CLIMATE REPORT 2023

LPL Financial

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The terms "LPL," "we," "us," "our," and "the company," refer to LPL Financial Holdings Inc., a Delaware corporation, and its consolidated subsidiaries as a whole, unless the context indicates otherwise. In this report, we are referencing the terminology "Sustainability" in the context of LPL's sustainability strategy and program and, where appropriate, we reference ESG in the context of our internal working group. ESG and sustainability are used interchangeably throughout the development of the climate report.

INTRODUCTION

We are pleased to present our first Climate Report based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This report builds on our journey to enhance sustainability reporting at LPL Financial Holdings Inc. (LPL) and is the result of two years' work to advance our climate strategy, reporting, and measurements.

About us

LPL was founded in 1989 on the principle that a firm should work for its advisors, helping them build competitive businesses to serve their clients' best interests. We serve financial professionals across the spectrum of our industry: from independent financial advisors to financial institutions, from local advisor teams to large-scale RIA firms, from fully autonomous business owners to advisors employed by LPL. We support more than 21,000 financial advisors, including advisors at approximately 1,100 enterprises and approximately 500 registered investment advisor (RIA) firms nationwide, providing the front-, middle-, and back-office support our advisors need.

At LPL, our mission to take care of our advisors, so they can take care of their clients, drives everything we do. It keeps us focused, agile, and accountable so we can take care of our advisors even as demographics change, new technologies emerge, and our industry transforms. Our mission also ensures we focus our business on areas that create the greatest positive impact. As part of our sustainability strategy, we are dedicated to providing more transparency and detailed disclosures on our environmental, social, and governance (ESG) management approach, initiatives, and key metrics. Since 2019, we have disclosed this information in our annual Sustainability Report. This first Climate Report complements our Sustainability Report and further details our climate-related initiatives.

As part of our sustainability strategy and reporting journey, we have worked to better understand our climate-related risks and opportunities. We view climate change as a systemic risk that could have a widespread effect on institutions, the economy, and society. As such, we have a responsibility to analyze, prioritize, and report on our climate-related impacts, as well as a responsibility to implement an approach to managing and mitigating them. In 2022, we completed an evaluation of our climate-related risk-management practices and disclosures in comparison to the TCFD recommendations. In early 2023, we began to identify, validate, prioritize, and report climate-related risks and opportunities for our business. In this process, we performed a high-level qualitative scenario analysis to understand where LPL could be vulnerable to adverse climate change scenarios.

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Over time, we intend to implement measures, to manage—and where possible—to mitigate climate risks to our business. This report aims to provide an initial overview of our progress to date, acknowledging that it is a starting point for our ongoing climate journey.

Climate impacts how we view and manage our operations and business practices:

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

About this report

This report describes our current approach to identifying, managing, and mitigating LPL's climate-related risks, and implementing the recommendations set forth by the TCFD. For additional information on governance, risk strategy, and other sustainability strategies and disclosures at LPL, please refer to our 2023 Proxy Statement, 2022 Annual Report on Form 10-K, and 2023 Sustainability Report. As our first Climate Report, this document establishes a baseline of our progress against the TCFD framework. As we progress in our climate journey, we will continue to enhance our disclosures.

Reporting boundaries, guidelines, and content

This report provides an overview of our current climate initiatives, with additional information as of December 31, 2022.

We prepared this report leveraging the TCFD recommendations. Our GHG emissions have been calculated leveraging the GHG Protocol, published by the World Resources Institute (WRI).

The purpose of this report is to communicate the business operations of LPL. Throughout this report, the terms "financial advisors" and "advisors" include registered representatives and investment advisor representatives affiliated with LPL, an SEC-registered broker-dealer and investment advisor.

The term "material" and other similar terms, such as "risk impacts," in this report refer solely to ESG and sustainability-related topics and are not intended to have the meanings or significance ascribed to such terms in other contexts. We specifically distinguish this usage from the usage of such terms in the contexts of financial reporting and the securities laws of the United States or any other jurisdiction.

Reporting uncertainties

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

GOVERNANCE

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

Board of Directors oversight

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

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

Please refer to our 2023 Proxy Statement, 2022 Annual Report on Form 10-K, and 2023 Sustainability Report for additional information related to Board oversight at LPL.

