

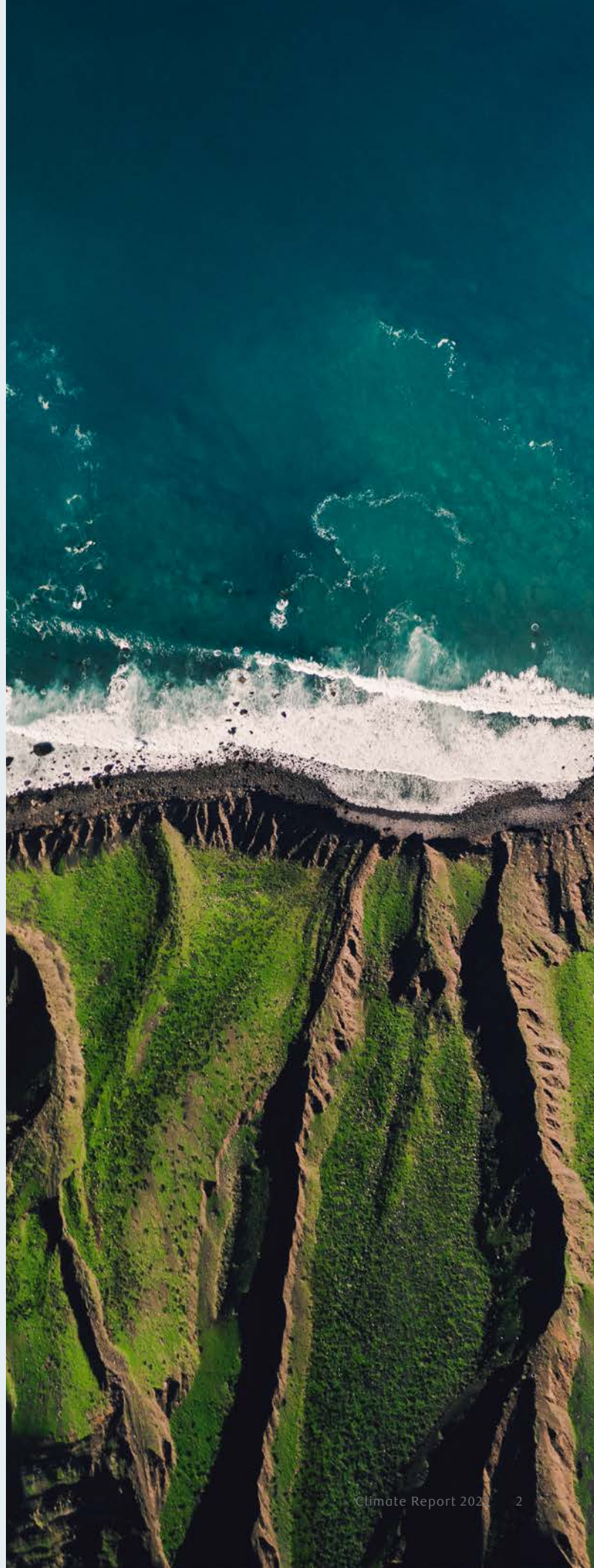
Our Approach to Responsible Investment

At RBC Global Asset Management (RBC GAM)¹, Our Approach to Responsible Investment is anchored by the knowledge that our clients have entrusted us to help them secure a better financial future for themselves or for the beneficiaries of the portfolios they manage.

As an asset manager, RBC GAM has an obligation to act in the best interests of the accounts it manages, including segregated client accounts and investment funds (collectively, “portfolios”). We seek to maximize investment returns for our clients without undue risk of loss, within the limits described in each investment mandate. We believe that being an active, engaged, and responsible investor empowers us to enhance the long-term, risk-adjusted performance of our portfolios. This document sets out RBC GAM’s overall approach to responsible investment.² This includes the methods we use in our environmental, social, and governance (ESG) integration, our stewardship activities, and our reporting.

¹In this document, references to RBC GAM include the following affiliates: RBC Global Asset Management Inc. (including Phillips, Hager & North Investment Management), RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited, RBC Global Asset Management (Asia) Limited, and BlueBay Asset Management LLP. For clarity, RBC Indigo Asset Management Inc. is not covered by this document.

²In this document, references to our investment approach, applicable types of investments, and applicable assets under management (AUM) exclude certain investment strategies, asset classes, exposure or security types that do not integrate ESG factors. Examples of what would not integrate ESG factors 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.



What is responsible investment?

Responsible investment (RI) is an umbrella term used to describe a broad range of approaches for incorporating ESG considerations into the investment process. These approaches are not mutually exclusive; multiple approaches can be applied simultaneously within the investment process. For instance, a solution applying exclusionary criteria to the investment universe can also apply ESG integration to remaining assets eligible for investment.

At RBC GAM, RI includes the following investment strategies:



Ongoing incorporation of material ESG factors into investment decision making with an aim to identify potential risks and opportunities and improve long-term, risk-adjusted returns.



Applying positive or negative screens to include or exclude assets from the investment universe.



Investing in assets involved in a particular ESG-related theme or seeking to address a specific governance, social or environmental issue.



Investing in assets with the intent to generate a measurable positive social or environmental impact.

A few examples of ESG factors include:

Environmental

How does the issuer interact with their environment, and vice versa?

- Air and water pollution
- Biodiversity
- Climate change
- Ecosystem integrity
- Natural resource management and use
- Waste management
- Water quality and availability

Social

How does the issuer interact with its employees, customers, and communities?

- Community relations
- Data privacy and security
- Employee engagement
- Gender and diversity
- Health and safety
- Human rights
- Labour practices

Governance

How does the issuer govern itself?

