

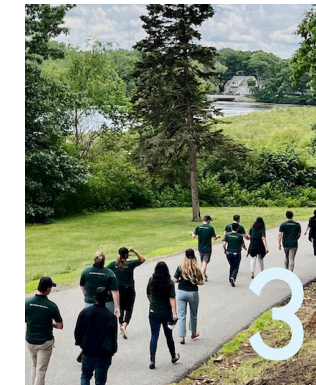
2022 Corporate Social Responsibility Report

# A Year of Reconnections





# Contents



3 Letter from Our CEO

4 Corporate Social Responsibility Vision

4 New Mission, Vision, and Values

5 Impact in Action

6 ESG Commitment  
Environmental  
Social  
Governance

11 Sustainable Investing Practices

12 Giving Back Initiatives

13 Who We Are

13 CSR Committee

# Letter from Our CEO

During the pandemic, we at Commonwealth—like many other firms—were forced to cope with many, many challenges, not the least of which was shrinking revenue due to the market downturn. But, thanks to a strong financial foundation, we not only avoided layoffs (as we always have), but we kept on hiring! Our thinking was, by retaining those we worked so hard to develop, we'd come out even stronger on the other side.

Boy, did we ever. In 2022, we saw record-setting advisor recruiting, launched several new programs aimed at helping advisors better build and grow their ideal practice, redefined our mission, vision, and values, and set a new goal to help define where we want to take Commonwealth in the next several years.

What made it all possible, of course, was the people. Last year we hired nearly 400 new employees; promoted 300 of our existing employees, adding 3 managing principals to our leadership team; completed more than 7,500 hours of professional development; and launched our first-ever Employee Engagement Survey to solicit direct feedback on what leadership is doing well and where we can improve.

The best part: we did it all (or much of it) in person! We saw employees return to the office, sometimes meeting co-workers face-to-face for the first time. In-person gatherings, celebrations, and giving back events helped to strengthen our already strong community. And, of course, there were our conferences. Nothing brought me more joy than to see our advisors, staff, and industry partners gathering in San Diego at our National Conference, the first since 2019 that wasn't held virtually. It truly was a Year of Reconnections.

In other words, we really put the "Social" in Corporate Social Responsibility last year. This year's report is a testament to all the people who commit themselves to our corporate sustainability, help us reach our lofty goals, and improve on the previous year's achievements. It's brought our community together in ways that I wouldn't have foreseen while working alone in my home office for two years.

The following pages offer a quantitative and qualitative look at our efforts to have an impact, not just on those we do business with, but the community around us. As responsible corporate citizens, we have a duty to maintain corporate social responsibility, while continuing to create value for our stakeholders. I'm so proud of how far we've come and can't wait to see where the road ahead will take us.

