



# two thousand twenty three

**The Charles Schwab Corporation**  
Environmental, Social, and Governance Report

*Own your tomorrow.*

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# 2023 ESG Report

The Charles Schwab Corporation is pleased to present our third annual Environmental, Social, and Governance (ESG) Report. As in previous years, this report summarizes how we manage our company responsibly and sustainably for the long-term benefit of our stakeholders.

At a time when we are seeing a shift in public discourse around ESG, Schwab's approach to ESG remains straightforward and consistent—rooted in the vision and values on which Chuck Schwab founded our company over 50 years ago. Operating our company responsibly is core to our long-term strategy of seeing Through Clients' Eyes, which means treating those we serve—our clients, our employees, and the communities where we live and work—in the manner we expect to be treated ourselves.

As we discussed in our latest [annual report to stockholders](#), 2023 was a difficult year for our stockholders. It was a year in which our strategy of staying focused on clients and the firm's long-term goals through economic ups and downs became more important than ever. This strategy reflects our commitment to operating a business that is resilient and sustainable for the long-term benefit of our stakeholders.

Our ESG initiatives are a key part of operating a sustainable business. At Schwab, ESG is not an agenda. Rather, we believe our ESG efforts, which span across the enterprise and into our communities, are essential to the longevity of our firm.

Our purpose as a company is to champion every client's goals with passion and integrity. When we commit to serving "every client," that means respecting the differing views that exist across our client base of 35 million accounts and empowering clients to create investment strategies that align with what they value most. For our people, it means giving them the resources to grow their careers at Schwab and feel a sense of purpose and belonging every day. For our operations, it means being mindful of our environmental footprint and taking actions that make sense for our business and the planet. And for our communities, it means using our philanthropic resources to advance financial literacy and support civic needs that align with our values.

Our ESG Report describes some of the actions we are taking to deliver on our purpose by investing in the sustainability of our business. We will always have room to improve, and we believe our commitment to seeing the world Through Clients' Eyes will drive us forward in ways that provide lasting benefits to our clients, employees, stockholders, and society.

# Introduction

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Since our founding, Schwab has served Main Street investors by giving them a broad array of tools, resources, and investment advice that our clients can tailor to secure their financial futures. Over time, our business has grown to serve a broader client base, and we have expanded our offerings to meet the diverse and evolving needs of all clients. Throughout our history, it’s been our unwavering vision to be the most trusted leader in investment services, and our purpose remains clear—to champion every client’s goals with passion and integrity.

# About Schwab

For over 50 years, we’ve been challenging the status quo, looking for ways to offer our clients more value and a better experience. We are confident our approach can help people at all levels of income and every stage of life secure their financial futures. We emphasize and support investor choice by giving our clients tools and resources that enable them to gain knowledge and align their investment strategy with their personal needs, values, and perspectives.

As a pioneer in discount brokerage services, we have continuously sought to democratize investing. Guided by our core values, Schwab has grown into a leading investment services firm, a custodian for independent advisors, and a leader in asset management, digital banking, and retirement planning.

Our Through Clients’ Eyes strategy places clients at the forefront and drives us to create products, services, platforms, and robust digital capabilities that shape our industry and help clients meet their financial goals.

## OUR CORE VALUES



**Trust**

Earning our clients’ trust by treating them in an ethical, empathetic, and proactive way



**Innovation**

Constantly improving the client experience through innovation that benefits clients



**Teamwork**

Respecting fellow employees and reinforcing the power of teamwork



**Stewardship**

Being good stewards of our brand and stockholder value

This report provides descriptive and quantitative information about Schwab’s ESG approach through December 31, 2023. The terms “Schwab,” “the company,” “we,” “us,” and “our” refer to The Charles Schwab Corporation together with its consolidated subsidiaries, unless otherwise indicated or implied.

OUR BUSINESS

We offer a broad range of products and services through intuitive end-to-end solutions to address our clients’ varying investment and financial needs. Schwab provides financial services to individuals and the independent registered investment advisors (RIAs) who serve them through two segments—Investor Services and Advisor Services.

The Investor Services segment provides retail brokerage, investment advisory, and banking and trust services to individual investors. This segment also includes Workplace Financial Services, which is comprised of Stock Plan Services, Retirement Plan Services, and Designated Brokerage Services. Mutual Fund Clearing Services and Off-Platform Sales are part of this segment as well.

The Advisor Services segment provides custodial, trading, banking and trust, and support services, as well as retirement business services to independent RIAs, independent retirement advisors, and recordkeepers.

We completed our acquisition of TD Ameritrade, Inc. (TD Ameritrade) on October 6, 2020. In 2023, we transitioned most TD Ameritrade clients and advisors to the Schwab platform, and we continued our commitment to a smooth integration of the two organizations by not only combining our systems but also harmonizing our cultures. Our cultures have a foundation in our shared values and the Golden Rule of treating others as you would like to be treated.



**Brokerage**  
An array of full-feature brokerage accounts with equity and fixed income trading, margin lending, options and futures trading, and cash management capabilities, including third-party certificates of deposit



**Mutual funds**  
Third-party mutual funds through the Mutual Fund Marketplace®, including non-transaction-fee mutual funds through the Mutual Fund OneSource® service, which also includes proprietary mutual funds, plus mutual fund trading and clearing services to broker-dealers



**Exchange-traded funds**  
An extensive offering of ETFs, including both proprietary and third-party ETFs



**Advice solutions**  
Managed portfolios of both proprietary and third-party mutual funds and ETFs, separately managed accounts, customized personal advice for tailored portfolios, specialized planning, and full-time portfolio management



**Alternative Investments**  
Access to a variety of third-party alternative investments, such as private equity and real estate



**Banking and trust**  
Checking and savings accounts, residential real estate lending through our home loan provider Rocket Mortgage®, securities-based lending, trust custody services, personal trust reporting services, and administrative trustee service

INVESTOR SERVICES

Retail investors

Individual investors have access to a broad set of products, tools, educational content, trading, and advisory solutions. We offer award-winning, 24/7 service to all our clients, regardless of asset levels. Most clients choose to interact with us via phone or a digital channel, but our omnichannel approach also provides access to in-person support nationwide at one of Schwab’s more than 380 branch offices.

We offer our clients advice and guidance through a broad set of relationship models that help personalize the investing journey. Financial Consultants, Active Trader Financial Consultants, and Wealth Consultants in our branches and regional centers focus on building dedicated client relationships. We also have a range of professionals available to support clients with a broad set of specialized needs, including financial planning, managed investing, estate management, and equity compensation. Our banking and trust services support our clients’ banking needs, including certain lending services.

Workplace Financial Services

We offer equity compensation plan sponsors full-service record-keeping for stock plans, stock options, restricted stock, performance shares, stock appreciation rights, and a full range of participant support services through our Stock Plan Services business unit. Retirement Plan Services offers a bundled 401(k) retirement plan product that provides retirement plan sponsors with extensive investment options, trustee and custodial services, and participant-level recordkeeping. We also offer retirement plan design features, which increase plan efficiency and achieve employer goals, such as automatic enrollment, automatic fund mapping at conversion, and automatic contribution increases. In addition to an open architecture investment platform, we offer access to low-cost index mutual funds and ETFs.

Individuals investing for retirement through 401(k) plans can take advantage of multiple investment choices, education, and third-party advice.



RECOGNITION

We are grateful for the recognition we have received for earning our clients’ trust.



**Investor’s Business Daily**  
2023 Most Trusted Financial  
Services Companies Bank



**J.D. Power**  
2023 Highest in Investor  
Satisfaction with Full-Service  
Brokerage Firms

Charles Schwab received the highest score in the J.D. Power 2023 U.S. Full-Service Investor Satisfaction Study<sup>SM</sup>, which measures investor satisfaction with full-service investment firms. Visit [jdpower.com/awards](https://jdpower.com/awards) for more details. The J.D. Power 2023 U.S. Full-Service Investor Satisfaction Study<sup>SM</sup> is independently conducted, and the participating firms do not pay to participate. Use of study results in promotional materials is subject to a license fee.

The IBD Most Trusted Bank award was given to Charles Schwab Bank on September 25, 2023, and expires December 31, 2024. The criteria, evaluation, and ranking were determined by Investor’s Business Daily. [IBD’s Criteria and Methodology](#). Schwab paid a licensing fee to York Graphic Services, LLC for the use of the award and logos.



ADVISOR SERVICES

Registered Investment Advisors

We provide custodial, trading, banking, and support services to RIAs and their clients, along with retirement business services to independent retirement advisors and recordkeepers. In addition to focusing on superior service, we use technology to provide RIAs with a highly developed, scalable platform for administering their clients’ assets easily and efficiently. RIAs are not employees of Schwab and maintain an independent relationship.

We offer a variety of services to help RIAs grow and manage their practices—including business, technology, and operations consulting on a range of topics critical to an RIA’s success—as well as an annual RIA Benchmarking Study to help firms understand key business metrics relative to their peers. We also offer an array of services to help advisors establish their own independent practices through a robust prospect consulting offer and access to business startup and transition consultants, technology engineers, and dedicated service teams.

Schwab provides extensive educational materials, programs, and events to RIAs seeking to expand their knowledge of industry issues and trends as well as sharpen their individual expertise and practice management skills. We conduct industry research and sponsor events that address topics of interest to RIAs, including business strategies and best practices.

For more information on our two operating segments, please see our Annual Report on [Form 10-K](#) filed with the SEC and Schwab’s [Our Company](#). You can learn more about our asset management and banking solutions by visiting the respective [Schwab Asset Management](#)® and [Schwab Bank](#) websites.





Schwab by the Numbers

\$8.9T

Total client assets

Total employees33K

Brokerage accounts35M

Banking accounts1.9M

1973

Established in San Francisco, California; today, headquartered in Westlake, Texas



~15K

RIA firms served

\$982.5B

All proprietary mutual funds and ETFs



5.2M<sup>†</sup>

Workplace plan participant accounts

\*Total client assets and brokerage accounts based on combined data for Schwab and TD Ameritrade, Inc. as of February 29, 2024. All other data as of December 31, 2023.

<sup>†</sup>Beginning in the fourth quarter 2023, Retirement Plan Participants was expanded to include accounts in Stock Plan Services, Designated Brokerage Services, and Retirement Business Services. Participants may be enrolled in services in more than one Workplace business. Prior periods have been recast to reflect this change.

2023 ESG Report – The Charles Schwab Corporation

# Our approach to ESG

Our commitment to creating long-term value and our belief in investing for the future drive our approach to ESG, just as they drive our day-to-day work.



Our core values of trust, innovation, teamwork, and stewardship guide our interactions with our stakeholders and the communities we serve. Our values embody how we execute our vision to be the most trusted leader in investment services. Our values, purpose, vision, and Through Clients’ Eyes strategy anchor our approach to ESG.

Because of the diversified nature of our business, we consider ESG from both a corporate perspective and an asset management perspective. We recognize that Schwab and Schwab Asset Management have different stakeholders and approach ESG in different but complementary ways that align with our Through Clients’ Eyes strategy.

For The Charles Schwab Corporation, we consider specific risks and opportunities associated with environmental, social, and governance issues most relevant to our business and our stakeholders, and we strive for continuous improvement in areas that support our strategy. The Nominating and Corporate Governance Committee of Schwab’s Board of Directors has primary oversight of our ESG programs and priorities and reports to the full board. Our ESG Policy and Reporting Office, led by a managing director, is dedicated to assessing, reporting, advancing, and integrating ESG considerations on a cross-functional basis in alignment with our Through Clients’ Eyes strategy.

Our brokerage offerings focus on meeting the needs of all clients, including those who choose various ESG investing approaches. We offer tools and products designed to help clients build knowledge and make informed choices about their personal investing strategies. Clients that choose to consider ESG principles in their investment strategies can incorporate approaches that range from impact to thematic to risk-mitigation and value-driven products.

Schwab Asset Management, our asset management business, offers several ESG investment opportunities in both equity and fixed-income, including an ESG exchange-traded fund, as well as positive impact and ESG-focused separately managed accounts. In addition, in accordance with its proxy voting policy, Schwab Asset Management uses its proxy votes to encourage transparency, corporate governance structures, and the management of ESG issues that it believes protect and promote shareholder value.

STAKEHOLDER ENGAGEMENT

Our approach to ESG begins with our stakeholders, many of whom consider ESG issues important. In the conduct of our business, we regularly engage with key stakeholders to understand and meet their expectations. Their perspectives inform how we, in turn, consider and prioritize ESG factors. These stakeholders include:



Retail investors

Maintaining continuous engagement with our clients, including through the use of surveys relating to trust, reputation, and service levels, is core to our business.



Independent advisors

We maintain open lines of communication with the independent RIAs we serve, and we regularly convene an advisory council of RIAs to provide direct feedback on issues that are important to their business.



Employees

We keep employees apprised of the company’s strategy and performance through regular town halls and quarterly updates. We stay connected in a number of ways, including employee engagement surveys, Employee Resource Groups, advisory groups consisting of Financial Consultants and Branch Managers, and our broad-based employee advisory council. Our “Ask Walt” and “Ask the Executive Council” channels allow employees to submit questions directly to company leaders.



Stockholders

Through our Investor Relations team, we regularly engage with our stockholders on matters of concern to them, including climate, governance, and diversity. In 2023, we met with stockholders representing more than 50% of our outstanding shares.



Government

For legislative and regulatory activity related to our business, we engage with policy leaders on both sides of the aisle and propose policy alternatives that we believe protect and champion the interests of individual investors and the RIAs who serve them.



Ratings providers

We participate in the ESG ratings process, including through dialogue and responses to questionnaires. Examples of ratings providers with a focus on ESG issues with whom we engage include Morningstar®, MSCI®, Sustainalytics, proxy advisory firms ISS and Glass, Lewis & Co., LLC®, and specialized reporting on climate through CDP.



Community

Through Charles Schwab Foundation and Charles Schwab Banking & Trust Services, we engage with the communities where we live and work through education, volunteerism, financial support, and mentorship. Our culture of service includes empowering our employees to connect with and help address local community needs.



## OUR ESG ASSESSMENT

Our stakeholders express a variety of views on a range of ESG factors. As with other strategic priorities, we believe that each organization must assess the ESG factors that are most relevant to its stakeholders and core to creating a sustainable and resilient business.

### Business-relevant ESG indicators

We developed a list of indicators specific to Schwab across environmental, social, and governance factors. These indicators are informed by GRI (Global Reporting Initiative) standards relevant to our business and the Financial Sector SASB (Sustainability Accounting Standards Board) standards for Asset Management & Custody Activities and Commercial Banks (as applicable) published by the ISSB (International Sustainability Standards Board).

We reviewed these indicators with a number of internal and external stakeholders to assess their importance.

As the ESG reporting space matures and ESG factors relevant to our industry become more standardized, we expect our Schwab-specific indicators, their definitions, and parameters (described in the following tables) to evolve as well.

## SCHWAB’S ESG INDICATORS

### Social and investing

#### Seeing through clients’ eyes

##### ESG-Themed Investment Products:

Investment products that include consideration of material ESG factors in the traditional financial analysis and investment process as a measure of long-term performance in portfolio creation

##### Sustainability-Themed Investment Products:

Investment products that seek to have an environmental and/or social outcome (e.g., renewable energy funds)

##### Data Privacy & Security:

Identifying and addressing vulnerabilities and threats to client and employee data security, safeguards for preventing fraudulent transactions and breach of privacy or data security, and responsible use of big data

##### Client Service:

Honest and transparent communications, managing client risks, improving consumer financial security, and ensuring that products and services meet client expectations

### Social

#### Investing in our people and creating a culture of respect

##### Employee Diversity & Inclusion:

Workforce that reflects our business and clients and the communities in which we operate

##### Talent:

Pipeline of top talent and professional growth and development opportunities

##### Employee Well-Being:

Competitive pay and employee benefits, a healthy and safe work environment, and programs to promote overall employee well-being

##### Responsible Sourcing:

Policies and procedures for responsible environmental and social sourcing practices, including meeting internationally agreed-upon labor standards in working hours and conditions, wages and benefits, humane treatment of workers employed in the supply chain, and supplier diversity

SCHWAB’S ESG INDICATORS

Governance & Leadership

Organizing and governing to build and maintain trust

Ethical Business Practices:

Fostering an environment of transparency and high ethical standards in business conduct and to work against corruption, extortion, and bribery in all markets in which Schwab operates or does business

Board Composition & Effectiveness:

Promoting director independence, diversity, and other qualifications to secure the long-term success of the company and its sustained competitiveness

Board Responsiveness & Stockholder Engagement:

Fostering the rights and voice of stockholders with respect to voting, proposals, and accountability and election of directors

Legal & Regulatory Compliance:

Ensuring compliance with legal and regulatory expectations

Commitment to Risk Management:

Cultivating a robust risk control environment through risk control assessments across business operations and within individual departments, including ESG risks

Public Policy Engagement:

Engaging on public policy initiatives in line with corporate values and standards, as well as ESG issues

Social

Investing in and giving back to our communities

Financial Literacy:

Increasing access to financial literacy among underrepresented groups and under-resourced communities

Community Relations:

Fostering strong communities through monetary contributions, charitable gifts, partnerships with community organizations, and time contributions through paid volunteer hours

Environment

Being good stewards of our environment

Environmental Footprint:

Supporting responsible natural resource management in direct operations and supply chain

Climate Change:

Maintaining a strategic action plan for carbon mitigation and carbon offsets, with the overall goal of achieving net carbon neutrality by a designated year



ASSESSING RELATIVE IMPORTANCE

To identify the most relevant ESG indicators to our business and stakeholders and the relative importance of such indicators, we conducted a firm-wide ESG assessment in 2021. In 2022, we expanded the ESG assessment by including discussions with key client advisory groups within our Advisor Services and Workplace Financial Services businesses. Conversations with internal and external stakeholders have provided valuable perspectives on ESG and its interconnectedness with our clients’ values and the interest clients may have in ESG strategies.

To assess the importance of the relevant ESG issues in our businesses, we hosted numerous focus groups to conduct the ESG assessment and prioritize Schwab’s ESG indicators. Each focus group was asked to prioritize the importance of these indicators for Schwab to fulfill our vision as the most trusted leader in investment services within the next five years as well as the importance of these indicators to them.

We also engaged in deeper one-on-one conversations, including with institutional owners of Schwab stock, senior management, investor relations, legislative affairs, corporate strategy, financial consultants, independent branch leaders, relationship managers for RIAs and corporate clients, the human resources team, business heads, and our corporate real estate team.

