



**PUBLIC RI REPORT**

**2021 PILOT**

**RBC Global Asset Management**

**Generated 2022-08-18**

# About this report

The PRI Reporting Framework helps to build a common language and industry standard for reporting responsible investment activities. **Public RI Reports** provide accountability and transparency on signatories' responsible investment activities and support dialogue within signatories' organisations, as well as with their clients, beneficiaries and other stakeholders.

This **Public RI Report** is an export of the signatory's responses to the PRI Reporting Framework during the 2021 reporting period. It includes the signatory's responses to mandatory indicators, as well as responses to voluntary indicators that the signatory has agreed to make public.

The information is presented exactly as it was reported. Where an indicator offered a multiple-choice response, all options that were available to select from are included for context. While presenting the information verbatim results in lengthy reports, the approach is informed by signatory feedback that signatories prefer that the PRI does not summarise the information.

## Context

In consultation with signatories, between 2018 and 2020 the PRI extensively reviewed the Reporting and Assessment processes and set the ambitious objective of launching in 2021 a completely new investor Reporting Framework, together with a new reporting tool.

We ran the new investor Reporting and Assessment process as a pilot in its first year, and such process included providing additional opportunities for signatories to provide feedback on the Reporting Framework, the online reporting tool and the resulting reports. The feedback from this pilot phase has been, and is continuing to be analysed, in order to identify any improvements that can be included in future reporting cycles.

## PRI disclaimer

This document presents information reported directly by signatories in the 2021 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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# Senior Leadership Statement (SLS)

## Senior leadership statement

### Our commitment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S1	CORE	N/A	N/A	PUBLIC	Our commitment	GENERAL

- **Why does your organisation engage in responsible investment?**
- **What is your organisation’s overall approach to responsible investment?**
- **What are the main differences between your organisation’s approach to responsible investment in its ESG practice and in other practices, across asset classes?**

At RBC Global Asset Management (RBC GAM), our purpose is to deliver exceptional investment outcomes and valued insights to clients. This inspires everything we do and provides the foundation for our four core values:

1. Put our clients' interests first
2. Foster a strong culture of collaboration and diversity
3. Offer expansive global capabilities and a diversified breadth of investment solutions
4. Embrace innovation and harness the power of human and machine

Our approach to responsible investment (RI) builds on these values and is core to our overall investment philosophy. Rather than separating an ESG practice from the rest of our investment activities, all investment teams across all asset classes incorporate consistent responsible investment beliefs and approaches. Specifically, we believe that:

- Being an active, engaged and responsible owner empowers us to enhance the long-term, risk-adjusted performance of our portfolios and is part of 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 private dialogue is often most 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

The three pillars of our Approach to RI are:

(1) Fully Integrated ESG: All investment teams integrate relevant ESG factors into their investment processes. Our approach is investment-led, meaning that teams tailor the ESG integration tools and processes they use to their specific investment strategies. Teams focus on those ESG factors that have the potential to impact the value of the investment and continuously improve and innovate on their ESG integration tools and processes.

(2) Active Stewardship: As stewards of our clients’ assets, we are committed to ensuring that the issuers in which we invest act in alignment with the long-term interests of the portfolios we manage. We use thoughtful proxy voting, engagement with issuers and regulatory bodies, and collaboration with other like-minded investors to convey our views on topics deemed material for our specific portfolios or investments.

(3) Client-Driven Solutions and Reporting: We align our solutions with client demand, keeping an eye on emerging trends that may add long-term value for our clients. For example, we offer clients socially responsible investment (SRI) strategies which exclude or include investments based on ESG factors, as well as thematic strategies that invest in broader ESG themes. As transparency and accountability are key to maintaining meaningful relationships with our clients and delivering on our fiduciary duty, we provide our clients with regular reporting on our RI, ESG integration, and stewardship activities.

For more info visit [rbcgam.com/ri](http://rbcgam.com/ri)

## Annual overview

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S2	CORE	N/A	N/A	PUBLIC	Annual overview	GENERAL

- o Discuss your organisation’s progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- o Reflect on your performance with respect to your organisation’s responsible investment objectives and targets during the reporting year. This might involve e.g. outlining your single most important achievement, or describing your general progress, on topics such as the following:
  - o refinement of ESG analysis and incorporation
  - o stewardship activities with investees and/or with policy makers
  - o collaborative engagements
  - o attainment of responsible investment certifications and/or awards

Throughout 2020, RBC GAM continued to improve practices and activities supporting the three pillars of our Approach to RI. Highlights include:

(1) ESG Integration: One of our priorities this year was to continue to advance the data, tools, and knowledge on climate-related risks and opportunities across the investment platform. We made significant progress through:

- Onboarding a new climate dataset into our internal ESG database, available for direct integration into investment teams' own due diligence and portfolio monitoring processes

- Comprehensive climate risk and opportunity monitoring at the portfolio level through quarterly climate scenario analysis

- Climate education sessions with external climate experts sharing their knowledge and perspectives with RBC GAM investment professionals

(2) Active Stewardship: We continued to make our views known on systemic and material ESG issues, both individually and collaboratively, with companies and policymakers. For example, we:

- Became signatory to the Climate Action 100+, 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. To date, we have joined five collaborative engagements organized by the initiative.

- Continued to advance our action on Diversity & Inclusion by updating the RBC GAM Proxy Voting Guidelines such that if a board had less than 25% women directors and lacked an adequate gender diversity policy, we may have voted against members of the Nominating or Corporate Governance Committees. We also continued our engagement activities with the 30% Club Canadian Investor Group and became signatory to the Responsible Investment Association of Canada's (RIA) 2020 Canadian Investor Statement on Diversity & Inclusion.

- Submitted comments and shared our views on several policy proposals with regulators, and other policymakers, and industry associations, including with the Canadian Investment Funds Standards Committee, Ontario's Capital Markets Modernization Taskforce, the Responsible Business Practices Division at Global Affairs Canada, the U.S. Department of Labour, and the CFA Institute.

(3) Client-Driven Solutions & Reporting: Continuing to advance transparent and meaningful reporting to our clients, we released our updated Approach to RI and launched our Approach to Climate Change in 2020. These documents provide more clarity on our responsible investment beliefs, strategy, and approaches across asset classes, as well as our specific commitments for addressing climate-related risks and opportunities. We also improved our institutional reporting this year by sharing engagement case studies and outcomes on a quarterly basis.

For more information on RBC GAM's RI activities in 2020, please see our 2020 RI Annual Report at <https://www.rbcgam.com/documents/en/other/2020-end-cgri-annual-report.pdf>

## Next steps

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S3	CORE	N/A	N/A	PUBLIC	Next steps	GENERAL

### What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

- Continuing to refine our climate scenario analysis and our climate disclosures aligned to the recommendations of the Task Force for Climate-related Financial Disclosure (TCFD) (first TCFD report was published in April 2021).
- Enhancing transparency reporting on our RI practices by expanding disclosure of meaningful ESG data and activities, and refining our public proxy voting rationale disclosures for votes on notable proposals
- Deepening investment teams' ESG expertise, including by expanding our internal ESG Knowledge Hub, which includes internal research and tools for incorporating material ESG considerations into investment analysis, and organizing ESG expert education sessions on material and emerging ESG trends

## Endorsement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S4	CORE	N/A	N/A	PUBLIC	Endorsement	GENERAL

The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment.