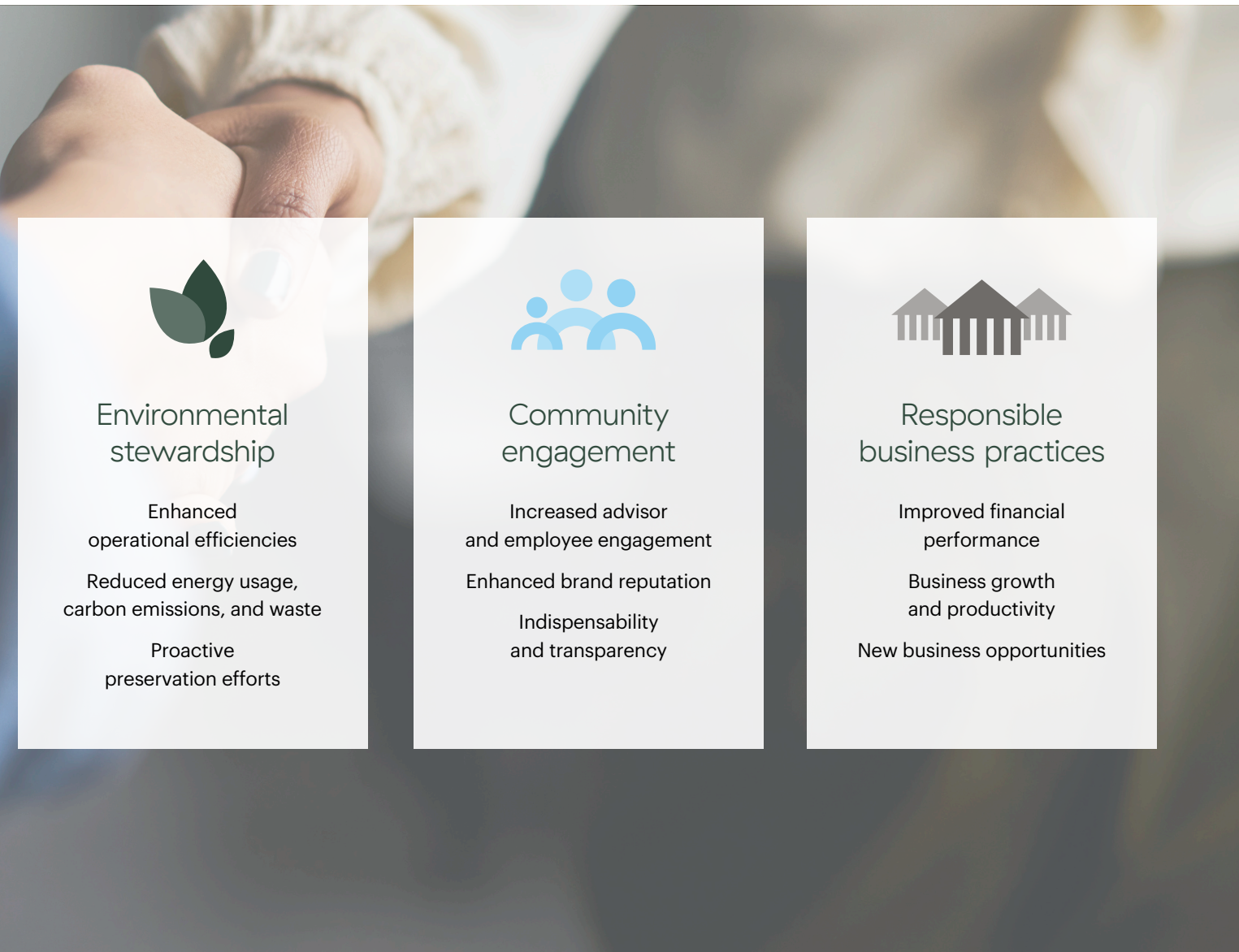
With warm regards,

  
Wayne Bloom, CEO



# Corporate Social Responsibility Vision

Embracing sustainable business practices helps us create value for our stakeholders and the community around us. By formalizing our commitment to corporate social responsibility we believe can make a profound difference in our world while continuing to build on our success.



## Environmental stewardship

Enhanced operational efficiencies  
Reduced energy usage, carbon emissions, and waste  
Proactive preservation efforts



## Community engagement

Increased advisor and employee engagement  
Enhanced brand reputation  
Indispensability and transparency



## Responsible business practices

Improved financial performance  
Business growth and productivity  
New business opportunities

# New Mission, Vision, and Values

As a continuously evolving firm, our mission, vision, and values have always served to guide us in our ongoing journey. While core tenets like “Success Through Association,” “Quality and Community,” and “Making a Profound Difference in Our World” remain part of who we are, we decided to redefine our mission, vision, and values last year to more clearly reflect what’s most important to us: how we engage the people who choose to be a part of our community.

## Our Mission

To help clients live their best lives by delivering an *indispensable advantage* to our advisors.

## Our Vision

To be known as the **indisputable best partner** for client-centric advisors. We provide indispensable service and expert guidance through a comprehensive platform that enables advisors to optimize their success through *all stages* of their firm’s life cycle.

## Our Values

We do business differently by providing an innovative and caring environment where all can thrive while passionately promoting **Quality and Community**.

### Team First

We provide an unparalleled employment experience for a talented, diverse team of dedicated and intellectually curious people who are the lifeblood of our organization. We are passionate about putting them in the best position possible to achieve their goals by developing their skills, encouraging a spirit of continuous improvement, investing in their careers, rewarding their efforts, and celebrating their success in a fun, inclusive environment.

### Independence, Choice, and Guidance

Empowering advisors to choose how they achieve their goals and fulfill their clients’ needs is a foundational principle on which Commonwealth was founded. We enable advisors to meet their personal objectives by creating and sharing best practices that guide them to leverage the most from our comprehensive platform.

### Indispensability

We can sustain our vision only by delivering operational excellence, state-of-the-art technology, and exceptional products and services to our advisors. We excel at freeing advisors and their staff from routine business activities, allowing them more time to focus on revenue-generating and client relationship-enhancing activities, to the point that advisors and staff are far more successful than they could possibly be without us.

### Well-Managed Growth

Growth is essential for long-term innovation and financial strength, and helping our advisors grow allows us to attract and reinvest in our people, platform, and services for advisors and clients.

# Impact in Action

Small changes can add up to big numbers. Through our ongoing efforts, we reach every aspect of our business, including advisors and staff, our surrounding community, and the environment. Here's a sampling of the impact our concerted efforts have had over the last year.



## Environmental Practices

2,000

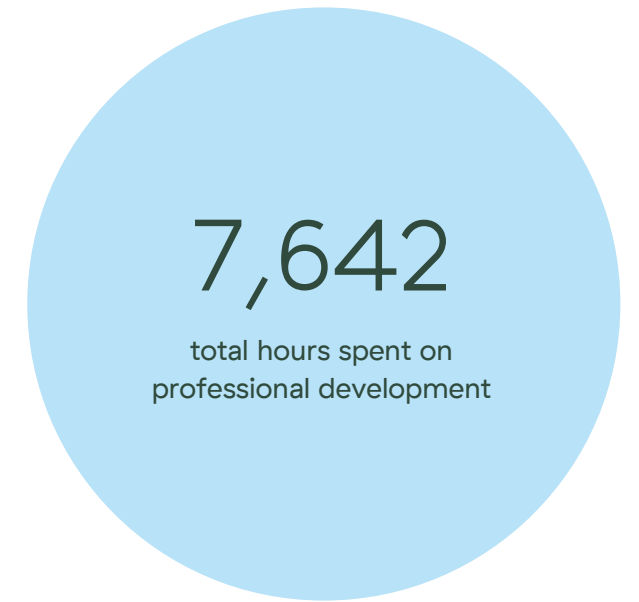
tons of carbon emissions reduced due to hybrid work policy<sup>2</sup>