In many ways, the ESG assessment reinforced our Through Clients’ Eyes strategy and focus. Our business is based on earning the trust of all our critical stakeholders. We build trust among these stakeholders, in part, by managing our business with integrity and in ways that foster a sustainable and resilient business.





# ESG highlights

On this page, we summarize some of our ESG programs and priorities, which we describe in more detail throughout this report.



### Governance and Leadership

The Nominating and Corporate Governance Committee of Schwab’s Board of Directors has primary oversight of our ESG programs and priorities and reports to the full board.



### ESG Investing

We champion every client’s goals through offerings and services built to support investor choice. Schwab Personalized Indexing™ allows clients to customize investments to reflect their particular goals and values. Schwab Investing Themes allows clients to invest in thematic lists of stocks aligned with their interests and values, including ESG-related themes such as renewable energy, electric vehicles, workforce diversity leaders, and water sustainability.



### Environment

Schwab takes a project-based approach to reducing our environmental impact, studying the conditions at each location and pursuing opportunities for improvement as they arise.



### A Culture of Respect and Belonging

Our four-pillar D&I strategy—workforce, workplace, marketplace, and community—supports our culture of belonging and helps drive meaningful impact. Scholarship and university grant programs support diversity and inclusion in the financial services industry, and our Fair & Responsible Banking group helps ensure that all clients and communities where our clients reside are treated fairly.



### Our People

Schwab’s human-centric employee value proposition considers the intrinsic needs of our employees to establish connections, share a sense of purpose, enable personal growth, and nurture well-being. Career development programs spanning our entire workforce and employee lifecycle give employees choice in how to achieve their personal and professional aspirations.



### Community

Through our Community Development Group, we aim to serve the needs, including the credit needs, of low- and moderate-income neighborhoods where we do business. Our skills-based approach to volunteerism through the Community Development Group allows us to maximize our impact by sharing our employees’ expertise with the community-based organizations that we support.



### Giving Back

Our giving mission is to empower people through financial education and foster strong communities. Support for financial literacy through key partnerships and our flagship Moneywise America program helps young people become more financially confident and secure.

# Investing and stewardship

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Our purpose as a company is to champion every client’s goals with passion and integrity. This purpose drives us to help our clients take ownership of their financial futures. To do this, we offer investors a contemporary, full-service approach to building and managing their investments. We provide investment-related products, services, and sophisticated financial planning that combine the best of what people and technology have to offer.

# Seeing Through Clients' Eyes

Investor choice is the cornerstone of helping our clients own their tomorrow. Our goal is to provide the tools, products, and services that clients want and the support they need to pursue their individual portfolio strategies. For investors who want to consider environmental and social issues in building their portfolios, we provide ESG investing options that align with their goals. We describe some of these ESG offerings beginning on [page 19](#).

Our commitment to providing a personalized approach to investing is evident in our varied product offerings and service models. Our Through Clients' Eyes strategy drives us to embrace the diversity of our client base and the different ways that clients manage their portfolios, including ESG investing.

Our Through Clients' Eyes strategy also drives our approach to proxy voting. As a leading asset manager, Schwab Asset Management has a responsibility to use its proxy votes to maximize shareholder returns and encourage transparency, corporate governance structures, and management of relevant issues that it believes will protect and promote shareholder value. We describe Schwab Asset Management's approach to proxy voting and stewardship on [page 21](#).



## THROUGH CLIENTS' EYES GUIDES HOW WE DO BUSINESS

Trust is paramount in the many roles we play in serving our individual and institutional clients with their investment needs, including:

- **As a broker**, empowering the individual investor with a spectrum of investment products and services
- **As an advisor**, guiding clients to meet their investment goals
- **As a custodian**, safeguarding client assets
- **As a manager** of separately managed accounts and proprietary investment funds
- **As a fiduciary**, engaging with issuers and exercising our proxy voting responsibilities
- **As an administrator** of employers' retirement and equity compensation plans
- **As a bank**, deepening client relationships and providing an excellent experience for every investor we serve





PERSONALIZED  
INVESTING FOR  
THE MAIN STREET  
INVESTOR

From the beginning, we set out to empower the individual investor. Implicit in empowering our clients is helping them develop a sustainable investing approach that enables them to adapt to the market and their needs through life’s changes.

We believe a strong relationship is based on transparency and trust, and our website includes extensive explanations and details about how we are compensated for each product or service, along with the associated risks, potential conflicts of interest, and other considerations.

The retail investor remains our primary client base, even as we have grown to serve institutional clients, independent advisors, and employers through our Workplace Financial Services business. Staying true to our roots, we offer a variety of products, services, and solutions for clients. Many of these investment products include options dedicated to ESG considerations for our clients who want the choice of having these products in their portfolios.



Self-directed brokerage

At Schwab.com, any individual in the U.S. can open a brokerage account with any dollar amount. Through our scale and offerings, individual investors who want to control all aspects of their investment strategy can access the whole suite of investment products and services. These run the gamut of our Schwab proprietary options—such as Schwab Funds® and Schwab Stock Slices™—and include stocks, fixed income alternatives, and third-party mutual funds and ETFs.



Managed Account Select®

Clients have access to a range of investment strategies with direct ownership, control, and transparency of underlying securities. The account is managed on a client’s behalf by a third-party professional asset management firm of the client’s choice that has been vetted by Schwab Center for Financial Research, a division of Charles Schwab & Co., Inc., based on rigorous, research-based quality standards.



Schwab Managed Portfolios™ portfolio solutions

Schwab Asset Management creates a number of distinct proprietary Schwab mutual funds and ETFs managed by our portfolio asset managers. Schwab Managed Portfolios is an advice solution that uses Schwab Funds and ETFs and third-party mutual funds and ETFs to create a variety of model portfolios with different investment strategies intended to match a variety of risk tolerances and objectives.



Schwab Wealth Advisory™

Clients work with a dedicated Wealth Advisor, supported by a team of investment professionals who provide individualized service, a customized investment strategy, and ongoing guidance and execution.

ESG INVESTMENT  
PRODUCTS AND  
SERVICES

We recognize that many individual and institutional clients are looking for ways to manage portfolio risk by considering ESG factors, make an impact on the world through sustainability-themed products that align with their values, or both.

ESG investing is often used interchangeably with a variety of other terms, such as socially responsible investing, values-based investing, impact investing, or sustainable investing. Schwab Asset Management uses “ESG investing” as an umbrella term that encompasses:

- Traditional investment vehicles (either active or passive) that are applying ESG factors to manage risk, build resiliency, and create opportunities for the long term
- Impact investing, which refers to deploying investment dollars in an effort to directly achieve some outcome that addresses an environmental or social need
- Values-based investing, which can include screens to exclude certain sectors, such as tobacco, firearms, or fossil fuel companies

Schwab’s approach to ESG investing aligns with our Through Clients’ Eyes strategy, which is grounded in empowering clients to personalize their investment choices. A major focus is providing our Financial Consultants and clients with resources that can help them navigate the rapidly evolving ESG landscape.

Our educational resources and product offerings for clients are intentionally broad. ESG investing presents risks for some and opportunities for others. We recognize the changing preferences and demographics of our clients and a desire among many younger clients, in particular, to align their investments with their values.

Through surveys, Schwab connects with investors across the income and age spectrum to gain an understanding of their familiarity with, interest in, concerns about, and needs relating to ESG investing, among other topics. Although ESG investing is not important to all our clients, these engagements provide insights that we are using to create educational resources for those clients who want to make informed ESG investment choices.





For our clients who are considering ESG investing and those who have already included ESG investing as part of their investment strategy, we provide a wide range of products and resources that can help them advance their ESG investing goals.

Third-party products

Currently, Schwab offers clients access to nearly 600 third-party ESG options, including mutual funds and ETFs. The options available include funds and ETFs identified by Morningstar as “Sustainable Investment – Overall,” which is defined as a fund explicitly indicating any kind of sustainability, impact, or ESG strategy in its prospectus or offering documents. This definition aligns with Schwab’s view of ESG investing. See [ESG Investing](#).



Thematic investing

In March 2022, we launched thematic stock lists, a new resource designed to help socially minded investors pick stocks aligned with ideas and trends they believe in. For each theme, we use proprietary research and technology to select stocks that relate to a trend, market insight, or innovation. Clients can explore more than 40 thematic categories, including ESG-related themes like renewable energy, electric vehicles, workforce diversity leaders, and water sustainability.

In 2023, we enhanced our thematic offering by enabling clients to trade in Schwab Investing Themes. Clients now can invest in each theme as built from our research or customize the stocks and weights to help align with their needs and interests. The launch of Schwab Investing Themes is part of our ongoing effort to provide investors with products and services that help personalize how they invest.

Schwab Personalized Indexing™

Our direct indexing solution is a separately managed account that allows investors to own individual stocks that reflect the characteristics of an index. Clients enrolled in Schwab Personalized Indexing can choose from four index-based strategies for the market exposure they prefer, with the ability to exclude individual stocks or industry categories. Clients seeking an ESG strategy can select the MSCI KLD 400 Social Index, which is designed to capture exposure to companies with outstanding ESG ratings and excludes companies whose performance has had negative social or environmental impacts. Direct indexing allows clients to further customize their investments by choosing to exclude companies

or industry segments that may not align with their risk profile or beliefs, while still maintaining exposure to the reference index. Portfolio management for Schwab Personalized Indexing is provided by Schwab Asset Management.

ESG ratings

Clients interested in researching ESG investments for their portfolios can log into their Schwab accounts to view MSCI’s ESG ratings for individual stocks.

Positive-impact strategies

Through Wasmer Shroeder™, a fixed income investment manager that we acquired in 2020, we offer our clients two positive-impact strategies: Positive Impact Tax Exempt and Positive Impact Bond. Portfolio management for Wasmer Schroeder Strategies is provided by Schwab Asset Management.

The Wasmer Shroeder positive-impact strategies focus on supporting issues such as education, infrastructure, environmental protection, poverty eradication, and affordable housing. Schwab Asset Management considers how proceeds will be used as a way to identify bonds that exhibit a positive impact on society and the environment. These considerations include whether there are clearly defined and quantifiable community and/or environmental benefits expected from the financing; whether the mandate or objectives of the lending program align with social, environmental, or community benefits; or whether the proceeds will be used to create, enhance, sustain, or improve upon an essential government function.



Schwab Ariel ESG ETF\*

Schwab Ariel ESG ETF is an actively managed, semi-transparent (also referred to as a non-transparent) ETF, sub-advised by Ariel Investments LLC (Ariel). This ETF is designed to identify attractively valued, high-quality small- and mid-cap companies with favorable ESG risk ratings based on Ariel’s proprietary assessment of industry exposure, disclosure, and management of material ESG issues. Please see the ETF’s [Prospectus](#) for more information.

For more information on our history of providing industry-leading products, services, advice, and education, see our [Access to Investing](#) page.

ISSUER ENGAGEMENT AND PROXY VOTING AT SCHWAB ASSET MANAGEMENT

Schwab Asset Management provides advisory services to mutual funds, ETFs, separately managed accounts, and collective investment trusts. As of December 31, 2023, Schwab Asset Management managed approximately \$400 billion in equity assets invested globally, with 80% invested in North America.

At Schwab Asset Management, we take our role as fiduciary very seriously, and shareholder returns are our primary focus. This client-first philosophy drives how Schwab Asset Management approaches decision making in the investment stewardship context. That includes

efforts to appropriately manage risk by encouraging transparency and focusing on corporate governance structures that will help protect and promote shareholder value.

Historically, Schwab Asset Management has taken a mostly quantitative approach to evaluating investment options and strategies, reflecting the largely passive-index orientation of our investment products. Since 2020, Schwab Asset Management has engaged more actively with portfolio companies to inform our proxy voting policies and our voting decisions on certain ballot items. This further promotes our philosophy on the importance of strong corporate governance, risk management, and disclosure practices. During proxy season, we meet with certain issuers, shareholder proponents, and dissidents that have items of concern to us on their annual or special meeting agendas. In the off-season, we generally engage with issuers in which we hold a significant number of shares and have identified potential material risks that we would like to discuss with senior leaders.

We aim to use the engagement process to share our company-specific concerns and priorities, get a better understanding of an issuer’s risk management practices, and inform our discretionary voting decisions on proxy contests, mergers and acquisitions, environmental and social-related shareholder proposals, and certain governance-focused shareholder proposals and

say-on-pay proposals. More than half of our total engagements in the year ended June 30, 2023, were focused on environmental, social and political shareholder proposals, largely a result of the continued sharp rise in these proposals.

To better understand overarching preferences of fund shareholders on key proxy issues, Schwab Asset Management became the first large asset manager to pilot a new proxy polling solution, which gave shareholders of three selected funds the opportunity to express their preferences on a range of proxy issues, including ESG issues. The pilot was completed in 2023, and insights from the poll were leveraged to help inform Schwab Asset Management’s proxy voting approach and policies. We value direct input from our fund shareholders who are focused on the proxy voting process. We believe that incorporating all available inputs into updates to our proxy voting policy helps ensure we are considering all approaches to any given issue, which helps us to always act in shareholders’ best interests. Schwab Asset Management will continue to explore opportunities to engage with fund shareholders and incorporate their input into proxy voting decisions in the future.

\*The Schwab Ariel ESG ETF is different from traditional ETFs. Traditional ETFs tell the public what assets they hold each day. This fund will not. This may create additional risks for your investment. For example:

- You may have to pay more money to trade the fund’s shares. This fund will provide less information to traders, who tend to charge more for trades when they have less information.
- The price you pay to buy fund shares on an exchange may not match the value of the fund’s portfolio. The same is true when you sell shares. These price differences may be greater for this fund compared to other ETFs because it provides less information to traders.
- These additional risks may be even greater in bad or uncertain market conditions.
- The ETF will publish on its website each day a “Proxy Portfolio” designed to help trading in shares of the ETF. While the Proxy Portfolio includes some of the ETF’s holdings, it is not the ETF’s actual portfolio.

The differences between this fund and other ETFs may also have advantages. By keeping certain information about the fund secret, this fund may face less risk that other traders can predict or copy its investment strategy. This may improve the fund’s performance. If other traders are able to copy or predict the fund’s investment strategy, however, this may hurt the fund’s performance.

For additional information regarding the unique attributes and risks of the fund, see Proxy Portfolio Risk, Premium/Discount Risk, Trading Halt Risk, Authorized Participant Concentration Risk, Tracking Error Risk and Shares of the Fund May Trade at Prices Other Than NAV in the Principal Risks and Proxy Portfolio and Proxy Overlap sections of the prospectus and/or the Statement of Additional Information.



Schwab Asset Management maintains a proxy voting policy that guides our proxy votes for all securities held by Schwab Funds, Schwab ETFs, and clients who have delegated proxy voting to Schwab Asset Management. The proxy voting policy reflects Schwab Asset Management’s belief that, in most instances, a company’s board is best positioned to determine a company’s strategy and manage its operations. Schwab Asset Management generally does not support shareholder proposals seeking a change in business practices. In 2023, Schwab Asset Management supported 89% of management recommendations globally.

Schwab Asset Management evaluates, on a case-by-case basis, shareholder proposals regarding environmental, social and political issues, including those calling for additional disclosure of material risks to a company, with an emphasis on risks identified within the Sustainability Accounting Standards Board (SASB) framework. The case-by-case evaluation of these proposals takes into consideration a company’s current practices, level of reporting, disclosures by its peers, and the existence of controversies or litigation related to the issue.

This approach recognizes that a company’s environmental, social and human capital management policies can affect financial performance. It also supports Schwab Asset Management’s view that appropriate risk oversight of environmental, social, and governance issues contributes to sustainable long-term value and that companies should provide pertinent information on material risks common to their industry and specific to their business.

Proxy advisory firms such as Glass Lewis and ISS provide evolving guidelines and proxy voting recommendations to support a variety of ESG-related proposals. When updating our proxy voting guidelines and making decisions on how to vote on certain issues, research and recommendations from both Glass Lewis and ISS are among the many factors we consider. As part of our diligence in shaping our proxy voting guidelines, we regularly engage with both of these proxy advisory firms to understand the thinking behind their respective policy updates, including updates regarding ESG factors. Their insights are one of many sources our Investment Stewardship team takes into account when updating guidelines and making voting decisions.

Schwab Asset Management’s [proxy voting policy](#) is publicly available on the Schwab Asset Management website. Our proxy voting records and annual Investment Stewardship Report are publicly available on our [Investment Stewardship](#) page.

PROTECTING CLIENT ASSETS

Schwab’s cybersecurity and privacy programs play a key role in maintaining the trust of our stockholders, our regulators and, most importantly, our clients.

Cybersecurity defense-in-depth approach

As a financial institution, we have implemented a defense-in-depth approach for addressing cybersecurity risk that includes administrative, technical, and physical safeguards. This means that, if a control fails, additional controls are in place to secure data and systems to mitigate threats.



### Technical safeguards

Schwab’s technical safeguards are designed to protect client, employee, stockholder, and partner data in today’s modern threat landscape. Among other things, these safeguards include:

- Multifactor authentication for accessing Schwab accounts
- Intrusion detection and prevention tools
- Encryption of data in transit and at rest (where appropriate)
- Use of secure coding practices
- Periodic penetration testing and vulnerability scanning
- Disciplined patch management
- Robust authentication and authorization measures to guard against unauthorized access to data

### Administrative safeguards

Our commitment to cybersecurity includes teams that monitor and maintain the security of Schwab’s systems that collect, use, or store personal or confidential data. We employ cybersecurity professionals across all lines of business as part of this effort. Cybersecurity is also a core component of both our external and internal audit functions. We review and test our safeguards on an ongoing basis as part of our audit program, and we work diligently to consider additional safeguards where needed to address new and emerging threats.

Beyond our team of experts, we prioritize the protection of client assets across our businesses, and our employees who handle sensitive information receive annual training on privacy, cybersecurity awareness, and safe handling of private financial information. We maintain policies and procedures regarding the standard of care expected with all data, including internal company information and personal information pertaining to our clients and employees.

### Physical safeguards

Physical security remains an important part of a holistic cybersecurity program. Schwab protects critical data centers and other facilities with strong perimeters, surveillance systems, and authentication-only access points, among other safeguards.

Schwab’s [Security Knowledge Center](#) helps our clients understand common threats and the steps they can take to proactively mitigate those threats. Additionally, we regularly communicate with clients on security awareness, risks, and cybersecurity hygiene, and we view cybersecurity as an important tool to combat elder financial abuse. We routinely work with seniors to better protect them from financial scams and various forms of “social engineering.” See more on our [Cybersecurity](#) page.

