RBC Global Asset Management

Stewardship in action

Proxy season overview

2021 Corporate Governance and Responsible Investment Semi-Annual Report

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Many companies around the world hold their annual general meetings for shareholders during the months of April, May, and June. As a result, the bulk of proxy voting activity takes place during this three-month "proxy voting season." Proxy voting is an important part of our investment process as it provides investors, such as RBC Global Asset Management (RBC GAM), with a means of conveying our views on the governance of our investee companies. Votes are typically cast on issues such as director elections and executive compensation; however, we have noticed the number of shareholder proposals focused on prominent environmental, social, and governance (ESG) factors has been increasing in recent years, particularly on diversity and inclusion and climate change.

RBC GAM Proxy Voting Guideline Updates for 2021

Each year, our Corporate Governance & Responsible Investment (CGRI) team monitors ongoing developments in corporate governance and, with input from our investment teams, updates our Proxy Voting Guidelines (the "Guidelines") to ensure they reflect current best practices and emerging trends. Some of the most notable updates made for 2021 are summarized below.

Executive Compensation & COVID-19

Every proxy voting season, shareholders vote on compensation plans outlining the pay and awards granted to executives. The board of directors typically has a dedicated compensation committee that is responsible for recommending, reviewing, and approving the structures and targets of top executives' compensation plans, which generally includes the incorporation of long- and short-term performance targets. Due to impacts of the pandemic on the economy, we expected compensation committees to make adjustments to compensation plans as a result of the economic disruptions.

Because the economic impacts of the pandemic varied greatly across sectors and industries, there is no single correct approach to adjusting executive compensation plans in order to shift corporate strategies to manage the effects of the pandemic on businesses. However, we believe that companies that lay off or furlough employees while increasing or maintaining executive compensation should be heavily scrutinized.

To ensure our investee companies were aware of our views, we included a temporary guideline recommending that compensation committees provide robust disclosure on the compensation decisions made as a result of the pandemic, the rationale behind those decisions, the level of discretion used, and the approach that would be taken regarding compensation in the future. Further, additional disclosure was particularly warranted in instances where a company made significant cuts to its workforce or furloughed employees.

Board Diversity

Companies benefit from strong diversity and inclusion policies because they promote a culture of creative and innovative development, which can lead to lower turnover, higher employee morale, and the ability to attract and retain talent. At RBC GAM, we believe that companies with strong diversity and inclusion policies and procedures will perform better over the long term. However, it is difficult for investors to monitor progress on racial and ethnic diversity practices because in many cases there is inadequate disclosure of data. Therefore, in 2021, we updated our Guidelines to state that we encourage companies to publicly disclose information on the diversity of their board of directors, executive and/or senior management teams, and wider workforce. For consistency, we encourage disclosure aligned with companies' local jurisdictions, such as the EEO-1 Report in the U.S., and the Canada Business Corporations Act in Canada.

In addition, in pursuit of the intentions of the Canadian 30% Club Investor Group, which targets 30% representation of women on boards and at the executive management level of S&P/TSX Composite Index companies by 2022 and to which we are a signatory, we increased our threshold requirement for the representation of women on boards of directors from 25% to 30% in all markets where our Guidelines apply.[1]

[1] The Guidelines are applied in Canada, the United States, the United Kingdom, Ireland, Australia, and New Zealand. In all other markets, RBC GAM utilizes the local proxy voting guidelines of Institutional Shareholder Services. For more information, please see the RBC GAM Proxy Voting Guidelines at https://www.rbcgam.com/documents/en/other/rbc-gam-proxy-voting-guidelines.pdf.

Climate Change

Climate change continues to be one of the leading ESG concerns for investors. As the impacts of climate change continue to be apparent, investors are increasingly requesting enhanced disclosure on how companies are addressing climate-related risks.

This year we updated our Guidelines on climate-related shareholder proposals to reflect the nature of proposals we have seen over the past year. For example, we will generally support proposals requesting that companies provide enhanced disclosure on the alignment of their lobbying activities with their climate change initiatives, including memberships in industry associations. In addition, we added language to indicate that we consider whether companies have recently been involved in climate-related controversies (resulting in fines, litigation, penalties, or significant environmental, social, or financial impacts), and if they have established climate-related targets, commitments, and initiatives, and other pre-established criteria, when evaluating climate-related shareholder proposals.