2,022

trees planted in honor of Earth Day

1.97 million

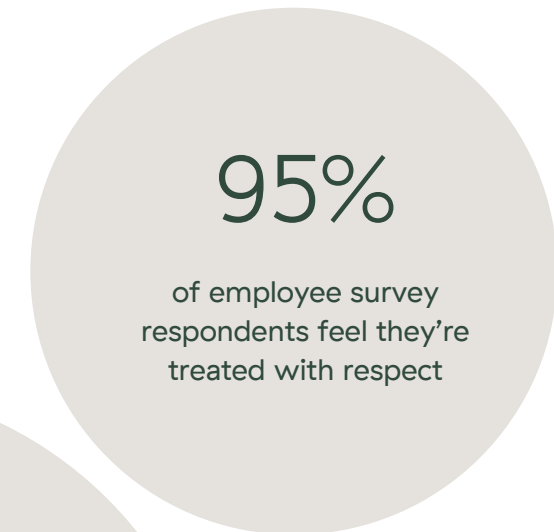
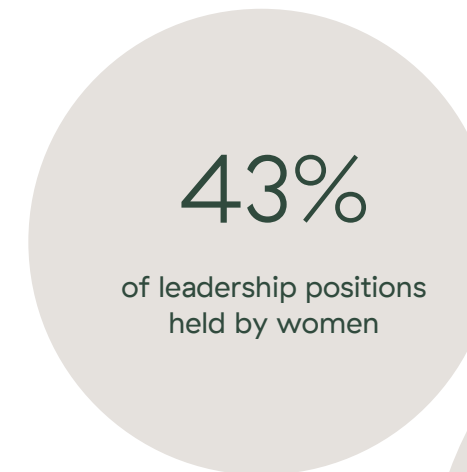
pounds of wood saved by going paperless<sup>1</sup>



## Community and Culture

300

employees promoted



## Firm Governance Policy

472 million

malicious emails blocked

<sup>1</sup> Source: DocuSign

<sup>2</sup> Estimate made based on employees working on-site 2 days per week, 32-mile average commute, and average carbon emissions of 411 grams per trip.

All other data as of 12/31/2022

# ESG Commitment

To achieve our vision of corporate social responsibility, we need to adhere to certain environmental, social, and governance (ESG) principles and embrace a sustainability framework. By aligning our mission, vision, and values with these standards, we can create measurable goals, remain accountable for our actions, and continuously improve on our ongoing commitment.

Stand as a leader for  
community and culture  
by embracing diversity

Adhere to a firm  
governance policy  
guided by reliability  
and integrity

Operate as a steward  
of the environment  
through sound  
environmental practices



For years we've embraced efforts to reduce our environmental impact by:

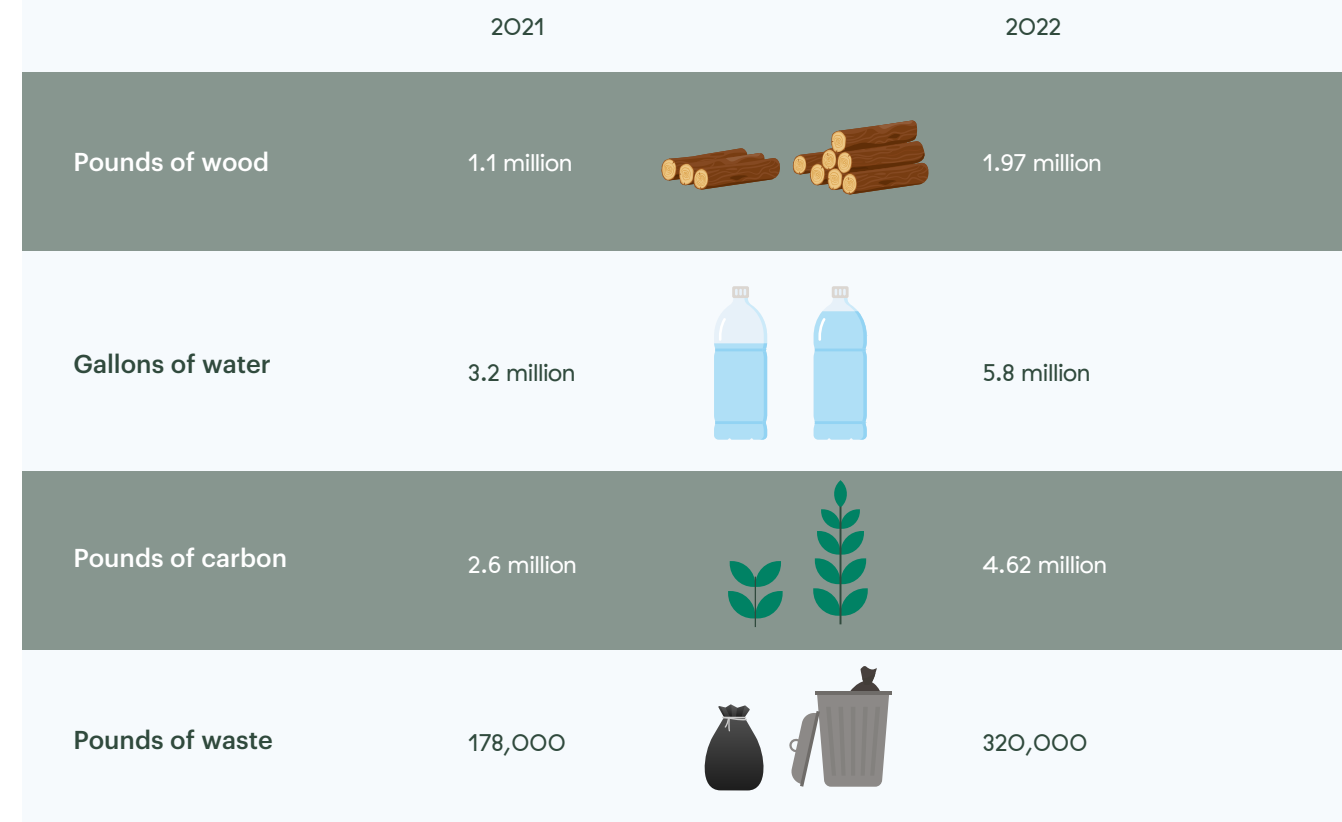
- Instituting eco-friendly office programs, such as recycling and composting
- Improving the energy efficiency of our buildings
- Encouraging advisors and their clients to go paperless where possible
- Reducing our carbon footprint on business travel and commuting
- Embracing larger initiatives, such as National Bike to Work Day