### Privacy-by-design approach

Schwab has long been committed to privacy and privacy-by-design principles. Our privacy practices are outlined in the privacy notices and other materials located in our [Privacy Center](#) and are rooted in core privacy principles:

- We design our business processes and products with the privacy principles of transparency, usage, and minimization in mind.
- We provide clients with control over how their personal information is used for marketing, with opt-outs and unsubscribe mechanisms that are easy to find and use.

We recognize Schwab is a custodian of our clients’ personal information in the same way that we are custodians of our clients’ financial assets.

See important disclosures on [page 79](#).





# Our culture

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Chuck Schwab’s original vision was to bring more people from Main Street into the world of investing so they could take ownership of their financial futures. More than 50 years later, we remain as committed as ever to that vision of democratizing investing and operating our firm in a way that’s as inclusive as possible for our clients and our employees.

# Creating a culture of respect

At Schwab, we know from experience that being different—and embracing our differences—matters. It matters to the success of our company and to creating a culture where everyone counts. Our employees are the foundation of our business and at the heart of executing our Through Clients’ Eyes strategy. We are dedicated to building and maintaining a dynamic organization that values the individual strengths of every employee.

### Oversight

Our Managing Director, Head of Human Resources leads our talent strategy. Each year, she meets with the Board of Directors in executive sessions for the Chief Executive Officer evaluation, a talent review, and Chief Executive Officer succession planning.

### Key HR initiatives in 2023

- Created new ways to activate Schwab’s employee value proposition (EVP), providing resources to help leaders integrate our EVP into the entire employee lifecycle
- Adopted a new Hybrid Work & Flexibility approach that balances our ongoing commitment to workplace flexibility with our focus on serving our clients, while helping strengthen our culture by fostering in-person collaboration, team building, and professional development
- Made a one-time stock option grant of \$1,000 to each employee to instill a sense of pride and ownership in the firm and help all Schwabbies understand firsthand what it means to see Through Clients’ Eyes and be fully invested in our overall firm’s success
- Announced an enhanced career development program, Grow with Schwab, that will empower employees to own their tomorrow by providing tools and resources employees need to build a meaningful career
- Increased investment in Manager Excellence platforms and programs providing our leaders real-time knowledge and support, educational opportunities, and development journeys for all people leaders, an important pillar in our Grow with Schwab portfolio





EMPLOYEE ENGAGEMENT

In 2023, we transitioned from annual to quarterly enterprise-wide surveys utilizing the Glint employee engagement platform to measure how engaged we are with our work, our teams, and Schwab. The survey results provide insight into how our leaders can manage engagement throughout the year and how Schwab can continue to deliver on our commitment to create a great place to work in service to our clients. The more dynamic engagement experience provides near real-time insights and enables agile action plans that are more responsive to employee sentiment. It also gives us the ability to identify macro-trends that can be reviewed with the Board of Directors and the Executive Council and acted upon.

To better understand our employees' sense of belonging, we expanded the survey in the third quarter of 2023 to include new questions on inclusion.

Overall engagement, defined as how happy employees are working at Schwab and whether they would recommend Schwab as a great place to work, was 78 in the fourth quarter of 2023—2 points higher than Glint's finance industry benchmark.

**~90%** of our employees responded to the quarterly surveys during 2023. Our overall engagement score average for 2023 was 82, and Schwab's overall engagement score was within the top 25th percentile for companies that use Glint.





# Fostering a culture of diversity and inclusion

Schwab’s Through Clients’ Eyes strategy benefits from having a workforce that reflects diversity of thought and backgrounds and positions us to support our diverse clients and communities. To that end, diversity at Schwab transcends ethnicity, race, color, religion, sex, sexual orientation, gender identity, national origin, age, disability, and protected veteran status to include diversity of interests, life stages, experiences, strengths, perspectives, and thought.

We are on a long-term journey to expand our workforce diversity, enhance our inclusive culture, better serve our diverse clients, and build stronger connections to all of our communities. We believe that an inclusive culture and a diverse workforce propel innovation and creativity in the solutions we deliver for our clients’ investment needs.





OUR FOUR-PILLAR D&I STRATEGY

Our diversity and inclusion (D&I) strategy starts with four board-approved pillars:



**Workforce**  
Fostering diverse talent

Schwab is focused on attracting more diverse talent through enhanced partnerships with professional organizations that represent diverse communities, including women, people of color, people with disabilities, and people with military backgrounds.



**Workplace**  
Building on our culture of inclusion

Through our Employee Resource Groups and a variety of professional growth opportunities, we are building and maintaining a community of support, leadership development, mentorship, and connection to our diverse client base.



**Marketplace**  
Serving the needs of a diverse marketplace

As the United States becomes more diverse, the financial services industry is increasingly demanding new capabilities to meet the needs of a diverse client base.

To meet our clients' needs and advance better financial outcomes for all investors, Schwab is focused on delivering and expanding inclusive client service programming, understanding the unique needs of underrepresented investors, and fostering diverse talent in the financial services sector.



**Community**  
Making an impact on historically underrepresented communities

At Schwab, we focus on financial literacy and financial inclusion as a way to empower diverse communities. To that end, we support many organizations serving underrepresented groups with a long-term goal of broadening the diversity of our talent and our clients.



Underpinned by the four pillars, our D&I strategy is designed to have a meaningful impact across four dimensions:

- **Inside:** Programs aimed at supporting employees at Schwab
- **Outside:** Programs aimed at supporting our clients and local communities
- **Today:** Programs that create immediate impact
- **Tomorrow:** Programs that create impact over time



OVERSIGHT

Schwab’s Head of ESG Policy & Reporting oversees our D&I function and implementation of our D&I strategy across the organization. Our D&I team provides subject-matter expertise in support of D&I programs and our Employee Resource Groups (ERGs).

Our D&I Sponsorship Committee, which is a subcommittee of our Executive Council, provides centralized oversight and governance to ensure that external D&I partner sponsorships align with our four-pillar strategy.

We are proud of the progress we have made toward fostering a diverse workforce, and we recognize there will be more to do as best practices and the needs of our communities and markets continue to evolve. We are committed to our ongoing efforts to open doors and unlock the human and commercial potential that can flow from a strong focus on D&I across the company.

WORKFORCE: HIRING DIVERSE TALENT

Schwab is committed to building an inclusive culture by hiring a diverse and vibrant workforce. This includes dedicated diversity and inclusion resources within our Talent Acquisition team to enhance our ability to identify, attract, and consider candidates with a diversity of backgrounds, as well as different experiences, strengths, perspectives, and thought.

We recognize that there is no single solution to expanding diversity in our workforce, and we have developed a variety of approaches to support our efforts to expand candidate pools. A few of our outreach strategies include:

- *Hiring Our Heroes—Corporate Fellowship Program:* A Department of Defense program focused on military members transitioning into the workforce
- *Military Spouse Employment Partnership:* A Department of Defense program focused on supporting and recruiting military spouses, the majority of whom are women
- *Neurodiversity at Work:* An initiative focused on increasing the representation of neurodivergent talent through the lens of accessibility
- *Inclusively:* An employment network that matches people with disabilities with companies like Schwab and focuses on early talent and roles that require no experience

Campus recruiting and organizational partnerships

Schwab partners with historically Black colleges and universities and Hispanic-serving institutions by leveraging our alumni from those universities to expand our presence at campus career fairs and career panels. We also reach out to underrepresented student groups at other colleges to provide job mentoring and career panels.

We partner with and sponsor over 30 organizations to help us recruit diverse talent. Our partnerships include Mathison, which helps us source candidates from 12 different underrepresented communities, the Toigo Foundation, which helps us actively recruit Black and Latinx talent, and Financial Women of San Francisco, which advances the success of women in finance.



**Affirmative action**

As a federal contractor, Schwab develops annual affirmative action plans for our business locations with 50 or more employees. Our affirmative action program helps us balance Schwab’s workforce in a way that reflects local workforce diversity through outreach strategies to hire, retain, and promote members of minority groups, women, protected veterans, and individuals with disabilities. This program does not involve quotas, preferences, or set-asides, which are prohibited under federal law.

Coupled with our efforts to identify and attract diverse talent, Schwab provides equal employment opportunities to all employees and applicants.

**Interviewing@Schwab**

Our Interviewing@Schwab program is designed to give managers the training and tools they need to assess how well candidates demonstrate the core competencies and leadership behaviors needed for each role. This program supports consistency in the interview process, which helps reduce potential bias and enhance diversity in the workplace. Training covers key concepts of the Targeted Selection® process, which is a competency-based behavioral interviewing method that focuses on the quality of people hired.

**Bias-detection tools**

We use a bias-detection tool to ensure all job descriptions and recruiting communications are reflective of the diverse candidate pools we want to attract. Through this tool, all job descriptions and other recruiting communications are reviewed and updated to reduce language that may be harmful or offensive and to add more gender- and age-neutral tones in the language used in our recruiting materials.

**Slate Analytics diversity dashboard**

To continuously monitor progress toward attracting diverse talent, our Talent Acquisition team uses a Slate Analytics diversity dashboard to help inform them of diversity trends for candidate pools. Seeing and monitoring real-time data of our candidate pools’ diversity allows us to adjust sourcing and other recruitment strategies.

**Market data talent sourcing**

Schwab uses unique market data from TalentNeuron™ and LinkedIn Talent Insights to review and understand the distinct makeup of the talent pool for certain talent segments based on location, required skills, and competencies. Our Talent Acquisition team uses this data to collaborate with business partners on what steps can be taken to help increase diversity in the candidate pool for a role.



WORKPLACE: DEVELOPING DIVERSE TALENT

Schwab recognizes that cultivating a diverse workforce does not end after employees join the organization. Mentoring and allyship are critical to retaining talent, and mentors play an instrumental role in career progression.

With a focus on retaining and developing our diverse workforce, we offer several different avenues for our colleagues to mentor and be mentored. We offer a structured mentoring program for colleagues of color at the director level. In addition, our ERGs offer both group and one-on-one opportunities for guided mentorship to all employees, regardless of their position at Schwab. Some of our business units also offer mentorship programs for their employees.

As part of our structured mentoring program, dedicated mentors from senior leadership are paired for six months with Schwabbies at the director level who self-identify as people of color. Mentees focus on leadership development to prepare them for career advancement opportunities, broaden their professional network, and develop meaningful, supportive relationships with senior leaders.

Since launching the structured mentorship program in 2021, we have seen consistently strong demand. Our 2023 mentorship cohort achieved a participation rate of 130 director-level employees of color as mentees and 130 senior leaders participating as mentors. A high percentage of mentees in every cohort has expressed overall satisfaction with the program.

Recognizing the importance of allyship, we offer additional mentor training through an Inclusion Through Allyship program, providing tools and support on how to be an ally to mentees and team members.

Separately, our company-wide ERG Mentorship program is built to meet the career growth and employee engagement needs of our employees at all levels.

Employees who are ERG members or allies can participate in the ERG Mentorship program in two ways:

- Group cohorts are led by Schwab Managing Directors who mentor 8–12 mentees each through six biweekly, one-hour group mentorship sessions over three months, twice a year. The mentors also commit to a one-on-one meeting with each mentee.
- Guided programs are one-to-one matched mentorships offered over three months, twice a year. Schwab Managing Directors serve as mentors who meet with their mentees biweekly for one hour.

The ERG Mentorship Committee, made up of ERG leaders across our locations, hosts a closing ceremony at the end of each three-month program to acknowledge the hard work and commitment of the mentors and mentees.

Approximately 297 mentors and 525 mentees participated in the ERG Mentorship programs in 2023.

WORKPLACE: SUPPORTING DIVERSITY AND INCLUSION FOR ALL SCHWABBIES

Schwab understands that employees have diverse experiences, needs, and expectations in the workplace. We strive to create an environment that enables each employee to bring their authentic self to work. We have developed a number of employee resources to help promote a sense of inclusion and belonging in the workplace.

Employee Resource Groups

Our ERGs are employee driven communities of support for our diverse range of employees. Our ERGs are made up of employees who come together around common interests, shared characteristics, or life experiences and are committed to fostering a culture of inclusion at Schwab. ERGs help drive employee engagement, career development, and business objectives across the firm.

More than 30 years ago, we started our first ERG, Black Professionals at Charles Schwab (BPACS). Today, we have 10 ERGs. All ERGs receive equal access to funding from a centralized budget.

At the end of 2023, more than 13,000 employees belonged to one or more ERGs—representing approximately 42% of our workforce—compared with 12,000 employees at the end of 2022. In 2023, our ERGs hosted more than 950 events.



OUR ERGS:

 <b>APINS</b> Asian Professionals Inclusion Network at Schwab	 <b>MVN</b> Military Veterans Network
 <b>BPACS</b> Black Professionals at Charles Schwab	 <b>NEXT</b> Empowering Schwab's Next Generation
 <b>CSAN</b> Charles Schwab Abilities Network	 <b>PRIDE</b> LGBTQ+ Network at Schwab
 <b>FAMS</b> Families at Schwab	 <b>SOL</b> Schwab Organization of Latinxs
 <b>GLOBE</b> International Professionals at Schwab	 <b>WINS</b> Women's Interactive Network at Schwab



**13K**  
Employees who are members of an Employee Resource Group

**42%**  
ERG participation in 2023

Week of Belonging

Schwab’s annual Week of Belonging is a five-day intersectional event highlighting inclusion through employee and leadership engagement and development activities. Open to all employees, the event provides dedicated time for employees to experience the value of inclusion and learn how to get involved in the Schwab community through ERGs. In-person and virtual events during Week of Belonging include keynote sessions, ERG fairs, wellness activities, community service, and fun giveaways.

The 2023 event, themed “The Power of Belonging,” focused on inclusion and belonging as the fuel for employees to give their best efforts, best ideas, and best creativity to contribute to Schwab’s success. Nearly 600 Schwab employees joined ERGs in the month before and the month after Week of Belonging.



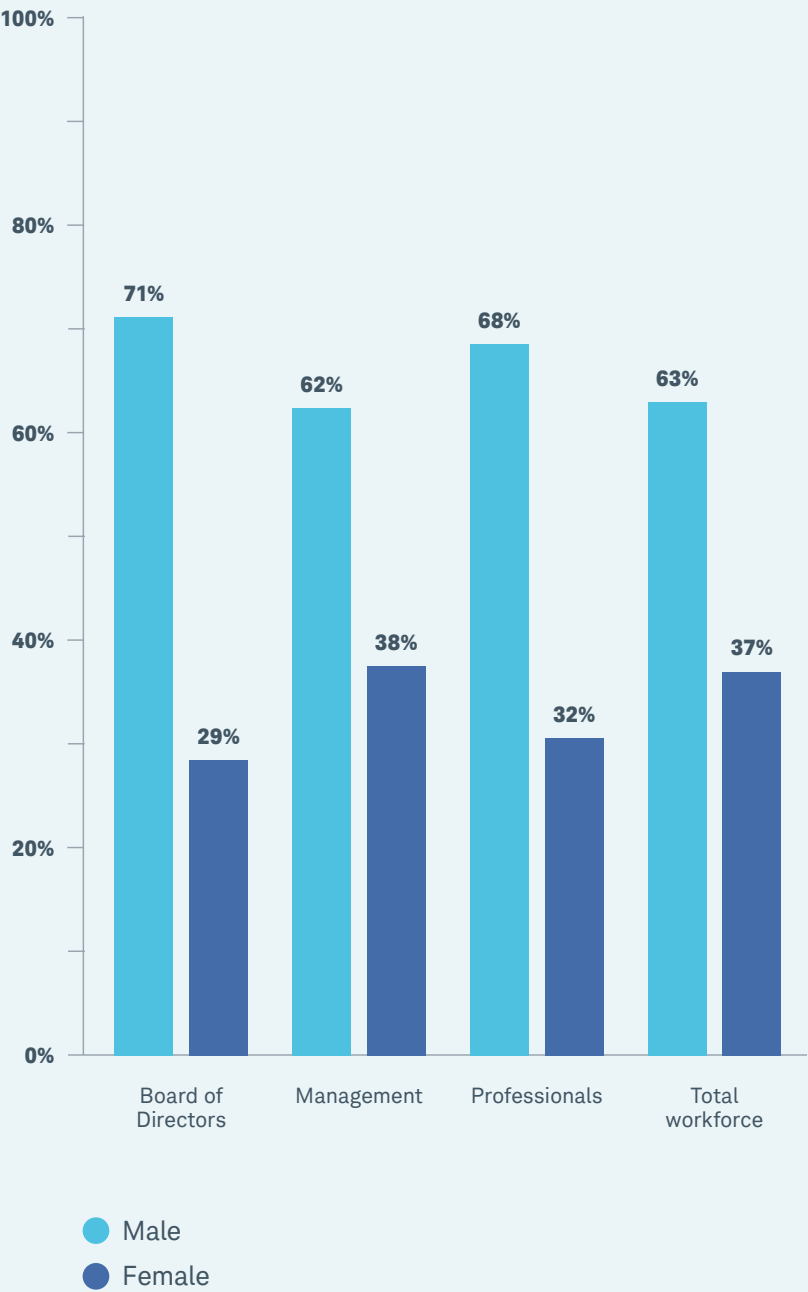
Progress on workforce diversity

Since 2020, we have seen an increase in our workforce diversity. At the end of 2023, employees who self-identify as people of color represented 37% of the total workforce, compared to 32% in 2020. Women represented 37% of the total workforce at the end of 2023, compared to 36% in 2020.

