioral Sciences for MESH Diversity, a learning system designed to systematically address racism and oppression in organizations based on years of research.

Fostering advisor diversity, equity, and inclusion

We value the varied perspectives, backgrounds, and geographic locations of our advisors. We view the diversity of our advisors—which in turn translates to diverse client representation across a wide range of communities in the U.S.—as an asset for our business. Embracing and promoting advisor diversity, equity, and inclusion is a priority for LPL, and we allocate resources and initiatives to continually enhance our efforts.

Our advisor initiatives are developed and implemented by a dedicated team, along with strategic partnership from our chief diversity officer and LPL Advisor Inclusion Council. The LPL Advisor Inclusion Council is made up of 20 LPL advisors and includes a balanced array of diversity: 50% of members are women and 60% are people of color. The Council meets three times a year to provide recommendations to LPL's management team on how to enhance diversity, equity, and inclusion among LPL's financial advisors and how to increase awareness and access to LPL's resources for advisor growth and efficiency.



The success of our advisor diversity, equity, and inclusion efforts is tracked through our annual recruitment and retention of underrepresented advisor groups (including women and advisors of color), attendance figures at advisor diversity, equity, and inclusion events, and results from our engagement and satisfaction surveys. Using the figures that are captured, our Advisor Diversity and Inclusion team, in coordination with the Advisor Inclusion Council, develops strategies to improve our program effectiveness.

In 2020, we continued to develop our advisor diversity, equity, and inclusion performance through recruitment programs and engagement events:

- **Diverse Advisor Recruitment:** Our Business Development team maintains a formal recruitment focus that seeks to attract women and multicultural advisor prospects through engagement and proactive outreach.
- **Advisor Business Communities:** In parallel to our Employee Resource Groups, we support Advisor Business Communities that provide resources and best practices for our diverse advisor groups in support of their business growth and efficiency. The groups have monthly virtual meetings and also connect via LPL-facilitated social media groups that promote continuous networking and engagement. In 2020, we supported these communities for women, Black, Hispanic, and LGBTQ advisors.
- **Focus Conference DEI events:** Focus is LPL's flagship advisor conference, drawing thousands of financial advisors to learn, share, and grow. During the 2020 conference, which was held virtually, our Advisor Diversity, Equity, and Inclusion team was heavily featured, with a mainstage panel focused on building a diverse and inclusive practice, a virtual booth on all three days, and breakout sessions on achieving growth through acquisition and bringing NextGen women advisors into the industry.
- **Women Lead eForum:** Annually, we host our Women Advisors Leaders Forum to bring together our women financial advisors and program managers to discuss strategies to grow and enhance their businesses. This year, with COVID-19, LPL replaced this in-person conference with a virtual event, the Women Lead eForum. In an effort to provide value and relevant content to a larger group of LPL women advisors, we also included licensed sales assistants and administrative staff who may be considering a future as an advisor. In addition, the forum incorporated an allies program, where women attendees could invite a male ally to join the event and gain insights on how they can support women advisors in their offices and the industry at large.

LPL'S ADVISOR INCLUSION COUNCIL

The Advisor Inclusion Council focuses on achieving three primary goals:

- Attracting a diverse representation of financial advisors who reflect the changing marketplace
- Helping underrepresented advisor groups accelerate the growth and efficiency of their business
- Creating inclusive opportunities for advisors to connect, learn, and share best practices

LPL'S INCLUSION FORUM

In 2020 LPL hosted the Inclusion Forum, a virtual conference that brought our Advisor Business Communities together to discuss the challenges of diversity in financial services and strategies for progressing toward enhanced representation. The conference featured breakout sessions hosted by each of LPL's ABCs with various business growth- and efficiency-related topics, and a keynote by Lauren Simmons, who was the youngest full-time woman trader on the NYSE in 2017 and only the second Black woman trader in the Exchange's history.



Promoting diversity, equity, and inclusion within our communities

While we know the importance of championing diversity, equity, and inclusion among our employees and advisors, we are also uniquely positioned to act as a leader outside of our four walls. Our business affords us the opportunity to engage externally, whether through our advisors in their local communities or with other companies in the financial services ecosystem, with whom we regularly partner in the course of our operations.

One example of this commitment is in our response to the 2020 slayings of Ahmaud Arbery, George Floyd, and Breonna Taylor. We responded through a public statement in support of the Black community, a public letter from our CEO Dan Arnold to Black financial advisors in the LPL network and on his own LinkedIn page, increased donations to the Association of African American Financial Advisors to help accelerate the

delivery of financial advice and economic empowerment in Black communities, and a contribution to the Thurgood Marshall College Fund.

Other examples of LPL championing diversity, equity, and inclusion in its communities include:

- Sponsorship and participation in the Association of African American Financial Advisors (Quad A) Vision Conference, with two LPL advisors sitting on panel discussions
- Sponsorship of the College of African American Financial Professionals (CAAFP) conference
- Panel participation on the Certified Financial Planner (CFP) Board Diversity Summit
- Development and release of materials for diverse investors on our advisor Resource Center

Our Advisor Diversity and Inclusion team developed a robust strategy to improve the number of women advisors at LPL with the four pillars below. This has contributed to LPL having the largest community of women advisors among independent broker-dealers, with over 3,000 women. Our current percentage of women advisors is on par with the broader industry, at 17%.

1. Enhance business development tools to amplify LPL's value proposition to women advisor prospects
2. Train and support new-to-role women advisors to improve rookie success rates
3. Support family practice development where women advisors can take over for retiring family members
4. Provide meaningful support through community-building events, and onboarding and succession resources





PRODUCT RISK GOVERNANCE

At LPL, we believe it's our responsibility to provide our advisors and their clients an investment platform that offers a diverse, trustworthy selection of products and insights that support strong, risk-adjusted returns. Since our founding, our efforts have continually evolved to maintain our industry leadership. To that end, we're building on our traditional, robust investment vetting and research through technological innovations—and an increased focus on integrating environmental and social topics into investment processes.

Product due diligence

A strong investment strategy is one built on sound risk management and a performance-oriented investment philosophy. To that end, all LPL products and solutions undergo a robust due diligence process that seeks to detect, evaluate, and mitigate excessive product risk by controlling the entry of products on LPL's platform and to provide ongoing monitoring of approved products to ensure continual risk management. Led by our product risk management team, we follow the guidance of our Product Risk Governance Framework, outlined below, to ensure the integrity of the products we offer on our platform.

New product entry

We're continually engaging with our stakeholders and monitoring market trends to ensure that our product offerings are meeting the needs of our advisors and clients. When new products are identified, the LPL investment function proposing the product will complete quantitative and qualitative analyses on the product and engage with the product's manager before submitting the product for review. Products go through one of two risk-review processes, depending on their risk:





1. Product Review Committee process: Chaired by the product risk management department, we maintain cross-functional product review committees that provide strategic input on products that are under consideration for the LPL platform. The product review committee consists of voting members from ten LPL investment functions, which are illustrated on the right, and their approval is required for the addition of higher risk items to our platform, including:

- New product types not previously offered by LPL
- All new annuity insurance products
- All new separately managed accounts
- All new alternative investment products
- All new structured product issuers and proprietary indices
- All new Model Wealth Portfolios strategists

New products are assessed against standardized criteria set by the product review committee, and products must receive unanimous approval from its members. If approval is not given, our Executive Product Review Committee, made up of our senior executives, will assess the products and make a final decision.

2. Independent Review Process: For lower risk items, such as exchange-traded funds, exchange-traded notes, structured products, and unit investment trusts, the product risk management team will perform an independent review of products by assessing the products against our guidelines on leverage and volatility and our investment-screening criteria, and by reviewing an onboarding questionnaire completed by the product's manager.

Ongoing product monitoring

Following product approval, our product risk management team continues to leverage the product review committee and independent review processes described above to monitor our products on an ongoing basis. Products may be reassessed several times a year, with a focus on their recent performance, market risks associated with the product, customer complaints, credit ratings, and other relevant financial metrics and governance considerations. Furthermore, any products that go through independent review and are identified as potentially harmful to investors may be escalated to the committee, which has authority to limit or end sales of that product.



PRODUCT REVIEW COMMITTEE'S INVESTMENT FUNCTIONS

- Advisory Compliance
- Supervision
- Product and Platform Compliance
- Product and Platform Management
- Product Risk Management
- Research
- Service, Trading, and Operations
- Surveillance
- Internal Consulting
- Blue Sky Oversight



SUSTAINABLE INVESTING AT LPL

SUSTAINABLE INVESTING METHODOLOGY

Sustainable investing is investing with the intention of generating a positive ESG impact alongside a financial return. Many simply refer to it as investing with purpose or doing good while doing well.

Sustainable investing allows investors to fortify long-term performance, by protecting and enhancing long-term financial value through addressing ESG risks or investing in solutions to solve environmental and social challenges. In addition, sustainable investing allows investors to express their personal values, by protecting, enhancing, or otherwise positively impacting the long-term health of the environment or society through expressing ESG values.

LPL supports the growth and development of sustainable investing practices by providing education, insights, research, and solutions to more than 17,000 independent financial advisors.