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Name Daniel E. Chornous

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Position Chief Investment Officer

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Organisation's name RBC Global Asset Management

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● This endorsement is for the Senior Leadership Statement only and is not an endorsement of the information reported by RBC Global Asset Management in the various modules of the Reporting Framework. The Senior Leadership Statement is simply provided as a general overview of RBC Global Asset Management's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such, and is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions.

## Organisational Overview (OO)

# Organisational information

## Categorisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	Signatory category	Multiple, see guidance	PUBLIC	Categorisation	GENERAL

Select the type that best describes your organisation or the services you provide.

(O) Fund management

(1) This is our only (or primary) type

(P) Fund of funds, manager of managers or sub-advised products

(2) This is an additional (secondary) type

## Subsidiary information

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries that are also PRI signatories in their own right?

- (A) Yes
- (B) No



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2.1	CORE	OO 2	OO 2.2	PUBLIC	Subsidiary information	GENERAL

List your subsidiaries that are separate PRI signatories.

(A) Signatory name:

BlueBay Asset Management LLP

(B) Signatory name:

(C) Signatory name:

(D) Signatory name:

(E) Signatory name:

(F) Signatory name:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2.2	CORE	OO 2.1	N/A	PUBLIC	Subsidiary information	GENERAL

Indicate if you would like to report the responsible investment activities of your subsidiaries that are separate PRI signatories in this submission.

(1) Responsible investment activities of this subsidiary and PRI signatory will be included in this report submission

(2) Responsible investment activities of this subsidiary and PRI signatory will be included in their own report submission

(A) Signatory name



## Reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 3	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

Indicate the year-end date for your reporting year.

	Month	Day	Year
Reporting year end date:	December	31	2020

## Assets under management

### All asset classes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 4.1, OO 4.2	N/A	PUBLIC	All asset classes	GENERAL

What were your total assets under management (AUM) at the end of the indicated reporting year? Provide the amount in USD.

(A) AUM of your organisation, including subsidiaries US\$ 429,031,875,761.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only US\$ 0.00

## Asset breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total assets under management at the end of your indicated reporting year.

### Percentage of AUM

(A) Listed equity – internal	10-50%
(B) Listed equity – external	0-10%
(C) Fixed income – internal	50-75%
(D) Fixed income – external	0.0%
(E) Private equity – internal	0.0%
(F) Private equity – external	0.0%
(G) Real estate – internal	0-10%
(H) Real estate – external	0.0%
(I) Infrastructure – internal	0.0%
(J) Infrastructure – external	0.0%
(K) Hedge funds – internal	0-10%
(L) Hedge funds – external	0.0%
(M) Forestry – internal	0.0%
(N) Forestry – external	0.0%
(O) Farmland – internal	0.0%

(P) Farmland – external 0.0%

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(Q) Other – internal, please specify:

Cash, derivatives, money market, etc. 0-10%

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(R) Other – external, please specify:

Cash and money market 0-10%

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(S) Off-balance sheet – internal 0.0%

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(T) Off-balance sheet – external 0.0%

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.1	CORE	OO 5	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

**Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds or investments.**

	(1) Listed equity	(9) Other
(A) Segregated mandate(s)	>75%	>75%
(B) Pooled fund(s) or pooled investment(s)	0.0%	0.0%

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 LE	CORE	OO 5, OO 5.1	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your listed equity assets.

	(A) Internal allocation	(B) External allocation – segregated
(1) Passive equity	0-10%	10-50%
(2) Active – quantitative	0-10%	0.0%
(3) Active – fundamental	>75%	50-75%
(4) Investment trusts (REITs and similar publicly quoted vehicles)	0.0%	0.0%
(5) Other, please specify:	0.0%	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 FI	CORE	OO 5, OO 5.1	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your fixed income assets.

	(A) Internal allocation
(1) Passive – SSA	0-10%
(2) Passive – corporate	0.0%
(3) Passive – securitised	0.0%
(4) Active – SSA	10-50%

(5) Active – corporate 50-75%

(6) Active – securitised 0.0%

(7) Private debt 0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 RE	CORE	OO 5, OO 5.1	N/A	PUBLIC	Asset breakdown	GENERAL

**Provide a further breakdown of your real estate assets.**

**(A) Internal allocation**

(1) Retail 10-50%

(2) Office 50-75%

(3) Industrial 10-50%

(4) Residential 10-50%

(5) Hotel 0.0%

(6) Lodging, leisure and recreation 0.0%

(7) Education 0.0%

(8) Technology/science 0.0%

(9) Healthcare 0.0%

(10) Mixed use 0.0%

(11) Other, please specify: 0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 HF	CORE	OO 5, OO 5.1	OO 9 HF, OO 10	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your hedge fund assets.

**(A) Internal allocation**

(1) Multi strategy	0-10%
(2) Long/short equity	0-10%
(3) Long/short credit	10-50%
(4) Distressed, special situations and event-driven fundamental	0-10%
(5) Structured credit	0-10%
(6) Global macro	10-50%
(7) Commodity trading advisor	0.0%
(8) Other, please specify:	10-50%

# ESG strategies

## Listed equity

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 LE	CORE	OO 5.2 LE	OO 6.1 LE, LE 13	PUBLIC	Listed equity	1

Which ESG incorporation strategy and/or combination of strategies do you apply to your internally managed active listed equity?

Percentage out of total internally managed active listed equity:

(A) Screening alone	0.0%
(B) Thematic alone	0.0%
(C) Integration alone	0.0%
(D) Screening and integration	>75%
(E) Thematic and integration	0.0%
(F) Screening and thematic	0.0%
(G) All three strategies combined	0-25%
(H) None	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6.1 LE	CORE	OO 6 LE	LE 8	PUBLIC	Listed equity	1

What type of screening is applied to your internally managed active listed equity assets?



Percentage coverage out of your total listed equities where screening strategy is applied

(A) Positive/best-in-class screening only	0.0%
(B) Negative screening only	>75%
(C) A combination of positive/best-in-class and negative screening	0-25%

## Fixed income

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 FI	CORE	OO 5.2 FI	Multiple, see guidance	PUBLIC	Fixed income	1

Which ESG incorporation strategy and/or combination of strategies do you apply to your internally managed active fixed income?

	(1) Fixed income – SSA	(2) Fixed income – corporate
(A) Screening alone	0.0%	0.0%
(B) Thematic alone	0.0%	0.0%
(C) Integration alone	0.0%	0.0%
(D) Screening and integration	>75%	>75%
(E) Thematic and integration	0.0%	0.0%
(F) Screening and thematic	0.0%	0.0%
(G) All three strategies combined	0-25%	0-25%
(H) None	0.0%	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6.1 FI	CORE	OO 6 FI	N/A	PUBLIC	Fixed income	1

What type of screening is applied to your internally managed active fixed income?

	(1) Fixed income – SSA	(2) Fixed income – corporate
(A) Positive/best-in-class screening only	0.0%	0.0%
(B) Negative screening only	>75%	>75%
(C) A combination of positive/best-in-class and negative screening	0-25%	0-25%

## Externally managed assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 SAM	CORE	OO 5.2 LE, OO 5.2 FI	OO 6.1 SAM	PUBLIC	Externally managed assets	1

Which ESG incorporation strategy and/or combination of strategies apply to your externally managed active listed equity and fixed income?