Last year, we sought out even more ways to create lasting change. This included:

- **Hybrid work policy.** Implementing a hybrid work policy saved an estimated 2,000 tons of carbon emissions.
- **Planting trees.** In honor of Earth Day last year, we partnered with The Canopy Project to plant 2,022 trees.
- **San Diego beach cleanups.** Employees in our San Diego office committed 68 hours of volunteered time to help clean up local beaches.
- **Offsetting our carbon footprint.** We purchased carbon offsets through [The Carbon Fund](#) to compensate for

### It "Saves" to Go Paperless

Our e-Signature platform and electronic notification of statements, confirms, and other documents helped us significantly reduce our environmental footprint. By increasing our DocuSign users to 4,404 advisors and staff in 2022 (up from 3,640), we managed to save:



Source: DocuSign

emissions associated with our National Conference. In total we purchased 703 metric tons of carbon emissions, the equivalent of 562 roundtrip flights from San Diego to Boston or more than 1,000 3-night stays at a luxury hotel in our host city, San Diego.

**Opportunities to expand on our environmental efforts.** To continue operating as a steward of the environment, we recognize the need to increase our efforts wherever we can. We've identified opportunities where we can focus in the coming year, including:

- Adding environmental organizations to our Commonwealth Cares Fund approved list

- Finding new ways to reduce or offset our waste at conferences and events
- Supporting employees in finding energy-efficient solutions for working from home



For as long as we've been in business, our affiliated advisors and home office employees have been the lifeblood of our firm. Together we're one community, working to improve the lives of nearly half a million clients, while inspiring and enabling everyone to be the best they can be.

### Advisor Engagement

Supporting our advisors in their day-to-day business is crucial to their—and our—continued success. But to help them build and grow a thriving business, we need to go beyond simply helping them manage their operations. We continue to deliver some of the industry's best programs to help them grow, evolve, and scale their practice in the way that's right for them.

Highlights from the past year include:

- Connecting with nearly 2,000 advisors, staff, and industry partners at our first in-person National Conference in four years.

- Hosting 79 women advisors at our Summit for Women Advisors and serving as a Patron Sponsor at the Massachusetts Summit for Women to support the success of women in our field.
- Providing training to 12 new and associate advisors at our intensive Advisor Live! development workshop.
- Introducing Entrepreneurial Capital, a program that gives advisors access to additional funds to grow, evolve, or transition their business.
- Launching Brand Studio, a carefully curated suite of essential marketing tools, content, and support to help advisors gain prospects, retain clients, and thrive.
- Releasing our award-winning Virtual Transition Support program to give new advisors the time back they need to focus on their clients. (Commonwealth was awarded a WealthManagement.com 2022 Industry Award for this program)



## Talent Management

Our team-first approach centers on giving every employee the best chance to succeed and by investing in them, helping them develop their skills, and promoting from within. This has resulted in some of the most knowledgeable, resourceful, business-savvy, and diverse workforces in the industry.

We also want to ensure that every employee can maintain a healthy work/life balance and to foster a welcoming community where individuals feel empowered to bring their whole self to work. This has been especially important as we returned to our offices after two years of working remotely.

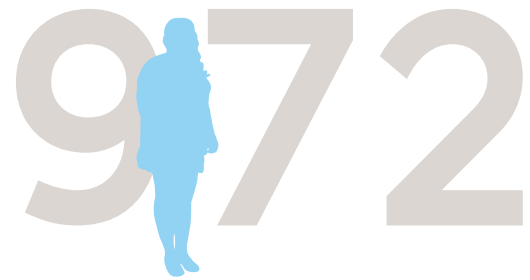
### Professional Development

People come to Commonwealth looking for more than just a job and we support employee growth at every level. It starts with our weeklong Common Knowledge training for every employee, and we encourage continued development through:

- Tuition reimbursement
- Sponsorship for licenses and certifications
- Onsite training that ranges from computer skills to investment strategies
- Outside training that includes Dale Carnegie and FranklinCovey

### Employee Breakdown\*

Total Employees



### Benefits

While we have always offered competitive benefits, such as a generous bonus program, stock option plan, 401(k) match, and flexible time off, we added new benefits last year to create a better environment for everyone:

- A hybrid work schedule, allowing employees to work from home up to 3 days per week
- A partnership with Calm, a sleep, meditation, and relaxation app designed to help improve users' health, happiness, and mental well-being
- A pilot for Brightline, a program designed to ensure that children of employees get the mental and behavioral support they need

### Employee Resource Groups

In 2021 we launched 5 Employee Resource Groups (ERGs) aimed at bringing together colleagues with commonalities to support one another, share lived experiences, and develop a strong sense of belonging. Together our BELIEVE (Black and African-American), ARISE (Asian-American and Pacific Islander), Pride@Commonwealth (LGBTQIA+), COMMunidad (Hispanic/Latinx), and The Women's Leadership Network sponsored 62 events to bring the community together, offer