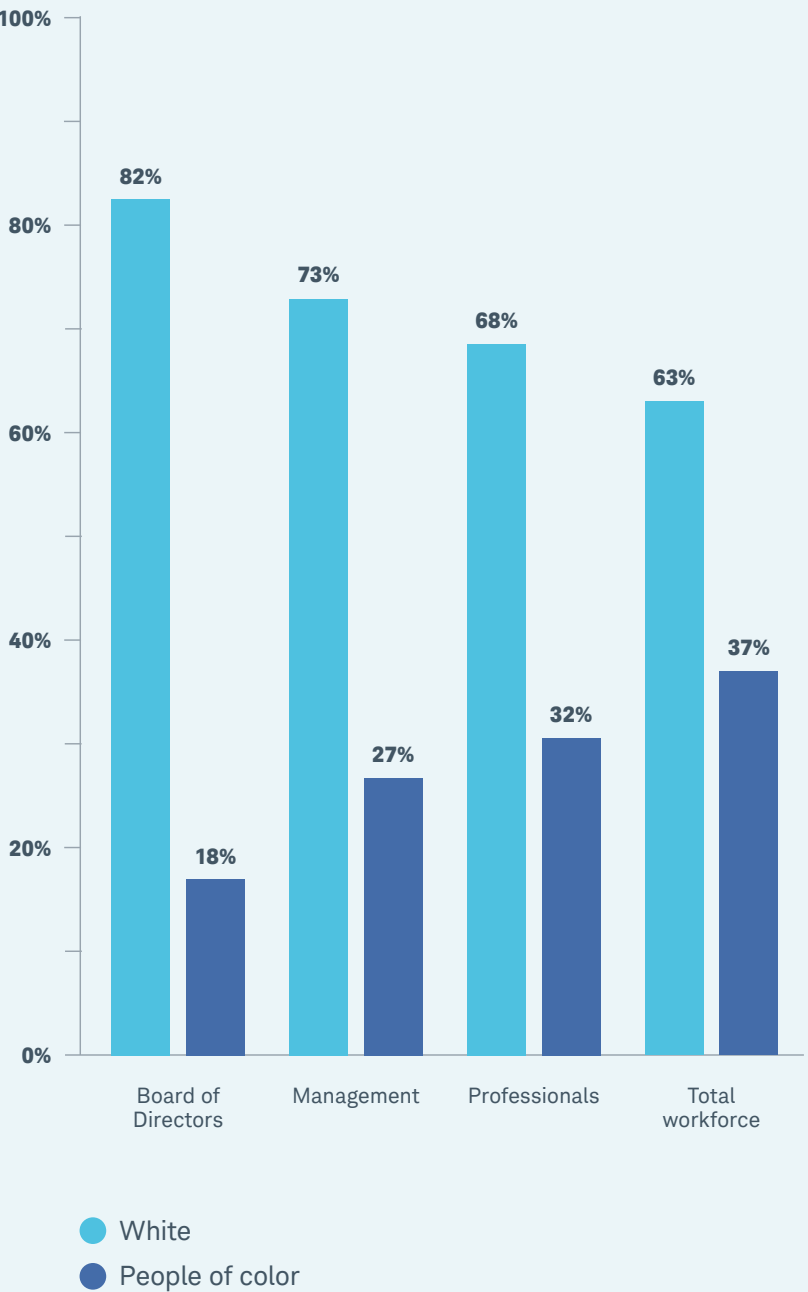
In 2023, our employee headcount declined by approximately 6%, partially as a result of position eliminations and expense reductions following our integration with TD Ameritrade, Inc. The number of women and people of color as a percentage of our total workforce remained flat from 2022 to 2023.

Schwab’s EEO-1 data is available on our website: [Schwab EEO-1 Data](#). The following charts show our leadership and workforce representation, by gender, race, and ethnicity, on a percentage basis.

Gender Representation\*



Race/Ethnicity Representation\*



\*Race, ethnicity, and gender data is based on the percentage of employees who self-identified for purposes of EEO-1 reporting as of December 31, 2023, and Board of Directors for purposes of proxy statement disclosure as of December 31, 2023. People of color includes Black or African American, American Indian or Alaska Native, Asian, Hispanic, and Native Hawaiian or Pacific Islander.


Policies and training

Schwab’s Preventing Harassment and Discrimination Policy expressly prohibits discrimination or harassment of any kind based on an individual’s status, including race, sex, gender, gender identity or expression, religion (including religious dress and grooming practices), disability, age, military status, or citizenship status.

Our Respectful Workplace Training covers topics and related Schwab policies such as bullying, harassment, discrimination, sexual harassment, and violence in the workplace. This training articulates Schwab’s commitment to maintaining a workplace free from any form of discrimination and harassment. Respectful Workplace Training is required for all new Schwab employees upon joining the company and for existing Schwab employees annually. We also advance inclusion, diversity, equal opportunity, accessibility, and leadership through voluntary training courses.

Our Accommodations Policy reflects our commitment to creating an inclusive workplace for employees and applicants with disabilities, whether seen or unseen. Schwab makes good faith efforts to provide a reasonable accommodation for employees and qualified applicants with disabilities, pregnancy, or sincerely held religious beliefs, unless the accommodation would create an undue hardship in accordance with the requirements of applicable law.





**Awards**

Our efforts and progress have not gone unrecognized in the market. We have received a number of external awards from leading D&I organizations for our initiatives and progress.

**For instance:**

- Scored 100 on the 2023 Disability Equality Index
- Recognized by *U.S. Veterans Magazine* annually since 2012
- Received a 100 score on the Human Rights Campaign’s Corporate Equality Index for LGBTQ+ Inclusion since 2004
- Identified by Forbes as one of America’s Best Employers for Women, based on a survey of 60,000 workers across the U.S. in 2023







**MARKETPLACE: SUPPORTING DIVERSITY AND INCLUSION IN THE FINANCIAL SERVICES INDUSTRY**

As the United States population becomes more diverse, we are developing new capabilities to meet the needs of a diverse client base. We take a multifaceted approach to implementing the marketplace pillar of our diversity and inclusion strategy, such as scholarship programs that support students considering careers in financial services and opportunities for delivering our services to increasingly diverse communities in a way that enables all clients to own their tomorrow.

**Supporting the next generation of financial services professionals**

By providing encouragement and support to students considering careers in financial services, we can strengthen both our company and our industry.

In 2023, we welcomed our third cohort of scholars into the Charles Schwab Scholars in Financial Planning Endowed Scholarship program. With an aim to break down barriers to careers in financial services and foster diverse talent in the sector, Charles Schwab Foundation established a \$3.5 million endowed scholarship program in 2021 to provide financial assistance and career development opportunities to college students from

underrepresented communities. Students majoring in financial planning at participating universities across the United States are eligible to apply for approximately \$10,000 a year in scholarship funds for their junior and senior years. Scholarship recipients are invited to apply for an internship at Schwab, which could help inspire a future career in finance. All eight of the 2021 scholarship recipients accepted jobs in the financial services industry following graduation.

Similar efforts within our Advisor Services business help cultivate the next generation of independent RIAs.

Schwab Advisor Services™ provides a variety of resources to help our RIA clients create more diverse and inclusive workplaces. Building an Inclusive Firm Culture is a five-month training and networking program designed to help our client RIA firms develop a strategic road map for building a diverse and inclusive workplace that attracts and retains the best talent. This program targets firms that are highly driven to advance diversity and inclusion efforts and participants who are leaders with the ability to effect change and influence decisions.

To cultivate diverse talent in financial services and better serve an increasingly diverse investor base, Schwab Advisor Services partners with Charles Schwab Foundation to sponsor the RIA Talent Advantage® Scholarship Program.



This program aims to raise awareness of the independent investment advisory profession and provides \$10,000 scholarships to 12 students annually. Of the 12 recipients selected for the 2023 class, six are racially or ethnically diverse.

Funded through Charles Schwab Foundation, Schwab’s University Grant program helps educational institutions establish and enhance financial planning majors and minors and increase awareness of the RIA profession. More than 30% of recipients are historically Black colleges and universities, Hispanic-serving institutions, or institutions that serve the Asian American/Pacific Islander and Native American population. Since its inception in 2007, the program has provided more than \$16 million in funding to more than 20 universities.

Connecting with a more diverse client base

Our purpose is to champion every client’s goals with passion and integrity. We continually look for ways to improve our products and offerings in response to changing demographics and evolving client needs in a diverse marketplace.

One way we address our diverse client base is through financial education content specific to their communities, such as content focused on women and LGBTQ+ investors and Spanish language investor education webinars through Workplace Financial Services. In addition, Schwab has partnered with Ariel Investments LLC (Ariel) for more than 20 years to conduct the Black Investor Survey to better understand and generate awareness of the financial issues facing Black investors. Ariel is the oldest Black-owned investment management firm in the United States.

In 2023, Schwab created our Fair & Responsible Banking group, which has a two-fold purpose:

- Ensure that all clients and communities where our clients reside are treated fairly
- Maintain and uphold our regulatory obligations related to responsible banking practices

The group’s strategic initiatives focus on increasing engagement with diverse neighborhoods and clients, in part through the design and implementation of new offers that respond to the priorities and needs of diverse clients and communities. Through the efforts of the Fair & Responsible Banking group, we seek to increase our presence in diverse communities, develop content tailored to diverse investors, and encourage collaborative efforts to expand our client base.



2023 University Grant program highlights:

- Howard University’s wealth management program with a focus on the RIA industry and a CERTIFIED FINANCIAL PLANNER™ curriculum
- A multi-year grant to Coppin State University to develop programs in financial planning and wealth management that enable students to explore career pathways, establish a community-focused center, and create a Minority Registered Investment Advisor Mentorship Program
- Platinum-level sponsorship of the BLX Internship Program, a nonprofit that provides opportunities for aspiring Black and Latinx financial planners to intern at financial planning firms

30%+

of Schwab University Grant program recipients are historically Black colleges and universities, Hispanic-serving institutions, or institutions that serve the Asian American/Pacific Islander and Native American population

\$3.5M

endowed scholarship program launched in 2021

# Our people

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Schwab’s human-centric employee value proposition (EVP) is central to our ability to attract, engage, and retain talent. Our EVP recognizes employees want to feel cared for, valued, and understood. As we design talent programs, touchpoints, initiatives, and benefits, we take into account the intrinsic needs of our employees to establish connections, share a sense of purpose, enable personal growth, and nurture well-being. We understand employees are more than just the work they do, and we are here to support them in both their professional careers and their lives outside of work.

# Investing in our people

Our EVP rests on three pillars: (1) leading the industry with integrity and service above all; (2) succeeding together as one Schwab; and (3) own your tomorrow. Our EVP defines the essence of Schwab. It describes the promises we make as an employer and the personal and professional benefits to our employees. It encompasses the central reasons why people are proud and motivated to work here.

We are dedicated to developing our talent by creating opportunities for both personal and professional growth.

Through our cohesive and integrated talent solutions model, Schwab takes a centralized approach to talent development that spans the entire employee life cycle—from hire through retirement—and gives employees choice in how to shape their skills and grow their careers at Schwab.


EVP PILLAR:



Leading the industry with integrity and service above all



Succeeding together as one Schwab



Own your tomorrow


PILLAR FOCUS:



The Firm



Team/Culture



Employee/Talent



## SUPPORTING OUR COLLEAGUES’ PROFESSIONAL GROWTH AND DEVELOPMENT

We offer many different programs and resources to help employees achieve their personal and professional aspirations—no matter how big or what stage of their careers.

Over the past few years, we have steadily expanded our offerings to give employees at all levels of the organization access to programs that suit their career stage and aspirations. Our relentless focus on our development programs brings to life the third pillar in our EVP—that Schwab is an employer where you can own your tomorrow. In 2023, we continued to invest in our nomination-based leadership development programs (Aspiring Leader Program, Manager LEAD, Advanced LEAD, and the Securities Industry Institute). We also deepened our commitment to supporting all people leaders by expanding programming to meet their needs.

In the fourth quarter of 2023, our leadership announced three significant new investments in our people. The first is an employee advisory council made up of employees across the enterprise, regardless of level or title. The council is led by our President, Rick Wurster, and is intended to provide a forum for a dedicated group of employees to share information and provide feedback to senior leaders. The second is Grow with Schwab, an investment in strengthening employees’ growth and Schwab’s career development program, including career coaching and paid dedicated time each quarter for employees to work on aspects of career development that are important to them. Third, the company made a \$1,000 stock option grant to each employee to help ensure that every Schwabbie has a sense of ownership and a stake in the future of the company.

## INVESTING IN OUR PEOPLE LEADERS

We recognize that our people leaders are critical to carrying out our business strategy and creating an environment where employees can do their best work. We provide extensive tools and resources to help us build and maintain a cohesive, well-informed management team that can model the values of our firm and help us succeed as one Schwab.

### Manager Excellence

Our Manager Excellence program supports people leaders across the firm in three key ways. In 2023, we launched a People Leader hub, making it easier for people leaders to find information about professional development for their teams and themselves. The Manager Excellence portal provides a centralized source of knowledge and support designed around the people leader lifecycle and includes direct links to our four flagship development programs. The Manager Excellence Community channel enables people leaders to build peer connections across the firm and engage in development opportunities tailored to the specific needs of people leaders.

The People Leader hub had almost 5,000 views from its launch in June 2023 through year-end. The Manager Excellence portal had more than 25,000 unique viewers and over 86,000 total site views in 2023, while the Manager Excellence Community sees 4,000 active users per quarter with approximately 250 interactions on posts.

In 2023, we partnered with Harvard University to give all people leaders access to expanded programming and content. We also introduced four new learning experiences to further develop critical leadership capabilities and behaviors, equipping managers to tackle today’s dynamic leadership challenges.

- People Leader Activate is designed to provide new people leaders with onboarding support, foundational learning related to coaching, time management, and more. This training is required for all new people leaders within their first six months as a people leader.
- People Leader Expand is designed for people leaders who want to build their knowledge on specific leadership topics and expand their leadership network across the organization. Self-paced learning modules are coupled with live-virtual debriefs to engage with other leaders. Topics include strategy planning and execution, decision making, difficult interactions, and more.
- People Leader Elevate is a learning experience designed for people leaders with two or more years of leadership experience at the managing director level. Participants develop their skills through highly interactive cohort sessions facilitated by Harvard, along with pre-work and daily homework.
- Level Up Seminars are designed for people leaders looking to improve their overall leadership skills. Monthly live-virtual and interactive learning events are aligned to trending leadership topics and critical soft skills, such as outside-in thinking, resilience, igniting curiosity, and psychological safety at work.

LEADERSHIP DEVELOPMENT PROGRAMS

Aspiring Leader Program (ALP)

Leadership is a shared responsibility at Schwab. Our Aspiring Leader Program creates that shared understanding of leadership while providing opportunities for participants to make meaningful connections across the organization and unlock the value of on-the-job learning.

ALP is a multifaceted four-month program for individual contributors nominated by their business leaders. ALP is designed for our next generation of leaders with a strong desire to learn more about leading self, leading others, and leading with purpose.

Programming topics include introduction to emotional intelligence, self-leadership, building your personal brand, managing up, and exploring personal obstacles to people leadership.

The 2023 cohort included 309 nominated employees who participated:

54% Male

44% Female

20% Self-identified people of color

Manager LEAD

Manager LEAD is a virtual five-month program for select senior managers and team managers to gain visibility in the organization and additional development opportunities to build their leadership skills.

Similar to ALP but for employees who already hold leadership positions, this program is designed to build leadership capabilities around managerial courage, identifying and measuring business outcomes, and building high-performing teams. The program also focuses on increasing visibility, increasing Schwab business knowledge, and building networks across and within peer groups.

The 2023 cohort included 153 nominated employees who participated:

55% Male

44% Female

16% Self-identified people of color



~25K

Unique visitors to the Manager Excellence portal in 2023

4K

Active users in the Manager Excellence Community per quarter in 2023



**Advanced LEAD**

Advanced LEAD is a high-intensity action-learning experience for our high-potential leaders at the director and managing director levels. The program is designed to accelerate leader readiness; invest in retention, development, and engagement of our high-potential leaders; and drive leadership capability, innovation, and growth mindset.

The program emphasizes strategy and human-centric leadership in a fast-changing and hybrid workplace. This four-month intensive program includes coursework, an experiential project, and cross-business small group learning experiences. Participants have the opportunity to engage more deeply across Schwab, increasing their internal networks and visibility.

The 2023 cohort included 99 participants:

**58%** Male

**42%** Female

**28%** Self-identified people of color

**Securities Industry Institute®**

The Securities Industry Institute is an executive development program for securities industry professionals at the director and managing director levels. Hosted by Wharton Executive Education and the Securities Industry and Financial Markets Association (SIFMA), participants receive instructional coursework and the opportunity to expand their external networks within the industry through small workshops. The three-year program (delivered one week per year) focuses on challenges faced by executives in the financial services industry.

Learning objectives and programming topics include enhancing working knowledge in key functions of the financial services industry, providing leadership viewpoints and experiences for future career development, and equipping participants with practical information and resources useful in their present and future responsibilities.

The 2023 cohort includes a total of 117 participants from years 1, 2, and 3 of the three-year program:

**57%** Male

**41%** Female

**21%** Self-identified people of color



## LEARNING OPPORTUNITIES FOR ALL SCHWABBIES

We believe that a better employee experience leads to a better client experience, and we are committed to offering our people at all levels the tools and resources they need to help them build their careers.

### Career Development

Separate from our selective enrollment, nomination-based professional development programs, all employees have access to resources and open registration courses that help them develop a variety of skills, including effective communications and presentations, leadership, enhanced productivity, coaching essentials, and project management.

In 2023, we launched an improved Development & Career Growth hub, enabling a more streamlined user experience for employees and simplified access to our Career Development portfolio. Our self-directed online resources help employees achieve a stronger sense of where they are in their careers, explore opportunities to gain skills and experiences, and act on their career aspirations.

We enhanced and scaled our Career Development portfolio in 2023 to reach more employees. Over the course of the year:

- Our “Career Development Planning” course was attended by more than 570 employees and our “Supporting Your Employee’s Development Plan” was attended by more than 220 people leaders

- The Career Development team hosted 110 open registration development courses for a total of 2,814 completions across 1,791 unique employees
- Employees completed more than 7,350 courses through our LinkedIn Learning license
- We sent a monthly *Learning Newsletter* to more than 2,700 employees, with an average engagement rate of 82%
- Our HR team facilitated 36 career development presentations across 35 business units and ERGs

Looking toward 2024, we will expand the ways employees can continue to own their tomorrow. The enhanced Grow with Schwab program will add new dimensions to the firm-wide talent development portfolio. In addition to the existing portfolio of talent development opportunities, employees will have dedicated time each quarter to participate in centralized, professional development sessions. Other elements of the program will be rolled out through the year and include access to a career coaching network and a platform that helps employees build their networks and get connected with short-term projects that stretch their skills.

## SUPPORTING OUR COLLEAGUES’ PERSONAL HEALTH AND FINANCIAL WELL-BEING

Recognizing that our employees span many different life stages and have a variety of work-life needs, Schwab offers a wide range of resources and benefits to support all employees.

### Hybrid Work and Flexibility approach

During the COVID pandemic, we placed the health and safety of our employees at the forefront of our workplace decisions. We initially enabled everyone to work from home daily. We followed up with a Workplace Flexibility approach designed to carry us forward while we examined the appropriate long-term approach to workplace flexibility.