- Board structure and independence
- Bribery and corruption
- Executive compensation
- Lobbying and political contributions
- Shareholder rights
- Tax strategy and accounting standards

Focus - ESG screening & exclusion

Positive screening identifies assets meeting a defined set of desired ESG-related criteria (which may be product or conduct based) to include assets in the investment universe. This is also often referred to as **best-in-class screening**.

Negative screening applies a defined set of ESG-related criteria (which may be product or conduct based) to exclude assets from the investment universe.

Socially Responsible Investing (SRI) is an investment strategy that applies the ESG screening & exclusion approach based on a defined set of ESG-related criteria, generally stemming from a certain principle or set of values. For example, this may include excluding weapons or tobacco companies based on a set of values. These ESG-based screens can be negative, positive, or both.

Norms-based screening refers to ESG-related criteria that is based on international norms and used to exclude assets from the investment universe.



Our values

RBC GAM's purpose is to deliver exceptional investment outcomes and valued insights to clients. This inspires everything we do and drives our five core values:



Client first

We will always earn the right to be our clients' first choice



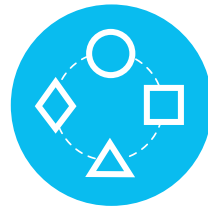
Collaboration

We win as One RBC



Accountability

We take ownership for personal and collective high performance



Diversity & Inclusion

We embrace diversity for innovation and growth



Integrity

We hold ourselves to the highest standards to build trust

Our RI beliefs

At RBC GAM, we believe that:

- Being an active, engaged, and responsible investor empowers us to enhance the long-term, risk-adjusted performance of our portfolios and is consistent with our fiduciary duty
- Issuers that manage their material ESG risks and opportunities effectively are more likely to outperform on a risk-adjusted basis, over the long term
- Engagement through direct dialogue is often effective at facilitating change
- Initiatives that increase transparency and foster fair and efficient markets benefit all investors and clients globally
- Collaboration with like-minded investors may give us greater influence on issues that are material to our investments

“Our purpose inspires everything we do, and responsible investment and ESG are an important part of that. By acting as an active, engaged, and responsible investor, we believe we are better equipped to deliver exceptional investment outcomes for our clients for the long term.”

Damon Williams
Chief Executive Officer
RBC Global Asset Management



Our Approach to RI

Our Approach to RI is comprised of three pillars. We take specific actions under each of these pillars to deliver on our aim of maximizing our clients' investment returns without undue risk of loss.³



ESG integration

Our investment teams integrate material environmental, social and governance (ESG) factors into their investment decisions for applicable types of investments.



Active stewardship

We convey our views through thoughtful proxy voting and engagement with issuers for applicable types of investments. We also engage with regulatory bodies on material ESG issues and collaborate with other like-minded investors, where applicable.



Client-driven solutions and reporting

We align our solutions with client demand and provide transparent and meaningful reporting.

Our Approach to Climate Change

The impacts of climate change are systemic, unprecedented, and already apparent. Governments, companies, consumers, and investors each have a role to play in addressing climate change. As asset managers, investors, and stewards of our clients' assets, we are committed to integrating material climate-related factors in the investment process for applicable types of investments, using active stewardship to convey our views, where applicable, and providing clients with climate-based solutions and reporting that meet their needs. [Our Approach to Climate Change](#) details the actions we are taking to meet this commitment aligned with the pillars of Our Approach to RI. In addition, in [Our Net-Zero Ambition](#), we recognize the importance of the global goal of achieving net-zero emissions by 2050 or sooner, in order to mitigate climate-related risks, and describe how we consider the net-zero transition in our ESG integration and active stewardship activities and in our own operations.

³Our Approach to RI is the overarching policy that governs responsible investment activities at RBC GAM. Additional details on specific investment teams' processes, policies, or product level information can be found on our website.



ESG integration

At RBC GAM, ESG integration means that investment teams consider material ESG factors when making investment-related decisions within the portfolios that they manage, for applicable types of investments.

Our approach to ESG integration

Is investment-led

Our investment teams have developed their own methods to integrate material ESG factors into their respective investment analysis and decision making processes, for applicable types of investments. This approach allows our investment teams to tailor the ESG integration tools and resources to their distinct investment methodologies. The ESG integration activities undertaken by each team reflect the best interests of the portfolios they manage, with a view to enhancing the value of investments held along the time horizon of their investment strategies.

Focuses on materiality

Our investment teams focus on those ESG factors that they have determined may impact the value of the investment. The extent of these impacts depends on the issuer, the industries and geographies in which it operates, and the nature of the investment strategy for which it is purchased.

Continuously improves and innovates

The culture at RBC GAM revolves around innovation, continuous learning, and harnessing the power of human and machine. Our investment teams explore new and in our opinion better ways to integrate material ESG factors into their investment approaches. Some of our continuous learning initiatives include: firm-wide ESG education sessions with external experts and speakers, internal ESG Research on emerging data, themes, tools, and methodologies, an internal ESG network where our investment teams share perspectives on ESG topics, and a monthly internal newsletter on new developments in responsible investment.

“We strive to offer our clients strategies that respond to emerging trends and changing investing requirements. This means that in addition to traditional financial metrics, we must consider all material aspects of the issuers in which we invest – including environmental, social, and governance factors. Our investment teams have developed their own methods for integrating these factors in a manner that complements their investment approaches.”

Daniel E. Chornous, Chief Investment Officer, RBC Global Asset Management

ESG integration in action

Our investment teams select the ESG tools and processes that work for their investment decision-making processes. However, there are some commonalities in how our investment teams consider ESG factors across asset classes. Examples of ESG integration within asset classes at RBC GAM are listed below.

DETERMINING MATERIALITY

Our investment teams prioritize those ESG factors considered most material to the specific investment being considered. The extent to which an ESG factor is considered material depends on several items. For corporate issuers this can include the issuers' operations, industry, size, geographical footprint, and the nature of the investment vehicle for which it is being purchased. For sovereign issuers, material ESG factors can depend on the country's status of economic, social and political development, availability of and dependence on natural resources, and potential regional issues, among other factors.