Risk management governance

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

In 2021, LPL established an ESG Steering Committee comprising cross-functional senior leaders across the firm. The ESG Steering Committee assists in setting LPL's sustainability strategy, including climate-related risks, and assesses and recommends policies, practices, and disclosures that conform with that strategy and long-term goal setting. In 2022, to build on its climate strategy, LPL established a climate working group. This group comprises members from Facilities, Research, Finance, Enterprise Resiliency, Government Relations, Legal, Risk, Technology, ESG, and Procurement. The working group oversees LPL's climate-related risk and impacts and helps set recommendations for our climate program.

Going forward, we expect the climate working group will be overseen by the ROC, which will report to the Audit and Risk Committee on our climate approach and risk considerations. This plan promotes clear lines of risk management ownership and accountability while providing a structured escalation process for key risk information and events.

Please refer to our 2023 Proxy Statement and 2022 Annual Report on Form 10-K for additional information related to risk management at LPL.

STRATEGY

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

- Performed an initial gap assessment of LPL's climate-related position to TCFD standards, which helped define our future approach and identify initial risks and opportunities.
- Conducted a workshop with our climate working group to identify, validate, and prioritize climate-related physical and transition risks, as well as climate-related opportunities, for LPL.
- Assessed these risks and opportunities against climate scenarios to evaluate our vulnerabilities.
- Identified areas within our Business and Risk functions that should evolve to support risk mitigation.

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

LPL's approach to climate risk and scenario analysis

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

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

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

Identified climate-related risks, opportunities, and impacts

Aligned to our ERM process, we assessed the relevance and prioritization of our climate-related risks and opportunities based on their probability of occurrence and estimated impact on our business operations. Our preliminary assessment identified the short-, medium-, and long-term risks and opportunities presented in the following section. We plan to further develop our understanding of these risks and opportunities and their potential impacts to our business.

SELECTION OF SCENARIOS

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

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

Identified climate-related risks, opportunities, and impacts

Transition risks

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

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

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

Physical risks

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

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

Climate opportunities

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

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

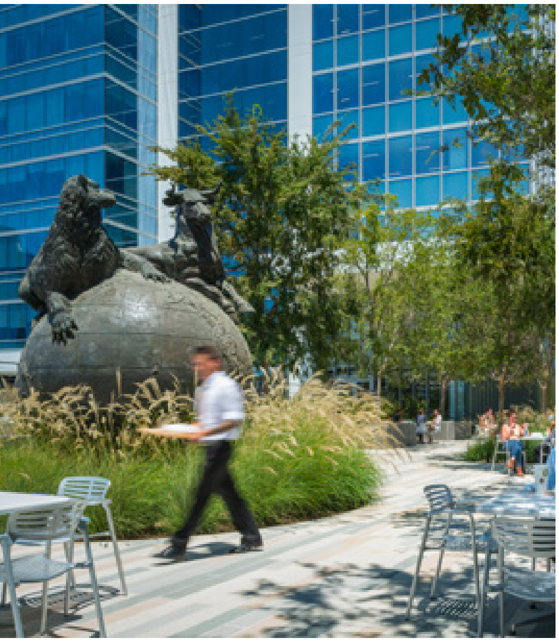
RISK MANAGEMENT

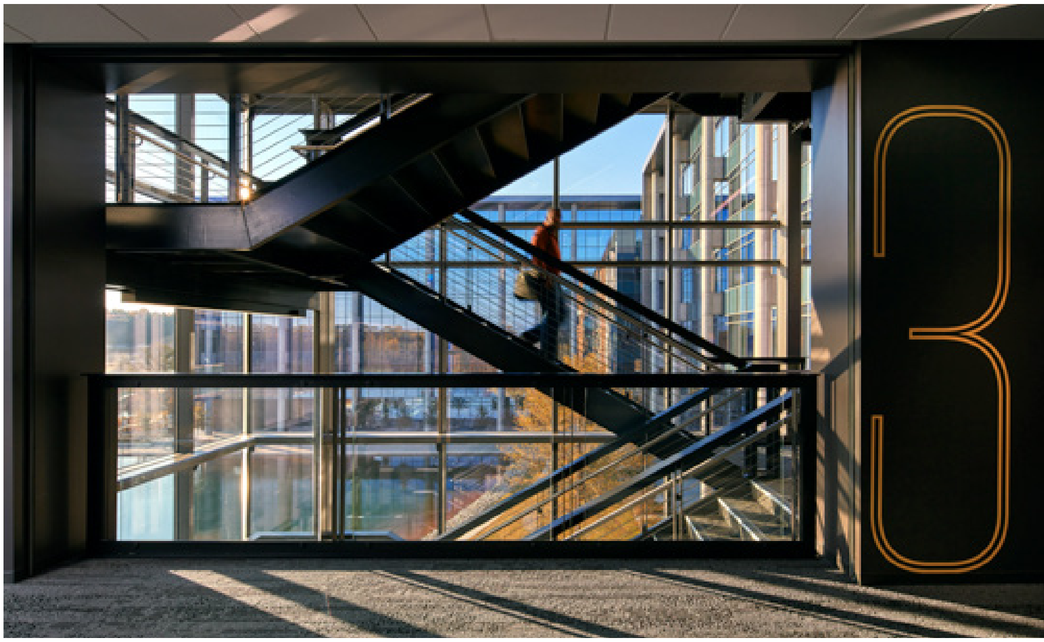
We recognize that climate change presents both risks and opportunities to our business, advisors, communities, and employees and requires a multi-decade approach. We consider climate-related risks to be both strategic and operational, and we are integrating monitoring activities for our most material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