With the pandemic officially over, we are making further adjustments to our approach, seeking to balance our ongoing commitment to workplace flexibility, serving our clients, and our strong belief in the value of being together in person on a regular basis. In-person work helps foster collaboration, team building, and professional development. And that, in turn, helps foster one of the hallmarks of the Schwab organization: our uniquely rich culture.

In January 2024, employees began spending three or four days each week working from one of our corporate offices and one or two days working from home, depending on their role. This blend of in-office and remote work supports teamwork and on-site collaboration while giving employees the ability to spend some time working from home. In addition, employees can choose to work remotely Monday through Friday up to four non-consecutive weeks each year. About 20% of our employees are fully remote. We believe our approach strikes the right balance between our commitment to workplace flexibility and our belief in the value of spending time in person with colleagues.



## Paid parental leave

To support parents in our workforce, Schwab offers six weeks of fully paid parental leave following the birth, adoption, or fostering of a child—regardless of the employee’s gender, sexual orientation, marital status, or caregiver status. Beginning in 2023, we eliminated a 12-month service requirement for eligibility, and this benefit is now available for both full-time and part-time employees on their hire date.

## Paid time off

Our full-time employees and part-time employees who are regularly scheduled to work at least 20 hours or more per work week accrue paid time off for vacation, floating holidays, and time off to volunteer. Vacation time is based on an employee’s job level and length of service. All full-time employees accrue a minimum of 15 vacation days per year. All employees, including full-time, part-time, temporary, and seasonal employees, accrue paid sick time.

## Employee sabbatical program

We believe that having time off for personal or professional development contributes to higher levels of future performance and retention. Schwab’s sabbatical program offers long-term employees valuable time to engage in community service, career reflection, and education. Eligible employees may take a 28-day paid sabbatical after five years of employment and every five years thereafter.



## MANAGING LIFE’S CHALLENGES

We recognize that life can be a juggling act between work, raising kids, caring for aging parents, looking after pets, maintaining a house, applying for college, and somehow finding time to care for yourself. To help employees better manage life’s challenges, Schwab offers various support and resources through Bright Horizons®, including:

### Back-up care

This includes back-up child, adult, and elder care; support for children with special needs; and access to support when an employee’s regular care provider is unavailable. Employees can also access pet care support through the back-up care program.

### Elder care

Employees who need guidance throughout the elder caregiving journey have access to free, personalized support and online care planning, communication tools, on-site care assessments, and an experienced care coach who can connect them to resources and specialized providers at every caregiving stage.

### College coaching

This program provides access to live events, personalized assistance, and online resources to assist with important aspects of a child’s education. This offering includes one-on-one personalized support ranging from mastering middle school to planning for college.

### Support for children with special needs

For employees who have children with learning difficulties, developmental disabilities, or struggles with social skills, this program offers free guidance on their child’s unique situation and includes access to one-on-one personalized assistance to help employees advocate for their child in school.

### Enhanced family support

Employees receive free access to a database of family support services, including free premium access to Sittercity® for finding babysitters, virtual sitting, pet care providers, and housekeepers. The program also includes discounts for a local nanny placement service for full-time childcare, elder caregiving resources, learning pods, discounts on academic support, tutoring, test prep services, and preferred enrollment at certain childcare centers.

GO! Wellbeing@Schwab

Our employee wellness program is designed with the whole person in mind. GO! Wellbeing@Schwab is a holistic, inclusive program that offers a modern, interactive experience through a customized website and mobile app. Approximately 74% of our employees enrolled in the program in 2023.

Through the GO! program, Schwab employees can develop their individual well-being across four main pillars: physical, emotional, financial, and social. Activities across all four pillars—not just physical well-being—make the program accessible to everyone. GO! Wellbeing@Schwab provides resources to help our employees thrive—whether they are tracking physical activity, planning personal finances, managing a health condition, joining an ERG, or developing personalized well-being goals with a wellness coach.

To encourage participation, employees can earn up to \$550 in well-being rewards. Employees who are enrolled in a medical plan with a health savings account (HSA) have their reward deposited into their HSA. Those not participating in an HSA receive a taxable cash payment.

Health benefits

Schwab offers competitive medical, dental, and vision plans for employees. In 2023, we absorbed all increases in health insurance premiums for our employees and held premium rates at 2022 levels. For 2024, we will return to sharing the premium increases with our employees.

Support for emotional and mental well-being

Schwab’s Employee Assistance Program (EAP) supports employees’ emotional and mental well-being. Through this program in 2023, employees had access to six confidential counseling sessions with a mental health professional at no cost to the employee. Beginning in 2024, employees will receive up to eight consultations.

We provide on-site EAP counselors at five of our major employee centers. The program covers a wide variety of topics, such as managing stress, improving relationships at home or work, and supporting employees with autism spectrum disorder or behavioral needs for themselves or dependent family members.

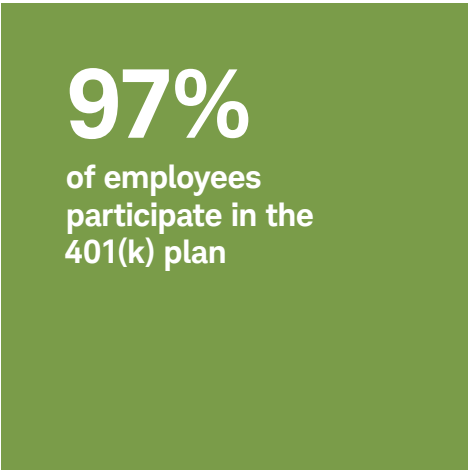
Dependent Care FSA

As an additional benefit, Schwab contributes to our employees’ Dependent Care Flexible Savings Accounts every month for employees with base salaries less than \$100,000 a year. Eligible employees scheduled to work 30 or more hours per week receive a monthly contribution of \$100 per dependent, up to two dependents, while employees scheduled to work 20–29 hours per week receive \$50 per dependent, up to two dependents.

401(k)

All employees at Schwab are eligible to contribute to the 401(k) plan as of their date of hire through either pre-tax or after-tax Roth contributions. Schwab contributes \$250 for the first \$1 an employee contributes each year and matches employee contributions dollar for dollar up to 5% of the employee’s eligible compensation. These Schwab matching contributions vest immediately.

As of December 31, 2023, 97% of our employees participated in the 401(k) plan. Almost all participants contribute at a level that enables them to receive the full match.



\$5.25K

Annual reimbursement for work-related external training, certification, and degree programs

\$1,000

Amount per year of an employee’s charitable contributions to eligible nonprofits matched by Charles Schwab Foundation



Employee stock purchase plan (ESPP)

Schwab offers all eligible employees the opportunity to participate in a tax-qualified employee stock purchase plan. Through this program, employees may purchase Schwab stock at a 15% discount with payroll deductions. More than 50% of employees participate.

Bank services

Employees receive exclusive offers on bank products, including discounts on closing costs and reduced interest rates for mortgage products offered through Schwab Bank.

Employee branch and advice service

Wealth management isn’t just for our retail clients. All employees have access to no-cost financial planning sessions specific to their needs, unless they are in a managed account. Consultations can include retirement planning, investment advice, debt management, education planning, estate planning, and budgeting. This service is paid for by Schwab and provided through a branch that is specifically dedicated to serving employees. Employees pay no account maintenance fees and can open many types of accounts without required minimum balances.

Tuition reimbursement

Schwab helps employees achieve their professional development goals by offering up to \$5,250 in annual tuition reimbursement for qualifying education and training courses. Qualifying courses include work-related undergraduate, graduate, or post-graduate programs, certification and professional designation programs, executive development programs, and external training. Classes that are not business or career-related but are required for an approved undergraduate degree program at an accredited college or university also qualify. Full-time, part-time and seasonal employees who work 20 or more hours per week and meet additional conditions are eligible to participate.

Volunteer time off and charitable matching

Schwab strives to be part of our communities, and we want our employees to be involved too. We encourage our employees to get involved in their communities and support their charitable endeavors by offering paid volunteer time. Each year, full-time employees are provided with eight hours and part-time employees are provided with five hours to volunteer.

Through the Employee Matching Gifts program, Charles Schwab Foundation matches up to \$1,000 per year of an employee’s charitable contributions to eligible nonprofit organizations. Employees who serve as board members of nonprofit organizations are eligible to receive a 2:1 match for donations, up to a maximum of \$2,000 per employee, per year. See [Giving Back](#) for more information on the different ways we invest in our communities nationally and locally.



# Governance and leadership

Earning and keeping our clients’ trust is at the heart of everything we do and guides how we operate. Risk management is not just the responsibility of our compliance department, nor is it viewed as a check-the-box exercise.

# Organizing and governing to build and maintain trust

At Schwab, managing risk is a shared responsibility, starting at the top with our Board of Directors. We earn clients’ trust by exercising a careful balance of stability, thoughtful entrepreneurship, and measured risk calculation.

## OUR GOVERNANCE FRAMEWORK

We are fortunate to have the guidance and leadership of our founder, Chuck Schwab, who serves as Co-Chairman of the Board of Directors. He instills a steady vision of trust and client service that permeates our organization. Our Chief Executive Officer, Walt Bettinger, serves as Co-Chairman along with Mr. Schwab. This structure reflects our intention to ensure strategic and leadership continuity for the firm through a long-term succession plan. Mr. Schwab continues to be actively involved in the firm’s strategic direction and corporate governance.

Our board maintains four committees: Audit, Compensation, Nominating and Corporate Governance, and Risk. Each committee is chaired by an independent director. Over 76% of our board is independent from management, in accordance with New York Stock Exchange® corporate governance standards. Our director independence standards and backgrounds on each of our directors are available [on our website](#).

We value continuity and experience among our directors as an effective governance practice for fulfilling Schwab’s purpose and risk appetite. Directors serve staggered three-year terms.



### ESG oversight

A key priority for Schwab is ensuring that our board’s expertise evolves with changing norms and allows for consistent oversight of management’s execution of our Through Clients’ Eyes strategy. While recognizing that ESG oversight is ultimately the responsibility of the full board, our Nominating and Corporate Governance Committee has primary oversight of our ESG programs and priorities, with reporting to the full board. The committee’s charter reflects this responsibility.

### Board size

With 17 directors, we maintain one of the larger boards among our peers in the financial services industry. We expanded the board in 2020, adding three new directors in connection with our acquisition of TD Ameritrade, Inc. As we work to complete integration of two large financial services organizations, the composition of our board provides continuity and supports the board’s oversight of our transition to significantly greater size and scale.

### Board diversity

The board recognizes that a variety of viewpoints is vital to effective decision-making, constructive dialogue, and a healthy boardroom culture. The Nominating and Corporate Governance Committee of our board considers diversity of skills, experience, and background—including race, ethnicity, and gender—when assessing a candidate’s qualifications for the position.

Our board is 41% diverse based on race, ethnicity, and gender. We disclose each director’s self-identified diversity characteristics in our [Proxy Statement](#).

### Executive compensation

Our Compensation Committee oversees and approves our executive compensation program through the design principles of pay for performance, stockholder value creation, and risk management. Throughout the year, the Compensation Committee receives input from several sources that help inform its decisions. These include advice and recommendations from an independent compensation consultant, feedback from stockholders, information from external market practice surveys, and individual performance assessments. The Compensation Committee annually reviews our incentive compensation practices and policies to balance the execution of our strategy with risk and financial rewards.

To encourage collaboration and shared responsibility across our executive team, we take a “rise together, fall together” approach to compensation, as the performance metrics are based on organizational metrics. See our [most recent Proxy Statement](#) for more information.



**EXECUTING OUR  
THROUGH CLIENTS’  
EYES STRATEGY**

Our board oversees management’s execution of our Through Clients’ Eyes strategy. We use our scale and resources, coupled with expense discipline, to reduce costs and ensure our products and solutions are affordable and responsive to client needs.

Our client-focused organizational design consists of two operating segments supported by several centralized organizations offering products and services delivered by a number of specialized legal entities or subsidiaries. This design enables us to maximize our focus on providing personalized client service while benefiting from the scale created by performing similar functions across distinct client groups.

Our Executive Council, led by our Chief Executive Officer, consists of all Managing Directors running corporate functions or business lines, with our Chief Risk Officer and General Auditor having reporting responsibilities to the board. The Executive Council leads the execution of our strategy.

We also maintain various councils that inform execution of our strategy, including a Communications Council and Regulatory Strategy Council. The councils do not have any formal reporting lines or decision-making authority. Rather, each council is a discussion forum made up of cross-functional leaders, which allows for strategic discussions and a diversity of perspectives.



RISK MANAGEMENT FRAMEWORK

We ground our overall risk appetite in our vision of being the most trusted leader in investment services, along with our focus on earning client loyalty, innovating in ways that benefit clients, and being good stewards of our brand and stockholder value. Risk management is a competitive advantage for deepening trust among clients and other stakeholders and preserving our foundation of stability. We continuously evolve risk management in a way that’s consistent with changes in our business and the regulatory environment.

Our board is responsible for holding senior management accountable for implementing the board’s approved risk appetite; maintaining an effective risk management structure that appropriately identifies, monitors, measures, and controls major types of risk; and managing the company’s actions in a safe and sound manner. Our [2023 Form 10-K](#) explains in more detail the various types of risk we manage.

At the senior management level, our executives manage the process of shaping policies and procedures for the business and support functions to identify, measure, and control risks. The Chief Risk Officer leads a Global Risk Committee, comprised of senior executives from each major business and support function, which is responsible for the oversight of risk management. This includes identifying emerging risks; assessing risk management practices and the control environment; reinforcing business accountability for risk management, supervisory controls and regulatory compliance; supporting resource prioritization across the organization; and escalating significant issues to the board. Several functional risk subcommittees across the enterprise report to the Global Risk Committee.

The Chief Risk Officer advises the board and its committees on risk management activities consistent with the company’s risk appetite statements and strategic plan. Our board’s Risk Committee assists the full board in fulfilling these responsibilities by setting the types and levels of risk the company is willing to take and supporting the independence and stature of our risk management process. More information on our board’s Risk Committee is provided in our [2024 Proxy Statement](#).

The board’s Audit Committee reviews reports from management and the board’s Risk Committee concerning major risk exposures and the steps management has taken to monitor and control such exposures. The board’s Compensation Committee oversees incentive compensation risk and reviews the compensation program with respect to the potential impact of risk-taking by employees. The Compensation Committee is supported, in part, by a management-level Incentive Compensation Risk Oversight Committee that conducts the annual risk assessment of incentive plans.

Our board has approved an Enterprise Risk Management (ERM) framework that enables a comprehensive approach to managing risks encountered in the course of Schwab’s business activities. Under this framework, our risk appetite—defined as the amount of risk the company is willing to accept in pursuit of its business activities—is developed by senior management and approved by the board. See our [2023 Form 10-K](#) for more information.

Our team-based, company-wide approach to risk management is formally structured with three lines of defense. Our first line of defense is embedded in the business and support functions, which are risk owners and have primary responsibility for managing risk and executing business activities in a manner that is consistent with our strategic plan and risk appetite. The business and support function teams are expected to perform risk identification and assessment, risk response, risk measurement and monitoring, and risk reporting and escalation within their respective span of control.

Our second line of defense is the ERM program, including the firm’s risk appetite framework. The second line of defense is responsible for setting requirements and firm-wide limits, as appropriate, and establishing the process for risk identification and assessment, risk response (accept, avoid, mitigate, or transfer), measurement and monitoring, and reporting and escalation.

Our third line of defense is our Internal Audit Department. Using a systematic, disciplined approach, this team evaluates and improves the effectiveness of risk management, control, and governance processes for the benefit of the first and second lines and for reporting to the Audit Committee of the board. This helps us enhance and protect our enterprise’s value by providing risk-based and objective assurance, advice, and insight.



BUSINESS CONDUCT AND ETHICS

The Compliance Risk Committee, a functional risk subcommittee reporting to the Global Risk Committee, oversees compliance risk management programs and policies. This subcommittee includes additional subcommittees covering fiduciary and conflict-of-interest risk. The Human Resources Policy Governance Committee is responsible for workforce-related policies.

We maintain a number of workplace and corporate compliance policies and standards, as well as avenues for reporting and oversight. Our policies and standards serve as the foundation of our business and culture.

- Our [Code of Business Conduct and Ethics](#) (Code) captures our policies on general corporate and personal standards of conduct, conflicts of interest, confidentiality of information, employment practices, business practices, and compliance procedures. It reflects our shared commitment to the highest level of business conduct and ethics. The Code is reviewed each year and any material changes must be approved by Schwab's Board of Directors.
- Our Enterprise Risk Management Policy supports the minimum requirements for risk management activities across Schwab and our framework described above.
- Our Compliance Risk Management Policy outlines our compliance risk management program, consistent with our board-approved compliance risk appetite.
- Our policy on Workplace Behavior Expectations describes expected standards of behavior that extend beyond compliance with laws, such as anti-discrimination and anti-harassment laws.

We maintain a number of additional policies covering a range of topics, including employment-related policies, anti-bribery and corruption, anti-money laundering, and conflicts of interest.

Our enterprise-wide Conduct Risk Management program is responsible for implementation of the Code and oversight of conduct. Programs within the conduct function include corporate responsibility, internal surveillance, internal investigations, anti-bribery and corruption, and other functions involving employee conduct. The Conduct Risk Management team is responsible for helping to protect our clients, employees, and Schwab by providing effective and timely identification, mitigation, investigation, analysis and trending, and reporting of conduct risk concerns to leadership, the Risk Committee and Audit Committee of the Board of Directors, and directly to the full board.

For workplace issues, we encourage open communication to resolve any conflicts by discussing concerns with managers or Human Resources.

The Code requires all employees to report actual or suspected violations of the Code. Understanding that reporting these matters can be uncomfortable, we offer a number of pathways for employees to report conduct and ethics concerns. Employees can report suspected violations of our Code of Business Conduct and Ethics

to the Corporate Responsibility Officer directly or to Conduct Risk Management via a tip line. The Ombudsperson program offers an anonymous reporting alternative. Using an outside Ombudsperson allows for added assurance of confidentiality and anonymity.

Schwab maintains a non-retaliation policy that prohibits retaliation against any employee, former employee, applicant, or any person who provides services to the Company for reporting concerns about a potential violation of the Code, for assisting anyone in making a report, or for cooperating in an investigation.

Reporting channels and procedures are communicated through trainings and policies. We maintain hotlines for anti-money laundering/Office of Foreign Assets Control (OFAC) issues through the compliance department and corporate legal services. Concerns about potential financial crimes may be confidentially reported to the Bank Secrecy Act (BSA) Officer in the Corporate Anti-Money Laundering Department and escalated to the Corporate Responsibility Officer.