	(1) Listed equity - external
(A) Screening alone	0.0%
(B) Thematic alone	0.0%
(C) Integration alone	0.0%
(D) Screening and integration	>75%
(E) Thematic and integration	0.0%

(F) Screening and thematic 0.0%

(G) All three strategies combined 0.0%

(H) None 0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6.1 SAM	CORE	OO 6 SAM	N/A	PUBLIC	Externally managed assets	1

What type of screening is applied to your externally managed active listed equity and fixed income?

(1) Listed equity - external

(A) Positive/best-in-class screening only 0.0%

(B) Negative screening only >75%

(C) A combination of positive/best-in-class and negative screening 0.0%

## Hedge funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 HF	CORE	OO 5	HF 10	PUBLIC	Hedge funds	1

Do you conduct negative screening on your hedge fund assets?

- (A) Yes
- (B) No

# Externally managed assets

## Captive relationships

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	OO 5	Multiple, see guidance	PUBLIC	Captive relationships	GENERAL

Does your organisation have a captive relationship with some or all of its external investment managers?

- (A) Yes
- (B) No

## Investment consultants

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	OO 5	SAM 1	PUBLIC	Investment consultants	GENERAL

Does your organisation engage investment consultants in the selection, appointment or monitoring of your external investment managers?

- (A) Yes
- (B) No

# Stewardship

## Listed equity

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 LE	CORE	OO 5, OO 5.2 LE	Multiple, see guidance	PUBLIC	Listed equity	2

Does your organisation conduct stewardship activities for your listed equity assets?

	(1) Engagement on listed equity – active	(2) Engagement on listed equity – passive	(3) (Proxy) voting on listed equity – active	(4) (Proxy) voting on listed equity – passive
(A) Through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Through external managers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) We did not conduct this stewardship activity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Fixed income

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 FI	CORE	OO 5, OO 5.2 FI	Multiple, see guidance	PUBLIC	Fixed income	2

Does your organisation conduct stewardship activities for your fixed income assets?

	(1) Passive – SSA	(4) Active – SSA	(5) Active – corporate
(A) Through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) We did not conduct this stewardship activity for this strategy/asset type	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Private equity, real estate and infrastructure

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 ALT	CORE	OO 5	Multiple, see guidance	PUBLIC	Private equity, real estate and infrastructure	2

Does your organisation conduct stewardship activities in the following asset classes?

	(2) Real estate
(A) Through service providers	<input checked="" type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>
(D) Collaboratively	<input type="checkbox"/>

(E) We did not conduct  
stewardship activities for this asset  
class

## Hedge funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 HF	CORE	OO 5, OO 5.2 HF	Multiple, see guidance	PUBLIC	Hedge funds	2

Does your organisation conduct stewardship activities for your hedge fund assets?

(1) Engagement

(2) (Proxy) voting

(A) Through service providers

(C) Through internal staff

(D) Collaboratively

(E) We did not conduct this  
stewardship activity

# ESG incorporation

## Internally managed assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 10	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Internally managed assets	1

For each internally managed asset class, select whether or not you incorporate ESG into your investment decisions.

	(1) ESG incorporated into investment decisions	(2) ESG not incorporated into investment decisions
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity – active – quantitative	<input checked="" type="radio"/>	<input type="radio"/>
(C) Listed equity – active – fundamental	<input checked="" type="radio"/>	<input type="radio"/>
(F) Fixed income – SSA	<input checked="" type="radio"/>	<input type="radio"/>
(G) Fixed income – corporate	<input checked="" type="radio"/>	<input type="radio"/>
(K) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(M) Hedge funds - Multi strategy	<input checked="" type="radio"/>	<input type="radio"/>
(N) Hedge funds - Long/short equity	<input checked="" type="radio"/>	<input type="radio"/>
(O) Hedge funds - Long/short credit	<input checked="" type="radio"/>	<input type="radio"/>
(P) Hedge funds - Distressed, special situations and event driven fundamental	<input checked="" type="radio"/>	<input type="radio"/>



(Q) Hedge funds - Structured credit	<input checked="" type="radio"/>	<input type="radio"/>
(R) Hedge funds - Global macro	<input checked="" type="radio"/>	<input type="radio"/>
(T) Hedge funds - Other	<input checked="" type="radio"/>	<input type="radio"/>
(W) Other [as specified]	<input checked="" type="radio"/>	<input type="radio"/>

## External manager selection

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager selection	1

For each externally managed asset class, select whether or not you incorporate ESG into external manager selection. Your response should refer to the selection of the external managers who managed the relevant asset classes during the reporting year, regardless of when such selection took place.

	(1) ESG incorporated into external manager selection	(2) ESG not incorporated into external manager selection
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(K) Other [as specified]	<input checked="" type="radio"/>	<input type="radio"/>

## External manager appointment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 12	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager appointment	1

For each externally managed asset class, select whether or not you incorporate ESG into external manager appointment. Your response should refer to the appointment of the external managers who managed the relevant asset classes during the reporting year, regardless of when their appointment took place.

	(1) ESG incorporated into external manager appointment	(2) ESG not incorporated into external manager appointment
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(K) Other [as specified]	<input checked="" type="radio"/>	<input type="radio"/>

## External manager monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 13	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager monitoring	1

For each externally managed asset class, select whether or not you incorporated ESG into external manager monitoring during the reporting year.

	(1) ESG incorporated into external manager monitoring	(2) ESG not incorporated into external manager monitoring
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(K) Other [as specified]	<input checked="" type="radio"/>	<input type="radio"/>

# Voluntary reporting

## Voluntary modules

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 14	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Voluntary modules	GENERAL

The following modules are voluntary to report on in the separate PRI asset class modules as they account for less than 10% of your total AUM and are under USD 10 billion. Please select if you wish to voluntarily report on the module.

	(1) Yes, report on the module	(2) No, opt out of reporting on the module
(G) Real estate	<input type="radio"/>	<input checked="" type="radio"/>
(I) Hedge funds	<input type="radio"/>	<input checked="" type="radio"/>
(J) External manager selection, appointment and monitoring (SAM) – listed equity	<input type="radio"/>	<input checked="" type="radio"/>

The following modules are mandatory to report on as they account for 10% or more of your total AUM or are over USD 10 billion. The ISP (Investment and Stewardship Policy) module is always applicable for reporting.

	(1) Yes, report on the module
ISP: Investment and Stewardship Policy	<input checked="" type="radio"/>
(A) Listed equity	<input checked="" type="radio"/>
(B) Fixed income – SSA	<input checked="" type="radio"/>
(C) Fixed income – corporate	<input checked="" type="radio"/>

# ESG/sustainability funds and products

## Labelling and marketing

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Labelling and marketing	GENERAL

What percentage of your assets under management in each asset class are ESG/sustainability marketed funds or products, and/or ESG/RI certified or labelled assets? Percentage figures can be rounded to the nearest 5% and should combine internally and externally managed assets.

	Percentage
(A) Listed equity – passive	>75%
(B) Listed equity – active	>75%
(C) Fixed income – passive	>75%
(D) Fixed income – active	>75%
(F) Real estate	>75%
(H) Hedge funds	>75%
(K) Other	>75%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16.1	CORE	OO 16	ISP 52	PUBLIC	Labelling and marketing	GENERAL

What percentage of your total assets (per asset class) carry a formal ESG/RI certification or label? Percentage figures can be rounded to the nearest 5%.