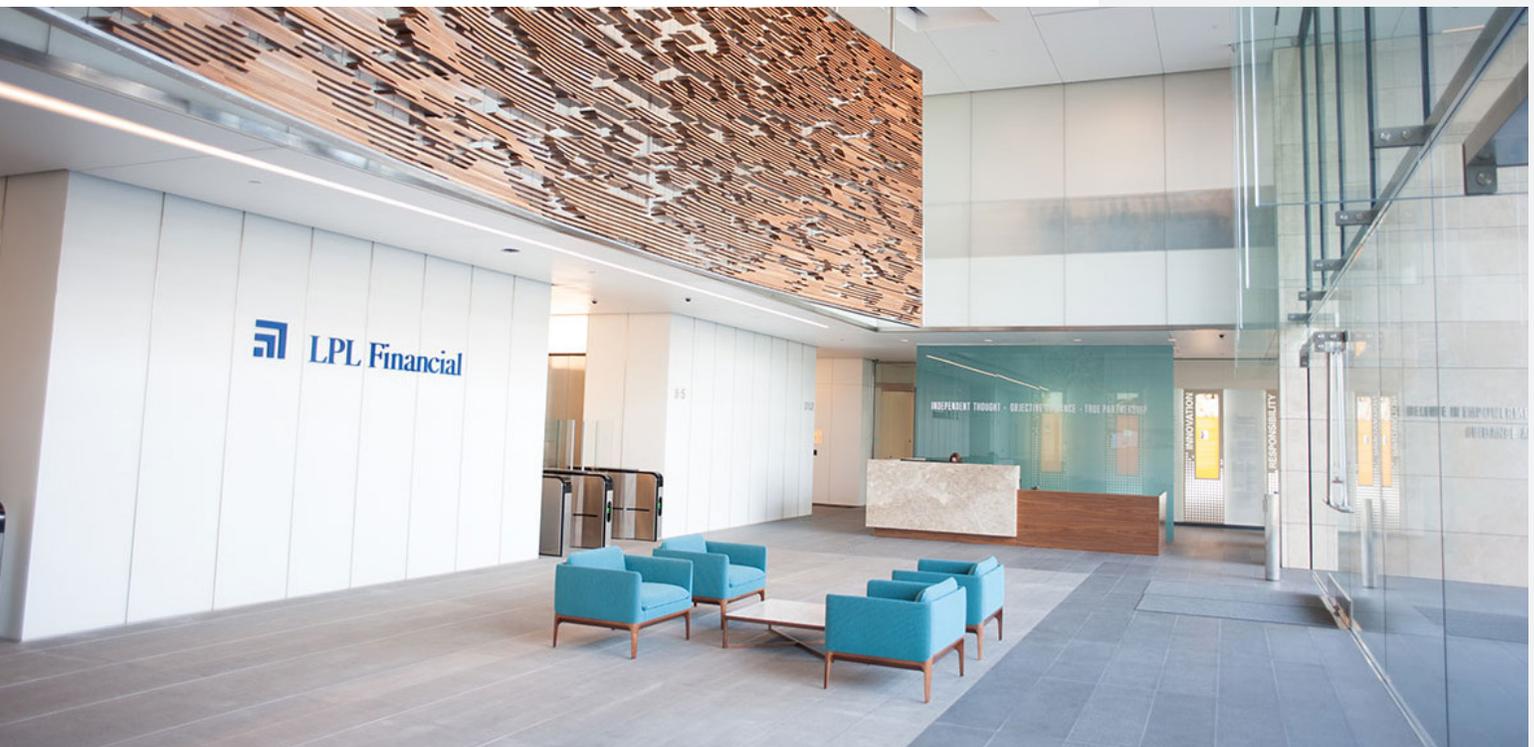


Rainwater cistern on our Fort Mill campus.

INSIGHTS

In addition to regular educational opportunities, current environmental and social issues raise opportunities to integrate ESG factors into investment portfolios and strategies. LPL provides insights on how to relate current events to sustainable investing principles, including commentaries, white papers, and case studies.

Lobby in our San Diego Office.



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.



Education

LPL has dedicated resources to provide education to advisors and their clients. LPL has developed online learning modules for its advisors that are available for continuing education credits, as well as detailed guidebooks to help advisors learn more about sustainable investing and how to engage with their clients and prospects about the topic. In 2019, LPL formed the LPL Sustainable Investing Study Group, which seeks to empower an LPL advisor peer community to develop knowledge and best practices, learn from each other, and access expert resources. The Study Group holds quarterly meetings where LPL reviews recent sustainable investing enhancements and invites industry experts to speak on current sustainable investing topics. Interest in the Study Group has been strong, as witnessed by tenfold growth in membership since its inception.

Research

Navigating the universe of sustainable investing options can be challenging given the ever increasing amount of data. In addition, the major data providers have different evaluation methodologies that could lead to conflicting conclusions on what constitutes the available sustainable investing options.

LPL uses its experience and tools to identify sustainable investing choices and provides a list of available sustainable investing mutual funds and exchange-traded funds to LPL advisors. LPL identifies the universe by searching for those that are intentionally pursuing sustainable investing mandates and where this commitment is indicated in the “principal investment strategies” section of the prospectus.

LPL also offers a recommended list of sustainable investing managers, where, through its detailed investment manager research efforts, LPL identifies a list of third-party asset managers who are committed to the principles of sustainable investing—alignment, emphasis, and engagement. For alignment, LPL

identifies managers who exclude select investments from portfolios for reasons of personal values or to avoid certain risks.

Solutions

LPL offers access to a wide spectrum of sustainable investing products. These include ETFs, mutual funds, separately managed accounts (SMA), and multi-asset portfolio solutions through LPL’s Model Wealth Portfolios (MWP) platform.

Approximately 10,100 LPL financial advisors had more than 155,000 clients who had invested over \$6.9 billion dollars across these sustainable investing products as of December 31, 2020. This was more than double the amount invested on the same date in 2019.

LPL offers access to three managed models for advisors: Calvert, DFA, and LPL Research.

The MWP LPL Research Sustainable Investing Model offers a series of broadly diversified multi-asset portfolios, which allows investors to select the portfolio that best fits their needs and risk tolerance level, while utilizing a multi-manager approach that has access to third-party investment managers recommended by LPL Research. The model is implemented using strategies that use ESG incorporation and active ownership approaches.

The model seeks to:

- Protect and enhance long-term financial value through addressing ESG risks or investing in solutions to solve environmental and social challenges
- Protect, enhance, or otherwise positively impact the long-term health of the environment or society through expressing ESG values

In order to achieve those goals, the model is based on managers that use ESG incorporation and active ownership approaches.

There is no assurance that Model Wealth Portfolios are suitable for all investors or will yield positive outcomes. The purchase of securities will be required to effect some of the strategies. Investing involves risks including possible loss of principle.



OPERATING WITH INTEGRITY

At LPL, we strive to conduct business in a lawful, professional, and ethical manner. We know that by operating responsibly and strengthening trust with our mutual stakeholders, we take care of our advisors and their clients. Through a collection of policies, controls, and procedures, we cultivate and reinforce a culture consistent with the highest standards of ethics and integrity.

BUSINESS ETHICS

We're dedicated to uncompromising integrity and high standards of business conduct and ethics. Our [Code of Conduct](#) sets out the standards of excellence that we expect for our firm, and it guides our employees' decision-making when there's no prescriptive rule for the situation at hand. The Code of Conduct promotes ethical and honest behavior by providing prescriptive directives for risk areas that are most relevant to our business.

While the Code of Conduct doesn't address every situation that can arise in our complex and continually changing business, it's intended to summarize fundamental principles and our overarching approach to ethical decision-making for any matter. We also reinforce our Code by building personnel resources accessible to all of our employees. We encourage our employees to seek guidance as needed from our Compliance, Legal & Risk teams, and ensure that all managers and leaders are equipped to be strong examples to their teams of the integrity and care demanded by our business.

Promoting ethical behavior among our advisors

We insist on ethical practices for all of our advisors and their businesses; therefore our Code of Conduct also applies to our advisors, and the resources dedicated to its implementation are available to them. Furthermore, our advisors are obligated to sign a [Code of Ethics](#) that requires the disclosure of conflicts of interest, compliance with securities laws, the protection of confidential client information, and other compliance requirements.

Understanding and upholding the principles outlined in our Code of Conduct and Code of Ethics provides a foundation for our continued success and is key to maintaining the trust and respect of our employees, advisors, investors, shareholders, and communities.



LPL's CODE OF CONDUCT

Our [Code of Conduct](#) promotes:

- Honest and ethical conduct
- Full, fair, accurate, timely, and understandable disclosure
- Compliance with laws, rules, and regulations
- Prompt internal reporting of violations to an appropriate person or people
- Accountability for adherence to the Code



Policies, controls, and compliance

To further promote an ethical culture, we maintain policies and processes that set expectations, provide guidance, and reinforce our ethical standards through our Code of Conduct. All of our employees and advisors, regardless of position, are required to comply with laws, regulations, and the Code of Conduct.

Polices in the Code of Conduct

- LPL Code of Ethics
- Anti-Bribery / Anti-Corruption Policy
- Pay-to-Play / Political Contribution Policy
- Anti-Money Laundering / Counter Terrorist Financial Policy
- Outside Business Activity Policy
- Insider Trading Policy
- Outside Investment Account Policy
- LPL Amended and Restated Disclosure Policy
- Privacy Notice and Branch Office Security Policy
- Trade Secrets and Confidential Company Information Policy
- Record Retention Policy

Any reports describing conduct that is inconsistent with LPL policy are investigated promptly. If an investigation reveals a violation of LPL’s policy or an external policy or rule, or that other inappropriate conduct has occurred, then we take corrective action, including discipline up to and including dismissal, reassignment, changes in reporting relationships, training, or other measures we deem appropriate under the circumstances, regardless of the job positions of the parties involved.

Anti-corruption practices and compliance training

We proactively manage compliance with relevant laws and regulations. Our compliance team monitors requirements regularly and works closely with our advisors to help them maintain compliance in their business practice. In addition, we invest in technology and infrastructure that strengthen our compliance and risk management, including transaction monitoring and customer due diligence.

Our controls are reviewed annually through internal audits and external processes designed to identify instances of fraud, and a report on our highest risks and any material findings is provided to the Audit Committee of our Board of Directors. Our investigations help us to identify instances of noncompliance, which we work to address promptly when discovered.



OUR WHISTLEBLOWER PROGRAM

Our ethical culture depends on the active participation of our employees and financial advisors—especially when it comes to reporting any unethical behavioral activities. If any employee or advisor believes that an action may be in violation of the Code of Conduct, they are expected to report the matter immediately to LPL through our Whistleblower and Integrity Hotline. Our Special Investigations Unit, which is part of our Legal team, investigates whistleblower activity. We provide guidance on reporting concerns via the Whistleblower and Integrity Hotline in our [Code of Conduct](#).



While our controls and audits are intended to identify and remediate existing events, we also take preventative action through mandated business ethics trainings. All of our employees must participate in anti-bribery, anti-corruption, anti-money laundering, fraud, and financial crimes training. In 2020, 31% of the training hours logged by employees were focused on business ethics and compliance training.

In addition, we deliver supplemental training programs and opportunities to our employees and advisors to enhance their understanding of responsible behavior and our strict ethical standards. In 2020, some of the topics covered in our various mandatory and on-demand training courses included:

- Anti-Money Laundering and Fraud
- Home Office Security & Privacy
- Whistleblower Guidelines
- Working with Senior and Vulnerable Adults
- Preventing Workplace Harassment
- Regulation Best Interest
- Workplace Violence Prevention Program
- Insider Trading Policy
- Regulation Best Interest
- Annual Compliance Meeting

For more information on our compliance and training for our employees and advisors, please visit pages [18](#) and [19](#), respectively.

Compliance, Legal & Risk and enterprise risk management

Our Compliance, Legal & Risk department works collaboratively with our Finance department to reduce our exposure to risk by routinely reviewing risks related to third parties with whom we do business. Due diligence, financial analysis, and forward-looking measures of financial strength and sustainability play a crucial role and are included in our extensive research process.