REGULATORY AND COMPLIANCE TRAINING

To help ensure adherence to our policies, we offer more than 50 training courses related to compliance and conduct. These courses help employees understand Schwab’s legal and regulatory compliance obligations and how all employees play a part in ensuring that Schwab meets them.

All Schwab employees complete our ERM Annual Training, which promotes risk awareness and supports a culture of compliance and ethical behavior that is embedded in decision-making and risk management processes. Topics covered in the training include conflicts of interest, conduct risk, financial crimes, information security, and risk management.

PUBLIC POLICY ENGAGEMENT

Participation in the regulatory and legislative process is guided by our long-standing vision to democratize investing and our belief that investing has the power to transform lives. Schwab’s Office of Legislative and Regulatory Affairs’ mission is to encourage and support the creation of responsible government policies that help our clients achieve their financial goals and help the company grow and succeed. Our advocacy activities are focused on regulatory and legislative issues that directly affect our business and our ability to serve clients with passion and integrity.

We work to educate policymakers at the international, federal, state, and local levels about the effect of public policy proposals on individual investors and RIAs. We proactively encourage legislation and regulations that

benefit our clients and individual investors generally, and we participate in the legislative and regulatory processes by communicating the company’s views on policy proposals that affect investors. We also keep our employees informed of key legislative issues to allow them to better serve our clients and enhance our clients’ abilities to achieve their investment goals.

Oversight

Our Office of Legislative and Regulatory Affairs, located in Washington, D.C., executes our lobbying activities with oversight by the Corporate General Counsel and the Nominating and Corporate Governance Committee of the Board of Directors. Our Head of Legislative and Regulatory Affairs has standing meetings with the General Counsel.

The Legislative and Regulatory Affairs team meets regularly with the Regulatory Strategy Council, a committee of senior executives. The Regulatory Strategy Council provides advice and oversight for Schwab’s advocacy strategies on policy issues of importance to clients and the company, as well as our relationships with trade associations. Depending on the issue, the council engages with the appropriate business unit to gain insights that help shape the advocacy strategy needed to reflect our vision.

The Nominating and Corporate Governance Committee of the Board of Directors reviews our public policy and advocacy activities. The committee receives regular reports on our lobbying activity, annually reviews our membership in trade associations that engage in lobbying

activity, and reviews our corporate spending on lobbying and advocacy activities. In addition, quarterly reports on pending legislative and regulatory policy issues of significance to the company are provided to the Risk Committee of the Board of Directors.

Schwab is subject to extensive federal, state, and local lobbying disclosure requirements, which include the filing of reports with Congress and applicable state agencies. Our reports on federal lobbying activities are publicly available on the websites of the [U.S. House of Representatives](#) and the [U.S. Senate](#). These quarterly reports provide information on activities to influence legislation through communication with any member or employee of Congress or with any covered executive branch official. The reports also provide disclosure on lobbying expenses incurred for the applicable quarter, the specific issues lobbied on, which federal agencies were lobbied, and the names of any registered lobbyists who lobbied on behalf of the company or any of its subsidiaries.

In addition, as required under state law, we disclose our lobbying activity in the states in which we are actively engaged in lobbying. In most cases, these disclosures are publicly available at the government disclosure sites by following the instructions on each website and searching for “Charles Schwab Corporation” where appropriate.

Our publicly available [policy overview](#) further outlines the company’s oversight with respect to lobbying activities and reporting.

Political contributions

Schwab does not use corporate funds for direct political spending. We do not endorse or financially support any political party or individual political candidate. Similarly, we do not make any donations or payments to 501(c)(4) social welfare nonprofits and we do not maintain a political action committee.

We respect the right of our employees to individually participate in the political process and make political contributions from personal funds subject to applicable law.

Advocacy

We focus our advocacy efforts on policy positions that support our clients’ investment goals. We also use our position as the leading custodian to drive awareness and to support the continued growth of the RIA industry and our nearly 15,000 client firms. The following are some examples of our lobbying efforts:

- Regulators have proposed significant changes to equity market structure, which would impact the way retail investors trade securities, enhance execution transparency, allow for some stocks to be traded in tick sizes smaller than a penny, and more. Through multiple comment letters and meetings with Securities and Exchange Commission (SEC) commissioners and staff, Schwab has sought to make clear the potential impact on retail investors and on the firm’s trading operations while suggesting improvements that could help the SEC meet its objectives in a less burdensome way.
- Regulators have also proposed a series of rule changes that would impact how registered investment advisors run their businesses and work with their clients. These include burdensome new rules for the types of assets that are governed by the Custody Rule and how RIAs interact with custodians; changes to the requirements for RIAs on how they perform due diligence on third party service providers and work with clients on ESG investing strategies; and a proposal on the use of “predictive data analytics” that would restrict the use of virtually any technology in investment advice interactions with clients. Schwab has held seminars to educate advisors about the proposals, submitted comment letters, and participated in numerous meetings with regulators to discuss the impact on the RIA community.
- For more than a decade, Schwab has been a leader in advocating for retirement savers in a long-running effort at the Department of Labor (DOL) to clarify who is a fiduciary in the retirement savings context. While Schwab has worked with the DOL in the past to try to find solutions, the firm’s comment on the 2023 proposal argued that the proposal was too similar to the rule that was vacated in 2016 by the courts and should be withdrawn so that the DOL can work more closely with the industry to ensure retirement savers are protected from conflicted advice without taking away access to that advice.





Trade associations

We are members of a number of trade associations that are core to our business and vision. Trade associations provide valuable professional education, training, and networking opportunities. Many trade associations also engage in lobbying activities on issues of importance to the businesses they represent.

Schwab’s membership in a trade association is not an endorsement of the group’s activities or positions on public policy issues. Indeed, Schwab’s views on an issue can and do differ from those of a trade association of which we are a member.

In keeping with federal requirements, the percentage of dues paid to trade associations that are attributable to lobbying activities must be included in the calculation of the total amount the firm spends on lobbying on a quarterly basis. Based on the information reported to us by these trade associations for 2023, the aggregate amount of our dues designated by these trade associations as attributable to lobbying was approximately \$552,000.

Each year, the Nominating and Corporate Governance Committee of the Board of Directors reviews our membership in trade associations that engage in lobbying activity, and we regularly evaluate our participation in trade associations and industry groups, weighing the costs and benefits of continued membership.

In 2023, we belonged to the following trade associations through our Office of Legislative and Regulatory Affairs:

- American Bankers Association
- American Bankers Association Securities Association
- Association of National Advertisers
- Bank Policy Institute
- Committee on Capital Markets Regulation
- Council of Institutional Investors
- Financial Data Exchange
- Investment Company Institute
- National Business Coalition on E-Commerce and Privacy
- Securities Industry and Financial Markets Association
- Securities Industry and Financial Markets Association Asset Management Group

Additionally, we paid dues in 2023 to the following international, state, and city-based organizations that do not require federal lobbying reporting:

- American Chamber of Commerce to the European Union
- Denver Metro Chamber of Commerce
- San Francisco Chamber of Commerce
- Texas Bankers Association





# Community

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We opened our doors to banking in April 2003 by offering a select suite of products for the benefit of individual clients. Today, we strive to deepen client relationships through selected banking services, including interest-bearing checking accounts, savings accounts, and loan products such as overdraft lines of credit, home equity lines of credit, residential mortgage loans for home purchases and refinancing, and securities-based lines of credit.

While our banking services remain focused on meeting the needs of our retail clients, we are committed to providing equal credit access to all. In addition, we believe that investing in all communities through banking services, grants, and volunteerism is important, not just because of our regulatory obligations, but also because of our commitment to being a strong corporate citizen in the communities we serve.

# Investing in our communities

The Community Development Group within Schwab’s Banking and Trust Services organization manages our responsibilities under the Community Reinvestment Act (CRA) to help meet the credit needs of low- and moderate-income communities where we do business. While its core purpose is to help our bank subsidiaries meet their regulatory obligations, the Community Development Group has taken our programs above and beyond those requirements.

Through our Community Development Group, we aim to make a positive impact on the communities we serve. We make community development loans and investments that help support affordable housing, small businesses, charter schools, early childhood education centers, and healthcare facilities in those communities. We also make grants to local non-profits, and we match our grant dollars with skills-based volunteer service in those communities.

Our skills-based approach to volunteerism through the Community Development Group allows us to maximize our impact by sharing our employees’ expertise with the community-based organizations that we support. Taking our work from a purely transactional relationship to a partnership model, where Schwab employees engage side-by-side with our community partners, strengthens our community relationships.







OVERSIGHT

Our impact is made possible by strong oversight of our CRA programs. Two of our bank subsidiaries are subject to the CRA, and each of those banks has a CRA Committee composed of senior officers that oversees the CRA program. The CRA Committees are subcommittees of each bank’s respective Management Committee. Together, the CRA Committees and the Management Committees ensure that appropriate resources are dedicated to the CRA program. The Management Committees and the Nominating and Corporate Governance Committee of Schwab’s Board of Directors are responsible for reviewing our CRA activities and performance.

DEVELOPING OUR STRATEGIC PLANS

To comply with the CRA, each bank develops a three-year strategic plan, which is approved by the bank’s Board of Directors. In developing our strategic plans, we generally evaluate specific geographies (called Assessment Areas) for three types of opportunities: intermediary lending and investments, grants, and community service. We set annual goals based on how much we expect to lend and invest, as well as annual goals for community service.

In determining what opportunities to pursue for a particular community, we focus on affordable housing, small business development for job growth, and financial capability. We consider a number of factors that help us understand a community’s specific needs, including population changes, demographics, economic and housing information, unemployment rates, poverty rates, homeownership rates, and market competition. We also engage in community outreach, which can include meetings with nonprofits, state and local governments, chambers of commerce, and universities as well as hosting roundtables.



CREATING IMPACT

We partner with institutions and organizations that know the communities, enabling us to build trust and maximize our impact. While our efforts are tailored to a community, our focus and activities can include the following:

Fueling local and regional economies

We partner with and invest in Community Development Financial Institutions (CDFIs), primarily throughout the Western and Southwestern United States. Our loans and investments in CDFIs represented about 50% of our annual commitment volume in 2023. We seek to loan to and invest in CDFIs that primarily support affordable housing, small business development, microfinance, and community facilities such as charter schools, health care facilities, and childcare centers. Some of our key accomplishments in 2023 were:

- We loaned \$10 million to Grameen America, a microfinance organization that serves women entrepreneurs living below the federal poverty line. Grameen America provides small business loans, financial education, and peer support to low-income women of color to increase their wealth and create jobs in their communities
- We loaned \$5 million to ROC USA, the nation’s premier lender—and one of the few lenders—to serve manufactured housing communities to support the creation of resident-owned communities
- We made 384 small business loans totaling \$166 million and 19 community development loans totaling \$469 million

Affordable housing

Approximately 80% of our annual commitments are invested in affordable housing. These consist of investments in real estate partnerships that finance projects eligible for low-income housing tax credits for multi-family affordable housing.

We also invest in innovative funds and with emerging fund managers. In 2023, we doubled our investment in the SDS Supportive Housing Fund, which uses equity instead of debt to build permanent supportive housing, from \$10 million to \$20 million. The fund partners with nonprofit landowners and municipalities in California to create 3,000 units of permanent housing for its homeless population.

Community service and grants

Schwab Bank makes grants to local organizations to deliver programs that support affordable housing, entrepreneurship, financial capability, and other needed community services. In 2023, we funded the Equitable Development Initiative by Capital Impact Partners, which supports emerging real estate developers of color to create affordable housing in Dallas. Other 2023 activities included:

- Awarded a \$31,000 grant to the United Way of Tarrant County, Texas “Beat the Heat” initiative, which distributed 246 window AC units and 14 fans to keep the most vulnerable population cool during dangerous summer heat

- Funded \$20,000 in scholarships for a non-profit board training program through BoardBuild, an innovative platform that offers board governance training and connects emerging and established leaders with nonprofit organizations
- Provided more than 4,300 hours of community development services for the assessment areas identified in our 2022-2024 strategic plans, representing approximately 1,500 more hours than in 2022

OUR PERFORMANCE

The Federal Reserve evaluates our performance, and we have received an outstanding CRA rating in our last three performance evaluations. In support of this rating, we met or exceeded our performance goals under the lending, investment, and service tests of our strategic plans.



~80% of our annual commitments are invested in affordable housing

# Giving back

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Schwab is committed to strengthening the communities where we live and work by strategically deploying philanthropic resources to support critical needs that align with our values and corporate strategy, our employees’ interests, and the needs of our local communities. True to Schwab’s heritage, our giving mission is to empower people through financial education and foster strong communities so that people from all backgrounds have the opportunity to achieve financial well-being. Our approach taps our firm’s expertise, helps build a pipeline of future investors, and empowers our employees to give back in the ways that are most meaningful to them.



# Schwab's giving strategy

We design our giving activities to empower Americans through financial education and foster strong communities. Our work focuses on:

- Partnerships with national and local nonprofits to advance financial literacy and support community needs
- Financial literacy content for the public, especially younger and historically underrepresented audiences
- Employee volunteer programs, including firm-wide events and individual and group volunteer opportunities
- Charitable sponsorships that enable employees to support causes they care about

## EMPOWER AMERICANS THROUGH FINANCIAL EDUCATION

A lack of financial literacy has real consequences in people's lives and can limit access to college, housing, and good jobs. Schwab's focus on financial literacy is grounded in our commitment to help change this trajectory by empowering individuals with the financial confidence they need to take ownership of their financial futures. For decades, Schwab has partnered with leading nonprofits and community organizations to educate and equip people of all ages with the knowledge, skills, and behaviors it takes to become financially confident and secure.


We have a multifaceted strategy for improving financial literacy with a focus on scale, both in reach and impact. Our strategy drives financial literacy through direct education with a particular focus on programs for youth and young adults and building capacity for educators.

### Empower Americans Through Financial Education



**Financial Literacy & Education**

Through Charles Schwab Foundation grants and Schwab employee volunteerism, we invest in nonprofit partnerships and programs that foster financial literacy, especially among youth.



**Advocacy**

We activate our expertise and resources to knock down barriers to financial education and raise awareness of the positive impact financial literacy can have on people's lives.

### Foster Strong Communities



**Employee Giving**

We empower Schwab employees to champion the causes they care about through philanthropy, volunteerism, and community support.

We recognize that financial literacy is a journey and not a destination, so we provide expertise and invest in programs that give people relevant resources no matter where they are on their path. We prioritize investing in programs and partnerships to support teens because they are at a pivotal life stage when independent financial decision making begins and lifelong habits start to develop.

Schwab’s ongoing signature programs and partnerships advance financial literacy nationwide and reach tens of thousands of teens and young adults each year.

Moneywise America™

Moneywise America builds on our long-standing commitment to financial literacy. This flagship program harnesses Schwab’s financial expertise alongside the talents of our 33,000 employees to provide access to high-quality financial education to teens across the country, with a focus on those from under-resourced communities and schools. Moneywise America includes an extensive volunteer training program that develops and empowers our employees to confidently facilitate financial education in schools and nonprofits across the country. For schools and nonprofits that do not have their own content, the program has a full standards-based financial literacy curriculum.

In 2023, more than 1,400 employees participated in a Moneywise America volunteer activity, reaching more than 4,900 individuals and serving more than 100 schools and nonprofits across the country. Since the program launch in 2021, more than 2,300 employees have volunteered through Moneywise America, reaching nearly 11,000 individuals.



Direct Education

We partner with nonprofits and leverage our own experts to build and deliver high quality, scalable programs and content for people across the learning continuum.

For Youth

Via partnerships and programs that teach young people to build relevant critical financial literacy skills and set them on a path to positive financial behavior

For Adults

Via public service content that provides relevant resources designed to support every stage of life, as well as local grantmaking to support financial literacy



Educator Capacity Building

We use our resources to build and deliver programs that empower formal and informal educators to deliver effective financial education.

For Educators (formal and informal)

Via partnerships and programs to increase their confidence and ability to deliver effective financial education

For Employee Volunteers

Via programs to increase their confidence and ability to deliver effective financial education

**Boys & Girls Clubs of America**

For more than 20 years, Schwab has partnered with Boys & Girls Clubs of America (BGCA) to teach critical money management skills to teens while also equipping them with the decision-making confidence to achieve financial well-being and lifelong success. BGCA serves more than 3.6 million young people annually through programs that promote academic success, good character and citizenship, and healthy lifestyles.

Together, Schwab and BGCA developed the Money Matters: Make It Count program to provide teens with a solid foundation in financial literacy so they can make empowered financial choices as adults. Through financial literacy sessions, teens develop skills such as goal setting, budgeting, saving, and investing, and they practice their financial decision-making skills through fun, engaging digital tools and games. In the 2022-2023 academic year, more than 61,000 youth participated in the Money Matters program, which has reached more than 1.2 million young people since the program was first launched. To expand the reach of Money Matters, Schwab and BGCA are adapting the program to reach a younger preteen audience.

In 2023, Schwab funded 11 Money Matters college scholarships for high school students who demonstrated financial literacy capability and leadership in encouraging other students to improve their financial literacy. Since 2003, Schwab has awarded more than \$700,000 to more than 330 Money Matters scholarship recipients.

**Girl Scouts of the USA**

Schwab began its partnership with Girls Scouts of the USA (Girl Scouts) in 2022 to redesign the organization’s financial literacy badge series, with a focus on financial wellness and financial empowerment. Girl Scouts is one of the largest youth-serving organizations in the country, offering many opportunities for Schwab employees to volunteer and engage with local troops on financial literacy topics.

To modernize the new badge program, Schwab and Girl Scouts focused on removing gender bias, which perpetuates the tendency for girls to be taught financial topics that are different from those taught to boys. Badges now cover topics like investing and retirement. In 2023, Schwab’s support focused on implementation and troop adoption of the new financial literacy badge program. Since the program launched, Girl Scouts have earned nearly 90,000 financial literacy badges and more than 200 Schwab employees have participated in a Girl Scouts volunteer project.

**SIFMA Foundation**

For six years, Schwab has partnered with the SIFMA Foundation to support the Capitol Hill Challenge, a 14-week financial education and stock market competition, by fully funding participation for low-income schools in every state each year. SIFMA Foundation provides financial education to strengthen economic opportunity across communities and increase awareness of the benefits of the global marketplace.