Coverage of ESG/RI certification or label:

(A) Listed equity 0.0%

(B) Fixed income 0-25%

(D) Real estate 0.0%

(F) Hedge funds 0.0%

(I) Other 0.0%

## Climate investments

### Asset breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17	CORE	N/A	N/A	PUBLIC	Asset breakdown	GENERAL

What percentage of your assets under management is in targeted low-carbon or climate-resilient investments?

0-25%

# Other asset breakdowns

## Geographical breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

What is the geographical breakdown of your organisation's assets under management by investment destination (i.e. where the investments are located)?

	(1) Listed equity	(2) Fixed income – SSA	(3) Fixed income – corporate	(7) Real estate	(9) Hedge funds
(A) Developed	>75%	>75%	>75%	>75%	50-75%
(B) Emerging	0-25%	0-25%	0-25%	0.0%	25-50%
(C) Frontier	0-25%	0-25%	0-25%	0.0%	0.0%
(D) Other	0-25%	0-25%	0-25%	0.0%	0.0%

## Management by PRI signatories

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 19	CORE	OO 5	N/A	PUBLIC	Management by PRI signatories	GENERAL

What approximate percentage (+/-5%) of your externally managed assets are managed by PRI signatories?

█ >75%

## Fixed income constraints

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 20	CORE	OO 5.2 FI	OO 20.1	PUBLIC	Fixed income constraints	GENERAL

What percentage of your fixed income assets are subject to constraints? The constraints may be regulatory requirements, credit quality restrictions, currency constraints or similar.

### Internal and external fixed income assets subject to constraints

(A) Fixed income – SSA >75%

(B) Fixed income – corporate >75%

## Real estate: Building type

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 24	CORE	OO 5	RE 1, RE 9, RE 10	PUBLIC	Real estate: Building type	GENERAL

What is the percentage breakdown of your direct physical real estate assets by strategy?

### Percentage total of direct physical real estate AUM

(A) Standing investments >75%

(B) New construction 0.0%

(C) Major renovation 0-25%

# Context and explanation

## ESG in other asset classes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 34	CORE	Multiple, see guidance	N/A	PUBLIC	ESG in other asset classes	1

Describe how you incorporate ESG into the following asset classes.

### Description

(C) Other – internal

Money market instruments:  
Lending capital to issuers provides us with the opportunity to engage with management and the board of our investee companies on ESG issues. Accordingly, despite the short-term nature of money market instruments, such investments contribute to our overall influence in ESG engagements. For corporate issuers, our Global Fixed Income and Currencies team covering money market instruments leverage the research and analysis of our Investment Grade Corporate Credit team as part of its thorough check on credit quality. Our Global Investment Grade Corporate Credit team integrates ESG factors into its analysis, particularly focusing on the ESG factors that could impact an issuer's credit quality.  
ESG research is available to our investment teams in cases of investments in issuer-based derivatives. Additionally, our Fixed Income and Currencies teams have access to the research of our ESG research providers.

(F) Other – external

In the case of private investments and investments in external funds, we exercise our rights as active, engaged owners and will vote our shares in the best interests of the portfolios we manage and in consultation with our investment teams.



# Investment and Stewardship Policy (ISP)

## Responsible investment policy & governance

### Responsible investment policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1	CORE	N/A	ISP 1.1, ISP 1.2	PUBLIC	Responsible investment policy	1

Does your organisation have a formal policy or policies covering your approach to responsible investment? Your approach to responsible investment may be set out in a standalone guideline, covered in multiple standalone guidelines or be part of a broader investment policy. Your policy may cover various responsible investment elements such as stewardship, ESG guidelines, sustainability outcomes, specific climate-related guidelines, RI governance and similar.

- (A) Yes, we do have a policy covering our approach to responsible investment
- (B) No, we do not have a policy covering our approach to responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.1	CORE	ISP 1	Multiple, see guidance	PUBLIC	Responsible investment policy	1

What elements does your responsible investment policy cover? The responsible investment elements may be set out in one or multiple standalone guidelines, or they may be part of a broader investment policy.

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Approach to stewardship
- (F) Approach to sustainability outcomes
- (G) Approach to exclusions
- (H) Asset class-specific guidelines that describe how ESG incorporation is implemented
- (I) Definition of responsible investment and how it relates to our fiduciary duty
- (J) Definition of responsible investment and how it relates to our investment objectives
- (K) Responsible investment governance structure

- (L) Internal reporting and verification related to responsible investment
- (M) External reporting related to responsible investment
- (N) Managing conflicts of interest related to responsible investment
- (O) Other responsible investment aspects not listed here, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.2	PLUS	ISP 1	N/A	PUBLIC	Responsible investment policy	1

**What mechanisms do you have in place to ensure that your policies are implemented in an aligned and consistent way across the organisation?**

At RBC GAM, our Approach to RI, Approach to Climate Change, and RBC GAM Proxy Voting Guidelines (Guidelines) are the main policies that govern the firm’s RI and stewardship activities. The former two are reviewed on an annual basis with input on any changes provided by the RBC GAM Leadership Committee (Leadership Committee), while the last is reviewed and updated annually by the Proxy Voting Committee. Ultimate approval and responsibility for all three policies is held by RBC GAM’s Chief Investment Officer (CIO). Implementation of the policies is the primary responsibility of the Corporate Governance and Responsible Investment (CGRI) team and the investment teams.

RBC GAM applies several approaches to ensure that various components of our Approach to RI are implemented in an aligned and consistent way across the organization:

(i) ESG Integration across investment teams: a key tenet of our Approach to RI is that all investment teams integrate ESG considerations into their investment processes in a way that is appropriate to their mandates and that focuses on materiality. All of our investment teams have access to the same ESG data sources and we ensure alignment and consistency through an annual ESG integration review process, in which the CGRI team meets with every investment team and updates documentation of their ESG integration processes. This documentation is reported to the CIO and corresponding investment department heads, and feedback is provided where required to ensure consistency with RBC GAM’s overall approach and commitments.

(ii) ESG education: Investment teams regularly participate in ESG-specific education on topics. As part of RBC GAM’s continued efforts to expand internal subject matter expertise on material ESG topics, the CGRI team rolls out internally developed ESG factsheets and research to investment teams on regular basis. In addition, we also host a Climate Change Education Series for our investment teams which features insights, trends and data from industry experts. Finally, each investment team has an ESG Champion who participates in monthly calls with other ESG Champions, portfolio managers and CGRI team members to share and discuss the latest ESG trends, tools and processes.

(iii) Proxy Voting policies and processes: As part of our Active Stewardship activities, RBC GAM votes responsibly and in the best interest of our clients at the meetings of our investee companies. There are several mechanisms to ensure our votes are cast in an aligned and consistent way. First, voting activity in specific regions is subject to the RBC GAM Proxy Voting Guidelines which set out the principles we support and how we will vote on particular issues. These Guidelines, as well as any exceptional voting items, are reviewed and approved by our Proxy Voting Committee, which consists of leaders across the organization including the Head of CGRI and the CIO. Second, our proxy voting for the entire firm is centralized with the CGRI team. Our CGRI team reviews every ballot item directly, ensuring that the Guidelines are implemented in a consistent way across all voting items. In addition, our CGRI team works directly with our investment teams to arrive at a final voting decision, with any exceptional items escalated to the Proxy Voting Committee. Lastly, all votes are submitted with the intention of enhancing the long-term, risk-adjusted performance of our portfolios, consistent with our Approach to RI.