Proxy voting record

One of the most important ways in which we act in the best interests of our clients is by voting responsibly at the annual general meetings of our publicly traded investee companies.

Since a decision to invest in an issuer is generally an endorsement of its management, RBC GAM will typically vote with management on routine matters. However, since our principal duty is to maximize investment returns for our clients without undue risk of loss, it is imperative that we focus on shareholder value in our voting decisions. It is our responsibility to be aware of the potential investment implications of any issue on which shareholders are asked to vote. As such, there are instances when our votes do not align with the recommendations of management, and as of June 30, 2021, we had voted against management recommendations on 14% of all proposals in 2021.

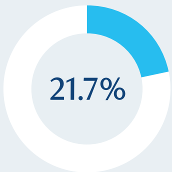
The tables below detail our overall voting record as compared to management's recommendations. The first table provides details across key markets from January 1 to June 30, 2021, while the second provides a historical view of our votes against management's recommendations in key markets over the past three years.

Summary of voting statistics – January 1 to June 30, 2021[2,3]

	Canada	U.S.	Overseas	Total
Proposals	3,074	10,218	17,334	30,626
Votes WITH management	2,668	8,002	15,672	26,342
Votes AGAINST management	406	2,216	1,662	4,284
% of votes AGAINST management	13.2%	21.7%	9.6%	14.0%

Historical % votes against management as of June 30

	2019	2020	2021
Canada	13.6%	12.1%	13.2%
U.S.	16.1%	19.7%	21.7%
Overseas	9.9%	8.9%	9.6%
Total	12.6%	13.4%	14.0%



As shown in the table above, the proportion of our total votes against management across all markets has been increasing over the past three years, from **12.6% in 2019 to 14.0% in 2021**. One of the main drivers behind this increase was the increase in votes against management in the U.S., which went from **16.1% in 2019 to 21.7% in 2021.** This increase in votes against management in the U.S. was primarily due to the board gender diversity requirement in our Guidelines, which has been increasing over the past three years in markets where our Guidelines apply.

[2] The proxy voting statistics include voting for all of RBC GAM with the exception of funds managed by BlueBay Asset Management LLP, externally managed subadvised funds, and specific institutional accounts.
[3] Voting statistics account for proxy votes submitted by RBC GAM and may include instances where RBC GAM's proxy votes were rejected at the time of meeting, which may occur due to proxy voting administration issues in foreign markets. Voting statistics exclude instances where RBC GAM intentionally did not vote due to shareblocking restrictions or other logistical impediments.

We required that the following minimum board gender diversity thresholds be met:

In 2019, we required a minimum of 2 women directors;

In 2020, we required a minimum of 25% women directors; and

In 2021, we required a minimum of 30% women directors.

If a board fails to meet these required minimums and lacks a policy with a time-bound target to increase board gender diversity, we may vote against the election of members of the nominating or corporate governance committees.

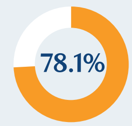
U.S. Market - Historical % votes against management on the election of directors as of June 30[4]

	2019	2020	2021
Elect Director	13.9%	18.6%	21.7%
% of votes attributed to the lack of gender diversity[5]	58.8%	72.9%	78.1%
RBC GAM Minimum Board Gender Diversity Threshold	2 women	25% women directors	30% women directors

As illustrated in the table to the left, these Guideline updates were a significant reason why our votes against management in the U.S. market have been increasing over the past three years.

To place this into context, in 2021, we voted **against the election of 21.7% of directors nominated** to the board of U.S. companies,

and **78.1%** of those cases were at least **partly due to the board failing to meet our requirement** of 30% women on the board.



Voting against directors due to lack of board gender diversity is one way for us to convey RBC GAM's view to management that overall board effectiveness is enhanced by having directors with diverse backgrounds and experiences. In many cases, our voting intention sparks an engagement opportunity with issuers to discuss increasing gender diversity on their boards, or adopting appropriate policies with the aim of doing so. We hope that in the coming years, votes against management on this issue decrease as the boards of our investee companies make progress in meeting the broad objective of improving board gender diversity.