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

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

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





Current management of identified climate-related risks and opportunities

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

We regularly review carbon-related disclosures and tax regulations to mitigate the impacts of transition risks. Findings are presented to the ESG Steering Committee and climate working groups for them to provide input on the most appropriate risk response and creating of an action plan if appropriate. To manage our reputation, we implement firmwide policies to articulate current boundaries around climate-related efforts, and consider regulator and investor interests in the disclosure of our climate risk and GHG emissions. We also account for stakeholder interests when managing our portfolio of sustainable investment offerings, considering shifts in consumer demands and employee concern for climate-related issues.

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

We address our climate opportunities via our portfolio of investment offerings and building efficiency measures. Our portfolio of sustainable investment offerings provides us access to a diverse range of sustainable investment options and addresses the opportunities a changing market poses to our business. Regarding energy efficiency, our two main campus sites are LEED certified. We also generate renewable energy at our San Diego site, feeding excess power back into the grid.

In the coming years, we will further consider these strategies described below to strengthen our firm's mitigation and adaptation to climate risks.

FUTURE CLIMATE RISK STRATEGIES

Transition risks

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

Physical risks

- Expand mitigation efforts offshore to build resiliency in our supply chain.
- Work with independent contractors to build resiliency of advisor sites and operations.
- Examine climate-related risks to office locations before renewing or signing leases.

Climate opportunities

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

METRICS AND TARGETS

We will continue to enhance our climate-related metrics and targets in line with our business strategy and goals for our operations and across our value chain.

Our operational environmental footprint is relatively small and consists of the emissions associated with energy use, business travel, water use, and waste generated from our offices and business activities. Over time we want to create meaningful reductions in our carbon footprint and GHG emissions through sourcing renewable energy and reducing landfill waste and water consumption. To support this, we have outlined initial commitments and targets. We will continue to track metrics and aim to improve the measurement and reporting capabilities of our environmental performance.

We have also created an ESG scorecard to measure progress and performance toward our sustainability and climate-related goals. The scorecard provides a list of our priorities, goals, baseline data, and quarterly updates on each goal. In addition, the scorecard includes details on each goal's associated target for the Nominating and Governance Committee to review and discuss.

Scope 1, Scope 2, and Scope 3 (business travel) GHG emissions

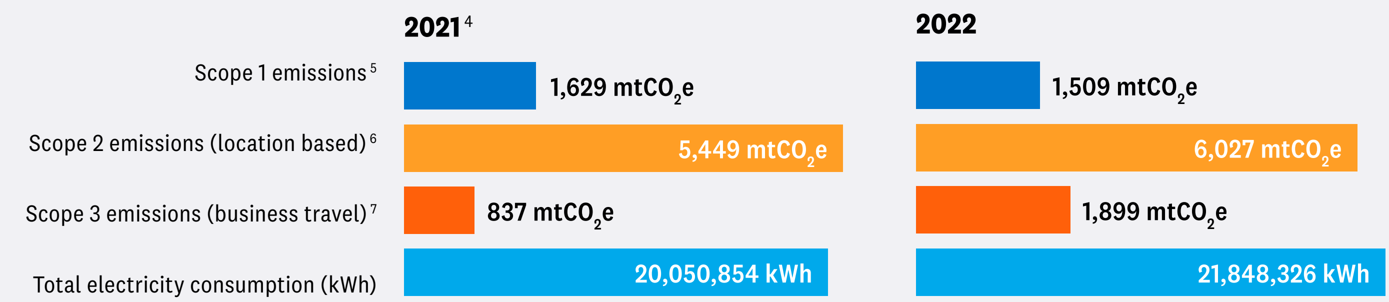
Since 2020, we have evaluated additional methods to reduce energy and emissions and determined which of those are appropriate for us to pursue given our footprint. In 2022, our fourth year of GHG emissions measurement, our inventory included the measurement of impacts from our employee advisor offices. Our Scope 1, Scope 2, and Scope 3 (business travel) GHG emissions are measured and disclosed in our annual Sustainability Report and provided below. We continue to improve the measurement and disclosure of our environmental data and performance over time.[1]