(iv) Norms-based investment exclusions: Our norms-based exclusions apply consistently across the firm. Specifically, when we control the investment policy for a portfolio, no investment team will knowingly invest in companies associated with the production, use or distribution of anti-personnel land mines or cluster munitions. As well, 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. To ensure adherence to these policies, we have engaged an independent third party provider to provide an updated list of companies that should be excluded based on the former and our internal global compliance teams keep a record for the latter. This data is directly incorporated into our trading system and prohibits any investment team from entering a trade involving the excluded issuers.

(v) Socially Responsible Investment (SRI) Screens: In addition to our norms-based exclusions, our RBC Vision strategies apply negative or positive screens to exclude or include companies from the investment universe based on a defined set of values. We have engaged a third-party provider to maintain and update a monthly list of exclusions for the RBC Vision strategies and engage directly with the provider on an ongoing basis to ensure that the screens are implemented appropriately and consistently.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 2	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	6

Indicate which of your responsible investment policy elements are publicly available and provide links.

- (A) Overall approach to responsible investment. Add link(s):  
<https://www.rbcgam.com/documents/en/articles/approach-to-responsible-investment.pdf>
- (B) Guidelines on environmental factors. Add link(s):  
<https://www.rbcgam.com/documents/en/other/our-approach-to-climate-change.pdf> ,  
<https://www.rbcgam.com/documents/en/articles/approach-to-responsible-investment.pdf> ,  
<https://www.rbcgam.com/documents/en/other/rbc-gam-proxy-voting-guidelines.pdf>
- (C) Guidelines on social factors. Add link(s):  
<https://www.rbcgam.com/documents/en/articles/approach-to-responsible-investment.pdf> ,  
<https://www.rbcgam.com/documents/en/other/rbc-gam-proxy-voting-guidelines.pdf>
- (D) Guidelines on governance factors. Add link(s):  
<https://www.rbcgam.com/documents/en/articles/approach-to-responsible-investment.pdf> ,  
<https://www.rbcgam.com/documents/en/other/rbc-gam-proxy-voting-guidelines.pdf>
- (E) Approach to stewardship. Add link(s):  
<https://www.rbcgam.com/documents/en/articles/approach-to-responsible-investment.pdf> ,  
<https://www.rbcgam.com/documents/en/other/rbc-gam-proxy-voting-guidelines.pdf>
- (F) Approach to sustainability outcomes. Add link(s):  
<https://www.rbcgam.com/documents/en/articles/approach-to-responsible-investment.pdf> ,  
<https://www.rbcgam.com/documents/en/other/rbc-gam-proxy-voting-guidelines.pdf> ,  
<https://www.rbcgam.com/documents/en/other/our-approach-to-climate-change.pdf>
- (G) Approach to exclusions. Add link(s):

<https://www.rbcgam.com/documents/en/articles/approach-to-responsible-investment.pdf> ,

(H) Asset class-specific guidelines that describe how ESG incorporation is implemented. Add link(s):

<https://www.rbcgam.com/documents/en/articles/approach-to-responsible-investment.pdf> ,  
<https://www.rbcgam.com/documents/en/other/rbc-gam-proxy-voting-guidelines.pdf>

(I) Definition of responsible investment and how it relates to our fiduciary duty. Add link(s):

<https://www.rbcgam.com/documents/en/articles/approach-to-responsible-investment.pdf>

(J) Definition of responsible investment and how it relates to our investment objectives. Add link(s):

<https://www.rbcgam.com/documents/en/articles/approach-to-responsible-investment.pdf>

(K) Responsible investment governance structure. Add link(s):

<https://www.rbcgam.com/documents/en/articles/approach-to-responsible-investment.pdf>

(M) External reporting related to responsible investment. Add link(s):

<https://www.rbcgam.com/documents/en/articles/approach-to-responsible-investment.pdf>

(N) Managing conflicts of interest related to responsible investment. Add link(s):

<https://www.rbcgam.com/documents/en/articles/approach-to-responsible-investment.pdf>

(P) Our responsible investment policy elements are not publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 3	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	1

**What percentage of your total assets under management are covered by your policy elements on overall approach to responsible investment and/or guidelines on environmental, social and governance factors?**

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors

**AUM coverage of all policy elements in total:**

[>75%](#)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 4	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	1

Which elements does your exclusion policy include?

- (A) Legally required exclusions (e.g. those required by domestic/international law, bans, treaties or embargoes)
- (B) Exclusions based on our organisation's values or beliefs (e.g. regarding weapons, alcohol, tobacco and/or avoiding other particular sectors, products, services or regions)
- (C) Exclusions based on screening against minimum standards of business practice based on international norms (e.g. OECD guidelines, the UN Human Rights Declaration, Security Council sanctions or the UN Global Compact)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 5	CORE	Multiple, see guidance	N/A	PUBLIC	Responsible investment policy	1

What percentage of your total assets under management are covered by your asset class-specific guidelines that describe how ESG incorporation is implemented?

**AUM Coverage:**

(A) Listed Equity	>75%
(B) Fixed Income	>75%
(D) Real Estate	>75%
(F) Hedge Funds	>75%

## Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 6	CORE	N/A	ISP 8	PUBLIC	Governance	1

**Do your organisation's board, chief-level staff, investment committee and/or head of department have formal oversight and accountability for responsible investment?**

- (A) Board and/or trustees
- (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))
- (C) Investment committee
- (D) Other chief-level staff, please specify:
- (E) Head of department, please specify department:  
 | VP & Head of CGRI
- (F) None of the above roles have oversight and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 7	CORE	N/A	ISP 8	PUBLIC	Governance	1

**In your organisation, which internal or external roles have responsibility for implementing responsible investment?**

- (A) Board and/or trustees
- (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))
- (C) Investment committee
- (D) Other chief-level staff [as specified]
- (E) Head of department [as specified]
- (F) Portfolio managers
- (G) Investment analysts
- (H) Dedicated responsible investment staff
- (I) Investor relations
- (J) External managers or service providers
- (K) Other role, please specify:
- (L) Other role, please specify:
- (M) We do not have roles with responsibility for implementing responsible investment.

## People and capabilities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8	CORE	ISP 6, ISP 7	ISP 8.1, ISP 8.2	PUBLIC	People and capabilities	General

What formal objectives for responsible investment do the roles in your organisation have?