[4] The proxy voting statistics include voting for all of RBC GAM with the exception of funds managed by BlueBay Asset Management LLP, externally managed subadvised funds, and specific institutional accounts.

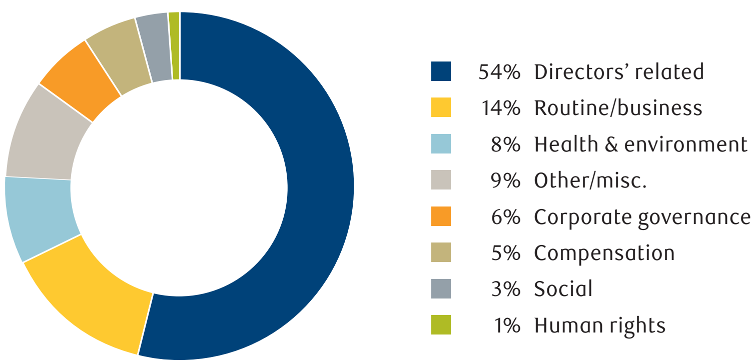
[5] In some cases, in addition to board gender diversity concerns, we voted against the election of a director to the board due other corporate governance issues, such as board independence.

Shareholder Proposals

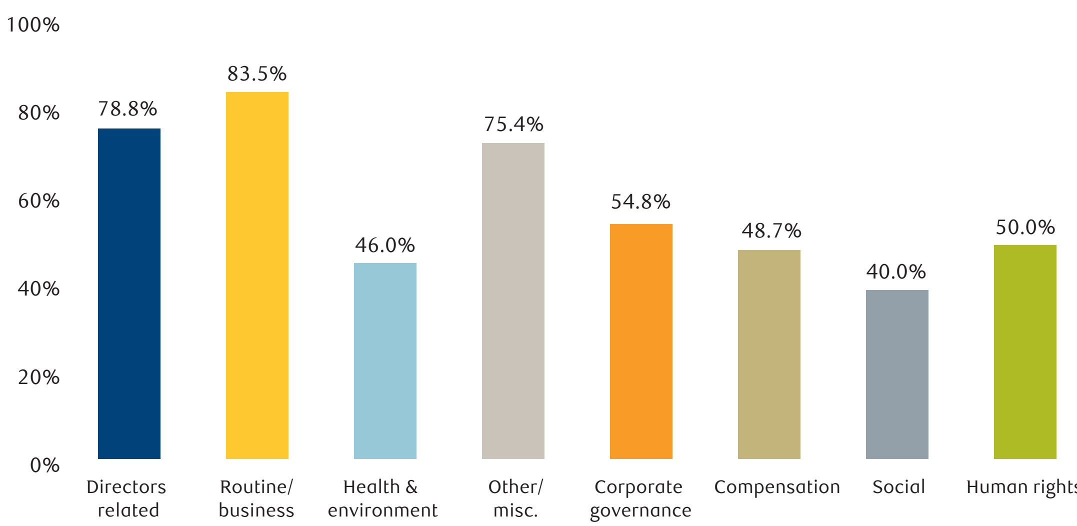
Shareholders of an issuer have the opportunity to put forth their own proposals for a change to the company's governance or disclosure practices (for example, shareholder proposals related to climate change issues or requesting enhanced disclosures, such as disclosure on diversity statistics).

In the first half of 2021, out of a total 30,626 management and shareholder proposals, 745 were shareholder proposals. While shareholder proposals represent a small percentage of the overall ballot items, they are extremely important, as they provide a mechanism for shareholders to request that an investee company take action on material and trending issues. The following charts provide an overview of the types of shareholder proposals we reviewed and those we supported this proxy voting season.

Shareholder proposals by category[6]



Votes "FOR" by shareholder proposal category



[6] The proxy voting statistics include voting for all of RBC GAM with the exception of funds managed by BlueBay Asset Management LLP, externally managed subadvised funds, and specific institutional accounts.

Proxy season observations

The table on the next page provides an overview of key topics seen this past voting season and how we voted as compared to management's recommendation. Management will generally recommend that shareholders vote "FOR" proposals the company has placed on the ballot, typically referred to as a management proposal. As a result, a vote "AGAINST" a management proposal typically equates to a vote "against management" (i.e., a vote against the recommendations of management). For example, the table below indicates that we voted against management recommendations 98.7% of the time when voting to *Amend or Approve Omnibus Stock Plans*. This indicates that we generally disagreed with management on these equity compensation plans and did not vote in favour unless specific criteria were met (including, for example, appropriate option expiration and no excessive dilution).