Capitol Hill Challenge matches members of Congress with students, teachers, and schools in their respective districts to teach middle and high school students from under-resourced schools about saving, investing, and civics. Student teams manage a hypothetical \$100,000 online portfolio to invest in real stocks, bonds, and mutual funds. The program fosters mentorship, encourages civic engagement, cultivates community ties, and creates opportunities for lifelong financial empowerment.

In 2023, Capitol Hill Challenge engaged nearly 300 middle and high schools, reaching 6,300 students across the country. Since Schwab’s support started in 2018, the program has reached more than 44,000 students. Schwab recently expanded its partnership to support growth of other SIFMA Foundation financial literacy programs.



DonorsChoose

Schwab has partnered with DonorsChoose to increase educators’ confidence and ability to deliver financial education, equipping students with the financial knowledge they need to thrive. DonorsChoose is a non-profit crowd-funding platform that enables the public to donate directly to teacher-driven public school classroom needs.

In 2023, Schwab funded more than 2,300 financial literacy projects that benefited nearly 1,800 teachers and their classrooms. Since 2016, Schwab has supported classrooms in all 50 states, reaching more than 3,600 schools.

Project-based partnerships

In 2023, Schwab also supported a number of other nonprofits on specific projects that advance financial literacy, including:

- **Junior Achievement USA:** Schwab partnered with Junior Achievement USA (JA) to support its work to build stronger tools for inclusion across its financial education learning experiences. JA is the nation’s largest organization dedicated to giving young people the knowledge and skills they need to own their economic success, plan for their future, and make smart academic and economic choices.
- **Council for Economic Education:** With support from Schwab, Council for Economic Education is enhancing and expanding the reach of its high-school-level course in personal finance. The Council for Economic Education helps teachers nationwide bring important lessons about personal finance and economics to their students by providing them with free teacher workshops, engaging activities and programs, and hundreds of online lesson plans, tools, and videos.

- **Boost@BerkeleyHaas:** Schwab supported Boost@BerkeleyHaas, a four-year college preparedness program for low-income and disadvantaged high school students in the San Francisco Bay Area. The program supports students through workshops that focus on college readiness, life skills development, professional development, case study projects, and mentorship. As part of this partnership, local Schwab employees visit the University of California, Berkeley, campus one Saturday a month to teach Schwab’s proprietary Moneywise America curriculum to the students. Nearly 100% of Boost graduates attend college, with many attending top-tier institutions.
- **Jump\$tart Coalition for Personal Financial Literacy (Jump\$tart Coalition):** Schwab provided scholarships for 120 teachers to attend the Jump\$tart National Educator Conference, a two-day learning event that supports teachers’ ability to deliver effective financial education. The Jump\$tart Coalition focuses on improving the quality and curriculum for personal finance education in America’s schools.
- **Moneythink:** Schwab partnered with Moneythink, a national education-technology nonprofit, to enhance and expand access to its free, publicly accessible college affordability tool DecidED. With Schwab’s support, Moneythink is enhancing the tool’s functionality and extending its reach to more students.
- **Uplift Education:** Schwab partnered with Uplift Education, the largest public charter school network in North Texas, to support its Road to College and Career program, which prepares students and alumni as they transition into post-secondary pathways. As part of our partnership, Schwab employees in our headquarters community volunteered at eight Uplift Education campuses over a three-week period to teach Schwab’s proprietary Moneywise America curriculum to Uplift high school seniors.





FOSTER STRONG COMMUNITIES

A core component of our giving strategy centers on using our time, talent, and financial resources to make a difference in the places where we live and work. Our giving activities expand beyond financial literacy to support a wide range of charitable organizations and community service programs that help our people give to causes that matter to them. Our culture of giving extends to providing grants, corporate sponsorships, and disaster relief funding to a variety of nonprofits. We are proud to be an honoree of The Civic 50 from Points of Light, which has recognized us as one of the 50 most community-minded companies in the country every year since 2017.

Community Ambassador Program

Across our major employment centers, Schwab has more than 175 volunteer Community Ambassadors who play a critical role in investing in our communities, building nonprofit relationships, and mobilizing employees for service. Community Ambassadors provide local leadership for events that support financial literacy initiatives, volunteer engagement, and a wide variety of employee-selected causes. We also have a network of Regional Branch Community Ambassadors who help facilitate branch employee engagement locally.

Schwab Volunteer Week

In 2023, we celebrated 20 years of Schwab Volunteer Week, our flagship employee volunteer event. While Schwab employees have been volunteering and giving back to their communities since the company’s founding, Schwab formalized its annual volunteer event in 2004 as a single day of service with just over 1,000 employee volunteers serving 37 nonprofits. The event has grown in size and scale over time, true to our spirit of service.

In 2023, 8,250 employees volunteered to complete nearly 700 projects that benefited 375 nonprofits nationwide. Financial literacy has long been a cornerstone of Schwab Volunteer Week. In 2023, 600 employees volunteered at 70 Moneywise America projects during Schwab Volunteer Week, including with Boys & Girls Clubs of America, Junior Achievement USA, Girl Scouts of the USA, and other local nonprofits that focus on providing financial education. In recognition of employee efforts during Schwab Volunteer Week, Charles Schwab Foundation granted over \$500,000 to organizations hosting Schwab employee volunteers.

Season of Giving

Every holiday season, we put our spirit of service to work by giving back to the communities we call home through our Season of Giving program. In 2023, Schwab focused on providing hunger relief to communities nationwide by packaging 512,000 meals, donating thousands of pounds of food, and providing financial support to food banks and other nonprofits. Approximately 2,150 Schwab employees across the country volunteered to pack nutritious meals that were distributed within their local communities, in addition to collecting food, toys, and other goods to support local families during the holiday season. Recognizing that hunger relief is a year-round need, Charles Schwab Foundation granted \$750,000 to local food banks and nonprofits focused on food insecurity in the 14 communities where most Schwab employees live and work. To coordinate the packaged meal donations, Schwab partnered with Harvest Pack, a leading hunger relief nonprofit that brings meal-packing events to local communities.



8,250 employees volunteered to complete nearly 700 projects that benefitted 375 nonprofits nationwide during Schwab Volunteer Week

GIVING BACK IN 2023

3.7M

youth have benefited from financial education and other community grants provided by Charles Schwab Foundation



5,500  
employees used  
their matching gift  
benefit

4,000  
unique nonprofits  
served through  
direct grants,  
volunteerism, and  
matching gifts



\$13.9M  
granted by Charles  
Schwab Foundation,  
including \$2.6 million for  
employee matching gifts

Employees volunteered to give back  
to their communities

11,400

Hours volunteered in support of our  
communities

148,000

Employees participated in Moneywise  
America financial literacy volunteerism

1,440



# Environment

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We recognize that our operations have an impact on the environment, and we aim to conduct our business in ways that reduce our environmental impact. As a corporate citizen, we understand that creating a positive impact on the environment is important to many of our clients, employees, stockholders, and the communities we serve.

# Being good stewards of our environment

Our direct environmental impact comes primarily from our real estate footprint, which includes our corporate facilities, branch locations, and data centers. Schwab takes a project-based approach to reducing our environmental impact, studying the conditions at each location and pursuing opportunities for improvement as they arise.

As climate change becomes a more prominent issue for a growing subset of our clients and other stakeholders, we are looking to address our climate impact in new ways that balance our vision, our recent growth, and our role as a corporate citizen.

## OVERSIGHT AND EMPLOYEE ENGAGEMENT

The Managing Director, Head of Corporate Real Estate and Security assesses and manages environmental risks and opportunities associated with our corporate facilities and reports to the Chief Financial Officer.

Within the Corporate Real Estate team, our Senior Manager, Energy and Sustainability leads our Corporate Real Estate team to drive environmental initiatives for our corporate and branch locations.

Schwab employees who are interested in reducing our environmental footprint can engage in these issues through Schwab Employees for the Environment (E4E). E4E members are volunteer champions dedicated to promoting and celebrating environmental responsibility at Schwab. They bring ideas and opportunities to the Corporate Real Estate team for discussion and, where appropriate, implementation.

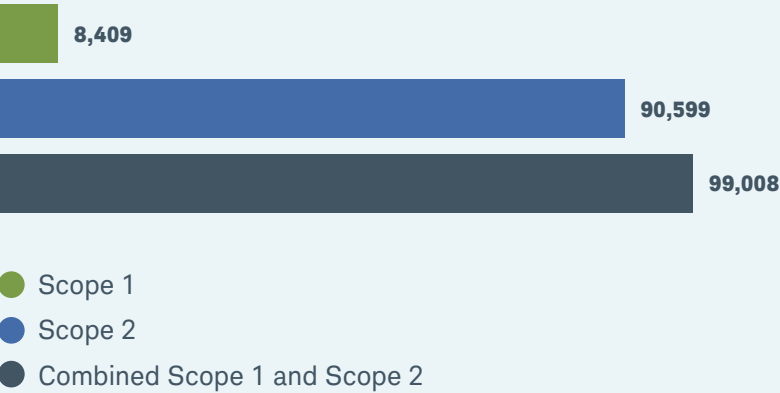
E4E members support sustainability efforts by our employees and in our local communities. In partnership with Corporate Real Estate, E4E organized a number of events around Earth Day in 2023, including paper shredding and recycling at multiple Schwab locations and sustainable food awareness events through our on-site cafés.







2022 Emissions (metric tons CO<sub>2</sub>e)\*



CARBON AND ENERGY REDUCTION

We strive to reduce our carbon footprint through energy conservation and the use of renewable energy sources.

We annually measure and report Scope 1 and Scope 2 greenhouse gas emissions for our corporate facilities, branch locations, and data centers through CDP. In 2021, we included estimated emissions from facilities added to our portfolio with our acquisition of TD Ameritrade, Inc. (TD Ameritrade) which significantly increased both our real estate footprint and our employee headcount. Emissions data for 2022 includes actual data for TD Ameritrade facilities where available.

We continue to evaluate solar projects as a means of reducing our greenhouse gas emissions. Our solar farm in North Texas produced approximately 3,600 megawatt-hours in 2022, reducing our carbon dioxide emissions by 2,590 metric tons. Electricity generated by the solar farm fully powers our North Texas data center. Any unused power we produce is sold back to the grid to offset our energy costs.

In 2023, we substantially completed construction on a new rooftop solar project at our Phoenix campus, which we expect to go online in the first half of 2024. We estimate that this project will generate nearly 1,000 megawatt-hours annually, which we will use to offset our consumption of energy from non-renewable sources. We continue to evaluate other solar investments at our major campuses, such as applying solar to new locations and to car canopies and building roofs at existing locations.

SUSTAINABLE REAL ESTATE

All Schwab properties are enrolled in the U.S. Environmental Protection Agency’s ENERGY STAR® program for benchmarking. In addition, many of our properties, both Schwab and former TD Ameritrade locations, are LEED-certified, including at the Platinum (2), Gold (18), and Silver (16) levels.

Our Corporate Real Estate team actively identifies opportunities to implement water conservation measures for our properties. During the design process for our office spaces, we specify low-flow fixtures and sustainable landscaping, which can include xeriscaping, drought-tolerant native plants and shrubs, smart irrigation with flow shut-off sensors, and rain/freeze sensors. Landscaping at our Westlake campus, for example, incorporates native and adaptable plants that can thrive with minimal water, enabling us to reduce our water usage.

We also support our employees who reduce their own carbon footprint by choosing to drive electric vehicles. We have installed approximately 100 EV charging stations across seven of our larger business locations that enable employees to charge their personal electric vehicles at cost.



RESPONSIBLE SOURCING AND  
WASTE REDUCTION

We don’t forget about the small ways to minimize our environmental footprint that together make a big difference. Some examples are:

- In partnership with our food service vendor, we are committed to sustainable practices through recycling, composting, and the use of eco-friendly alternatives, such as biodegradable sugar cane containers and lids, recycled napkins, and paper straws.
- We partner with Copia, a food reclamation service, to donate excess prepared food from six of our corporate locations. In 2023, Schwab donated over 8,000 pounds of food, providing more than 6,700 meals to those in need. These donations also had a significant environmental impact, diverting 25,000 pounds of carbon emissions and conserving 1.85 million gallons of water.
- We launched DocuSign to our branch network in 2023, with the initial launched forms representing more than 60% of the total paper volume in our branches.
- We redesigned our client statements with the goal of reducing paper by 40%.
- We source some environmentally responsible products, including paper products that are certified by the Forest Stewardship Council or contain post-consumer recycled content, high-yield ink and toner cartridges, and rechargeable batteries.

Since January 2017, we have partnered with Green Standards to sustainably manage the resale, recycling, and donation of office furniture and equipment in certain locations. This initiative has both an environmental and a social impact, combining waste reduction with meaningful benefits to organizations within our communities.

Our partnership with Green Standards has enabled us to divert a total of nearly 1,500 tons of waste from landfills, resulting in a reduction of 4,000 metric tons of carbon emissions since 2017. The waste diverted through this program consists of workplace furniture and equipment, of which approximately 42% was resold, 38% was recycled, and 14.6% was donated. This initiative also has had a positive impact on our communities, with 45 beneficiaries receiving more than \$287,000 of in-kind donations as of December 2022. We did not engage with Green Standards on new projects in 2023.

Each year, we partner with E4E volunteers to sponsor collection events for Schwab employees and contractors to recycle their personal electronics, including computers, printers, cell phones, game consoles, TVs, and stereos. In 2023, E4E held four collection events at our locations in Westlake, Austin, Phoenix and Lone Tree that resulted in recycling or reselling 2,028 electronic devices with a total weight of more than 16,000 pounds.

In partnership with Schwab Technology Services, E4E also manages a program that donates gently used and refurbished Schwab computers to nonprofit organizations. E4E prioritizes local organizations whose missions are related to sustainability such as park and trail maintenance/beautification and environmental education organizations. In 2023, E4E volunteers collected, refurbished, and donated nearly 500 Schwab computers valued at more than \$120,000 to 21 community nonprofits recommended by our employees.

Additional information about our ongoing environmental efforts is available on our [Environmental Stewardship](#) page.



# Appendices

# Awards

## INDUSTRY RECOGNITION



### Ranked #1 Most Trusted Bank

*Awarded by Investor's Business Daily*

Charles Schwab Bank was named the most trusted bank by Investor's Business Daily (IBD) in its 2023 Most Trusted Financial Companies Survey, marking the first year a bank broke into the annual survey's top 10 since its inception in 2020. Charles Schwab was also named one of the most trusted investment firms, with consumers ranking Schwab among the top two most trusted financial companies across four categories—ETF/Fund Company, Online Broker, Wealth Management and Banking.

The survey scores financial companies on seven key attributes: financially sound/secure; quality of products/services; ethical business practices; privacy and security of personal data; customer service; prices; and sensitivity to customer needs in the current economic and financial climate.

The IBD Most Trusted Bank award was given to Charles Schwab Bank on September 25, 2023, and expires December 31, 2024. The criteria, evaluation, and ranking were determined by Investor's Business Daily. [IBD's Criteria and Methodology](#). Schwab paid a licensing fee to York Graphic Services, LLC for the use of the award and logos.

## COMMUNITY SERVICE RECOGNITION



### The Civic 50

*Recognized since 2017 by Points of Light, the world's largest organization dedicated to volunteer service*

The Civic 50 recognizes the 50 most community-minded companies in the nation each year and showcases how companies can use their time, skills, and resources to drive social impact in their communities. Honorees are companies with annual U.S. revenues of at least \$1 billion and are selected based on four dimensions of their corporate citizenship and social impact programs: investment of resources, integration across business functions, institutionalization through policies and systems, and impact measurement.



# Awards

(Continued)

## DIVERSITY AND INCLUSION RECOGNITION

### 2023–2024 Equality 100 Award

*Awarded by the Human Rights Campaign Foundation*

Schwab has received a 100 score on the Human Rights Campaign Foundation’s Corporate Equality Index every year since 2004, being recognized as one of the best places to work for LGBTQ+ equality and inclusion.



### 2023 Best Employers for Women

*Awarded by Forbes*

Schwab ranked 152 out of 400 employers based on a survey of 60,000 Americans—40,000 women and 20,000 men—working for businesses with at least 1,000 employees. All respondents were asked to rate their organizations on criteria such as working conditions, diversity, and how likely they would be to recommend their employer to others. Female respondents also rated their employers on factors such as parental leave, discrimination, and pay equity.



### 2023 Best Places to Work for Disability Inclusion

*Awarded by Disability Equality Index*

Schwab scored 100 on the 2023 Disability Equality Index, a joint initiative of Disability:IN and the American Association of People with Disabilities (AAPD), being recognized as one of the best places to work for disability inclusion.



### 2023 Best Finance Companies for Women

*Awarded by Fairygodboss*

Schwab ranked as one of the top ten Best Companies for Women in the Finance category. Fairygodboss lists are determined by anonymous reviews left on Fairygodboss. Scores may range from 0–100. Fairygodboss averages female employees’ responses to three questions about their overall job satisfaction, perceived gender equality at work, and recommendations to other women about working at their employer.

## MILITARY EMPLOYER RECOGNITION



### 2023 Best of the Best

*Recognized since 2012 by U.S. Veterans Magazine*

# Awards

(Continued)

## NATIONAL WORKPLACE AWARDS



### 2023 Forbes America's Best Large Employers

*Awarded by Forbes*

Schwab ranked 140 out of 600 employers based on a survey of 170,000 employees at U.S. companies with more than 5,000 workers. Survey respondents were asked to rate their employers, and if they would recommend their employer to others. Responses were given by current employees, employees who had worked for the company within the past two years, and individuals familiar with the company through friends, family, or peers in their industry. Greater weight was given to evaluations from current employees and former employees.

## REGIONAL WORKPLACE AWARDS



Schwab ranks as a top place to work in many of the places we call home:

- Austin, Texas (2013–2023)
- California Bay Area (2013–2023)
- Central Florida (2019–2023)
- Central Indiana (2013–2023)
- Charlotte, North Carolina (2016–2023)
- Chicago, Illinois (2013–2023)
- Colorado (2013–2023)
- Dallas–Fort Worth, Texas (2017–2023)
- Michigan (2023)
- New Jersey (2023)
- Northeast Ohio (2013–2018, 2020–2023)
- San Antonio, Texas (2023)
- San Diego County, California (2022–2023)
- St. Louis, Missouri (2022–2023)

# GRI Index

## GRI CONTENT INDEX

The 2023 ESG Report references material with selected disclosures using the Global Reporting Initiative (GRI) Standards as a guide. The following table outlines the location of the information from selected standards. Other sources of information include our 2023 Annual Report on SEC Form 10-K, our [2024 Proxy Statement](#), our 2023 CDP Climate Change Response, and our [corporate website](#).