In addition, our Enterprise Risk Management function periodically undergoes risk and control self-assessments in partnership with Internal Audit and business units across LPL. The department works closely with the business units to gather risk and performance metrics that inform the quarterly Enterprise Risk Profile report reviewed by senior and executive management and the Risk Oversight Committee.



LPL'S ENTERPRISE RISK MANAGEMENT FUNCTION

Our Enterprise Risk Management (ERM) supplements whistleblower monitoring through a series of revised activities including:

- An enhanced risk management framework
- Firm-wide, top-down risk assessments
- Findings and Issues Tracking process
- Internal risk event monitoring
- Risk and Control Self-Assessments

These activities are further buoyed by Internal Audit's annual audit plan that is approved by the Board Audit Committee. The artifacts from all risk management activities are governed by the executive-level Risk Oversight Committee.



CYBERSECURITY AND DATA PRIVACY

For LPL, information security and privacy are more than just administrative and compliance functions—they serve to protect and safeguard the information of the company, business partners, advisors, end investors, and employees. We are committed to providing industry-leading management of customer, advisor, and employee data. Our Cybersecurity organization is composed of more than 100 experienced professionals, and has an annual budget of nearly \$40 million.

How we use, collect, and safeguard data

Our data-handling practices are designed to meet the stringent standards of the Gramm-Leach Bliley Act and the regulatory expectations of the financial services industry. By the nature of our business, data is typically collected directly from the individual investor by way of their financial professional during account creation. Our use and sharing of this data is strictly limited by our regulatory obligations, which is communicated to clients at account creation and annually thereafter. We employ extensive physical, technical, and procedural security controls to safeguard the valuable data entrusted to us by our stakeholders.

Governance of cybersecurity and data privacy

Our chief information security officer (CISO) leads all information security activities, including establishing and overseeing separate teams for distinct cybersecurity functions and risks:

Security Operations	Identity and Access Management	Security Architecture	Technology Risk and Advisor Security
Monitors our systems for security incidents	Manages user access across employees, advisors, and end investors	Integrates and builds cyber defenses for new digital solutions being added to LPL's platform	Tests existing defenses for cybersecurity vulnerabilities

The firm recognizes data privacy's unique importance and its impact on performance. LPL's chief privacy officer manages a dedicated privacy team, which is aligned with our information security practices, and is responsible for advising the firm about the implementation of data privacy and security measures. These measures serve to meet the ever-changing regulatory and industry requirements to protect the privacy of our stakeholders' data. Any potential compromises of personal information are immediately escalated to the privacy team in order to assess regulatory requirements and protect against consumer fraud.



Ensuring cybersecurity and data privacy

The foundation of our security and privacy activities are our policies, starting with our Privacy Policy. It lays out the types of data our stakeholders have entrusted to us and outlines our commitment to collect, use, and share that data in alignment with accepted standards. In support of this commitment, we have also developed several internal policies that document our standards for data use:

- **Home Office Security Policy:** Written for our employees, this policy defines access and data use standards for LPL employees.
- **Branch Office Security Policy:** This policy defines access and data use standards for LPL's advisors. These standards help protect the personal information of our stakeholders by preventing potential security incidents.
- **Supplier contracts:** Our engagement agreements are required to include our "System Security and Privacy Protocols and Guidelines," requiring all vendor partners to comply with our data privacy and cybersecurity policies.

In accordance with our policies, we manage our program in alignment with the framework set out by the National Institute of Standards and Technology's Cybersecurity Framework (NIST CSF), a leading standard for cybersecurity. The NIST CSF was developed in 2013 based on public and private sector engagement and has been revised over time to reflect the latest best practices in cybersecurity. Thanks to these practices and our robust cybersecurity and data privacy policies, we did not experience any material data security incidents that required breach notifications in 2020.

Data transparency and engagement

We take our role as custodians of the data entrusted to us seriously, and we strive to always be readily available to our stakeholders. Our privacy team provides public-facing email addresses and mailing information to allow our employees, advisors, and other stakeholders to contact us in relation to any requests or concerns they may have regarding their data's accuracy and privacy.

Our [Consumer Privacy Notice](#) lays out, in clear terms, our practices around data sharing, the entities that may obtain access to consumer data, and the purpose of sharing the data. From time to time, LPL may receive a data request from governmental authorities or regulators, and our Compliance, Legal & Risk group has a team dedicated to managing these requests. They coordinate with our privacy team and the applicable authorities or regulators to assure that these requests are lawful and, simultaneously, that LPL's transmission of data is safe and secure.

LPL'S CYBERSECURITY AND DATA PRIVACY PROGRAM ELEMENTS

- **Training:** Employees and advisors are required to complete privacy and security trainings during onboarding and on an annual basis.
- **Data protection in advisor operations:** We ensure the highest levels of data security in our advisors' operations by obtaining annual affirmations of compliance to policies.
- **Incident response:** The teams maintain playbooks outlining LPL's response to incidents in order to mitigate data loss, resolve system issues, and notify consumers and regulators as necessary.
- **Information security testing:** Penetration testing is performed at least annually by an external vendor. All applications are subject to testing before rollout and are given vulnerability scans.
- **Risk assessments:** Our team has performed phishing simulations and 70 virtual cyber assessments to gauge the effectiveness of our technology in protecting user data.
- **Standard alignment:** Annually, we perform a test of our alignment to NIST standards using an externally developed framework assessing the five framework functions: Identify, Protect, Detect, Respond, and Recover.
- **Monitoring:** Our Security Operations Center operates 24/7, leveraging machine learning and AI to quickly identify and remediate vulnerabilities on our digital platforms.



LEGAL AND REGULATORY COMPLIANCE

At LPL, we're committed to protecting our advisors and their clients. As part of this commitment, we support the development of legislation, regulations, and compliance procedures that enable their ability to focus on their clients. Our Government Relations team leads this effort by monitoring legislation and regulations and responding to any issues that may impact our advisors and our business.

LPL Government Relations

LPL supports legislation, regulations, and compliance procedures that reflect our business priorities and core values. The Government Relations team works within LPL's Compliance, Legal & Risk (CLR) function and is charged with tracking legislation and regulations at the state and federal level, acting as a thought leader for policy makers, and effectively advocating for legislation in the following areas:

- Retirement Security
- Data Security and Privacy
- Independent Contractor Status
- Senior Investor Protection
- Diversity, Equity, and Inclusion
- Harmonized Best Interest Standard

The LPL Political Action Committee (PAC) is one of the tools used by the Government Relations team. The PAC is a bipartisan committee that is overseen by the board of directors and is composed of LPL employees representing different business units at LPL. They are also informed by any advisory board of directors composed of LPL advisors from across the country. The PAC board directors approve the PAC budget, including which members of Congress are included in the budget and the overall PAC strategy. For 2019 and 2020, LPL PAC issued contributions totaling \$921,794.

Regulation Best Interest

Our Government Relations team strongly supports Regulation Best Interest (Reg BI), which was implemented by the Securities and Exchange Commission (SEC) in 2020 to enhance FINRA's existing broker-dealer suitability standard to a "best interest" standard of conduct. This rule is regarded as a valuable, positive enhancement to existing rules, creating a well-articulated federal standard that preserves investor choice and access to a wide range of investment and financial services. In 2020, we rolled out Reg BI training to our employees and advisors. This training was designed to teach advisors the four key components of the Reg BI that they need to act upon when providing investment recommendations or strategies to retail customers in brokerage and how to comply with the new requirements.

PROTECTING THE ELDERLY AND VULNERABLE FROM FINANCIAL ABUSE

We continue our work to increase awareness about potential financial fraud targeting the elderly and vulnerable population. For the elderly, financial fraud can be devastating—threatening the financial stability that they worked hard to achieve in retirement. We believe that financial advisors are in a unique position to identify and prevent fraud due to their close relationships with their clients. LPL created a Senior Investor Protection team that, along with the compliance, legal, and risk department, oversees and investigates any suspected financial exploitation or abuse. In addition, our Senior Investment Protection team provides guidance and resources to employees and advisors to help understand the requirements they must follow under FINRA Rule 2165 and various state laws and regulations to help protect senior investors and vulnerable adults.



RESPONSIBLE SOURCING

Our dedication to responsible governance extends to our relationships with the providers of the products and services we use in our business. We strive to implement ethical sourcing practices and deliver sustainable products and services because we believe this not only helps our business succeed, but also supports the communities and individuals our supply chain interacts with every day.

Our head of strategic sourcing, within Finance, leads a team that coordinates LPL's sourcing and procurement activities and strategy. They oversee the approximately 1,800 suppliers we work with to procure technology, professional services, office supplies, food for our cafeterias, facilities maintenance services, and other products and services that enable our business to thrive.

Human rights risks in the supply chain

Due to the nature of our business, our supply chain does not leave a significant environmental footprint, however we are still mindful of our procurement practices to ensure we're addressing risks within our supply chain, such as human rights violations. It's important to our company that we respect human rights in all of our business functions and relationships.

We screen our suppliers during our vendor selection process to ensure their practices are consistent with our values and expectations, including assessing for any potential violations of modern slavery and human trafficking laws within their business. We require that all suppliers we work with adhere to a minimum set of controls appropriate to the delivery of the contracted product or service, and that their costs and impacts are not disproportionately large considering the products or service they provide.

Vendor code of conduct

In 2020, we expanded our responsible sourcing program by enacting a [Vendor Code of Conduct](#) that aligns closely with our [Human Rights Statement of Principles](#) and [Code of Conduct](#). This Vendor Code of Conduct establishes our expectations for our suppliers in conducting their business ethically, committing to human rights, pursuing environmental stewardship, and promoting diversity, equity, and inclusion.

These standards draw on internationally recognized benchmarks, including the United Nations Universal Declaration of Human Rights, United Nations' Guiding Principles for Business and Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. The Vendor Code of Conduct applies to all LPL vendors and business partners. Furthermore, if vendors subcontract any portion of their obligations, this code applies to subcontractors. LPL expects its suppliers and vendors to communicate and uphold these expectations throughout their operations and supply chain by adopting policies, procedures, and training.