However, when it comes to shareholder proposals (i.e., proposals put forth by shareholders), management typically recommends that shareholders vote "AGAINST" the proposal. Therefore, a vote "FOR" a shareholder proposal typically equates to a vote "against management." For example, as noted in the table below, we voted against management's recommendations 96% of the time on 28 shareholder proposals to *Require Independent Board Chairman*. These shareholder proposals were directed at companies where the chair of the board was also the Chief Executive Officer (CEO) of the organization. We believe it is a matter of good governance practice that an independent director be appointed to the position of chair of the board of directors as it is one of the primary mechanisms by which board independence is maintained. Therefore, we generally disagree with management on these shareholder proposals and vote "FOR" proposals requiring an independent board chair.

Interestingly, this year there were a number of cases where management supported shareholder proposals, especially on topics related to health and the environment. For example, Canadian Pacific Railway received a shareholder proposal requesting a non-binding advisory vote on a climate action plan. If approved, the proposal would require management to report on and request approval from shareholders annually on their climate action plan. Management stated that since the proposal aligns with the company's existing sustainability commitment, they would support the proposal and recommend that shareholders vote in favour. After further review, RBC GAM also supported this proposal. This vote is reflected in the table below under *Proposals Requesting Non-Binding Advisory Vote on Climate Action Plan* in the Canadian market where we voted "with management," which indicates that both RBC GAM and management supported this proposal.

Votes compared to management on key topics[8]

	Canada			U.S.			Overseas			Total		
	WITH Mgmt	AGAINST Mgmt	% AGAINST Mgmt	WITH Mgmt	AGAINST Mgmt	% AGAINST Mgmt	WITH Mgmt	AGAINST Mgmt	% AGAINST Mgmt	WITH Mgmt	AGAINST Mgmt	% AGAINST Mgmt
Management proposals												
Amend or approve omnibus stock plan	1	13	92.9%	2	207	99.0%	0	12	100.0%	3	232	98.7%
Elect director	2066	320	13.4%	5856	1625	21.7%	4170	369	8.1%	12092	2314	16.1%
Approve remuneration of executives	156	13	7.7%	799	84	9.5%	529	131	19.8%	1484	228	13.3%
Allow shareholder meetings to be held in virtual-only format	2	0	0.0%	0	0	0.0%	26	4	13.3%	28	4	12.5%
Approve remuneration of directors	0	0	0.0%	0	1	100.0%	583	37	6.0%	583	38	6.1%
Ratify or approve auditors and their remuneration	264	2	0.8%	962	2	0.2%	640	14	2.1%	1866	18	1.0%
Shareholder proposals												
Require independent board chairman[9]	0	0	0.0%	1	27	96.4%	0	0	0.0%	1	27	96.4%
Provide right to act by written consent or amend articles to call special meetings[9, 10]	0	0	0.0%	3	80	96.4%	0	0	0.0%	3	80	96.4%
Political contributions or lobbying disclosure[9]	0	0	0.0%	5	25	83.3%	0	0	0.0%	5	25	83.3%
Report on equal employment opportunity[11]	0	0	0.0%	2	8	80.0%	0	0	0.0%	2	8	80.0%
Link executive pay to social criteria	0	0	0.0%	2	3	60.0%	0	0	0.0%	2	3	60.0%
Report on climate change or environmental policies[9, 12]	0	0	0.0%	3	10	76.9%	5	0	0.0%	8	10	55.6%
Gender pay gap	0	0	0.0%	2	2	50.0%	0	0	0.0%	2	2	50.0%
Human rights risk assessment or improve human rights standards	1	1	50.0%	2	2	50.0%	0	0	0.0%	3	3	50.0%
Proposals requesting non-binding advisory vote on climate action plan[13]	1	0	0.0%	2	2	50.0%	0	0	0.0%	3	2	40.0%
Green house gas (GHG) emissions[14]	1	1	50.0%	3	2	40.0%	2	0	0.0%	6	3	33.3%

[8] The proxy voting statistics include voting for all of RBC GAM with the exception of funds managed by BlueBay Asset Management LLP, externally managed subadvised funds, and specific institutional accounts.