Additional examples of characteristics that inform materiality include:

- **Sectors and industries** to which an issuer is exposed. For example, while mining companies tend to experience more investment risk from environmental factors, software firms may be more exposed to social factors like data privacy.
- **Location** of the issuer and regions in which it operates. For example, issues related to human rights, supply chain management, and corruption can be more prevalent in emerging and developing economies than developed markets.
- **Asset type.** ESG factors tend to be less material for asset classes like money markets and cash, while they may be more material for other asset classes.

Although any ESG factor may be material depending on the issuer, corporate governance and climate change are of particular relevance to RBC GAM and many of our investments.

We believe that issuers with good corporate governance practices are better able to focus on long-term sustainable growth; they pose less risk for equity investors due to proper alignment of management and shareholder interests; they are more likely to issue fixed income instruments with higher credit quality and lower credit risk; and they are more likely to effectively manage the issuer's exposure to environmental and social factors.

Additionally, we recognize that the impacts of climate change are systemic, unprecedented, and already apparent. While climate change has the potential to affect the global economy, the economic impacts on specific markets, regions, and investments are complex, varied, and uncertain. Therefore, our investment teams consider material climate-related risks and opportunities in their investment processes. Our Approach to Climate Change includes more details on our climate-related commitments and actions.

Public Equities

ESG integration in equity investing involves assessing the potential impact of ESG factors on companies' value. For example, this may include analyzing potential impacts on revenue growth, operating costs, and/or reputation among customers and suppliers. The approaches to this analysis may include both qualitative and/or quantitative aspects, depending on the investment strategy.

Fixed income - corporate

Fixed income investors are generally most concerned about the potential impact that ESG factors may have on a company's ability to repay its debt, rather than potential impact on company value. For example, issuers with ESG-related controversies may be at higher risk of not being able to pay their debts, resulting in deteriorating credit quality and lower returns to debt investors. While environmental and social factors are considered, governance factors tend to be most material to the creditworthiness of fixed income issuers. For corporate issuers, this includes factors like board structure and management quality.

Fixed income - sovereigns, supnationals and agencies (SSA)

Similar to other types of fixed income, SSA debt investors are most concerned about the impact that ESG factors may have on the issuer's ability to repay its debt or on its reputation among debt investors (and therefore the liquidity of its debt in secondary markets). While environmental and social factors are considered, for sovereign issuers, political risk and corruption tend to be more material than other ESG factors.

Fixed income - securitised credit

ESG integration in securitised credit is particularly nuanced, as investors must take into account the specific characteristics of the assets being considered. These include the level at which ESG factors can be assessed and visibility of underlying collateral. For example, with regards to Collateralized Loan Obligations (CLO), ESG factors may be assessed at both the manager level and the underlying collateral pool, whereas for Asset-backed Securities (ABS) and Mortgage-backed Securities (MBS), ESG factors may be assessed at the originator, servicer and underlying collateral level. The materiality of specific ESG factors in each instance may vary. In general, governance is typically more material at the manager, originator and servicer level, and environmental and social factors are typically more material at the underlying collateral level.

Real estate, mortgages, and infrastructure

These asset classes primarily focus on assessing the direct impacts that ESG factors could have on the physical assets that underlie these investments. For example, the potential physical impacts of climate change, such as flooding and extreme weather events, may be material ESG risks to real estate, mortgage, and infrastructure investments. ESG factors that affect profitability from tenants may also be material in some cases.

FIRM-WIDE INVESTMENT EXCLUSIONS

At RBC GAM, we recognize the broad-based international consensus regarding the investment in issuers whose business activities would contravene the prohibitions contained in any of the following conventions:

- Anti-Personnel Landmines Convention
- Biological and Toxin Weapons Convention
- Convention on Cluster Munitions
- The Chemical Weapons Convention

In recognition of that consensus and the significant risks associated with those investments, we have applied a norms-based exclusion screen where no RBC GAM investment team will knowingly invest in companies associated with the manufacture and/or production of anti-personnel land mines, cluster munitions, biological weapons, or chemical weapons. These exclusions are applicable for portfolios where RBC GAM controls the investment policy, excluding certain passive investment strategies.⁴ For segregated accounts or products where our clients control the investment policy, excluding certain passive investment strategies, clients may request different exclusions or no exclusions. We have engaged an independent third-party research provider to provide us with a list of companies that should be excluded on the basis of this policy, which is updated monthly.

Where there are full economic sanctions that prohibit any financial dealings with a foreign state, including investment in entities operating under the authority of the foreign state, we will not invest in securities that fall within the sanctions.

Beyond these firm-wide investment exclusions, specific portfolios and/or investment teams may apply additional exclusions as part of their investment strategies, as described in the investment mandate.

⁴These exclusions apply to direct equity or corporate credit holdings, but do not apply to derivatives or other index exposures where our exposure is indirect.





Active stewardship

As stewards of our clients' assets, we encourage the issuers in which we invest to act in alignment with the best interests of our clients.

We address topics such as board structure, executive compensation, gender diversity, and climate change with issuers and regulatory bodies, where material. We do this by employing the following three methods: proxy voting, engagement, and participating in collaborative initiatives.

Proxy voting

Voting responsibly at the meetings of issuers in our portfolios is an important way we act in the best interest of our clients. We make each voting decision independently, in accordance with our [Proxy Voting Guidelines](#).⁵ These custom guidelines provide an overview of the principles we support and how we will generally vote on particular issues. They are updated yearly to reflect our views on emerging trends in corporate governance and responsible investment. Our guidelines are applied for companies based in Canada, the United States, the United Kingdom, Ireland, Australia, and New Zealand. As stated in our guidelines, in all other markets, RBC GAM uses the local proxy voting policies of Institutional Shareholder Services (ISS). We implement the below proxy voting process.