LPL VENDOR CODE OF CONDUCT

Our [Vendor Code of Conduct](#) outlines our expectations for our vendors and suppliers, and covers their practices and procedures for managing:

- Ethical Business Practices
 - Anti-bribery and anti-corruption
 - Anti-money laundering
 - Conflicts of interest
 - Gifts and political contributions
 - Information and property privacy
- Respecting Human Rights
 - Child labor
 - Discrimination and harassment
 - Fair wages, benefits, and working hours
 - Modern slavery, forced labor, and human trafficking
 - Safe working conditions
- Diversity, Equity, and Inclusion
- Environmental Stewardship
- Grievance Mechanisms



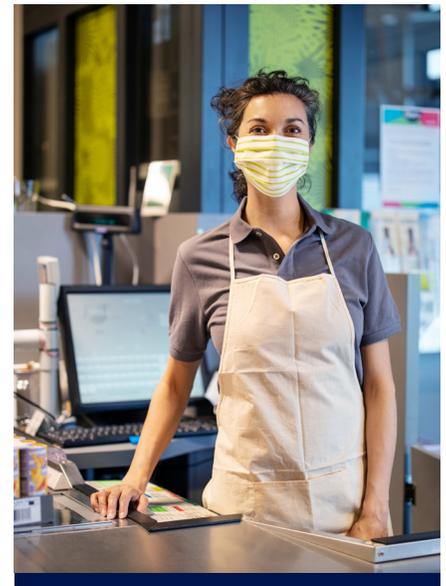
Partnering with diverse suppliers

Diversity and inclusion are important across our business, and our strategic focus on diversity extends beyond our own walls to our value chain. Through our procurement intake form, we actively screen for companies that include businesses owned by people of color, women, and veterans, and we encourage vendors to include these same screens for businesses in their own supply chains and to promote a diverse, inclusive, and equitable environment within their own firms.

In 2020, we screened for diverse suppliers during our onboarding process for new vendors, and approximately 10% of the total vendors were identified as owned by women, people of color, or veterans. We are continuing to expand our supplier diversity initiatives and process by investing in a supplier screening software tool that will support our supplier diversity screening and reporting from 2021 onward.

LPL strives to work with vendors whose policies and practices regarding human rights are consistent with our own. Our supply chain mission is to:

- Deliver sustainable, ethical practices and leadership to enable the selection of external partners to drive the best service, quality, and value for LPL while appropriately mitigating risk.
- Provide leadership to our business partners through LPL's center-led Vendor Management Program to ensure that any contractual and performance risks are effectively mitigated.
- Drive operational excellence through management of the requisition, contracting, payment process, and associated systems.



SUPPORTING THE CARES ACT IN RESPONSE TO COVID-19

In response to COVID-19, the U.S. Congress passed the Coronavirus, Aid, Relief, and Economic Security (CARES) Act. This law was enacted to keep workers paid and employed, keep businesses operational, improve the healthcare system, and stabilize our economy. LPL offered tools, resources, and support to help our advisors learn about the CARES Act and its role in mitigating the virus's economic impact in America. In 2020, we created a CARES Act website to guide our current and prospective advisors through uncertain times. Our resources focused on the retirement, individual, and small business provisions included in the CARES Act to highlight the issues that matter the most to advisors and their clients.



SUPPORTING THE COMMUNITIES WHERE WE OPERATE

We recognize the importance of engaging with our communities. We support initiatives and programs that strengthen our communities where we live and work, with a focus on increasing access to career pathways for under-resourced teens and young adults as a way to build equity. Through our corporate charitable programs, the LPL Financial Foundation, and volunteering hours by employees, we expand on our care for our advisors and extend that care into our communities.

Investing in our communities through charitable giving

Our main vehicle for community impact is the LPL Foundation. Overseen by a board of directors, the LPL Foundation collaborates with organizations to donate to mission-aligned nonprofit organizations. In 2019, we established a three-year roadmap to guide our corporate giving practices, which is reviewed during quarterly board meetings. In 2020, the LPL Foundation and LPL's corporate giving totaled approximately \$1.7 million, including unplanned gifts for COVID-19 relief and racial equity. We made an additional contribution to organizations supporting the COVID-19 relief effort by addressing hunger, the digital divide, and the literacy challenges of remote learning.

The LPL Foundation also empowers our employees and advisors to give back via our matching gifts program. Through this program, we offer a matching gift of up to \$500 annually for all LPL employees and registered financial advisors. In 2020, the Foundation matched \$507,000 in donations on top of our regular charitable work.



LPL FOUNDATION'S REVIEW PROCESS

In 2020, the LPL Foundation board approved a revised approach to reviewing and approving grants. Due to the hardships COVID-19 brought to nonprofit organizations, the LPL Foundation streamlined the process for our community partners. All organizations that had received grants in 2019 were invited to answer a few questions about the impact of COVID on the way they were doing business and the financial impact of the new environment. The board approved grants for each partner at the same level they had received in 2019, and these funds were available for the general operating budget of the organizations. Grants were paid in April—three months earlier than in previous years—in order to provide support as soon as possible.

May Serve Days, Carolinas



Community Partner Showcase, Dress for Success



Explore Your Future, Carolinas





LPL Financial Foundation management

The Foundation is directed by its guiding principles, and all funding decisions are made in alignment with those principles. In 2020, the LPL Foundation made contributions to organizations supporting COVID-19 relief efforts and focused its corporate giving program on helping individuals impacted by COVID-19. Schooling changed from in-person to remote overnight once the scale of the virus was realized, creating nationwide challenges related to overcoming digital divides, literacy, and even hunger. Our contributions supported organizations seeking to help manage and solve these issues. For more information on our COVID-19 response, see [page 12](#).

Historically Black colleges and Universities partnership with Johnson C. Smith University

One of our leading charitable giving programs is our HBCU partnership with Johnson C. Smith University (JCSU). The LPL Foundation provides support for Phasing Up, which focuses on providing financial support for JCSU students who have aged out of the foster care system, funding housing expenses and covering transportation costs for qualified students who are otherwise unable to afford housing expenses and visits home during school breaks. Additionally, we expanded the impact of our grant by partnering with JCSU to dedicate some of the funding to their Career Services program, which is available to all JCSU students. Our employees volunteer virtually and in person with JCSU through career fairs, career experience panels, and resume writing and job application events.

Supporting Austin community impacted by winter storm

In early 2021, the LPL Financial Foundation responded swiftly to the devastating winter storms that impacted communities in Austin, Texas. Our Foundation provided financial support to the Austin Urban League and the Central Texas Food Bank, helping residents in central Texas who were affected by severe weather conditions.



“The effects of this winter storm have been devastating and our hearts are with everyone across Texas. Now, as recovery begins in the greater Austin area, essential items such as food and shelter are in great need and charitable organizations are under stress.”

— Tim Carter, LPL Senior Vice President and President of the LPL Financial Foundation

2020 COVID-19 RELATED DONATIONS

- \$100,000 Feeding America (nationally)
- \$80,000 Food Banks (San Diego, Carolinas)
- \$10,000 Computer for Kids (San Diego)
- \$10,000 Promising Pages in Charlotte
- \$100,000 Employee Relief Fund



EMPLOYEE VOLUNTEERISM

In addition to the charitable giving efforts of our LPL Foundation, we encourage our employees and advisors to volunteer their time and talents with organizations that strengthen our communities. To support this effort, we offer our employees 16 paid hours each year to volunteer with an organization of their choice through our Volunteer Time Off program. Employee volunteerism is overseen by our Community Relations Group, which reports to the LPL Foundation Board of Directors.

Volunteering opportunities for our employees

Our employees and financial advisors are dedicated to strengthening the communities where we live and operate. In 2020, the number of employees volunteering decreased due to the COVID-19 pandemic. However, our employees still volunteered virtually. In total, we contributed approximately 6,000 volunteer hours to provide community support across the country compared with over 12,000 hours in 2019. Highlights of some of our partner organizations during 2020 include:

- **LPL Employee Volunteer Center:** Our Employee Volunteer Center provides resources that connect our employees with volunteer opportunities in their communities, as well as tools for creating and sharing volunteer activities with organizations that are meaningful to them.
- **YESvember:** Introduced in 2020 to celebrate virtual volunteerism during the month of November. We actively sought virtual opportunities with community partners and other organizations. Two hundred seventy employees recorded hours across the company—and these all went to the \$10/volunteer incentive, totaling a \$2,700 contribution to Austin Urban Technology Movement, which bridges the gap between the Black and Hispanic communities and the technology industry.

YESVEMBER IN AUSTIN, TEXAS

We remain committed to our communities, and while we're a growing company, we know the importance of staying in touch with the people and places that provide us space to operate. When we moved into our new Austin location in Fall 2020, we knew how important it was to join the community in a positive way. We held an inaugural YESvember event in our Austin office, which included \$10 donations to Austin-based nonprofits by the LPL Financial Foundation for every employee who participated in the charitable giving event. This successful event provided our employees the opportunity to introduce LPL to the community while simultaneously helping establish a strong culture of giving and community focus in our new office location.

To help strengthen our home office communities, we collaborate with the following organizations where we mentor youth and provide career skills training:



BOYS & GIRLS CLUB



Johnson C. Smith University



Second Chance





SERVICE AFFORDABILITY

Service affordability is an increasingly important topic for the financial sector and LPL. Our geographically and culturally diverse advisors seek to provide services to equally diverse clients, and we aid this effort by offering fair and reasonable costs for our products and services to support service affordability, including Guided Wealth Portfolios and Small Market Solution.

Guided Wealth Portfolios

LPL's Guided Wealth Portfolios is a financial advisor-led, online, cost-effective investing opportunity. It requires only a \$5,000 account minimum, which allows people at a younger age or lower income range to get started on their financial journey. Despite the low minimum investment, these investors have full access to an LPL advisor. In addition, these clients have access to cost-efficient exchange-traded fund models managed by LPL Research and automatically invested and rebalanced according to their specific goals. A new feature added in 2020 allows clients to work with the advisor to set goals and risk tolerance.

Small Market Solution

Our Small Market Solution provides an affordable way for businesses of all sizes to offer retirement plan services and help employees to save for and invest toward a secure future. If the plan client is subject to the Employee Retirement Income Security Act (ERISA), we serve as the ERISA Section 3(38) investment manager and assume discretion for determining the plan's investment menus, helping to support investment fiduciary responsibility and legal liability under ERISA for the plan sponsor and for ongoing plan consultation assistance.

In addition, LPL's advisors are available to host employee meetings to help plan participants understand their retirement plan investment options, which appeals to smaller businesses that may otherwise believe they could not offer this level of support to their employees.

Financial literacy

We strive to help our customers make informed choices, avoid financial pitfalls, and follow good practices to improve their financial well-being. The LPL Board of Directors and the Management Committee recognize the importance of financial literacy and have increased the emphasis on it in the communities in which we operate. As a result, our LPL Total Rewards team offered financial wellness education to all LPL employees, in partnership with our Young Professionals ERG.

In addition, we provide our advisors and employees with financial education resources and support financial literacy programs in partnership with nonprofit organizations. For example, we have partnered with Junior Achievement to offer financial literacy and career readiness skills to students, which simultaneously emphasized the importance of girls' exposure to financial services careers. The program prepares and educates young people with real-world financial and career management skills and reaches thousands of students annually.