[9] In the case of a proxy contest, shareholders are often able to vote on either a management card or dissident card. For the period under review, RBC GAM voted on the dissident card of a proxy contest that included shareholder proposals. As a result, our instructions of 'Do Not Vote' on the management card were calculated as one vote WITH management under the following proposal categories: "Require Independent Board Chairman", "Provide Right to Act by Written Consent or Amend Articles to Call Special Meetings". The following categories received two proposals on the dissident card, as a result, our instructions of 'Do Not Vote' on the management card were calculated as two votes WITH management under the following categories: "Political Contributions and/or Lobbying Disclosure", "Report on Climate Change or Environmental Policies".

[10] Management did not include a vote recommendation on one vote in the "Provide Right to Act by Written Consent or Amend Articles to Call Special Meetings", thus one of our FOR votes was noted as a vote with management.

[11] Management supported one proposal under the "Report on Equity Employment Opportunity" item category. After review, RBC GAM voted WITH management on the proposal.

[12] Management supported one proposal in the "Report on Climate Change or Environmental Policies" item category. After review, RBC GAM voted WITH management on the proposal.

[13] Management supported one proposal in the "Proposals Requesting Non-Binding Advisory Vote on Climate Action Plan" category. After review, RBC GAM voted WITH management on the proposal.

[14] Management supported one proposal in the "GHG Emissions" category. After review, RBC GAM voted WITH management on the proposal.

In Focus: ExxonMobil

ExxonMobil (Exxon) is one of the world's largest publicly traded international oil and gas companies and, this proxy season, it was the first large-cap company in the United States to face a proxy contest structured around climate change. The proponent, Engine No. 1, is a hedge fund that accused the company of poor financial governance as well as failing to come up with a viable strategy for dealing with the risks related to climate change. Three of the largest U.S. pension funds (with combined assets of more than US$850 billion) and other asset managers supported its proposal to make changes to the board composition of Exxon.[15]

The proponent indicated that over the past decade, the company "underperformed to the detriment of shareholders."[16] Exxon was one of the largest publicly traded U.S. companies in 2013, but the company's market capitalization has dropped since that time and in August 2020, the company was de-listed from the S&P Dow Jones Indices after having been on the platform since 1928.[17] One potential contributor to the poor financial governance may have been the company's capital allocation choices. For example, Exxon purchased a natural gas company in 2010, however due to oversupply, the price of natural gas dropped to less than half of what it was when the company was purchased, leading Exxon to write off its natural gas assets, worth US$17-20 billion, in 2020.[18] However, the company's overall performance could also be viewed as a sign of the times – the Energy sector made up only 2.5% of the S&P 500 Index in 2020 compared to 10.9% in 2010, while the Information Technology sector accounted for 28.2% of the index in 2020 compared to 18.5% in 2010.[19]

In addition to its financial governance, investors were not satisfied with Exxon's response to climate change. Exxon publicly supports the Paris Agreement and has recognized that climate change poses a business risk. The company has also stated that it believes it can still be profitable in the long term with fossil fuels, but is starting to invest in green solutions. Exxon committed to investing in low-carbon opportunities such as carbon capture and advanced biofuels, which the company believes are necessary for society to achieve its ambition of net-zero carbon emissions by 2050.[20,21] While Exxon was making some progress in addressing climate change concerns, it was not enough for investors. The proponent noted that Exxon's climate strategy failed to consider that fossil fuel demand may decline in future decades (for example, the company was focused on long-term fossil fuel projects).[22]

As a result of these issues, Engine No. 1 proposed a plan that included the following calls to action:

Impose better long-term capital allocation discipline. The company should use more conservative oil and gas prices in its capital allocation analysis.

Overhaul management compensation to better align incentives with shareholder value creation. The company should align management compensation with the performance of the company and not based on the performance of the oil and gas sub-industry.

Implementing a strategic plan for sustainable value creation in a changing world. The company should leverage its expertise in energy delivery to focus on other sources of energy, including net-zero emissions energy sources and other clean energy infrastructure.