	(1) Board and/or trustees	(2) Chief- level staff	(5) Head of department [as specified]	(6) Portfolio managers	(7) Investment analysts	(8) Dedicated responsible investment staff
(A) Objective for ESG incorporation in investment activities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Objective for ESG performance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Other objective related to responsible investment [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Other objective related to responsible investment [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) No formal objectives for responsible investment exist for this role	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8.1	PLUS	ISP 8	N/A	PUBLIC	People and capabilities	General

**Describe the key responsible investment performance indicators (KPIs) or benchmarks that your organisation uses to compare and assess the performance of your professionals in relation to their responsible investment objectives.**

Every year, RBC GAM's Leadership Committee sets strategic objectives for the entire firm, which include specific priorities for advancing our responsible investment initiatives. 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 amount. In addition to these firm-level priorities, the CGRI team and investment teams have additional responsibilities for the active implementation of RBC GAM's RI activities. Compensation of CGRI team members are entirely linked to performance on RI activities. Compensation for investment team members are primarily linked to the performance of the portfolios they manage, with part of their variable compensation related to RI responsibilities. In 2020, KPI's associated with our RI activities included: (a) Launching RBC GAM's Approach to Climate Change and releasing our updated Approach to RI, in order to provide more clarity and transparency to clients on our RI commitments and activities (b) Onboarding new data and tools for assessing climate-related risks and opportunities, including climate scenario analysis, across all portfolios and investment teams (c) Continuing to improve and develop custom processes and ESG integration methods aligned with investment processes (d) Providing ESG knowledge-building opportunities to investment teams and portfolio managers (e) Improving tracking of engagement activities and outcomes, and enhancing client reporting on engagement activity (f) Enhancing transparency of proxy voting activities by launching public disclosure of vote rationales for votes against management (g) Continuing to be an active member in RI organizations and initiatives

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8.2	CORE	ISP 8	N/A	PUBLIC	People and capabilities	General

**Which responsible investment objectives are linked to variable compensation for roles in your organisation?**



RI objectives linked to variable compensation for roles in your organisation:

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**(2) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))**

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(A) Objective for ESG incorporation in investment activities

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(B) Objective for contributing to the development of the organisation's ESG incorporation approach

---

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

---

(D) Objective for ESG performance

---

**(5) Head of department**

---

(A) Objective for ESG incorporation in investment activities

---

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

---

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

---

(D) Objective for ESG performance

---

**(6) Portfolio managers**

---

(A) Objective on ESG incorporation in investment activities

---

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

---

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

---

(D) Objective for ESG performance

---

**(7) Investment analysts**

---

(A) Objective for ESG incorporation in investment activities

---

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

---

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

---

(D) Objective for ESG performance

---

**(8) Dedicated responsible investment staff**

---

(A) Objective for ESG incorporation in investment activities

---

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

---

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

---

(D) Objective for ESG performance

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(G) We have not linked any RI objectives to variable compensation

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 9	CORE	N/A	N/A	PUBLIC	People and capabilities	General

How frequently does your organisation assess the responsible investment capabilities and training needs among your investment professionals?

- (A) Quarterly or more frequently
- (B) Bi-annually
- (C) Annually
- (D) Less frequently than annually
- (E) On an ad hoc basis
- (F) We do not have a process for assessing the responsible investment capabilities and training needs among our investment professionals

## Strategic asset allocation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 10	CORE	N/A	ISP 10.1	PUBLIC	Strategic asset allocation	1

Does your organisation incorporate ESG factors into your strategic asset allocation?

- (A) We incorporate ESG factors into calculations for expected risks and returns of asset classes
- (B) We specifically incorporate physical, transition and regulatory changes related to climate change into calculations for expected risks and returns of asset classes
- (C) No, we do not incorporate ESG considerations into our strategic asset allocation
- (D) Not applicable, we do not have a strategic asset allocation process

# Stewardship

## Stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 11	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship policy	2

What percentage of your assets under management does your stewardship policy cover?

(A) Listed equity >75%

(B) Fixed income >75%

(D) Real estate >75%

(F) Hedge funds >75%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 12	CORE	ISP 1.1	ISP 12.1	PUBLIC	Stewardship policy	2

Which elements does your organisation's stewardship policy cover? The policy may be a standalone guideline or part of a wider RI policy.

- (A) Key stewardship objectives
- (B) Prioritisation approach of ESG factors and their link to engagement issues and targets
- (C) Prioritisation approach depending on entity (e.g. company or government)
- (D) Specific approach to climate-related risks and opportunities
- (E) Stewardship tool usage across the organisation, including which, if any, tools are out of scope and when and how different tools are used and by whom (e.g. specialist teams, investment teams, service providers, external investment managers or similar)
- (F) Stewardship tool usage for specific internal teams (e.g. specialist teams, investment teams or similar)
- (G) Stewardship tool usage for specific external teams (e.g. service providers, external investment managers or similar)
- (H) Approach to collaboration on stewardship
- (I) Escalation strategies
- (J) Conflicts of interest
- (K) Details on how the stewardship policy is implemented and which elements are mandatory, including how and when the policy can be overruled

- (L) How stewardship efforts and results should be communicated across the organisation to feed into investment decision-making and vice versa
- (M) None of the above elements are captured in our stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 12.1	PLUS	ISP 12	N/A	PUBLIC	Stewardship policy	2

**Describe any additional details related to your stewardship policy elements or your overall stewardship approach.**

As stewards of our clients’ assets, we are committed to ensuring that the issuers in which we invest act in alignment with the long-term interests of our clients. We do this by conveying our views on material ESG topics through thoughtful proxy voting, engagement with issuers and regulatory bodies, and collaboration with other like-minded investors. Typically, the objectives of our active stewardship activities include:

- Seeking better disclosure of specific 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 investment value
- Where an issuer is lagging its peers on a material ESG issue, seeking a commitment for change, monitoring any changes, and encouraging continued improvements that are expected to positively impact the long-term value of the investment.

We have a strong preference to maintain an open dialogue and work with our investee companies to address any ESG-related matters through private dialogue. While we may consider more public avenues of change, such as filing shareholder proposals or making public statements, we use this method sparingly. We also 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 judgment of the investment case. Please see our website for more information. Our stewardship policy is primarily set out in our Approach to RI and the RBC GAM Proxy Voting Guidelines, both of which are reviewed annually with updates ultimately approved by our CIO. We also report on the implementation of our stewardship policies in our UK Stewardship Code and Japan Stewardship Code Statements.

## Stewardship policy implementation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 13	CORE	ISP 1.1	N/A	PUBLIC	Stewardship policy implementation	2

**How is your stewardship policy primarily applied?**

- (A) It requires our organisation to take certain actions
- (B) It describes default actions that can be overridden (e.g. by investment teams for certain portfolios)
- (C) It creates permission for taking certain measures that are otherwise exceptional
- (D) We have not developed a uniform approach to applying our stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 14	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship policy implementation	2

How does your organisation ensure that its stewardship policy is implemented by external service providers? Please provide examples of the measures your organisation takes when selecting external providers, when designing engagement mandates and when monitoring the activities of external service providers.

Provide examples below:

(A) Measures taken when selecting external providers:

RBC GAM retains the services of a number of research and data providers to support and enhance our stewardship activities. Users of this research and data include the investment teams, the CGRI team, and the Investment Risk group. Research and data from our providers helps to complement investment analysis, ESG integration within the investment process, preparation for potential engagements, and portfolio risk monitoring and reporting.

There are a number of steps we undertake to ensure that the provider and quality of data/research will meet our expectations:

1. Before purchasing data or research from a provider, market analysis is conducted to compare the potential product with its competitors.

2. (response continued in row below)

Our Quantitative Investments team back tests data being considered for core investment and stewardship functions, and both the Quantitative Investment and Investment Risk teams assist in reviewing prospective subscriptions for data quality and consistency. Where inaccuracies and material shortcomings in methodology are found, and it is unlikely the provider will be able to address them and meet our expectations, the provider is removed from consideration.

3. During a trial period, our investment teams test potential research and data provider subscriptions within the context of the portfolios they manage. Investment teams then provide feedback on any research or data issues, including systemic issues that would prevent the provider from being applicable or useful to the investment process or minor issues that can be resolved through engagement with the provider.

4. Once the provider is on-boarded, we maintain open dialogue and engagement between users of the data and the providers themselves to ensure that the quality and accuracy of data and research continues to meet expectations.  
**(response continued in row below)**

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For example, we seek direct training opportunities for users of the data to understand the product and new ways to integrate it. Our investment teams also frequently discuss research findings directly with research providers' sector analysts or research managers to ensure a thorough and complete understanding between both parties.