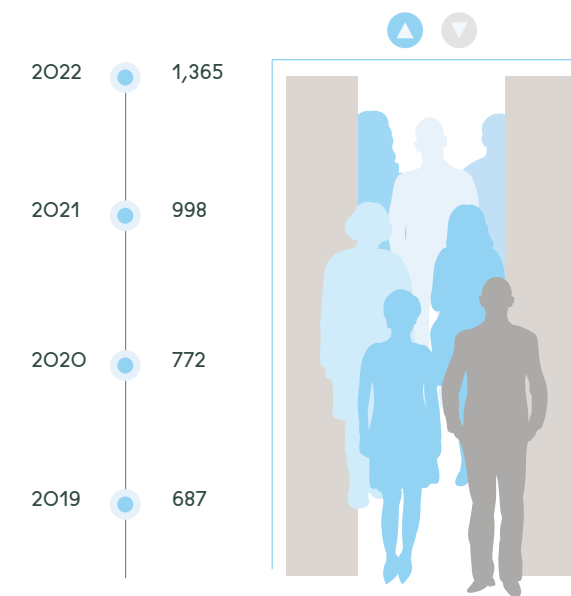
professional development opportunities, and give back to those in need:

**Community.** To reconnect our community, ERGs hosted more than 1,000 employees at 28 events that included a book club, block party, mid-autumn moon celebration, pop-up potluck, dessert bar, and movie night.

**Professional Development.** To help cultivate professional growth across our diverse community, ERGs sponsored 25 events

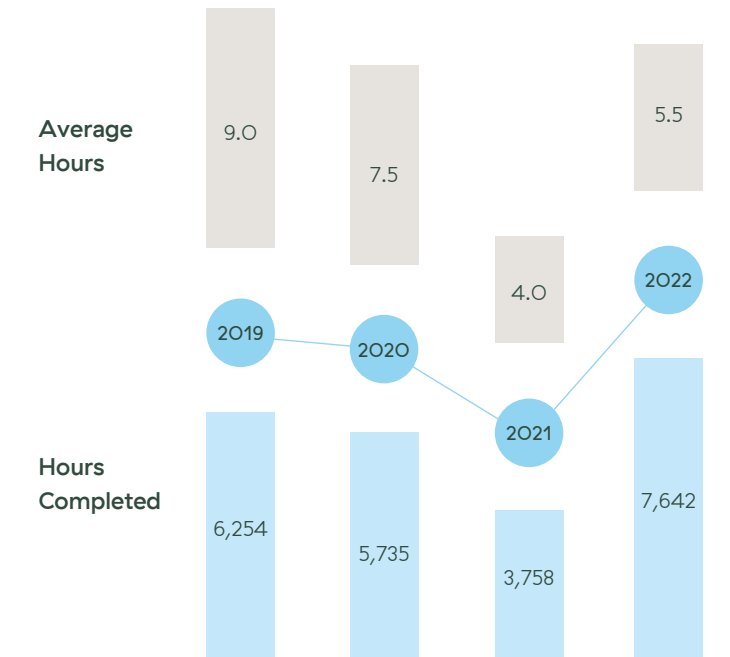
### Professional Development Participation\*

Participating Employees



that included panel discussions, financial planning classes, a speaker series, and opportunities to attend third-party conferences.

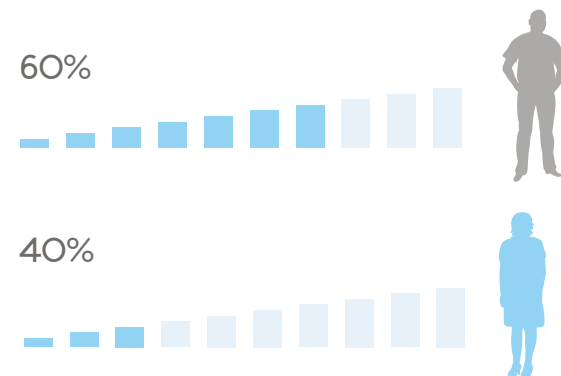
**Service.** The reach of our ERGs extends beyond the office walls. Our groups hosted 9 giving back events last year, including refurbishing a home for LGBTQIA+ youths in Waltham, collecting over 1,500 pounds of clothing to support local shelters, and raising money and items to support the homeless in San Diego.