We plan to further define our decarbonization pathways and strategies and refine our targets in the upcoming year. Establishing new metrics and targets to manage and monitor our progress will be an essential component of our growing climate risk management efforts.

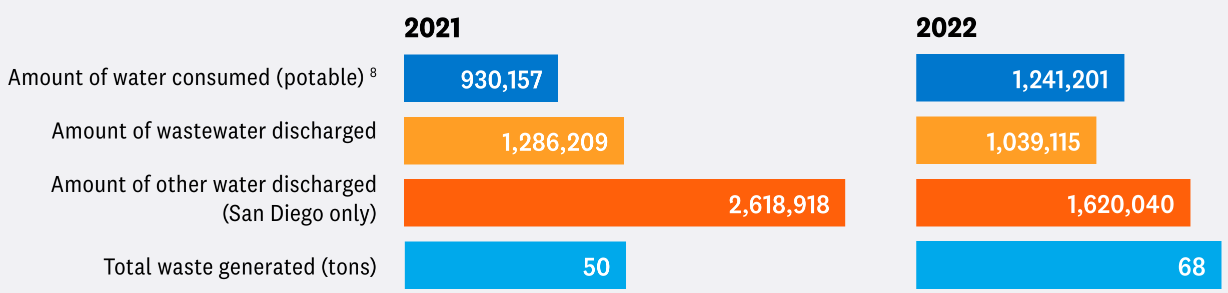
Our climate goals		2025	2026	2030
Waste	Remove/replace all non-essential single-use plastics from our corporate offices	100%		
Paper	Reduction in advisor/client paper statements through the use of eDelivery		40%	
Energy*	Increase in energy consumption from renewable energy sources			25%

* purchasing Renewable Energy Certificates where we do not have operational control

GHG emissions and energy consumption[2,3]



Water consumption and waste produced (gallons)



1. Please reference our 2023 LPL Sustainability Report, Appendix I: Consolidated Data Sheet for additional information regarding our emissions and energy consumption, as well as detailed calculations methodology, water consumption, and other source data.
2. Our 2022 inventory includes the addition of employee advisor sites into sections of our environmental data, including Carbon (Scope 1 and Scope 2 calculations) and Energy.
3. For energy and GHG emissions, data gaps from employee advisor sites were supplemented with data from the Energy Information Administration (EIA) Commercial Building Energy Consumption (CBEC) Survey for the remainder of the offices. Our GHG footprint is calculated using an operational control approach. We used emission factors from 40 CFR Part 98 Tables C-1 and C-2 and EPA grid factors. Global Warming Potential documented in the Intergovernmental Panel on Climate Change AR5 report was used to calculate CO2e for methane (CH4) and nitrous oxide (N2O). 69% of Scope 1 emissions were calculated using actual consumption/activity data; 31% were calculated using CBEC proxy data. 84% of Scope 2 emissions were calculated using actual consumption/activity data; 16% were calculated using CBEC proxy data.
4. LPL relocated its office in Overland Park, Kansas, in 2021, resulting in some data gaps in that year's data collection.
5. Scope 1 emission source streams include consumption of natural gas, distillate fuel No 2. (diesel), refrigerants (R-404a), and fuel oil.
6. Scope 2 emissions were calculated using WRI GHG Protocol's Location-based Method.
7. This does not include employee advisor site data.
8. The Overland Park and Austin offices experienced substantial increases in water consumption from 2021 to 2022 due to larger and longer occupancy in 2022.