Refresh the Board with Engine No.1's Independent Nominees. In order to implement changes the first three recommended changes, the proponent nominated four directors to the board with experience in energy, technology, and regulatory policy.[23]

[15] The Washington Post, "The fight for the soul – and the future – of ExxonMobil," May 22, 2021. https://www.washingtonpost.com/climate-environment/2021/05/21/exxon-faces-shareholder-revolt-over-climate-change/

[16] Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934, Engine No. 1 LLP, 2021. https://www.sec.gov/Archives/edgar/data/0000034088/000090266421001931/p21-0957defc14a.htm

[17] CNBC, "Exxon Mobil replaced by a software stock after 92 years in the Dow is a 'sign of the times'," August 25, 2020. https://www.cnbc.com/2020/08/25/exxon-mobil-replaced-by-a-software-stock-after-92-years-in-the-dow-is-a-sign-of-the-times.html

[18] CNN Business, "Exxon faces $20 billion hit from 'epic failure' of a decade ago," December 1, 2020. https://www.cnn.com/2020/12/01/business/exxon-oil-gas-writedown/index.html

[19] CNBC, "Exxon Mobil replaced by a software stock after 92 years in the Dow is a 'sign of the times'," August 25, 2020. https://www.cnbc.com/2020/08/25/exxon-mobil-replaced-by-a-software-stock-after-92-years-in-the-dow-is-a-sign-of-the-times.html

[20] Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934, Exxon Mobil Corporation, 2021. https://www.sec.gov/Archives/edgar/data/34088/000119312521063129/d94159dprec14a.htm

[21] ExxonMobil Sustainability Report 2020. https://corporate.exxonmobil.com/-/media/Global/Files/sustainability-report/publication/Sustainability-Report.pdf

[22] Reenergize Exxon, Investor Presentation, May 3, 2021.

[23] Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934, Engine No. 1 LLP, 2021. https://www.sec.gov/Archives/edgar/data/0000034088/000090266421001931/p21-0957defc14a.htm

The six-month proxy contest resulted in major changes to the corporation. In particular, three of the proponent's board nominees won seats, which represented 25% (3/12) of the board, despite the company indicating prior to the vote that it would add two directors with climate and industry experience, enhance its climate disclosure, set company greenhouse gas reduction targets, and disclose its scope 3 carbon emissions.

Over recent years, we have seen an increase in contested elections where a dissident shareholder proposes its own slate of director nominees. In these situations, it is important to understand the governance and performance issues that are at stake and the relevant skills and experiences of the nominees and current board members. RBC GAM reviews dissident shareholder proposals for director nominees on a case-by-case basis to determine which director will likely result in the best governance and performance for the company over both the short and long term. In the case of Exxon, RBC GAM supported three of the four nominees proposed by the dissident shareholder.

Report on racial equity audits

Companies must ensure that they meaningfully address any issues of racial injustice in their workforces and as a result of their community impact. Investors are increasingly demanding that companies have robust diversity and inclusion policies and practices in place that are being consistently implemented across the organization.

Over the past proxy voting season, a series of shareholder proposals were filed at large U.S. financial institutions such as Bank of America and Citigroup requesting the board to oversee third-party racial equity audits. Racial equity audits are intended to analyze any adverse impacts of the company on visible minority stakeholders and communities. While many of the companies that received these shareholder proposals have made significant investments in initiatives aimed at advancing equality and providing economic opportunities for visible minorities, in many cases they have also had controversies related to racial equity issues. For example, some companies were flagged for a history of discriminating against minorities through lending practices and/or employee compensation and promotion activities. Racial equity audits can help companies understand where they can make improvements in developing diversity and inclusion policies and/or ensuring the appropriate implementation of these policies.

At RBC GAM, we believe that companies with strong diversity and inclusion policies and procedures will perform better over the long term. To the extent possible, the workforce of an organization should reflect the gender, ethnic, cultural, and other personal characteristics of the communities in which the company operates. Companies benefit from strong diversity and inclusion policies because they promote a culture of creative and innovative development, which can lead to lower turnover, higher employee morale, and the ability to attract and retain talent. Furthermore, we believe companies with inadequate policies may face reputational, operational, litigation, and other risks that may adversely impact their long-term value. As a result, this year, RBC GAM generally supported shareholder proposals requesting reports on racial equity audits at a number of financial institutions that have experienced diversity-related controversies.