New Hires in 2022

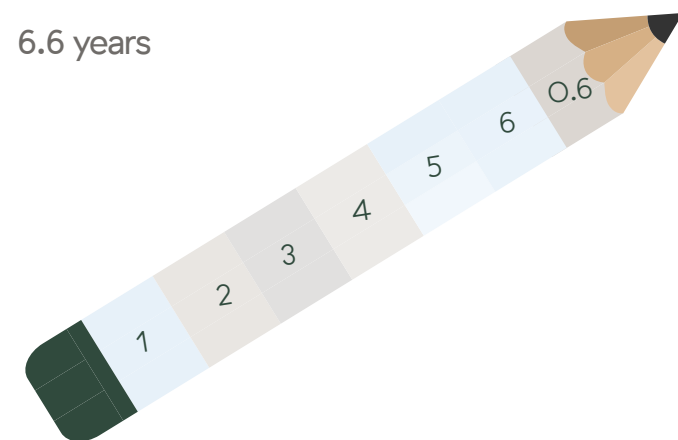


Male Vs Female

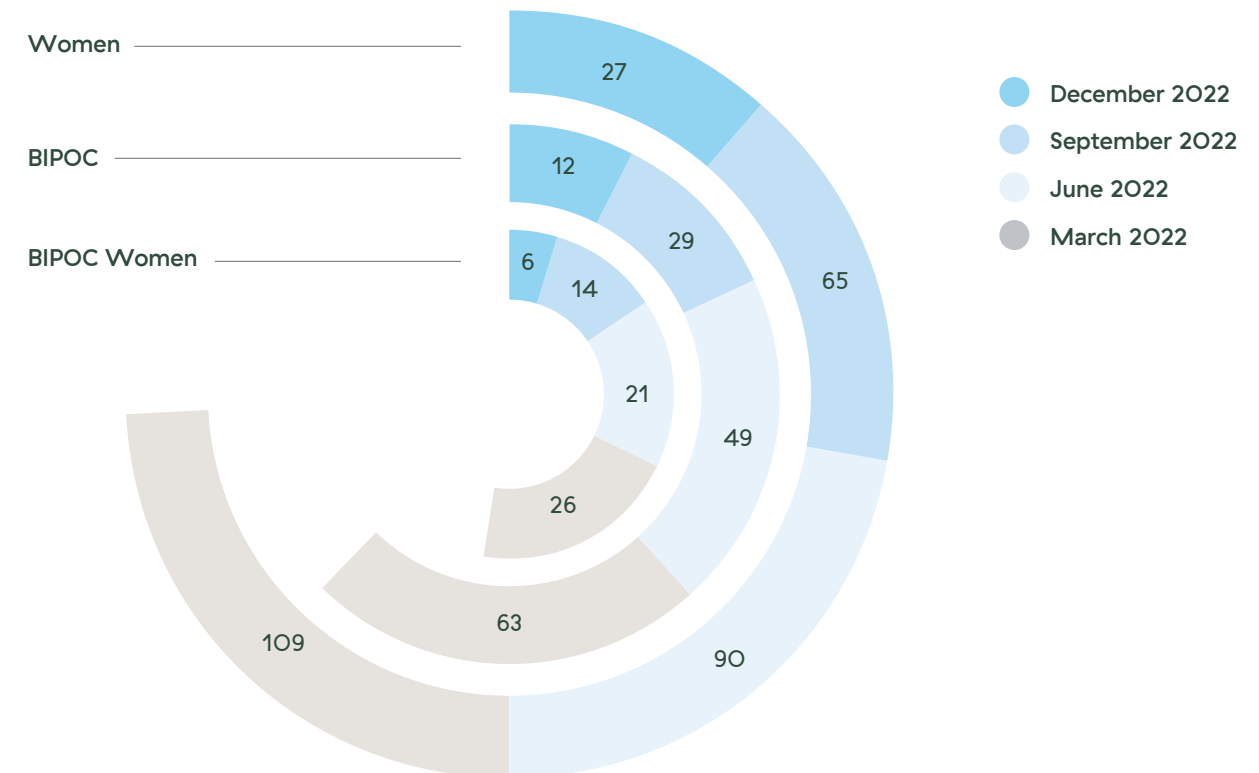


Average Employee Tenure

6.6 years



### Promotions for Women and Ethnically Diverse Employees



\*Data as of 12/31/2022



## Governance

Good corporate governance means more than following industry regulations and keeping our advisors compliant. It also involves the makeup and actions of the firm's leadership, mitigation of risk, and protection of privacy. While our Code of Ethics/Conduct provides guidelines for all supervised individuals and our [Privacy Policy](#) outlines how we protect the personal data of our customers, we took additional steps in the last year to improve our corporate governance.

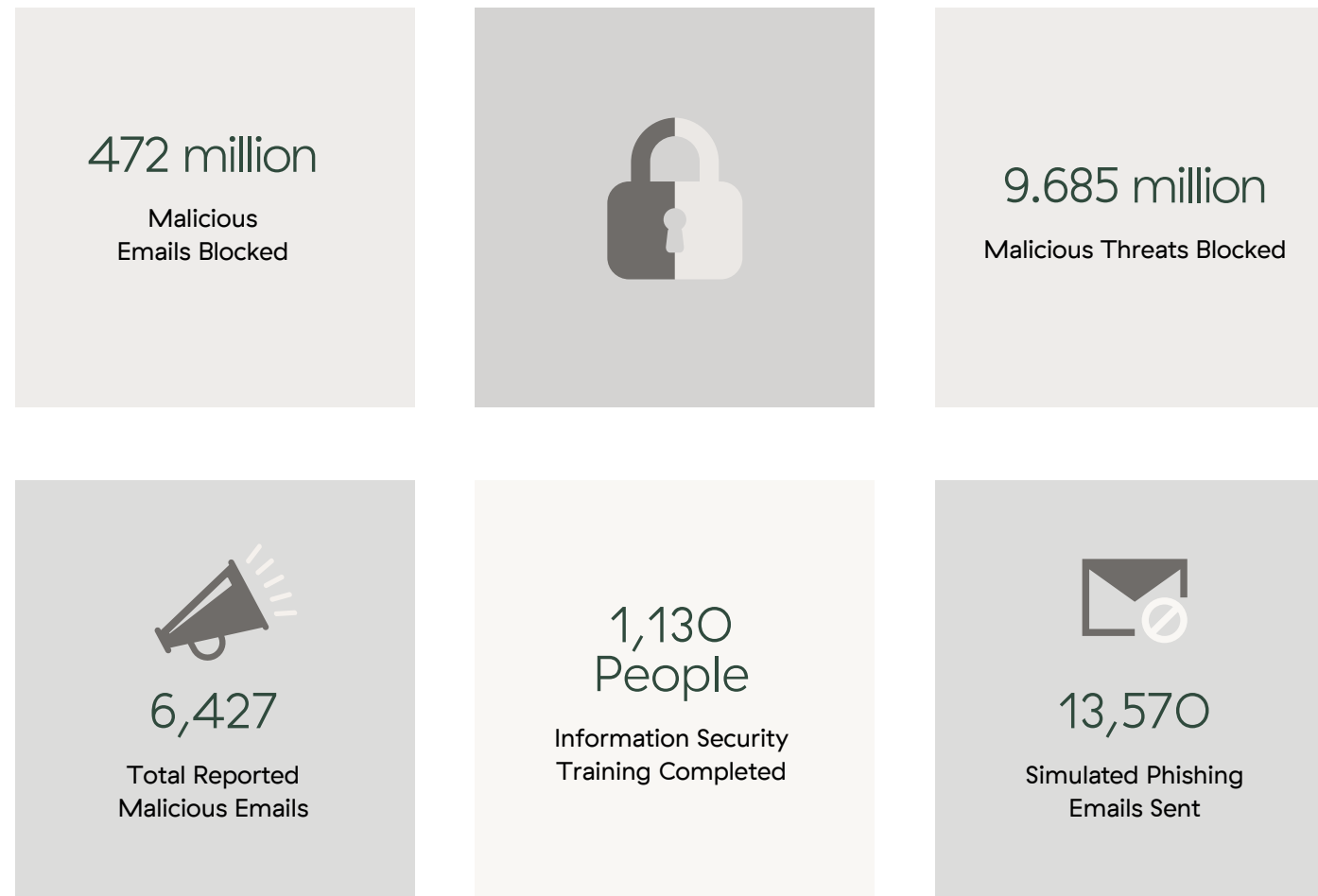
**A focus on cybersecurity.** We have amplified our efforts to protect critical information from potential threats, both by installing an enterprise-wide cybersecurity technology platform, and through added education, including events held as part of October's Cyber Security Awareness Month.