Our proxy voting process



We implement our custom Proxy Voting Guidelines, and engage a proxy advisor to recommend a voting position for each individual ballot item, based on our guidelines.⁶



Our Corporate Governance and Responsible Investment (RI) team reviews each ballot item, and draws on the expertise of the investment teams and analysis from leading research firms, where appropriate, to support investment teams' voting decisions.



Exceptional votes are addressed by our internal Proxy Voting Committee. This committee also implements processes to manage conflicts of interest and protect the independence of our voting decisions. Barring exceptional circumstances, we do not publicly disclose how we intend to vote or provide rationales for our votes on specific issues ahead of time.



We make our proxy voting records publicly available on the RBC GAM website in accordance with applicable regulations. We also provide commentary on our proxy voting activities in our stewardship disclosures, and provide additional reporting to clients.

⁵Our RI team manages proxy voting for RBC GAM, excluding funds managed by external sub-advisors and certain portfolios managed by our BlueBay Fixed Income team. This proxy voting process is only applicable for proxy voting executed by the RI team.

⁶In markets where local proxy voting policies of ISS are used, the same proxy voting process applies.

Engagement

We engage with issuers, regulatory bodies, lawmakers and other stakeholders, where applicable, with a view to the best interests of our clients.

Our approach to direct engagement

We believe that issuers that manage their material ESG risks and opportunities effectively are more likely to outperform on a risk-adjusted basis over the long term. Our approach to engagement reflects this belief, as we engage in dialogue with issuers over time and participate in initiatives that increase transparency and foster fair and efficient markets for the benefit of all investors and clients globally.

Our investment teams and RI team may meet with the issuers in which we invest on an ongoing basis. The specific ESG factors we engage on differ based on sector, asset class, and geography, as engagement cases are prioritized based on the materiality of the ESG issue to the specific investment. Teams may also prioritize their engagement efforts based on the size of the investment and/or the level of ESG risk within the portfolio. As a firm, we recognize that corporate governance and climate change are of particular relevance to us. We seek to understand each issuer individually and through the lens of local norms and the laws and regulations of the market(s) in which it operates.

Typically, the objectives of our ESG-related engagements include:

- Information gathering on material ESG risks and opportunities and the steps the issuer is taking to address them;
- Seeking better public disclosure of material ESG risks and opportunities and the steps the issuer is taking to address them;
- Encouraging more effective management of material ESG factors, when we believe they may impact the value of the investment; and
- Where an issuer is lagging its peers on a material ESG issue, requesting a commitment for change, monitoring any changes, and encouraging continued improvements that are expected to positively impact the long-term value of the investment.

As part of our commitments under Our Approach to Climate Change and Our Net-Zero Ambition, 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 use

active stewardship to encourage the management of climate-related risks and opportunities. Where climate represents a financially material risk, we expect issuers in which we are invested to identify and publicly disclose material financial and strategic impacts resulting from the transition to a net-zero economy; establish credible targets and action plans aligned to the global ambition of achieving net-zero emissions by 2050 or sooner; and demonstrate progress in meeting their net-zero emissions commitments.

Methods of engagement

We employ a variety of engagement methods, depending on the issuer, the matter being discussed, and the accessibility of the issuer. For instance, our primary method of engagement is to engage directly with the issuer through private dialogue, over time. For matters affecting corporate governance, this typically involves meeting(s) with and/or letter(s) to the board of directors. For most other ESG factors, our investment teams meet directly with the board of directors, management team, or specific executives or individuals responsible for overseeing the matter at the issuer.

We have a strong preference for maintaining an open dialogue and working with our investee issuers to address material ESG-related factors through private dialogue. Although we may consider more public avenues of change, such as filing shareholder proposals at corporate issuers or making public statements, we use these methods sparingly. Also, we do not believe that broad-based divestment is an effective stewardship tool compared to engagement; however, at any stage of their analysis or engagement with an issuer, our investment teams may choose to divest from an investment or group of investments based on their judgement of the investment case.

Our investment teams select the engagement method they believe to be most effective for their desired engagement objective, as outcomes from engagements are integrated directly in the investment process and may be used in making investment decisions.

The outcome of an engagement is generally not the sole factor in an investment decision. Instead, the information obtained from engagements on material ESG factors helps inform the investment case. Historically, there have been instances of unsuccessful engagements resulting in the sale of the issuer's security. Similarly, engagements may reinforce the positive outlook of our investment teams on a particular investment or point to specific risks or issues for monitoring.

Engagement considerations across asset classes

Public Equities

As equity investors, and as a large institutional investor, we typically have good access to boards and management. Our investment teams have direct communication with management teams to share their views on ESG issues that may impact long-term shareholder value. In emerging markets, where information on ESG issues is less readily available, our investment teams often focus on developing relationships with boards and management over time and may prioritize engagements based on specific ESG issues that are considered most material to the portfolio as a whole.

Fixed Income - Corporate

Engagement with issuers is part of the investment process for our corporate fixed income teams. However, the scale and effectiveness of such engagement may vary, as debt investors have more limited legal mechanisms to influence issuers compared to equity investors.

Engagement by our corporate fixed income investment teams can occur through various mechanisms, may be proactive or reactive in nature, and may occur in collaboration with other like-minded investors, where this is deemed to be the most effective route. In some cases, our corporate fixed income investment teams may also engage directly with other stakeholders, such as credit rating agencies.

Fixed Income – sovereigns, supranationals, and agencies (SSAs)

SSA engagement is a multi-pronged process and can include multiple stakeholders. For example, our SSA fixed income investment teams may engage with sovereign issuers, national institutions, ruling parties, supranational agencies like the World Bank and the IMF, and/or others. Methods of engagement vary depending on access to the issuer, legal standing and issuer obligations.