We support programs that help individuals manage their personal financial resources, including those designed to enhance familiarity and comfort with fundamental skills, such as setting financial goals, budgeting, and managing funds. These publicly available, free financial tools and resources include:

- Savings Calculator
- Retirement Calculator
- Fund Analyzer
- College Savings Calculator
- Insightful articles and educational videos
- Goals-based planning tools for our advisors to use with their clients

We believe that everyone deserves sound financial advice, and that drives our effort to support financial literacy and acumen.



ENVIRONMENTAL STEWARDSHIP

Climate change and environmental justice issues continue to be important not just for the financial services sector, but for all companies and societal systems. At LPL, we strive to manage our impacts on the environment—not just because it’s the right thing to do, but because doing so makes good business sense. Pursuing environmental sustainability often leads to cost reductions resulting from more energy efficient offices and buildings, while also ensuring we’re maintaining business resilience by managing risks and opportunities related to climate change and our operational performance. We have a record of success in implementing initiatives that reduce our environmental impact by improving our energy efficiency, reducing our water use, and decreasing our waste generation.

GOING PAPERLESS

Financial services companies have traditionally used paper documentation to operate their businesses, from day-to-day office operations to mailing information, hard copy statements, and reports. Digital platforms and solutions afford us the opportunity to vastly reduce our paper usage while cutting costs in the process. We view the need to go paperless as a business imperative, and it continued to be one of our key ESG focus areas in 2020. We continued our efforts by implementing several initiatives for reducing our reliance on paper:

- Expanded the list of communications eligible for eDelivery to include tax documentation
- Reduced unnecessary letters by narrowing the criteria for generating automated transaction notices
- Consolidated multiple communications, such as those related to automated clearing houses, into single communications
- Added periodic reminder messages to investors to update their paperless account settings if existing elections were less than 100%
- Added a feature to allow investors to become 100% paperless with one click

These initiatives pushed paperless adoption to 30% for overall statements and 42% for confirms and prospectuses, which resulted in savings of \$3.3 million for LPL and reduced contributions to deforestation and climate change.



San Diego, CA office



Fort Mill, SC office



Boston, MA office



OUR ENVIRONMENTAL FOOTPRINT

Our greatest environmental impacts as a company are associated with our business travel and the climate, water, and waste impacts of our offices in Fort Mill, San Diego, Boston, and Austin. Our Corporate Real Estate team oversees our environmental management efforts to ensure we're improving our environmental performance over time.

Reducing energy usage and carbon emissions

Energy use is one of our biggest operational expenses with an environmental impact, therefore we continually evaluate ways to limit our usage in our offices and facilities. Our main office buildings in Boston, Fort Mill, and San Diego have been certified LEED Platinum, Gold, and Platinum, respectively, by the U.S. Green Building Council as evidence of their leading energy- and water-efficient features. In San Diego, we make use of energy-efficient fuel cells that generate significant portions of the electricity used at that facility. Some of our buildings are also equipped with remote monitoring units that allow us to observe energy use in different areas of our buildings. In addition, we have recently engaged with a facilities data company to provide continuous monitoring of our energy use and identify potential opportunities to improve.

We're committed to operational excellence that allows for energy efficiency and lower greenhouse gas (GHG) emissions. When we seek new commercial real estate, as we did in 2020 for our new office in Austin, Texas, we look for Class A buildings (as defined by the Building Owners and Managers Association), which have the strongest energy performance.

Measuring our impact on climate change

Our energy usage also influences climate change, and, with global action ramping up to combat global warming, we've begun to consider how we can adapt our business to contribute to these efforts. The first step in reducing GHG emissions is measuring them. We measure our climate impact using the World Resource Institute's GHG protocol, a widely used framework for measuring and accounting for carbon emissions.

After consolidating the volumes of fuel we use to control the temperature in our buildings, power our backup generators, and provide electricity to our equipment, we're able to use emission factors provided by the U.S. Environmental Protection Agency (EPA), as of February 2021, to calculate emissions. In our 2019 report, we completed an initial GHG inventory that assessed our emissions associated with business travel and our office buildings in Fort Mill, San Diego, and Boston. In this year's report, we expanded our scope to include our data centers and our newest office in Austin. In addition, we set up a temporary office in a former supermarket adjacent to our Fort Mill location, known as the LPL Market. With these additions, the figures reported in the data table below represent our Scope 1 (direct emissions), Scope 2 (indirect emissions), and Scope 3 (business travel) emissions.

THE IMPACT OF COVID-19 ON OUR OPERATIONAL ENVIRONMENTAL IMPACTS

COVID-19 provided an opportunity for us to adapt our approach to how we work and dramatically reduce the environmental impacts created by our offices. We adjusted our work through the following mechanisms, which in turn reduced our energy usage, waste generation, and water consumption:

- Close to 90% of our workforce shifted to remote work, reducing demand for in-office electricity use
- Given reduced office demand, we modified building temperature thresholds to adjust energy used by our heating and air-conditioning units
- Building services such as vending/food services, maintenance, and other non-essential services were also greatly reduced

For more information on how we responded to COVID-19, see [page 12](#).



LPL'S ENERGY AND CARBON EMISSIONS

Our environmental impacts mainly derive from two sources: carbon dioxide emissions resulting from energy usage in our offices and employee travel. We've summarized our 2020 performance related to carbon emissions below:

ENERGY*	2019	2020	% change
ELECTRICITY USED			
Fort Mill	7,439,450 kWh	6,155,883 kWh	- 17 %
San Diego	2,266,277 kWh	2,604,120 kWh	+ 14%
Boston	221,419 kWh	192,111 kWh	- 13 %
Austin	-	27,356 kWh	-
Fort Mill (Market)	-	586,152 kWh	-
Data centers ⁷	Not measured	8,407,831 kWh	-
RENEWABLE ELECTRICITY GENERATED AND USED			
San Diego	7,074,891 kWh	2,106,451 kWh	- 70%
Total Electricity	17,002,037 kWh	20,079,904 kWh	- 31 %⁹
Total Natural Gas Used ¹	273,682 Therms	32,168 Therms	-88 %
CARBON EMISSIONS*			
SCOPE 1 EMISSIONS			
Fort Mill ⁶	64 tCO ₂ e ²	33 tCO ₂ e ²	-48%
San Diego ³	1,397 tCO ₂ e ²	143 tCO ₂ e ²	-90%
Boston	Not calculated	1 tCO ₂ e ²	(N/A – District Cooling emissions not available for 2019)
Austin	N/A	-	N/A
Fort Mill (Market)	N/A	37 tCO ₂ e ²	N/A
TOTAL SCOPE 1⁴	1,461 tCO₂e²	213 tCO₂e²	-85%
SCOPE 2 EMISSIONS			
Fort Mill	2,522 tCO ₂ e	2,087 tCO ₂ e	-17 %
San Diego	512 tCO ₂ e	589 tCO ₂ e	+15 %
Boston	53 tCO ₂ e	46 tCO ₂ e	-13 %
Austin	-	12 tCO ₂ e	
Fort Mill (Market)	-	199 tCO ₂ e	-
Data centers ⁸	Not measured	3,351 tCO ₂ e	-
Total Scope 2⁵	3,087 tCO₂e	6,283 tCO₂e	-5%⁹
Total Scope 1 & 2	4,548 tCO₂e	6,496 tCO₂e	-31%⁹
Total Scope 3 Emissions from Business Travel	3,519 tCO₂e	871 tCO₂e	-75 %

* We are in the process of improving our data collection processes to capture a more complete picture of our impacts moving forward.

- Total natural gas does not include Boston office (LPL occupies a portion of space within the building)
- Fort Mill's Scope 1 emissions were calculated using natural gas.
- San Diego's Scope 1 emissions were calculated using natural gas data and one month of fuel oil
- Scope 1 emission streams include consumption of natural gas, fuel oil, and district cooling, and excluded refrigerants

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

- In our 2019 report, we overreported our Scope 1 GHG emissions at our Fort Mill location. These numbers have been updated to reflect the correct figures
- Electricity utilized at our five data center locations is based off of energy usage reports that varied in format and accuracy, contracted power (when actual usage was not available), and an assumed power usage effectiveness ratio (PUE) of 1.8 when PUE was not otherwise available

8. Our data centers are almost entirely powered by grid electricity (Scope 2 emissions), but do leverage Scope 1 sources for backup generation. Those figures were not calculated in this year's report

9. Data centers excluded. As energy use and emissions from our data centers were not measured in 2019, the % change here is calculated by using 2020 figures to provide a reasonable comparison



Water

In addition to monitoring our energy use and GHG emissions, we also pursue effective water management. Limiting potable water use, especially in office locations with water scarcity like San Diego, is a high priority for our business. Our Fort Mill and San Diego offices both have onsite water reclamation systems that withdraw water from lakes, roof drains, and other unpurified sources for facility water needs, such as irrigation, server cooling, and our office restrooms.

Maintaining our buildings conscientiously

In the day-to-day upkeep of our facilities, we seek to use products, wherever possible, that are environmentally friendly. We measure this as the percentage of our janitorial supply spend that has a lesser or reduced effect on human health and the environment when compared with competing products and services that serve the same purpose. In the first quarter of 2020, before the COVID-19 pandemic began in earnest, this green spend for our two main offices was over 75%.

2020 Green Spend by Quarter				
	Q1	Q2	Q3	Q4
Fort Mill	75%	40%	20%	50%
San Diego	90%	40%	54%	64%

Managing water and waste

The following table summarizes our water and waste performance in 2020.

	2019	2020	% change
Water			
Total Water Withdrawn*	-	5,306,075 gallons	-
Total Water Consumed*	-	1,264,216 gallons	-
Waste			
Total Waste Generated	159 tons*	103 tons	-35%
Total Repurposed Waste	97 tons*	71.17 tons	-27%
Composted Waste	76.2 tons	23.25 tons	-69%
Total Recycled Batteries	1,435 lbs	655 lbs	-54%
Total Shredded Paper	200 tons	69 tons	-66%
Total Waste Avoided from Water Bottles at Fort Mill Office	277,464 bottles	87,747 bottles	-68%

*Includes only Fort Mill and San Diego

Waste

Historically, we have consistently placed a strong focus on waste and recycling in our operations, with composting, recycling, and waste-reduction programs and initiatives across our office footprint. However, in 2020, less than 25% of our offices were occupied as we shifted to remote work, which dramatically reduced the volume of waste and amount composted, recycled, and repurposed. We adjusted our programs to accommodate the employees who were required in our offices, resulting in nearly 25 tons of compost and 700 pounds of recycled batteries. As we emerge from COVID-19, we'll continually monitor and adjust our waste programs to adapt to a more remote way of working, resulting in better energy, water, and waste performance.