**Transparency and accountability.** To create an organizational structure where leadership is accountable and can be trusted in their decision making, we sought feedback from staff in our first firmwide Employee Engagement Survey.

An impressive 88 percent of employees responded, and we received positive feedback in several areas. The survey it also offered us a chance to see where we can improve, which we've begun by:

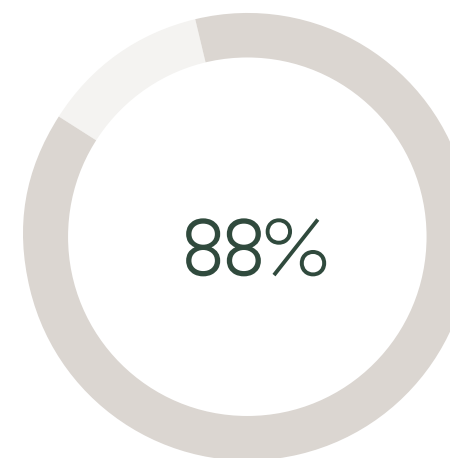
- Adjusting compensation across the firm to better align with market salaries
- Enhancing the bonus structure to increase payout and more closely align it with individual performance
- Basing stock option grants on individual performance

## A Greater Focus on Keeping Everyone Secure

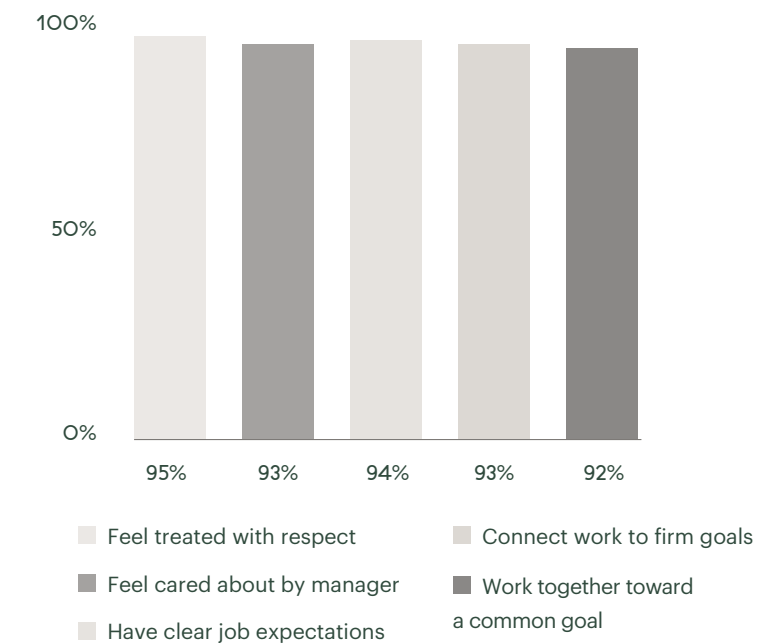


## Employee Engagement Survey

Employee responses






Survey results



# Sustainable Investing Practices

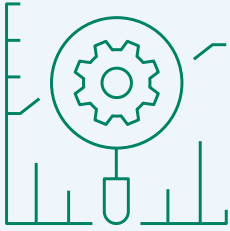
At Commonwealth, we believe investors can create positive financial returns while remaining committed to companies that adhere to ESG principles. Our offerings include more than 200 mutual funds and ETFs, along with model portfolios, SMAs, and community investment notes.

We began covering this space in 2008 and have since expanded on our investment options.

- 2010  Launched PPS Select SRI/ESG models to integrate ESG criteria into the decision-making process
- 2019  Launched PPS Select ESG All-Cap SMA, which now totals \$72 million in assets
- 2022  Launched PPS Select Passive ESG Models, which now total \$12 million in assets

# 600

Advisors using our Preferred Portfolio Services® (PPS) Select Active SRI/ESG model portfolios, totaling \$500 million in assets.

