

Our net-zero ambition



RBC Global Asset Management (RBC GAM)¹ recognizes the importance of the global goal of achieving net-zero emissions by 2050 or sooner, in order to mitigate climate-related risks. We also recognize the need to achieve a just and orderly transition to net-zero that promotes widely shared economic prosperity.

As asset managers and fiduciaries of our clients' assets, we have an important responsibility to consider all factors that may materially impact the returns of our portfolios. Climate change is one such factor. RBC GAM recognizes the importance of the Paris Agreement and the international goal of holding temperature rise to "well-below 2°C", and preferably to no more than 1.5°C by the end of the century, in order to mitigate climate-related risks. According to the best available science, in order to meet this goal, greenhouse gas (GHG) emissions must decline by approximately 45% by 2030, relative to 2010 levels, and reach net-zero emissions by 2050 or sooner.²

Achieving net-zero emissions refers to achieving a balance between the GHG emissions produced, and those removed from the atmosphere. As climate science continues to advance and our understanding of the potential effects of a net-zero transition evolves, we are committed to continually reviewing and refreshing our approach and processes, to ensure they remain fit for purpose.



Transparency & disclosure

We are committed to providing robust and timely disclosure of our climate change commitments and actions, as well as reporting transparently on our progress.

- The **climate-related commitments and actions** we take are published in [Our Approach to Climate Change](#)
- As formal supporters of the **Task Force on Climate-Related Financial Disclosures (TCFD)**, we publish annual [TCFD reports](#).
- We measure, monitor and disclose the [carbon emissions of our applicable assets under management \(AUM\)](#)³ using established methodologies and best practices. While we endeavor to provide disclosure of Scope 1 and 2 emissions for the majority of our applicable AUM, the ability to do so will depend on data availability and quality (which may differ across asset classes, issuer types and the nature of the instruments to which the investments relate), as well as analytical tools.
- We conduct **climate scenario analysis** to assess the impact of different climate pathways on applicable investments, including 1.5°C and 2°C scenarios, and [disclose](#) these accordingly.

¹ References to RBC GAM include the following affiliates: BlueBay Asset Management LLP (BlueBay), RBC Global Asset Management Inc. (including Phillips, Hager & North Investment Management), RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited, and RBC Global Asset Management (Asia) Limited, which are separate, but affiliated subsidiaries of RBC.

² Intergovernmental Panel on Climate Change (2019). [Link](#).

³ References to our applicable assets under management and applicable types of investments exclude certain investment strategies, asset classes, exposure or security types that do not integrate ESG factors. Examples of what would not integrate ESG include, but are not limited to, money market, buy-and-maintain, passive and certain third-party sub-advised strategies or certain currency or derivative instruments. In most, if not all, of these instances, there is no engagement with issuers by RBC GAM. This document discusses our investments that integrate ESG factors.



Integration of climate-related risks and opportunities

We consider material climate change issues and the net-zero transition in our ESG integration and active stewardship processes, for applicable types of investments.

- We integrate financially material climate-related risks and opportunities in our investment processes, managing these in line with the stated investment objective of our strategies.
- We expect issuers in which we are invested to work towards identifying and publicly disclosing **material financial and strategic impacts** resulting from the transition to a net-zero economy.
- We expect issuers in which we are invested, where climate represents a financially material risk, to establish credible **targets and to develop action plans** aligned to the global ambition of achieving net-zero emissions by 2050 or sooner. We also expect them to demonstrate progress in meeting their commitments.
- We **identify and track** the extent to which the issuers in which we are invested are aligned with the goal of achieving net-zero emissions by 2050 or sooner.
- We implement our **active stewardship** strategy, which is inclusive of climate change matters. This includes **establishing a plan to actively engage with issuers** for whom we believe climate change is a material financial risk if they do not have a net-zero target and action plan or are lagging their peers. Additionally, where appropriate, we reflect our views in our proxy voting activities, according to our [Proxy Voting Guidelines](#).

- We **work with institutional clients** to support them in achieving climate objectives within their portfolios. This includes providing them with an appropriate level of transparency into climate-related investment risks and opportunities.
- We will continue to offer and/or explore new **investment solutions** that consider climate mitigation, climate transition and climate adaptation.



Addressing net-zero in our operations

We understand the importance of mitigating emissions within our own operations

- We are committed to maintaining **carbon neutrality in our global operations, with a decreasing reliance on carbon offsets annually**. Royal Bank of Canada (RBC) tracks and reports on GHG emissions, including those of RBC GAM, according to the GHG Protocol. RBC first achieved carbon neutral operations in 2017 and each subsequent year. See the [RBC Climate Blueprint](#).

RBC has also committed to achieving **net-zero emissions by 2050 in its lending portfolio⁴ and is a signatory to the Net-Zero Banking Alliance**. This includes a commitment to measure and disclose financed emissions in line with the methodology established by the Partnership for Carbon Accounting Financials (PCAF). See the [RBC Climate Blueprint](#).

⁴ This goal refers to RBC's lending activities only and is not inclusive of assets under management by RBC Wealth Management (RBC WM) and RBC Global Asset Management (RBC GAM).

Learn more about [our approach to climate change](#).

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