- Dual bin recycling and compost stations (Fort Mill)
- San Diego single stream waste management
- Water refilling stations
- Onsite battery, eye glass, coffee pod, and print cartridge recycling



CLIMATE RISK

While we recognize the importance of mitigating our own carbon footprint to help stave off the worst effects of climate change, we also know that some of the impacts of climate change are already happening, increasing the severity and likelihood of extreme weather, wildfires, and other natural disasters. Through the efforts of our Business Continuity and Recovery (BCR) team, we safeguard the resiliency of our operations from both the physical and transitional risks of climate change through concrete actions:

Physical Risk	<ul style="list-style-type: none">▪ LPL Alert: Communication during an emergency event is critical, which is why we maintain LPL Alert, a mass communication tool that can text, call, or email our employees and advisors with real-time updates during an emergency. The tool leverages GIS technology to map an event’s expected and actual impacts on vulnerable personnel in the area, allowing us to provide targeted messaging to the teams that are most at risk.▪ Diversified locations: Our core resiliency measure is our geographically diverse office footprint. According to the U.S. Federal Emergency Management Agency National Risk Index, none of our offices are in counties that have the highest category of risk to natural hazards, while the geographic distance between our offices reduces the likelihood that more than one of our offices would be impacted by the same event. Furthermore, our offices are equipped to manage additional operational load if one is taken offline.▪ Remote work: COVID-19 was uniquely widespread and thus disruptive to our operations, but it has had the effect of enhancing our ability to be agile and continue operating successfully. We are now even better equipped to manage emergency events, as our employees can work remotely if our offices become unavailable.▪ Business Continuity and Recovery (BCR) Event Playbook: Our event playbook documents procedures and accountability for different LPL teams during an emergency. The playbook provides a custom approach to different events (hurricane, wildfire, flood, etc.), documenting priorities and custom considerations.▪ Advisor emergency plan support: Our BCR team provides support to our advisors’ operations by helping them develop and implement emergency response plans. Furthermore, we provide data backups to our advisors so that if their local operations are impacted, their clients’ information is secure and accessible.
Transition Risk	<ul style="list-style-type: none">▪ Backup generators: Access to electricity can be disrupted from climate events in multiple respects; severe weather can physically knock down power lines and disrupt power generators, while utilities may also conduct rolling blackouts to conserve power during severe weather or prevent wildfires, particularly in California. To help mitigate the impacts of these events, many of our offices are equipped with backup generators that can bridge our operations during these events. Furthermore, given the increase in remote work from COVID-19, we are currently assessing and identifying critical personnel who should be equipped with generators in their homes.▪ Operational improvements: Our business could also be impacted through the implementation of regulatory change addressing climate. While our exposure is relatively limited given the service-based nature of our work, we address this risk through our continued investment in renewable energy and initiatives to improve our buildings’ energy efficiency. In addition, we’re improving the scope and accuracy of our GHG emissions measurement and we’re committed to setting goals to reduce our GHG emissions in future years.



CONSOLIDATED DATA SHEET

LPL'S BUSINESS

	Unit	2019 Value	2020 Value	% Change
Number of client accounts	client accounts	5,700,000	6,000,000	5%
Net revenue	dollars	5,624,856,000	5,871,640,000	4%
Number of employees	employees	4,343	4,756	12%
Number of advisors	advisors (people)	16,464	17,300	5%

Note: Some items that require historic data to calculate are not available and have thus been marked as “-”

GOVERNANCE

Business ethics

	Unit	2019 Value	2020 Value	% Change
% of employees and advisors participating in anti-money laundering and fraud training	%	100%	100%	-
Number of hours in business ethics and compliance trainings	hours	15,441	28,675	86%

Note: Some items that require historic data to calculate are not available and have thus been marked as “-”

SUSTAINABLE INVESTING

Products

	Unit	2019 Value	2020 Value	% Change
% of ESG funds/ETFs available at LPL as a ratio of the ESG funds/ETFs universe*	%	88%	96%	9%

Investor commitment

	Unit	2019 Value	2020 Value	% Change
Number of advisors that have invested (with their clients) in sustainable investments	advisors	8,452	10,100	19%
Number of clients with investment in sustainability marked products	clients	120,000	155,000	29%
Dollars invested in sustainable products	dollars	4,400,000,000	6,900,000,000	57%

* 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.

**SOCIAL****Diversity and inclusion****Representation**

Director	Unit	2019 Value	2020 Value	% Change
% of LPL directors that are women	%	33%	33%	0%
% of directors represented by gender, ethnic, or racial diversity	%	11%	11%	0%
% of board of directors that are women or minorities	%	44%	44%	0%
Gender Diversity by Level	Unit	2019 Value	2020 Value	% Change
VP and above	%	33%	33%	0%
Middle management	%	40%	40%	0%
Entry level professionals	%	52%	51%	-1%
Support	%	62%	64%	2%
Racial Diversity by Level	Unit	2019 Value	2020 Value	% Change
VP and above	%	22%	23%	1%
Middle management	%	36%	37%	1%
Entry level professionals	%	53%	52%	-1%
Support/Operations	%	64%	60%	-4%
Overall Diversity Figures	Unit	2019 Value	2020 Value	% Change
% of employees that are women	%	46%	46%	0%
% of employees that are ethnic minorities	%	41%	42%	1%
% of Asian employees	%	12%	13%	1%
% of Black and African American (not Hispanic or Latino) employees	%	17%	16%	-1%
% of Hispanic or Latino employees	%	8%	8%	0%
% of Not Specified employees	%	2%	2%	0%
% of Two or More Races (Not Hispanic or Latino) employees	%	3%	3%	0%
% of White (Not Hispanic or Latino) employees	%	57%	54%	0%
Advisors	Unit	2019 Value	2020 Value	% Change
% of investment professionals that are women	%	17%	17%	0%
Initiatives	Unit	2019 Value	2020 Value	% Change
Number of employee resource groups (ERGs)	groups	11	11	0%
Number of employees in ERGs	employees	1,488	1,510	1%
% of employees who belong to employee resource groups	%	34%	31%	-3%

**SOCIAL (continued)****Training and professional development**

	Unit	2019 Value	2020 Value	% Change
Number of advisor hours spent participating in LPL training programs (mandatory business ethics and compliance training)	hours	34,000	53,143	56%
Financial professional hours in training	hours	72,306	90,560	38%
Advisor training satisfaction rate	%	90%	97%	7%
Number of employee hours spent participating in LPL training programs	hours	94,730	92,607	-2%
Employee training satisfaction rate	%	90%	88%	-2%

Employee engagement

	Unit	2019 Value	2020 Value	% Change
Response rate in 2020 Engagement Survey (LPL Listens)	%	94%	96%	2%
Favorable responses in 2020 Engagement Survey	%	72%	79%	7%

Employee benefits

	Unit	2019 Value	2020 Value	% Change
% of employee participation in retirement, health and wellness, or other employee benefit programs	%	99%	99%	0%
% of employees participating in retirement plans	%	92%	93%	1%
Average employee salary deferral rate ¹	%	8%	8%	0%
% of employee medical premiums paid by LPL	%	80%	75%	-6%
% difference between LPL's coverage of employee medical premiums vs industry benchmark	%	5%	5%	0%

Corporate giving

	Unit	2019 Value	2020 Value	% Change
Amount contributed to non-profit organizations	US dollars	1,500,000	1,770,000	18%

Employee volunteerism

	Unit	2019 Value	2020 Value	% Change
Number of volunteer hours logged by employees	hours	12,142	5,995	-51%
% of employees who used Volunteer Time Off	%	25%	12%	-13%

Supply chain management

	Unit	2019 Value	2020 Value	% Change
Number of vendors that predominantly provide services	vendors	1,800	1,800	0%
Estimated % of vendors screened for diverse suppliers	%	10-15%	10%	0-5%

Note: Due to COVID-19 employee volunteer hours drastically decreased

Note: Figures may not total to 100% due to rounding

¹ Employee deferral rate is equal to the percentage of income deferred to LPL retirement plans



ENERGY*	2019	2020	% change
Electricity used			
Fort Mill	7,439,450 kWh	6,155,883 kWh	- 17 %
San Diego	2,266,277 kWh	2,604,120 kWh	+ 14%
Boston	221,419 kWh	192,111 kWh	- 13 %
Austin	-	27,356 kWh	-
Fort Mill (Market)	-	586,152 kWh	-
Data centers ⁷	Not measured	8,407,831 kWh	-
RENEWABLE ELECTRICITY GENERATED AND USED			
San Diego	7,074,891 kWh	2,106,451 kWh	- 70%
Total Electricity	17,002,037 kWh	20,079,904 kWh	- 31 %⁹
Total Natural Gas Used ¹	273,682 Therms	32,168 Therms	-88 %
CARBON EMISSIONS*	2019	2020	% change
Scope 1 emissions			
Fort Mill ⁶	64 tCO ₂ e ²	33 tCO ₂ e ²	-48%
San Diego ³	1,397 tCO ₂ e ²	143 tCO ₂ e ²	-90%
Boston	Not calculated	1 tCO ₂ e ²	(N/A – District Cooling emissions not available for 2019)
Austin	N/A	-	N/A
Fort Mill (Market)	N/A	37 tCO ₂ e ²	N/A
TOTAL SCOPE 1⁴	1,461 tCO₂e²	213 tCO₂e²	-85%
Scope 2 emissions			
Fort Mill	2,522 tCO ₂ e	2,087 tCO ₂ e	-17 %
San Diego	512 tCO ₂ e	589 tCO ₂ e	+15 %
Boston	53 tCO ₂ e	46 tCO ₂ e	-13 %
Austin	-	12 tCO ₂ e	-
Fort Mill (Market)	-	199 tCO ₂ e	-
Data centers ⁸	Not measured	3,351 tCO ₂ e	-
Total Scope 2⁵	3,087 tCO₂e	6,283 tCO₂e	-5%⁹
Total Scope 1 & 2	4,548 tCO₂e	6,496 tCO₂e	-31%⁹
Total Scope 3 Emissions from Business Travel	3,519 tCO₂e	871 tCO₂e	-75 %

* We are in the process of improving our data collection processes to capture a more complete picture of our impacts moving forward.