# 10

Commonwealth-managed mutual fund/ETF model portfolios



# 4

community investment notes which are, fixed income securities that target specific ESG impacts



# 1

Commonwealth-managed separately managed account (SMA)



# 7

third-party SMAs

# Giving Back Initiatives

Commonwealth Cares Fund (CCF) was established in 2010 by Commonwealth's founder and chairman, Joe Deitch, and his late wife, Robbie Lacritz Deitch. The initial charter articulates its mission: "Commonwealth Cares Fund is a 501(c)(3) nonprofit organization created to maximize the impact of our many and varied efforts to give back to the communities in which we work, live, and visit." With all operating and administrative expenses being borne by Commonwealth, 100 percent of every dollar contributed goes directly to the causes being supported.

Through CCF, Commonwealth employees and affiliated advisors can give back in meaningful ways through a variety of sponsored programs offered in our Waltham and San Diego offices, our many networking and educational conferences, or monetary donations.

**Employee volunteer events.** Every year, employees in our Waltham and San Diego offices join together to donate their time and talents to the nearby communities. 2022 marked the first time in two years that we were able to gather in person for giving back efforts, participating in 27 events on both coasts. Some of last year's highlights:

- 12 runners and walkers participated in the annual [Run to Home Base](#) to support veterans. Over the past 8 years, Commonwealth volunteers have raised more than \$100,000 for the cause.
- Volunteers built and donated "Birthdays in a Box" to support [Birthday Wishes](#), an organization that brings the joy of birthday celebrations to homeless children and their families. Last year we donated 98 boxes to help children enjoy their special day.
- Our [Pride@Commonwealth](#) ERG hosted a wig out theme party and raised \$1,500 to support the San Diego [LGBT Community Center](#).

**Advisor volunteer events.** Last year, our Community team hosted 16 events at our conferences and educational events, giving advisors, staff, and industry partners a chance to roll up their sleeves together to give back in the communities we visited. Some of the projects we worked on include:

- Helping to renovate the Gingerland Preschool in St. Kitts and Nevis at our annual Leaders Conference
- Partnering with [Think Dignity](#) at our National Conference to package more than 1,000 hygiene packs to provide much needed supplies to those experiencing homelessness
- Participating in an on-site landscaping and beautification project at Calvary Women's Service—an organization committed to inspiring hope and transforming the lives of women in need—at our annual Summit for Women Advisors

**Monetary grants.** CCF also makes donations to and on behalf of advisors and employees, as well as where funds are most needed when tragedy strikes. (See figures on the right.)

Last year, CCF's donations totaled nearly \$355,000 to various charities. Because its mission is broad, the Board of Directors may decide on a theme for a given year to narrow its scope. The theme in 2022 was Children in Need, and 49 percent of the total amount granted went to support this cause.

Thanks to the dedication and commitment of the board and all those involved with CCF, it has received a 4-star rating and 95 percent score from [Charity Navigator](#), identifying it as an efficient, sustainable, and trustworthy charitable organization.



\$10,000

donation to Feeding America's Children at Thanksgiving on behalf of advisors

In 2022 Commonwealth Cares donated to a range of worthy causes near and far

\$50,000

matching donation to contributions made by employees and advisors to support Ukraine



\$10,000

donation to Make-a-Wish to recognize employee birthdays

\$250

donation to every cause an employee or advisor is actively involved.

# Who We Are

Commonwealth Financial Network®, Member FINRA/SIPC, a Registered Investment Adviser, provides holistic, integrated business solutions to emerging and established financial advisors, so they have the flexibility to run their business in a way that best serves their clients—whether dually registered, 100 percent advisory, or something in between.

Commonwealth supports more than 2,000 successful advisors across the country from home offices on both coasts. Those advisors, in turn, serve more than 400,000 clients—real people with dreams of financial independence. In 2022, J.D. Power ranked Commonwealth “Highest in Independent Advisor Satisfaction” for the ninth straight time. And a commitment to our employees has resulted in Commonwealth being recognized as one of the Best Places to Work 43 times between our two locations. To learn more about us, visit [www.commonwealth.com](http://www.commonwealth.com).

# Who We Serve

2,564

advisors

\$986,126

average gross revenue per advisor\*

128

New advisors in 2022

10.5

years average tenure

20%

female advisors

1.38

million client accounts

# CSR Committee

Our CSR Committee’s goal is to act as a springboard for change and serve as a guide for our community to incorporate environmental, social, and governance principles throughout our day-to-day business activities and incorporate a sustainability framework into our long-term corporate decision-making. The committee represents a range of knowledge and expertise across various business units throughout the firm.



**Sarah Hargreaves**

Co-Chair, Social Pillar  
Sarah is also platform manager, investment management and research



**Sara Bray**

Co-Chair, Environmental Pillar | Sara is also an investment research analyst



**Jim McAllister**

Governance Pillar  
Jim is also vice president, equity research



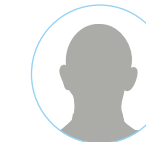
**Scarlett Clarke**

Social Pillar | Scarlett is also vice president, chief diversity and inclusion officer



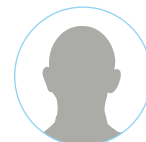
**Amy Pagano**

Governance Pillar  
Amy is also senior manager, office services and facilities



**Andrew Phillips**

Environmental Pillar  
Andrew is also senior compliance advisor, supervisory controls



**Stuart Badrigian**

Environmental Pillar  
Stuart is also a compliance consultant



**Joni Youngwirth**

Advocate | Joni is also executive director, Commonwealth Cares



**Peter Essele**

Advocate | Peter is also senior vice president, investment management and research



**Paula O'Shaughnessy**

Advocate | Paula is also manager, employee relations



**Michelle Staiger**

Advocate | Michelle is also advisor engagement manager

\*FA Magazine IBD ranking, April 2023

All other data as of 12/31/2022