Net-zero greenhouse gas emissions

Investors have continued to request that companies enhance their disclosure and policies on climate change-related risks and opportunities. Over the past year, we saw a rise in government and corporate commitments to net-zero greenhouse gas (GHG) emission targets. Consistent with this trend, this proxy voting season, we saw a number of shareholder proposals requesting companies specifically adopt net-zero GHG emission targets or report on how their current policies align with a net-zero ambition.

Given the significant risks posed by climate change, we generally encourage companies to develop a strategic plan or policy to take action to reduce GHG emissions. Many companies already have plans, or are actively developing plans, to reduce their GHG emissions. However, in cases where a company may be lagging in this area, one way for shareholders to direct attention to this topic is through a shareholder proposal. This year we saw Imperial Oil – a large oil and gas producer in Canada – receive a Climate Action 100+ flagged shareholder proposal requesting that the company adopt a company-wide goal to achieve net-zero GHG emissions by or before 2050. Although the company has a short-term target to reduce its GHG emissions by 2023, it was falling behind peers on adopting long-term targets. In addition, with Canada's commitment to having net-zero GHG emissions by 2050, there was increased regulatory risk that the company may not be ready to adapt in the event of new regulation for the energy sector. RBC GAM generally supports shareholder proposals requesting that companies adopt or implement initiatives to reduce GHG emissions where the company has not already made commitments, and was supportive of this shareholder proposal.

As investee companies create their strategic plans to reduce GHG emissions, it can be challenging for investors to determine which companies' plans are feasible and how they are progressing on their stated goals. This is why Climate Action 100+ created a list of disclosure assessment indicators to gauge how focus companies compare against this benchmark. The indicators include ten key assessments, which include whether the companies have set net-zero carbon emissions targets by 2050, and whether they report in line with the Task Force on Climate-related Financial Disclosures (TCFD).[24] This season, we saw a number of Climate Action 100+ focus companies receive shareholder proposals requesting disclosure on meeting the criteria of the net-zero GHG emissions indicator.[25] For example, the world's largest construction equipment manufacturer, Caterpillar, received such a shareholder proposal. The company made significant progress on reducing its GHG emissions through 2019 but did not have a GHG reduction target past 2020. Further, it was concluded that, as of January 2021, the company did not meet any of the Climate Action 100+ net-zero benchmark indicators. RBC GAM generally supports shareholder proposals requesting enhanced disclosure on climate-related risks and opportunities, and therefore felt that a supporting vote for this shareholder proposal was warranted.

Climate Action 100+

Climate Action 100+ is an investor collaboration focused 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. RBC GAM is a signatory to the Climate Action 100+.

RBC GAM supports the principles of the Paris Agreement and the international goal of holding global warming to "well below 2°C."[26] Scientists agree that in order to meet this goal, GHG emissions must decline by at least 7.6% annually between 2020 and 2050, and achieve net-zero by mid-century.[27] RBC GAM also recognizes and supports the need to achieve a just transition to a low-carbon economy that boosts economic prosperity while simultaneously safeguarding equality. For more information on our climate change initiatives, please refer to Our Approach to Climate Change and 2020 Task Force on Climate-related Financial Disclosures (TCFD) Report.

[24] Climate Action 100+, "Net-Zero Company Benchmark", 2021. https://www.climateaction100.org/progress/net-zero-company-benchmark/
[25] Climate Action 100+, "2021 Proxy Season: Climate Action 100+ flagged shareholder resolutions", 2021. https://www.climateaction100.org/approach/proxy-season/
[26] The Paris Agreement, United Nations Climate Change. https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement
[27] The Emissions Gap Report, United Nations Environment Programme, November 26, 2019. https://wedocs.unep.org/bitstream/handle/20.500.11822/30797/EGR2019 pdf?sequence=1&isAllowed=y

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For more information on RBC GAM's approach to corporate governance and responsible invesment, visit rbcgam.com/ri.

Publication date: September 8, 2021.

(09/2020)

017GAM116 (08-2021)_CGRI_SA_REPORT_EN_V1_8 09/17/2021