1. Total natural gas does not include Boston office (LPL occupies a portion of space within the building)
 2. Fort Mill's Scope 1 emissions were calculated using natural gas.
 3. San Diego's Scope 1 emissions were calculated using natural gas data and one month of fuel oil
 4. Scope 1 emission streams include consumption of natural gas, fuel oil, and district cooling, and excluded refrigerants

5. Scope 2 emissions calculated using WRI GHG Protocol's Location-based Method
 6. In our 2019 report, we overreported our Scope 1 GHG emissions at our Fort Mill location. These numbers have been updated to reflect the correct figures
 7. Electricity utilized at our five data center locations is based off of energy usage reports that varied in format and accuracy, contracted power (when actual usage was not available), and an assumed power usage effectiveness ratio (PUE) of 1.8 when PUE was not otherwise available

8. Our data centers are almost entirely powered by grid electricity (Scope 2 emissions), but do leverage Scope 1 sources for backup generation. Those figures were not calculated in this year's report
 9. Data centers excluded. As energy use and emissions from our data centers were not measured in 2019, the % change here is calculated by using 2020 figures to provide a reasonable comparison

**ENERGY** (continued)**Water⁵**

	Unit	2019 Value	2020 Value	% Change
Water withdrawal at San Diego and Fort Mill LPL offices	gallons	-	5,306,075	-
Water consumed at San Diego and Fort Mill LPL offices	gallons	-	1,264,216	-

Waste

	Unit	2019 Value	2020 Value	% Change
Composted food waste	tons	76	23	-70%
Total tons of waste generated	tons	159 ⁶	103	-35%
Total tons repurposed waste	tons	97 ⁶	71	-27%
Total lbs. of recycled batteries	lbs.	1,435	655	-54%
Total lbs. of shredded paper	tons	200	69	-66%
Total waste avoided from water bottles at Fort Mill	bottles	277,464	87,747	-68%

1. Total natural gas only includes San Diego and Fort Mill locations

2. Scope 1 emission streams include consumption of natural gas, fuel oil, and district cooling

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

4. In our 2019 report, we overreported our Scope 1 GHG emissions at our Fort Mill location. These numbers have been updated to reflect the correct figures

5. In our 2019 report, we underreported our water withdrawal at the San Diego location. These numbers have been updated to reflect the correct figures

6. 2019 figures for waste generated and repurposed waste only reflect the Fort Mill and San Diego locations



ABOUT THIS REPORT

LPL's 2021 Sustainability Report focuses on the core topics prioritized by our stakeholders—employees, financial advisors, business partners, and communities. This report, as well as our ESG framework, were defined by our 2019 sustainability materiality assessment, and both were further iterated in 2020 to reflect our most up-to-date material ESG issues and focus areas. Our material topics and ESG framework may be found on page [7](#).

Our sustainability profile is consistent with the prior year, reflecting our established commitment to taking care of our advisors so they can take care of their clients through sustainable strategies and practices. Our progress is reflected in the increased disclosures and cadence of our reporting and engagement in response to stakeholder interest. We highly value the perspectives of our stakeholders, and we look forward to continued feedback.

Report boundaries

Unless otherwise noted, this report covers calendar year 2020 and provides qualitative and quantitative information on our approach to managing ESG issues. Some initiatives or targets that were launched during early 2021 are also included in this report to provide up-to-date information for our stakeholders. We intend to continue to report on ESG topics annually. For additional information, you can visit LPL's social responsibility page. This report covers LPL's ESG efforts across our company, including our subsidiaries.

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 otherwise indicates. 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/or investment adviser representatives affiliated with LPL Financial LLC, an SEC-registered broker-dealer and investment adviser.

Reporting guidelines and content

We prepared this report leveraging the Global Reporting Initiative (GRI) Sustainability Reporting Standards reporting framework and Financial Services Sector Supplement disclosures as guidance. The Sustainability Accounting Standards Board (SASB) Consumer Finance and Asset Management & Custody Activities industry guidance also influenced the key topics and metrics covered within this report. Moreover, the topics covered in this report were defined based on the results of our ESG materiality assessment, which is described on page [8](#).

Reporting uncertainties

Non-financial information is subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining 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.



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 April 1, 2021. 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 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 2020 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. The use of the term "materiality" and other similar terms refers to ESG and sustainability topics. We are not using such terms as they are used under the securities or other laws of the United States or any other jurisdiction or as these terms are used in the context of financial statements and financial reporting.



GRI CONTENT INDEX

This report covers calendar year 2020 and has started to align with the Global Reporting Initiative (GRI) standard reporting guidelines. The table below shows where you can find the information disclosed for each Standard Disclosure we have fulfilled or partially met.

While most information is found in this report, other primary sources include: our 2020 Annual Report, Form 10-K, and 2021 Proxy Statement.

DISCLOSURE NUMBER	DISCLOSURE DESCRIPTION	LOCATION (REPORT SECTION, URL)
General Disclosures (Core Option)		
102-1	Name of the organization	LPL Financial Holdings Inc.
102-2	Activities, brands, products, and services	[Creating Value, Together] ; 2020 10-K Annual Report, page 1
102-3	Location of headquarters	75 State Street, Boston, MA 02109
102-4	Location of operations	[Creating Value, Together] ; LPL website, locations tab
102-5	Ownership and legal form	2020 10-K Annual Report, page 1
102-6	Markets served	[Creating Value, Together]
102-7	Scale of the organization	[Year in Review] ; 2020 10-K Annual Report, page 6
102-8	Information on employees and other workers	[Diversity, Equity, and Inclusion]
102-9	Supply chain	[Responsible Sourcing]
102-10	Significant changes to the organization and its supply chain	In 2020, we: <ul style="list-style-type: none"> ▪ Added a new office in Austin and a temporary office outside our Fort Mill location ▪ Shifted significant portions of our operations to remote work due to Covid 19
102-11	Precautionary principle	[Climate Risk] The precautionary principle states that when there is suspected risk of causing harm, protective action should be supported before there is complete proof of a risk. Through our precautionary approach to environmental sustainability and greenhouse gas emissions reduction, we continuously monitor and address the physical risks associated with climate change. Our ESG Steering Committee regularly examines the regulatory landscape for potential risks that may have an impact on business continuity or increase the cost of operations due to climate-related issues.
102-12	External initiatives	US Forum for Sustainable and Responsible Investment (SIF), Association of African American Financial Advisors, UN SDGs, United Nations Universal Declaration of Human Rights, United Nations' Guiding Principles for Business and Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work, Forest Stewardship Council, U.S. Green Building Council LEED certifications
102-13	Membership of associations	FINRA/SIP, SIFMA- Securities Industry and Financial Markets Association (the industry's largest trade group); IRI- Insured Retirement Institute; ASA – American Securities Association; Greater Boston Chamber of Commerce; New England Council (regional business association); Charlotte Regional Business Alliance; South Carolina Chamber of Commerce; San Diego Regional Chamber of Commerce; Congressional Hispanic Caucus Institute; Congressional Black Caucus Institute, Association of African American Financial Advisors



APPENDIX III: GLOBAL REPORTING INITIATIVE AND SUSTAINABILITY ACCOUNTING STANDARDS BOARD DISCLOSURES

DISCLOSURE NUMBER	DISCLOSURE DESCRIPTION	LOCATION (REPORT SECTION, URL)
Strategy		
102-14	Statement from senior decision-maker	[CEO letter]
102-15	Key impacts, risks, and opportunities	[About this Report]
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	[Operating with Integrity] ; LPL website: LPL Financial Responsible Business Practices
Governance		
102-18	Governance structure	[Corporate Governance and ESG Accountability]
Stakeholder Engagement		
102-40	List of stakeholder groups	[Stakeholder Engagement]
102-41	Collective bargaining agreements	Not applicable
102-42	Identifying and selecting stakeholders	[Stakeholder Engagement]
102-43	Approach to stakeholder engagement	[Stakeholder Engagement]
102-44	Key topics and concerns raised	[ESG Areas of Impact] ; [Strategic ESG Focus Areas] ; [About this Report]
102-45	Entities included in the consolidated financial statements	2020 10-K Annual Report, Exhibit 21.1
102-46	Defining report content and topic boundaries	[About this Report]
102-47	List of material topics	[ESG Areas of Impact]
102-48	Restatements of information	<ul style="list-style-type: none"> Scope 1 GHG emissions figures were restated with more accurate information
102-49	Changes in reporting	<ul style="list-style-type: none"> We have added the Austin and the Fort Mill Market offices to this year's report We have added our data centers' energy usage to this year's report Waddell and Reed information was incorporated into the report A special section reporting on LPL's response to COVID-19 was added to this year's report
102-50	Reporting period	Fiscal year 2020
102-51	Date of most recent report	June 2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Leslie Dunham, Vice President, Corporate Communications & ESG



APPENDIX III: GLOBAL REPORTING INITIATIVE AND SUSTAINABILITY ACCOUNTING STANDARDS BOARD DISCLOSURES

DISCLOSURE NUMBER	DISCLOSURE DESCRIPTION	LOCATION (REPORT SECTION, URL)
Topic Disclosures		
Economic Performance		
201	103-1/2/3: Management Approach	2020 10-K Annual Report, pages 1-11
201-1	Direct economic value generated and distributed	2020 10-K Annual Report, pages 64-68
201-2	Financial implications and other risks and opportunities due to climate change	[Climate Risk]
201-3	Defined benefit plan obligations and other retirement plans	[Employee Health, Wellness, and Benefits]
Anti-Corruption		
205	103-1/2/3: Management Approach	[Business Ethics] ; [Policies, Controls, and Compliance]
205-1	Operations assessed for risks related to corruption	[Anti-corruption Practices and Compliance Training]
205-2	Communication and training about anti-corruption policies and procedures	[Anti-corruption Practices and Compliance Training] A compliance alert is sent every month to all advisors informing them of all compliance-related changes. It includes featured updates, training opportunities, and reminders.
205-3	Confirmed incidents of corruption and actions taken	[Anti-corruption Practices and Compliance Training] In 2020, 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.
Anti-Competitive Behavior		
206	103-1/2/3: Management Approach	[Business Ethics] ; [Policies, Controls, and Compliance]
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	[Policies, Controls, and Compliance] LPL did not experience any legal actions for anti-competitive behavior, anti-trust, or monopoly practices in the reporting period.
Energy		
302	103-1/2/3: Management Approach	[Environmental Sustainability and Stewardship] ; Our environmental programs and progress are overseen by our: Chief Human Capital Officer, SVP, Corporate Real Estate and VP, Corporate Real Estate. Each year they look to increase ways to reduce energy and emissions in ways that make sense to our business.
302-1	Energy consumption within the organization	[Reducing Energy Usage and Carbon Emissions]
302-4	Reduction of energy consumption	[Reducing Energy Usage and Carbon Emissions]