GRI Code	Description	Location or Reference
GENERAL DISCLOSURES		
General Standard Disclosures 2022		
2-1	Organizational details (legal name, headquarters, ownership and legal form, and countries of operation)	The Charles Schwab Corporation 3000 Schwab Way Westlake, Texas 76262 See also <a href="#">SEC Form 10-K</a> , Items 1 and 2
2-2	Entities included in sustainability reporting	All organizations included for financial reporting purposes; <a href="#">SEC Form 10-K</a> , <a href="#">Note 1 to the Consolidated Financial Statements</a>
2-3	Reporting period, frequency, and contact point	Reporting period: 2023 Frequency: Annual for future years Contact point: <a href="mailto:PublicRelations@schwab.com">PublicRelations@schwab.com</a>
2-6-a; 2-6-b-i	Activities, value chain, and other business relationships	ESG Report, About Schwab, pages 5-9; <a href="#">SEC Form 10-K</a> , Item 1
2-7-a and 2-7-e	Total number of employees, by gender and region	ESG Report, About Schwab, page 9; Progress on Workforce Diversity, page 33; <a href="#">SEC Form 10-K</a> , Item 1.
2-9	Governance structure and composition	ESG Report, Our Governance Framework, page 47; <a href="#">2024 Proxy Statement</a> , pages 5-14
2-10	Nomination and selection of the highest governance body	<a href="#">2024 Proxy Statement</a> , page 31
2-11	Chair of the highest governance body	ESG Report, Our Governance Framework, page 47; <a href="#">2024 Proxy Statement</a> , page 28
2-12-a	Role of highest governance body in overseeing the management of impacts	ESG Report, ESG Highlights, page 15; <a href="#">2024 Proxy Statement</a> , page 7; Nominating and Corporate Governance Committee Charter available at <a href="#">COMPENSATION COMMITTEE CHARTER (schwab.com)</a>
2-13	Delegation of responsibility for managing impacts	ESG Report, Creating a Culture of Respect, page 25; Fostering a Culture of Diversity and Inclusion, page 29; Being Good Stewards of Our Environment; page 67
2-14	Role of the highest governing body in sustainability reporting	Nominating and Corporate Governance Committee Charter available at <a href="#">COMPENSATION COMMITTEE CHARTER (schwab.com)</a>
2-15-a	Conflicts of interest	<a href="#">2024 Proxy Statement</a> , page 6, 73
2-19-a	Remuneration policies	<a href="#">2024 Proxy Statement</a> , pages 31-35, 39-42
2-20-a-i and iii; 2-20-b	Process to determine remuneration	<a href="#">2024 Proxy Statement</a> , pages 31-35, 42-54
2-21-a; 2-21-c	Annual total compensation ratio	<a href="#">2024 Proxy Statement</a> , page 55, 67-69



# GRI Index

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GRI Code	Description	Location or Reference
2-23-c through e	Policy commitments	ESG Report, Business Conduct and Ethics, page 51; <a href="#">Code of Business Conduct and Ethics</a>
2-24-a-i, ii, and iv	Embedding Policy Commitments	<a href="#">Risk Committee Charter</a> ; <a href="#">Code of Business Conduct and Ethics</a> ; ESG Report, Risk Management Framework, page 50
2-26	Mechanisms for seeking advice and raising concerns	ESG Report, Business Conduct and Ethics, page 51; <a href="#">Code of Business Conduct and Ethics</a>
2-29	Approach to stakeholder engagement	ESG Report, Our Approach to ESG, pages 10-11; ESG Investment Products and Services, page 19; Employee Engagement, page 26; Issuer Engagement and Proxy Voting at Schwab Asset Management, pages 21-22
MATERIAL TOPICS 2021		
3-1	Process to determine material topics	ESG Report, Our ESG Assessment, pages 12-13
3-2-a	List of material topics	ESG Report, Our ESG Assessment, pages 12-13
201 Economic Presence 2016		
201-1	Direct economic value generated and distributed	ESG Report, Community, pages 55-58 and Giving Back, pages 59-65; <a href="#">SEC Form 10-K</a> , Items 7 and 8
201-3	Defined benefit plan obligations and other retirement plans	ESG Report, 401(k), page 44; <a href="#">SEC Form 10-K</a> , Note 21 to Consolidated Financial Statements
203 Indirect Economic Impacts 2016		
203-2	Significant indirect economic impacts	ESG Report, Creating Impact, page 58, and Foster Strong Communities, pages 64-65
205 Anti-Corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	ESG Report, Business Conduct and Ethics, page 51, and Regulatory and Compliance Training, page 52
206 Anti-Competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	None

# GRI Index

(Continued)

GRI Code	Description	Location or Reference
ENVIRONMENTAL		
302 Energy 2016		
302-1	Energy consumption within the organization	2023 CDP Climate Change Questionnaire (C8)
302-4	Reduction of energy consumption	ESG Report, Carbon and Energy Reduction, page 68
305 Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	2023 CDP Climate Change Questionnaire (C5, C6)
305-2	Energy indirect (Scope 2) GHG emissions	2023 CDP Climate Change Questionnaire (C5, C6)
305-3	GHG emissions intensity	2023 CDP Climate Change Questionnaire (C6.10)
305-4	Other indirect (Scope 3) GHG emissions	2023 CDP Climate Change Questionnaire (C5, C6.5)
305-5	Reduction of GHG emissions	ESG Report, Carbon and Energy Reduction, page 68; 2023 CDP Climate Change Questionnaire (C4)
306 Waste 2020		
306-4	Waste diverted from disposal	ESG Report, Responsible Sourcing and Waste Reduction, page 69

# GRI Index

(Continued)

GRI Code	Description	Location or Reference
WORKFORCE & SOCIAL		
401 Employment 2016		
401-3-a	Parental leave	ESG Report, Supporting Our Colleagues’ Personal Health and Financial Well-Being, page 43
404 Training and Education 2016		
404-2	Programs for upgrading employee skills and transition assistance programs	ESG Report, Supporting Our Colleagues’ Professional Growth and Development, page 39
405 Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	ESG Report, Progress on Workforce Diversity, page 33; 2024 Proxy Statement, page 13
413 Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	ESG Report, Investing in Our Communities, page 56-58
415 Public Policy 2016		
415-1	Political contributions	ESG Report, Political Contributions, page 53



# SASB Index

We provide disclosures informed by two SASB (Sustainability Accounting Standards Board) industry categories within the Financial Sector that represent the dominant mix of our business: Asset Management & Custody Activities (FN-AC) and Commercial Banks (FN-CB).<sup>\*</sup> Similar to our approach for GRI, while we have provided selected information, we did not disclose all information and metrics. We will continue to evaluate disclosure in the future.

Our disclosures are intended to enable investors and other stakeholders to have consolidated and holistic access to information that Schwab considers relevant to our business. Other sources of information include our 2023 Annual Report on [SEC Form 10-K](#) and our [corporate website](#).

Code	Accounting Metric or Topic	Location, Response, or Comment
Transparent Information & Fair Advise for Customers		
FN-AC-270a.3	Description of approach to informing customers about products and services	ESG Report, Personalized Investing for the Main Street Investor, page 18
Employee Diversity & Inclusion		
FN-AC-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	ESG Report, Progress on Workforce Diversity, page 33; EEO-1 Report
Incorporation of Environmental, Social, and Governance Factors in Investment Management & 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	ESG Report, ESG Investment Products and Services, pages 19-21
FN-AC-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	ESG Report, ESG Investment Products and Services, pages 19-21
FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures	ESG Report, Issuer Engagement and Proxy Voting at Schwab Asset Management, pages 21-22
Business Ethics		
FN-AC-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	<a href="#">SEC Form 10-K</a> , Note 15 to Consolidated Financial Statements
FN-AC-510a.2; FN-CB-510a.2	Description of whistleblower policies and procedures	ESG Report, Business Conduct and Ethics, page 51; <a href="#">Code of Business Conduct and Ethics</a>
Data Security		
FN-CB-230a.2	Description of approach to identifying and addressing data security risks	ESG Report, Protecting Client Assets, pages 22-23

# Important disclosures

The Charles Schwab Corporation provides a full range of brokerage, banking and financial advisory services through its operating subsidiaries. Its broker-dealer subsidiary, Charles Schwab & Co. Inc. (Member SIPC), and its affiliates offer investment services and products. Its banking subsidiary, Charles Schwab Bank, SSB (member FDIC and an Equal Housing Lender), provides deposit and lending services and products.

The Pledged Asset Line is an uncommitted demand line of credit provided by either Charles Schwab Bank, SSB, or Charles Schwab Premier Bank, SSB. Entering into a Pledged Asset Line and pledging securities as collateral involves a high degree of risk. As a non-purpose line of credit, proceeds may not be used to purchase securities, pay down margin loans, or be deposited into any brokerage account. See [schwab.com/PAL](https://schwab.com/PAL) for more details. Before you decide to apply for a Pledged Asset Line, make sure you understand the risks. A Pledged Asset Line requires a brokerage account at Charles Schwab & Co., Inc.

Portfolio Management for Schwab Wealth Advisory™ provided by Schwab Wealth Advisory, Inc., a Registered Investment Adviser and affiliate of Charles Schwab & Co., Inc. Please read the Schwab Wealth Advisory Disclosure Brochures for information and disclosures about this program ([schwab.com/resource/schwab-wealth-advisory-disclosure-brochure](https://schwab.com/resource/schwab-wealth-advisory-disclosure-brochure)). The Wealth Advisor, Associate Wealth Advisor, and other representatives making investment recommendations in your Schwab Wealth Advisory accounts are employees of Schwab Wealth Advisory, Inc.

**Mutual fund and ETF investors should consider carefully information contained in the prospectus, or if available, the summary prospectus, including investment objectives, risks, charges and expenses. You can obtain a prospectus by visiting [schwabassetmanagement.com/prospectus](https://schwabassetmanagement.com/prospectus). Please read it carefully before investing.**

Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Unlike mutual funds, shares of ETFs are not individually redeemable directly with the ETF. Shares of ETFs are bought and sold at market price, which may be higher or lower than the net asset value (NAV).

Schwab Asset Management® is the dba name for Charles Schwab Investment Management, Inc., the investment adviser for Schwab Funds, Schwab ETFs, and separately managed account strategies. Schwab Funds are distributed by Charles Schwab & Co., Inc. (Schwab) Member SIPC. Schwab ETFs are distributed by SEI Investments Distribution Co. (SIDCO). Schwab Asset Management and Schwab are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation and are not affiliated with SIDCO.

Environmental, social, and governance (ESG) strategies implemented by mutual funds, exchange- traded funds (ETFs), and separately managed accounts are currently subject to inconsistent industry definitions and

standards for the measurement and evaluation of ESG factors; therefore, such factors may differ significantly across strategies. As a result, it may be difficult to compare ESG investment products. Further, some issuers may present their investment products as employing an ESG strategy but may overstate or inconsistently apply ESG factors. An investment product's ESG strategy may significantly influence its performance. Environmental ("E") factors can include climate change, pollution, waste, and how an issuer protects and/or conserves natural resources. Social ("S") factors can include how an issuer manages its relationships with individuals, such as its employees, shareholders, and customers as well as its community. Governance ("G") factors can include how an issuer operates, such as its leadership composition, pay and incentive structures, internal controls, and the rights of equity and debt holders. Carefully review an investment product's prospectus or disclosure brochure to learn more about how it incorporates ESG factors into its investment strategy.

Because environmental, social, and governance (ESG) strategies exclude some securities, ESG-focused products may not be able to take advantage of the same opportunities or market trends as products that do not use such strategies. Additionally, the criteria used to select companies for investment may result in investing in securities, industries or sectors that underperform the market as a whole.

The Schwab Ariel ESG ETF is an active semi-transparent (also known as a non-transparent ETF). Investing in the fund may involve certain risks, as discussed in the fund's prospectus, including, but not limited to, those described below. Any of these risks could cause an investor to lose money.

Active semi-transparent ETFs operate differently from other exchange-traded funds (ETFs). Unlike other ETFs, an active semi-transparent ETF does not publicly disclose its entire portfolio composition each business day, which may affect the price at which shares of the ETF trade in the secondary market. Active semi-transparent ETFs have limited public trading history. There can be no assurance that an active trading market will develop, be maintained, or operate as intended. There is a risk that the market price of an active semi-transparent ETF may vary significantly from the ETF's net asset value and that its shares may trade at a wider bid/ask spread and, therefore, cost investors more to trade than shares of other ETFs. These risks are heightened during periods of market disruption or volatility.

**Proxy Portfolio Risk:** Unlike traditional ETFs, this fund does not disclose its portfolio holdings (Actual Portfolio) daily. The fund instead posts a Proxy Portfolio on its website each day. The Proxy Portfolio is designed to reflect the economic exposures and risk characteristics of the fund's actual holdings on each trading day, but it is not the same as the fund's Actual Portfolio. Although the Proxy Portfolio is intended to provide investors with enough information to allow for an effective arbitrage mechanism that will keep the market price of the Fund at or close to the underlying NAV per Share of the Fund, there is a risk (which may increase during periods of market disruption or volatility) that market prices will vary significantly

from the underlying NAV of the fund. ETF trading on the basis of a published Proxy Portfolio may trade at a wider bid/ask spread than ETFs that publish their portfolios on a daily basis, especially during periods of market disruption or volatility, and therefore may cost investors more to trade. Also, while the Fund seeks to benefit from keeping its portfolio information secret, market participants may attempt to use the Proxy Portfolio to identify a Fund's trading strategy, which if successful, could result in such market participants engaging in certain predatory trading practices that may have the potential to harm the Fund and its shareholders.

**Proxy Portfolio Construction:** The Proxy Portfolio is designed to recreate the daily performance of the Actual Portfolio. This is achieved by performing a "Factor Model" analysis of the Actual Portfolio. The Factor Model is comprised of three sets of factors or analytical metrics: market-based factors, fundamental factors, and industry/sector factors. The fund uses a "Model Universe" to generate its Proxy Portfolio. The Model Universe is comprised of securities that the fund can purchase and will be a financial index or stated portfolio of securities from which fund investments will be selected. The results of the Factor Model analysis are then applied to the Model Universe. The Proxy Portfolio is then generated as a result of this Model Universe analysis with the Proxy Portfolio being a small subset of the Model Universe. The Factor Model is applied to both the Actual Portfolio and the Model Universe to construct the fund's Proxy Portfolio that performs in a manner substantially identical to the performance of its Actual Portfolio. The Proxy Portfolio will only include investments the fund is permitted to hold. The fund's SAI contains more information on the Proxy Portfolio and its construction. Proxy Portfolio and Proxy Overlap Information regarding the contents of the Proxy Portfolio, and the percentage weight overlap between the holdings of the Proxy Portfolio and a Fund's Actual Portfolio holdings that formed the basis for its calculation of NAV at the end of the prior Business Day (the Portfolio Overlap), is available by visiting the fund's [website](#).

Value investing attempts to identify undervalued companies with characteristics for improved valuations. Securities that exhibit value characteristics tend to perform differently and shift in and out of favor with investors depending on changes in market and economic conditions. As a result, the fund's performance may at times fall behind the performance of other funds that invest more broadly or in securities that exhibit different characteristics.

Mid-cap companies may be more vulnerable to adverse business or economic events than larger, more established companies and the value of securities issued by these companies may move sharply.

Securities issued by small-cap companies may be riskier than those issued by larger companies, and their prices may move sharply, especially during market upturns and downturns.

# Important disclosures (Continued)

Holdings may include collateral held by the fund for securities on loan. In addition, certain securities may be designated as collateral for transactions such as open futures contracts or delayed-delivery securities.

Any fund holdings shown should not be considered a recommendation of any security by the investment adviser and is subject to change.

NAV (Net Asset Value) is a per share valuation of the securities in an ETF officially calculated once per day. NAV price performance is primarily used to evaluate the fund and its managers and may not reflect the actual return for the investor.

Market Price is the price at which investors buy and sell ETF shares in the stock market. Investing in emerging markets may accentuate these risks. ETF Market Price determines investor returns. An ETF's Market Price may be higher or lower than the NAV at any given point in time. Market returns are based upon the Official Closing Price of the primary listing exchange (generally, 4:00 p.m. Eastern time) and may not represent the returns you would receive if shares were traded at other times.

Please refer to the [Charles Schwab Investment Management, Inc. Disclosure Brochure](#) for additional information.

Schwab Personalized Indexing is available through Schwab's Managed Account Connection® program ("Connection").

Please read Schwab's [Disclosure Brochure](#) for important information and disclosures relating to Connection and Schwab Managed Account Services.

Before executing any tax strategies mentioned, ensure you understand the technicalities and certain risks including unintended tax implications. Investors should consult with their tax advisors and refer to Internal Revenue Service ("IRS") website at [irs.gov](https://www.irs.gov) about the potential tax consequences. Tax laws are subject to change, either prospectively or retroactively. Individuals should contact their own professional tax and investment advisors or other professionals to help answer questions about specific situations or needs prior to taking any action based upon this information. Charles Schwab Investment Management, Inc. does not represent that any particular tax consequences will be obtained. This information does not constitute and is not intended to be a substitute for specific individualized tax, legal, or investment planning advice. Where specific advice is necessary or appropriate, Schwab recommends consultation with a qualified tax advisor, CPA, financial planner, or investment manager.

Diversification and asset allocation strategies do not ensure a profit and cannot protect against losses in a declining market.

There are risks associated with any investment approach, and each Schwab Personalized Indexing strategy and equity market segment has its own set of risks based on client strategy selection and further customization.

Strategies that use screening to exclude certain investments may not be able to take advantage of the same opportunities or market trends as strategies that do not use screens. There can be no assurance that the strategies will achieve their desired outcomes. Each investing strategy brings with it its own set of unique risks and benefits.

There are risks associated with any investment approach, and the Wasmer Schroeder Strategies have their own set of risks. The Wasmer Schroeder Strategies are invested primarily in fixed income instruments and as such the strategies are subject to various risks including but not limited to interest rate risk, reinvestment risk, credit risk, default risk and event risk. Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed income investments are subject to various other risks including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors.

Positive-impact strategies may not take advantage of the same opportunities or market trends as products that do not employ this strategy, because they exclude certain securities. The criteria used may result in investing in securities, industries, or sectors that underperform the market.

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