The purpose of engagement in this asset class is to help understand and manage the risks and opportunities of our investments, incorporating these into our investment teams' views on credit risk, balance sheet, and economic fundamentals. We may also engage to seek improvements in fiscal transparency and aim to ensure an operating environment that gives investor confidence. Historically, governance issues have been a primary focus, but social and environmental issues are increasingly being incorporated into discussions.

Fixed Income – securitised credit

When engaging within securitised credit, the nuances of the asset class must be considered when determining the methods of ESG engagement applied, the level at which ESG engagement is possible and the degree to which there can be engagement for the purpose of influencing the issuer. For example, engagement may focus on the manager, originator, or servicer of a securitised instrument, rather than at the specific collateral pool level and issuers therein.

Real estate, infrastructure, & mortgages

Engagement opportunities for physical assets differ depending on ownership type. As the direct owner of an asset (e.g., as the owner of a commercial building), we may be able to engage to effect change directly at the asset level. As a lender to borrowers in our mortgage investments, there may be opportunities to engage directly with borrowers, or through origination partners.

Collaborative initiatives

We participate in initiatives that work to increase transparency, protect investors, and foster fair and efficient capital markets. We recognize that advocating for regulatory and legal reform can be more effective when market participants work together. Where interests are aligned, collaboration with like-minded investors can give us greater influence on issues specific to our investments and on broader, market-wide considerations. In either case, we work to encourage changes that are in the best interests of our clients.

Collaborations⁷



30% Club Canadian Investor Group

RBC GAM is a signatory to the 30% Club Canadian Investor Group, a coalition of Canada's largest institutional investors, which calls on publicly-traded companies to take prompt and considered action to achieve and exceed the 30% gender diversity target and to enhance the presence of other underrepresented groups on their boards and at the executive management level. The coalition has instigated numerous engagements, for which RBC GAM may engage, provide inputs, and/or provide feedback.



Alternative Investment Management Association

We are a member of the Alternative Investment Manager Association (AIMA), the global representative of the alternative investment industry. AIMA draws upon the expertise and diversity of its membership to provide leadership in industry initiatives such as advocacy, policy and regulatory engagement, educational programs and sound practice guides.



Canadian Coalition for Good Governance

RBC GAM is a founding member of the Canadian Coalition for Good Governance (CCGG), which promotes good governance practices in Canadian public companies and works to improve the regulatory environment to best align the interests of boards and management with their shareholders. Members of RBC GAM's RI team serve on the Public Policy and Environmental & Social committees.



CDP

We are signatories to the CDP, formerly known as the Carbon Disclosure Project. The CDP runs the global disclosure system that enables entities to measure and manage their environmental impacts and strives to advance environmental disclosure.



Climate Action 100+

We are signatories to the Climate Action 100+, an investor-led initiative that focuses on active engagement with the world's largest publicly traded and systemically important carbon emitters, or companies with significant opportunity to drive the transition to a low-carbon economy.



Climate Engagement Canada

We are a founding participant of Climate Engagement Canada (CEC), is a finance-led initiative that drives dialogue between the financial community and corporate issuers to promote a just transition to a net-zero economy. This is a national engagement program in Canada, akin to Climate Action 100+. A member of RBC GAM's RI team is Chair of the Technical Steering Committee.



Council of Institutional Investors

RBC GAM is a member of the Council of Institutional Investors (CII). The CII aims to promote effective corporate governance, strong shareowner rights and vibrant, transparent and fair capital markets.



Emerging Markets Investor Alliance

We are a member of the Emerging Markets Investor Alliance (EMIA), which aims to enable institutional emerging market investors to support good governance, promote sustainable development, and improve investment performance in the governments and companies in which they invest.



European Leveraged Finance Association

One of our investment teams is a member of the European Leveraged Finance Association. The ELFA aims to seek a more transparent, efficient, and resilient leveraged finance market.



Farm Animal Investment Risk & Return

We are a member of the Farm Animal Investment Risk & Return (FAIRR). FAIRR is a collaborative investor network that raises awareness of the ESG risks and opportunities brought about by intensive livestock production.



Forest, Agriculture and Commodity Trade (FACT) Dialogue

One of our investment teams is a member of the FACT Dialogue taskforce, which aims to promote greater coordinated government action to tackle commodity-driven deforestation and show that sustainable land management and economic development do not have to be mutually exclusive.



Global Foreign Exchange Committee

RBC GAM is signatory to the FX Global Code July 2021, a set of global principles of good practice in the foreign exchange market, developed to provide a common set of guidelines to promote the integrity and effective functioning of the wholesale foreign exchange market. It was developed by a partnership between central banks and Market Participants from 20 jurisdictions around the globe. The Global Foreign Exchange Committee promotes, maintains and updates the Code regularly. RBC GAM's Head of Global Fixed Income & Currencies is a member of the Canadian FX Committee. [Link](#).

⁷Logos are protected trademarks of their respective owners and RBC GAM disclaims any association with them and any rights associated with such trademarks.



Global Impact Investing Network

RBC GAM is a member of the Global Impact Investing Network (GIIN). The GIIN is the global champion of impact investing, dedicated to increasing the scale and effectiveness of impact investing around the world.



Green Bond Transparency Platform (GBTP)

One of our investment teams is a supporter of the Inter-American Development Bank (IDB)'s Green Bond Transparency Platform (GBTP), an innovative open access digital tool that brings greater transparency to the Latin American and Caribbean green bond market and aims to provide a benchmark for best practice disclosure and support to all market actors. We provided feedback and input into the platform.



International Corporate Governance Network

RBC GAM is a member of the International Corporate Governance Network (ICGN). The ICGN aims to promote effective standards of corporate governance and investor stewardship to advance efficient markets and sustainable economies worldwide. A member of RBC GAM's RI team is on the ICGN's Global Governance Committee.