APPENDIX III: GLOBAL REPORTING INITIATIVE AND SUSTAINABILITY ACCOUNTING STANDARDS BOARD DISCLOSURES

DISCLOSURE NUMBER	DISCLOSURE DESCRIPTION	LOCATION (REPORT SECTION, URL)
Water And Effluents		
303	103-1/2/3: Management Approach	[Environmental Sustainability and Stewardship] ; Our environmental programs and progress are overseen by our: Chief Human Capital Officer, SVP, Corporate Real Estate and VP, Corporate Real Estate. Each year they look to increase ways to reduce water consumption in ways that make sense to our business.
303-3	Water withdrawal	[Water]
303-5	Water consumption	[Water]
Emissions		
305	103-1/2/3: Management Approach	[Environmental Sustainability and Stewardship] ; Our environmental programs and progress are overseen by our: Chief Human Capital Officer, SVP, Corporate Real Estate and VP, Corporate Real Estate. Each year they look to increase ways to reduce energy and emissions in ways that make sense to our business.
305-1	Direct (Scope 1) GHG emissions	[Reducing Energy Usage and Carbon Emissions]
305-2	Energy indirect (Scope 2) GHG emissions	[Reducing Energy Usage and Carbon Emissions]
305-5	Reduction of GHG emissions	[Reducing Energy Usage and Carbon Emissions]
Effluents And Waste		
306	103-1/2/3: Management Approach	[Environmental Sustainability and Stewardship] ; Our environmental programs and progress are overseen by our: Chief Human Capital Officer, SVP, Corporate Real Estate and VP, Corporate Real Estate. Each year they look to increase ways to reduce waste and increase items to recycle that make sense to our business.
306-3	Waste generated	[Waste]
306-4	Waste diverted from landfill	[Waste]
Environmental Compliance		
307	103-1/2/3: Management Approach	[Policies, Controls, and Compliance]
307-1	Non-compliance with environmental laws and regulations	In 2020, LPL had no instances of non-compliance with laws and regulations in the social and environmental area. LPL strives to maintain compliance with all legal and regulatory requirements. In regards to instances of non-compliance, LPL does not admit or deny allegations. For cases brought through dispute resolution mechanisms, they are coded according to FINRA's product code system which does not account for complaints within the social and environmental area.
Employment		
401	103-1/2/3: Management Approach	[Our Employees and Advisors] ; [Employee Health, Wellness, and Benefits] ; [Employee Training and Professional Development]
401-1	New employee hires and employee turnover	[Employee Engagement]
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	[Employee Health, Wellness, and Benefits]
401-3	Parental leave	[Employee Health, Wellness, and Benefits]



APPENDIX III: GLOBAL REPORTING INITIATIVE AND SUSTAINABILITY ACCOUNTING STANDARDS BOARD DISCLOSURES

DISCLOSURE NUMBER	DISCLOSURE DESCRIPTION	LOCATION (REPORT SECTION, URL)
Training And Education		
404	103-1/2/3: Management Approach	[Employee Training and Professional Development]
404-1	Average hours of training per year per employee	[Employee Training and Professional Development]
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]
Diversity And Equal Opportunity		
405	103-1/2/3: Management Approach	[Diversity, Equity, and Inclusion]
405-1	Diversity of governance bodies and employees	[Diversity, Equity, and Inclusion]
Non-Discrimination		
406	103-1/2/3: Management Approach	[Fair Labor Practices]
406-1	Incidents of discrimination and corrective actions taken	[Fair Labor Practices]
Human Rights Assessment		
412	103-1/2/3: Management Approach	[Responsible Sourcing]
412-2	Employee training on human rights policies or procedures	[Fair Labor Practices]
Local Communities		
413	103-1/2/3: Management Approach	[Supporting the Communities Where We Operate]; [Investing in Our Communities Through Charitable Giving]
413-1	Operations with local community engagement, impact assessments, and development programs	While the LPL Financial Foundation does not currently conduct in-depth impact assessments (beyond the annual impact reports submitted by grantees), the Foundation will begin utilizing a logic model starting in 2021 to measure the impact of our charitable efforts.
Supplier Social Assessment		
414	103-1/2/3: Management Approach	[Responsible Sourcing]
414-1	New suppliers that were screened using social criteria	[Responsible Sourcing] No program in place currently, but in 2021 we are implementing an e-sourcing tool to assess these criteria.
Marketing and Labeling		
417	103-1/2/3: Management Approach	[Product Risk Governance]
417-3	Incidents of non-compliance concerning product and service information and labeling	In 2020, we did not experience any incidents that were material relating to product and service information labeling.



APPENDIX III: GLOBAL REPORTING INITIATIVE AND SUSTAINABILITY ACCOUNTING STANDARDS BOARD DISCLOSURES

DISCLOSURE NUMBER	DISCLOSURE DESCRIPTION	LOCATION (REPORT SECTION, URL)
Customer Privacy		
418	103-1/2/3: Management Approach	[Cybersecurity and Data Privacy] ; [How We Use, Collect, and Safeguard Data] ; [Governance of Cybersecurity and Data Privacy] ; [Ensuring Cybersecurity and Data Privacy]
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	[Ensuring Cybersecurity and Data Privacy]
Socio-Economic Compliance		
419	103-1/2/3: Management Approach	[Policies, Controls, and Compliance]
419-1	Non-compliance with laws and regulations in the social and economic area	[Policies, Controls, and Compliance] In 2020, LPL had no instances of non-compliance with laws and regulations in the social and environmental area.
FINANCIAL SECTOR SUPPLEMENT		
FSS	103-1/2/3: Management Approach	[Investing as a Force for Change]
FS-2	Procedures for assessing and screening environmental and social risks in business lines.	[Responsible Investing] ; [Product Due Diligence]
FS-4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	[Sustainable Investing Products and Solutions] ; [Integrating ESG into our Investment Practices]
FS-5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	[Sustainable Investing Products and Solutions] ; [Integrating ESG into our Investment Practices]
FS-6	Portfolio	[Sustainable Investing Products and Solutions]
FS-8	Value of environmental products	[Sustainable Investing Products and Solutions]
FS-11	ESG screening of assets under management	[Sustainable Investing Products and Solutions]



SASB CONTENT INDEX

We have included the below disclosures 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, but we will continue to evaluate them in the future. This report covers calendar year 2020. The table below shows where you can find the information throughout the report.

DISCLOSURE TOPIC	DISCLOSURE NUMBER	DISCLOSURE ACCOUNTING METRIC	LOCATION (PAGE, URL)
ASSET MANAGEMENT & CUSTODY ACTIVITIES			
Transparent Information and Fair Advice for Customers	FN-AC-270a.1, FN-IB-510b.1 FN-IB-510b.2	(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	<ul style="list-style-type: none"> Employees with investment-related investigations and regulatory proceedings: 1 (regulatory action) Employees with consumer-initiated complaints: 1 Employees with any arbitration matters (derived from complaints) or any private civil litigation matters that are investment related: 1
	FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	There were no losses during this time frame
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	[Diversity, Equity, and Inclusion]
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	As of December 31, 2020, LPL offered 157 mutual funds, 18 separately managed accounts, 75 ETFs and three managed models adding up to over \$6.9 billion across these sustainable investing products. [Sustainable Investing]
	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, and in banking and brokerage activities	[Sustainable Investing]
	FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures	2020 Proxy Statement, page 10-11
Business Ethics	FN-AC-510a.1, FN-IB-510a.1	Total amount of monetary losses 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	Overall, during 2020, 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	[Policies, Controls, and Compliance]



APPENDIX III: GLOBAL REPORTING INITIATIVE AND SUSTAINABILITY ACCOUNTING STANDARDS BOARD DISCLOSURES

DISCLOSURE TOPIC	DISCLOSURE NUMBER	DISCLOSURE ACCOUNTING METRIC	LOCATION (PAGE, URL)
CONSUMER FINANCE			
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 the Risks Related to Our Technology found on pages 29-30 of the 2020 10-K for detail on data security risks.
	FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	There were no monetary losses in 2020 as a result of legal proceedings associated with a compromise of LPL systems. Material legal proceedings for the Company are disclosed in Item 3 of our 2020 Form 10K and Note 14, Commitments and Contingencies, within the notes to consolidated financial statements in the Annual Report on Form 10-K. There were no material legal proceedings disclosed in the Form 10K related to the period January 1, 2020 to December 31, 2020
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	[Cybersecurity and Data Privacy]
Selling Practices	FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	During the period, the Company was subject to legal proceedings arising out of our business operations and associated with selling and servicing our products, including lawsuits, arbitration claims, and inquiries, as well as other actions and claims. Material legal proceedings for the Company are disclosed in Item 3 of our 2020 Form 10K and Note 14, Commitments and Contingencies, within the notes to consolidated financial statements in the Annual Report on Form 10-K. There were no material legal proceedings disclosed in the Form 10K related to the period January 1, 2020 to December 31, 2020. Please also see LPL's Form BD [link] for a list of legal and disciplinary events.
INVESTMENT BANKING & BROKERAGE			
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	[Sustainable Investing]



APPENDIX III: GLOBAL REPORTING INITIATIVE AND SUSTAINABILITY ACCOUNTING STANDARDS BOARD DISCLOSURES

DISCLOSURE TOPIC	DISCLOSURE NUMBER	DISCLOSURE ACCOUNTING METRIC	LOCATION (PAGE, URL)
Professional Integrity	FN-IB-510b.3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	During the period, the Company was subject to legal proceedings arising out of our business operations and associated with selling and servicing our products, including lawsuits, arbitration claims, and inquiries, as well as other actions and claims. Material legal proceedings for the Company are disclosed in Item 3 of our 2020 Form 10K and Note 14, Commitments and Contingencies, within the notes to consolidated financial statements in the Annual Report on Form 10-K. There were no material legal proceedings disclosed in the Form 10K related to the period January 1, 2020 to December 31, 2020. Please also see LPL's Form BD [https://www.lpl.com/content/dam/lpl-www/documents/disclosures/A58.pdf] for a list of legal and disciplinary events.
	FN-IB-510b.4	Description of approach to ensuring professional integrity, including duty of care	[Business Ethics]

LPL SUSTAINABILITY REPORT 2021

About LPL Financial

LPL Financial is a leader in the retail financial advice market, the nation's largest independent broker-dealer* and a leading custodian (or provider of custodial services) to RIAs. We serve independent financial advisors, professionals, and financial institutions, providing them with the technology, research, clearing and compliance services, and practice management programs they need to create and grow thriving practices. LPL enables them to provide objective guidance to millions of American families seeking wealth management, retirement planning, financial planning and asset management solutions.

* Based on total revenues, *Financial Planning* magazine June 1996-2020.

SAN DIEGO

LPL Financial
4707 Executive Drive • San Diego, CA 92121

CAROLINAS

LPL Financial
1055 LPL Way • Fort Mill, SC 29715

BOSTON

LPL Financial
75 State Street, Floor 22 • Boston, MA 02109
(800) 877-7210 | lpl.com

Contact for ESG-related questions:
Leslie Dunham, leslie.dunham@lpl.com

This material has been prepared by LPL Financial, LLC.

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