5. In certain cases, where inaccuracies on issuers have been identified, RBC GAM may facilitate engagements between the issuers and research providers to discuss and resolve inconsistencies in data/research. Historically, these inaccuracies have resulted from issuers failing to disclose policies or practices on which the research provider is evaluating them, or providers' review cycles lagging issuers' publications/data releases.

In cases where existing research or data providers fail to meet our expectations despite our engagement efforts or where superior research or products are identified, RBC GAM may terminate our subscription. Subscriptions and contracts are reviewed by our internal legal department prior to signing and upon contract renewal to stipulate the conditions where termination may be appropriate..

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(B) Measures taken when designing engagement mandates for external providers:

RBC GAM does not use external service providers to engage on our behalf.

(C) Measures taken to monitor external providers' alignment with our organisation's stewardship policy:

As active stewards of our clients' assets, we convey our views to issuers through thoughtful proxy voting. To accomplish this, we developed the RBC GAM Proxy Voting Guidelines and have retained the services of Institutional Shareholder Services (ISS) to manage and execute proxy votes, and Glass, Lewis & Co. for additional research. ISS provides custom voting recommendations based on the Guidelines for all proposals in markets where the Guidelines apply. Our CGRI team reviews each vote to ensure that the final votes cast accurately capture the intent of the Guidelines. **(response continued in row below)**

The CGRI team draws on research from both ISS and Glass, Lewis & Co. in its review, as well as internal expertise from the CGRI team, the investment teams, and the Proxy Voting Committee. This process is designed so that as an asset manager, we are able to closely monitor the quality of research and vote recommendations of service providers, as well as the accuracy of vote processing and reporting. Globally, RBC GAM typically votes at roughly 3,000 meetings per year and requires consistent and diligent research from our service providers, extensive reporting and monitoring capabilities on voting activities, open lines of communication and opportunities for feedback, and a highly customized approach to the implementation of the Guidelines.

Throughout the year, we also monitor the outcomes of our voting activities and meet with ISS to discuss its implementation of our policies to ensure that voting is executed according to the Guidelines:

- RBC GAM meets with ISS on an annual basis in advance of each proxy voting season to confirm the desired implementation of the Guidelines. This involves a detailed walkthrough of the most recent updates to the Guidelines as well as a review of ISS's benchmark voting policy updates to determine appropriate implementation.
- Throughout the year, RBC GAM works directly with ISS' custom research team as new situations emerge or to refine implementation. **(response continued in row below)**



Feedback is often provided to ISS through ongoing dialogue.

- The CGRI team conducts regular proxy voting reconciliations to ensure the number of votes submitted at our issuer meetings match our internal record of securities held in affected portfolios.
- Aggregate voting statistics are analyzed on a semi-annual basis by the CGRI team, independent of ISS; once after proxy season and once at the end of the calendar year. The CGRI team tracks statistics including:
  - votes against the recommendations of management;
  - votes against the recommendations of ISS’ benchmark policies;
  - instances where we were unable to vote; and
  - votes rejected due to logistical, administrative, or market-specific issues (e.g. shareblocking)
- After proxy voting season, RBC GAM and ISS meet to discuss proxy season outcomes and voting trends, which can identify outliers or instances where further implementation refinements are required. RBC GAM also identifies instances and themes where consistent vote overrides or refinements were required throughout proxy season and communicates these details to ISS in order to facilitate any further customization. The RBC GAM Proxy Voting Guidelines are updated on annual basis..

## Stewardship objectives

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 15	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship objectives	2

For the majority of assets within each asset class, which of the following best describes your primary stewardship objective?

	(1) Listed equity	(2) Fixed income	(4) Real estate	(6) Hedge funds
(A) Maximise the risk–return profile of individual investments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(B) Maximise overall returns across the portfolio	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

(C) Maximise overall value to beneficiaries/clients

(D) Contribute to shaping specific sustainability outcomes (i.e. deliver impact)

## Stewardship prioritisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 16	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship prioritisation	2

What key criteria does your organisation use to prioritise your engagement targets? For asset classes such as real estate, private equity and infrastructure, you may consider this as key criteria to prioritise actions taken on ESG factors for assets, portfolio companies and/or properties in your portfolio. Select up to 3 options per asset class from the list.

	(1) Listed equity	(2) Fixed income	(4) Real estate	(6) Hedge funds
(A) The size of our holdings in the entity or the size of the asset, portfolio company and/or property	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) The materiality of ESG factors on financial and/or operational performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Specific ESG factors with systemic influence (e.g. climate or human rights)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The ESG rating of the entity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) The adequacy of public disclosure on ESG factors/performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific ESG factors based on input from clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(G) Specific ESG factors based on input from beneficiaries

(H) Other criteria to prioritise engagement targets, please specify:

(I) We do not prioritise our engagement targets

## Stewardship methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 17	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship methods	2

**Please rank the methods that are most important for your organisation in achieving its stewardship objectives. Ranking options: 1 = most important, 5 = least important.**

(A) Internal resources (e.g. stewardship team, investment team, ESG team or staff) 1

(B) External investment managers, third-party operators and/or external property managers (if applicable) 4

(C) External paid services or initiatives other than investment managers, third-party operators and/or external property managers (paid beyond a membership fee) 3

(D) Informal or unstructured collaborations with peers 5

(E) Formal collaborative engagements (e.g. PRI-coordinated collaborative engagements, Climate Action 100+, the Initiative Climat International (iCI) or similar) 2

## Collaborative stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 18	CORE	Multiple, see guidance	ISP 18.1	PUBLIC	Collaborative stewardship	2

Which of the following best describes your organisation's default position, or the position of the service providers/external managers acting on your behalf, with regards to collaborative stewardship efforts such as collaborative engagements?

- (A) We recognise that stewardship suffers from a collective action problem, and, as a result, we actively prefer collaborative efforts
- (B) We collaborate when our individual stewardship efforts have been unsuccessful or are likely to be unsuccessful, i.e. as an escalation tool
- (C) We collaborate in situations where doing so would minimise resource cost to our organisation
- (D) We do not have a default position but collaborate on a case-by-case basis
- (E) We generally do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 18.1	PLUS	ISP 18	N/A	PUBLIC	Collaborative stewardship	2

Describe your position on collaborating for stewardship.

As a firm, we participate in initiatives that will increase transparency, protect investors, and foster fair and efficient capital markets. We recognize that collaboration with like-minded investors can give us greater influence on issues specific to our investments and on broader, market-wide considerations. This is true both for collaborative engagements with investee companies, as well as when advocating for regulatory and legal reform. In deciding which collaborative initiatives to join, we evaluate both the materiality of the ESG issue at hand and our portfolios' exposure to the issue. For example, corporate governance and climate change are two issues we prioritize due to their broad and systemic nature. In all cases, we work to encourage changes that are in the best interests of our clients and the portfolios we manage on their behalfs.

In regard to our response to ISP 18, please note that, in our view, both direct and collaborative engagements can be effective stewardship mechanisms.