IFRS Foundation

We are a member of the IFRS Sustainability Alliance, a global membership program for sustainability standards, integrated reporting, and integrated thinking. Upon the Value Reporting Foundation's consolidation into the IFRS Foundation, the IFRS Foundation's International Sustainability Standards Board (ISSB) assumed responsibility for the SASB Standards. The ISSB has committed to build on the industry-based SASB Standards and leverage SASB's industry-based approach to standards development. The ISSB encourages preparers and investors to continue to use SASB Standards. A member of RBC GAM's RI team is on the Investor Advisory Group.



Investor Stewardship Group

RBC GAM is a founding member of the Investor Stewardship Group (ISG). The ISG is a collective of institutional investors brought together to establish a framework of basic standards of investment stewardship for institutional investors and corporate governance principles for U.S. listed companies. A member of RBC GAM's RI team is on the ISG board.



Investment Association

We are a member of the Investment Association. The Investment Association is the United Kingdom's membership association for investment managers. One of our investment teams participates on the Fixed Income Stewardship Working Group of the IA.



Investors Policy Dialogue on Deforestation (IPDD)

RBC GAM is a supporting investor of the IPDD in Brazil, which is co-chaired by the BlueBay Fixed Income Investment platform. The IPDD initiative aims to coordinate a public policy dialogue with authorities and monitor developments to assess exposure to financial risks arising from deforestation.



Mission Investors Exchange

RBC GAM is a member of the Mission Investors Exchange, the leading impact investing network for foundations dedicated to deploying capital for social and environmental change.



Responsible Investment Association

RBC GAM is a sustaining member of the Responsible Investment Association (RIA). The RIA is Canada's membership association for responsible investment. A member of RBC GAM's RI team is the Vice-Chair of the RIA board. RBC GAM is a proud signatory to the Canadian Investor Statement on Diversity and Inclusion (read the [full statement](#)) and the Canadian Investor Statement on Climate Change (read the [full statement](#)).



Standards Board for Alternative Investments

We are a member of the Standards Board for Alternative Investments (SBai). The SBai aims to help institutional investors and alternative investment managers better understand how responsible investment can be applied in different alternative investment strategies, as well as the specific challenges and questions that arise in these contexts. A member of the RI team participates in the Responsible Investment Working Group, which aims to help institutional investors and alternative investment managers better understand how responsible investment can be applied in various alternative investment strategies.



UN Principles for Responsible Investment

RBC GAM is a signatory to the UN Principles for Responsible Investment (PRI). The PRI is a global network for investors committed to incorporating ESG considerations into their investment practices and ownership policies. We are committed to putting the PRI's six Principles of Responsible Investment into practice and believe that they are aligned with our existing approach to responsible investment. A member of RBC GAM's Responsible Investment team sits on the Policy Committee. We are also a signatory to the [PRI Statement on ESG in Credit Ratings](#), which encourages credit rating agencies to proactively take ESG factors into consideration for relevant issuers.



US SIF - The Forum for Sustainable and Responsible Investment

RBC GAM is an institutional member of US SIF. US SIF is the leading voice advancing sustainable, responsible and impact investing across all asset classes. Its mission is to rapidly shift investment practices toward sustainability, focusing on long-term investment and the generation of positive social and environmental impacts. [Source](#)

Commitments



FX GLOBAL
CODE

FX Global Code

RBC GAM is signatory to the FX Global Code July 2021, a set of global principles of good practice in the foreign exchange market, developed to provide a common set of guidelines to promote the integrity and effective functioning of the wholesale foreign exchange market.



International Sustainability Standards Board (ISSB) Climate Standard

RBC GAM is a signatory to the [COP28 Declaration of Support](#) for the ISSB's Climate Standard. As such, we support the establishment of market infrastructure to enable consistent, comparable climate-related disclosures at a global level. RBC GAM has published a climate-related report guided by the recommendations of the TCFD since 2020. The TCFD recommendations are now incorporated into the ISSB's Standards, which are overseen by the International Financial Reporting Standards (see more [here](#)). A member of the RI team participates on the ISSB Investor Advisory Council.



Japanese Stewardship Code

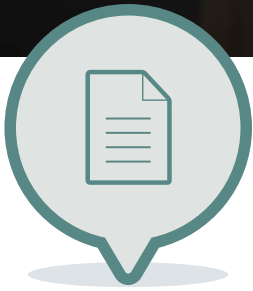
RBC GAM is a signatory to the Japanese Stewardship Code. The Code sets out the principles that institutional investors should adhere to in order to fulfill their stewardship responsibilities to clients, beneficiaries and investee companies.



UK Stewardship Code

RBC GAM is a signatory to the UK Stewardship Code 2020. The code aims to enhance the quality of engagement between asset managers and companies to help improve long-term risk-adjusted returns to shareholders. [RBC GAM's 2022 Annual Stewardship Report](#) met the expected standard of reporting of the Financial Reporting Council (FRC).⁸

⁸In 2023, RBC GAM consolidated the majority of activities of two regulated legal entities in the United Kingdom (UK), RBC Global Asset Management (UK) Limited (RBC GAM-UK) and BlueBay Asset Management LLP, into RBC GAM-UK. BlueBay Asset Management LLP has not filed a separate 2022 Annual Stewardship Report. Its stewardship activities are incorporated throughout RBC GAM's 2022 Annual Stewardship Report.



Client-driven solutions & reporting

Transparency and accountability are key to maintaining meaningful relationships with our clients and delivering on our fiduciary duty. In this section, we provide an overview of RBC GAM's reporting, research, and investment solutions related to responsible investment.

We strive to provide our clients with regular reporting on our responsible investment activities through the following publications:

Responsible investment disclosures

These reports highlight our recent activities, engagements, progress, and achievements related to our responsible investment strategy. We publish disclosures on our engagement activities, proxy voting statistics, and responsible investment highlights.

Climate-related disclosures

[Our Approach to Climate Change](#) outlines how climate-related risks and opportunities are measured and managed in the context of Our Approach to Responsible Investment. Our Net-Zero Ambition describes how we consider the net-zero transition in our ESG integration and active stewardship activities and in our own operations.

We are also a signatory to the COP28 Declaration of Support for the ISSB's Climate Standard, which incorporates the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). RBC GAM publishes an annual climate report, guided by the recommendations of the TCFD.

Proxy voting disclosures

We publish both our Proxy Voting Guidelines and the records of our votes on ballot items of interest for investments held in our portfolios in specific jurisdictions and in accordance with applicable regulations.

Reporting on our RI commitments

We publish our responses to the UN PRI, the UK Stewardship Code, and the Japan Stewardship Code on our website.

ESG insights

We publish topical insights on material ESG factors throughout the year. Several investment teams also publish their own independent research on ESG trends most pertinent to their portfolios.

Developing RI solutions for clients

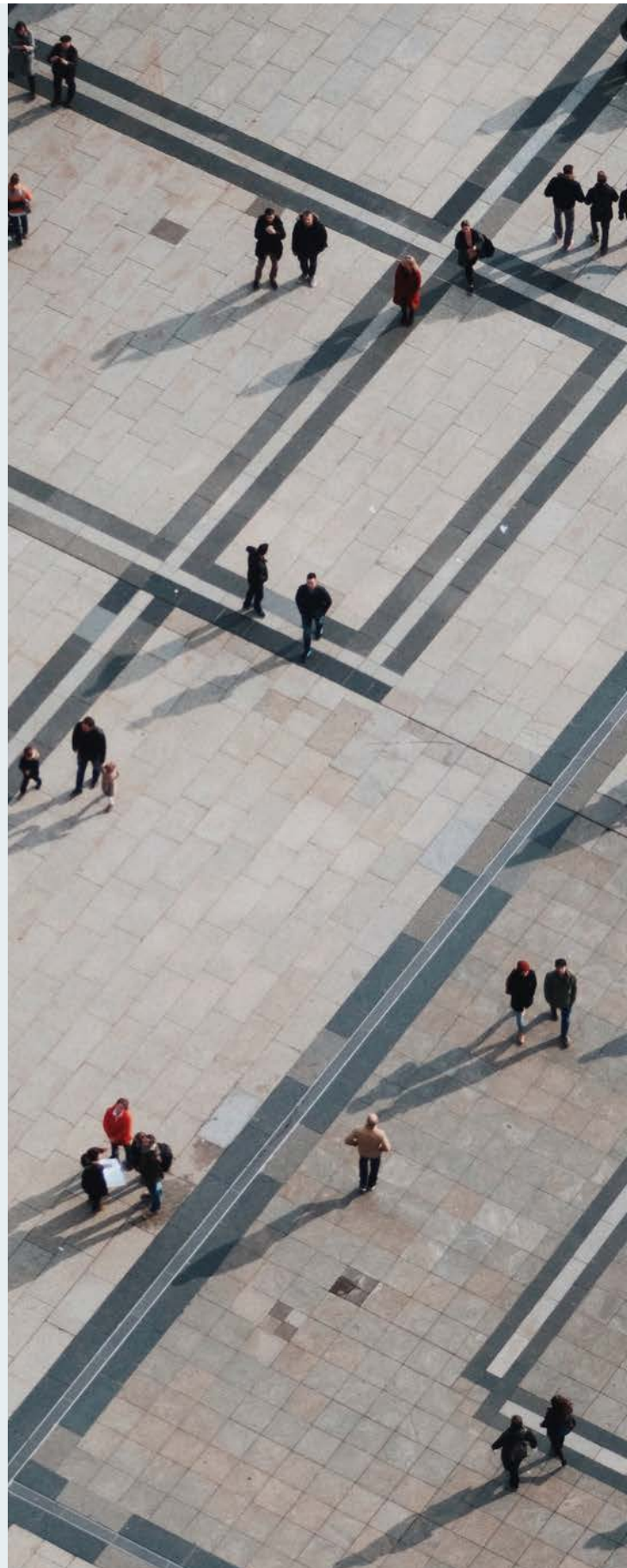
With various responsible investment approaches, there may be times when these approaches overlap in the same investment solution.

We recognize that clients may choose the same responsible investment solution for different reasons. For instance, one client may choose an ESG screening & exclusion solution because it aligns with their personal or organizational values, while another chooses it because they believe issuers meeting the screening criteria will outperform.

In addition to ESG integration, where applicable, we also offer the following types of responsible investment strategies:

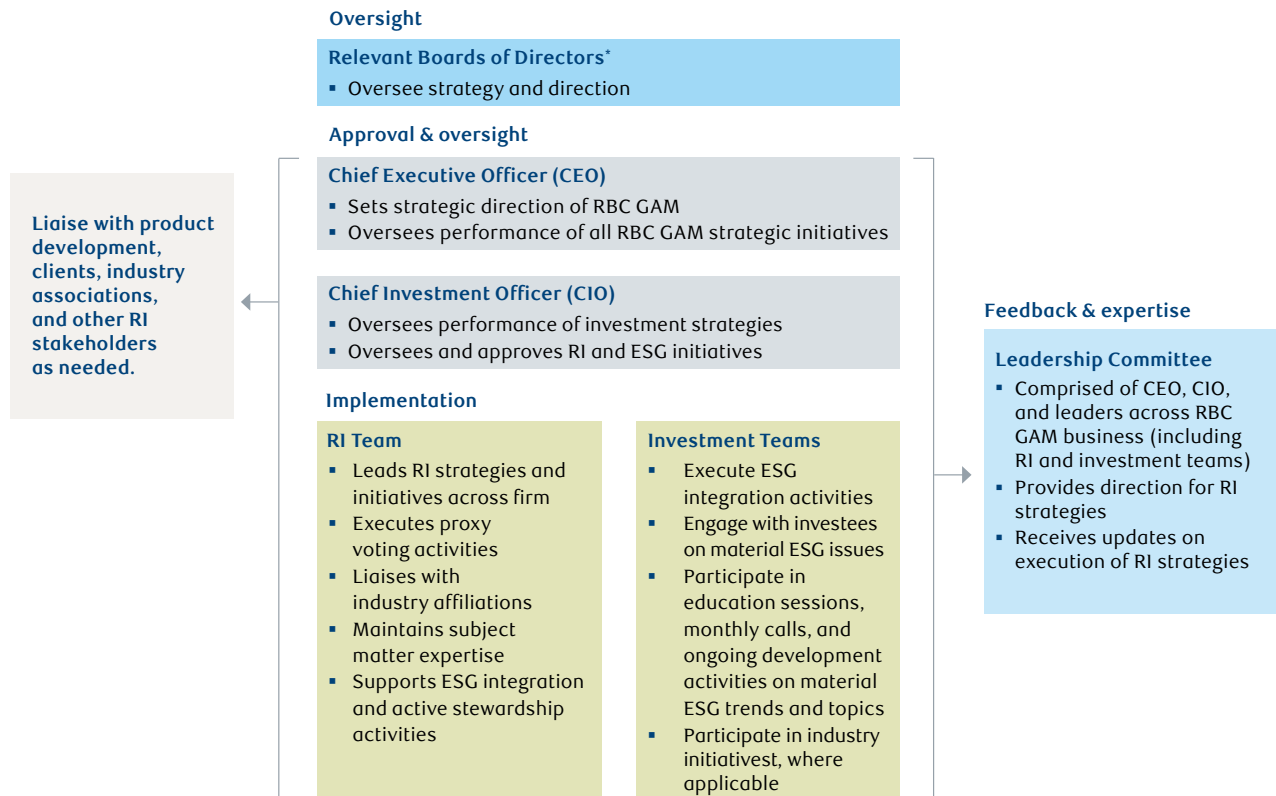
- ESG screening & exclusion, which applies positive or negative screens to include or exclude assets from the investment universe. Socially responsible investing (SRI) is a sub-category of ESG screening & exclusion, where the ESG criteria used to include or exclude assets from the investment universe generally stems from a certain principle or set of values. We also work with our institutional clients globally to implement custom ESG screens for their segregated portfolios, as applicable.
- Impact investing, which offers the opportunity to invest in strategies that aim to earn a financial return alongside measurable social and environmental impact.
- Thematic ESG investing, which invests in assets with involvement in a particular ESG-related theme, such as gender diversity or environmental and social solutions.

We believe that consistent and transparent disclosure can help our clients identify the solutions that fit their investment needs.



Governance

Our Approach to RI document is reviewed on an annual basis by the RI team, with input on any changes provided by the RBC GAM Leadership Committee (Leadership Committee), and ultimate approval by RBC GAM's CIO. Our Approach to Responsible Investment applies firm-wide, and the governance structure of the specific activities encompassed by this document can be summarized per the below chart.



*RBC Global Asset Management Inc., RBC Global Asset Management (UK) Limited, RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (Asia) Limited, and BlueBay Asset Management LLP.

Compensation

Our CIO, CEO, and relevant Boards of Directors oversee the performance of firm-wide strategic initiatives, including responsible investment, on a quarterly and annual basis. Responsibility for strategic initiatives is delegated to the appropriate executives, whose direct annual compensation includes an assessment of performance on those initiatives. In addition, performance on strategic initiatives can also contribute to the overall firm-level performance factor that is applied to all employees' annual variable compensation.

Daily implementation of Our Approach to RI has been delegated to our RI and investment teams. As such, our RI team members' individual compensation is entirely related to RBC GAM's responsible investment and stewardship activities. Our investment teams are regularly evaluated on their teams' ESG integration processes, including as one component of their annual variable compensation.

Conflicts of interest

We have a fiduciary duty to act in the best interests of our clients, which includes having robust policies and procedures to prevent and/or appropriately manage conflicts of interest. Our conflict of interest policies establish the standards that must be followed by RBC GAM to ensure compliance with all applicable securities laws and regulations of the jurisdictions in which we operate. All potential or actual conflicts of interest, including ones related to proxy voting and engagement, have been addressed by putting appropriate controls and policies in place.

RBC GAM does not make its compliance policies publicly available, but does disclose its conflict of interest policies and practices to clients in accordance with the securities laws and regulations in the jurisdictions in which it operates.

For more information on responsible investment at RBC Global Asset Management, visit www.rbcgam.com/ri.

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RBC GAM is the asset management division of Royal Bank of Canada (RBC) which includes RBC Global Asset Management Inc., RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited, RBC Global Asset Management (Asia) Limited, and BlueBay Asset Management LLP, which are separate, but affiliated subsidiaries of RBC.

For clarity, RBC Indigo Asset Management Inc. is not covered by this document.

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Past performance is not indicative of future results. With all investments there is a risk of loss of all or a portion of the amount invested. Where return estimates are shown, these are provided for illustrative purposes only and should not be construed as a prediction of returns; actual returns may be higher or lower than those shown and may vary substantially, especially over shorter time periods. It is not possible to invest directly in an index.

Some of the statements contained in this document may be considered forward-looking statements which provide current expectations or forecasts of future results or events. Forward-looking statements are not guarantees of future performance or events and involve risks and uncertainties. Do not place undue reliance on these statements because actual results or events may differ materially from those described in such forward-looking statements as a result of various factors. Before making any investment decisions, we encourage you to consider all relevant factors carefully.