Examples of our collaborative initiatives in 2020 are reported in ISP 22. For a full list of our collaborative initiatives, please see our Approach to Responsible Investment as well as our 2020 RI Annual Report available at <http://www.rbcgam.com/cgri>

## Escalation strategies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 19	PLUS	Multiple, see guidance	N/A	PUBLIC	Escalation strategies	2

Which of these measures did your organisation, or the service providers/external managers acting on your behalf, use most frequently when escalating initial stewardship approaches that were deemed unsuccessful?

	(1) Listed equity	(2) Fixed income	(3) Hedge funds
(A) Collaboratively engaging the entity with other investors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Filing/co-filing/submitting a shareholder resolution or proposal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Publicly engaging the entity (e.g. open letter)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Voting against the chair of the board of directors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Voting against the annual financial report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) Divesting or implementing an exit strategy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(H) We did not use any escalation measures during the reporting year. Please explain why below	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 20	CORE	Multiple, see guidance	N/A	PUBLIC	Escalation strategies	2

**If initial stewardship approaches were deemed unsuccessful, which of the following measures are excluded from the potential escalation actions of your organisation or those of the service providers/external managers acting on your behalf?**

	(1) Listed equity	(2) Fixed income	(3) Hedge funds
(A) Collaboratively engaging the entity with other investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) Filing/co-filing/submitting a shareholder resolution or proposal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Publicly engaging the entity (e.g. open letter)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Voting against the chair of the board of directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Voting against the annual financial report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) Divesting or implementing an exit strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(H) We do not have any restrictions on the escalation measures we can use	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## Alignment and effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 21	PLUS	Multiple, see guidance	N/A	PUBLIC	Alignment and effectiveness	2

### Describe how you coordinate stewardship across your organisation to ensure that stewardship progress and results feed into investment decision-making and vice versa.

At RBC GAM, implementation of our stewardship activities is shared by our centralized CGRI team and the investment teams themselves. Analysts and portfolio managers on the investment teams participate directly in all stewardship activities, and so any progress and results from those activities directly inform their investment processes and decisions.

By stewardship activity:

- Thoughtful proxy voting:** our CGRI team conducts all proxy voting, drawing from the RBC GAM Proxy Voting Guidelines, external research, investment team views, and Proxy Voting Committee input, as needed. Investment teams receive automated reports on upcoming ballot items relevant to their portfolios ahead of votes being cast, which ensures they are able to escalate any specific concerns on investee companies. Our CGRI team will also actively engage the relevant investment teams in any potentially contentious or unique ballot items. Thus, investment decision makers are aware of all proxy voting activities relevant to their investments, and can use this knowledge to further their engagement efforts or to further inform their investment decisions.
- Direct engagement with issuers:** Our investment teams engage with issuers on factors they deem material to the investment case, and each team's approach to engagement directly complements their unique investment processes. For example, many teams engage with the goal of seeking information which can then be incorporated into their investment analysis and investment decision. Some teams also engage in order to encourage issuers to better manage specific, material ESG risks. Because the investment teams themselves are conducting these engagements as part of their regular investment due diligence and portfolio monitoring processes, insights gained from engagement is directly incorporated into the investment process and decision. In some cases, the CGRI team may separately engage with companies on ESG topics but the team always reports back to portfolio managers and analysts on such engagements. Finally, outcomes of engagements may be reported to clients via quarterly and annual reporting.
- Collaborative initiatives :** we participate in initiatives and collaborative engagements on ESG issues that we deem material to our investments. Our collaborative initiatives and engagements with issuers are centralized and led by the CGRI team and relevant investment teams are brought into specific engagements with investee companies. As a result, investment teams are actively present and outcomes from the engagement may feed directly into their investment analysis and decisions. Our CGRI team leads our collaborative engagements on policy with regulators and other policymakers, and provides regular updates to all investment teams so that information and outcomes are disseminated across the investment platform.

## Stewardship examples

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 22	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship examples	2

Describe stewardship activities that you participated in during the reporting year that led to desired changes in the entity you interacted with. Include what ESG factor(s) you engaged on and whether your stewardship activities were primarily focused on managing ESG risks and opportunities or delivering sustainability outcomes.

	(1) Engagement type	(2) Primary goal of stewardship activity
(A) Example 1	a) Internally (or service provider) led	a) Managing ESG risks/opportunities
(B) Example 2	b) Collaborative	c) Both managing ESG risks and delivering outcomes
(C) Example 3	a) Internally (or service provider) led	a) Managing ESG risks/opportunities
	(3) The ESG factors you focused on in the stewardship activity	(4) Description of stewardship activity and the desired change(s) you achieved
(A) Example 1	Governance	Our Global Equity team engaged with a biopharmaceutical company on director roles and the possible overboarding of certain non-executive directors. This led to commitments from the company that one non-executive would step down in the near future and another non-executive would leave her other roles. This ultimately led to the team's approval of all board nominees. The team continued its ongoing engagement with the company on broader reporting matters and was pleased that the issuer released its first ESG reporting in Q2 2020.



(B) Example 2

Environmental

As a signatory to Climate Action 100+, we joined five collaborative engagements organized by the initiative in 2020. For example, in one of these engagements, our Canadian Equity and CGRI teams joined other Climate Action 100+ signatories in an engagement with a large Canadian petroleum company. **(response continued in row below)**

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The engagement focused on the company's greenhouse gas (GHG) emissions, where the group of investors felt that the company's targets were not ambitious enough compared to many of its peers and the company's own prior targets. The company was receptive to updating its short-term targets but hesitant to set more ambitious long-term targets, as its peers had, as it felt that there would be many factors to consider in developing a long-term goal, including regulatory, financial, and technological factors that could limit its ability to achieve its goals. Overall, the investment team felt the company will need to make additional progress on its GHG targets and will continue engaging with the company on this topic moving forward, both independently and collaboratively through Climate Action 100+.

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(C) Example 3

Climate Change

Our U.S. Fixed Income Team engaged with a large U.S. insurance company to discuss how the company is working to improve underwriting in the face of increasing severity and frequency of climate-related weather events. Management provided details about their granular internal models to help project weather-related events across the U.S. Using these models, the company has improved its insurance pricing by determining what businesses and geographical areas are still viable, while at the same time using reinsurance to limit the company's direct exposure to severe weather-related risks. The investment team used the information from the engagement to help formulate a credit opinion on the company.

## Engaging policymakers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23	CORE	N/A	Multiple, see guidance	PUBLIC	Engaging policymakers	2

How does your organisation, or the external investment managers or service providers acting on your behalf, engage with policymakers for a more sustainable financial system?

- (A) We engage with policymakers directly
- (B) We provide financial support, are members of and/or are in another way affiliated with third-party organisations, including trade associations and non-profit organisations, that engage with policymakers
- (C) We do not engage with policymakers directly or indirectly

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.1	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

**What methods do you, or the external investment managers or service providers acting on your behalf, use to engage with policymakers for a more sustainable financial system?**

**(A) We participate in "sign-on" letters on ESG policy topics. Describe:**

As an example, RBC GAM is a sustaining member of the Responsible Investment Association in Canada (RIA). Our Head of CGRI acts as Secretary of the board and Chair of the Governance Policy Committee. RBC GAM became signatory to the RIA's 2020 Canadian Investor Statement on Diversity & Inclusion.

**(B) We respond to policy consultations on ESG policy topics. Describe:**

In 2020, we collaborated with other Canadian investors as part of the Ontario Capital Markets Modernization Taskforce, which included feedback on recommendations related to ESG disclosures and ESG investing. In the U.S., we submitted comments to the U.S. Department of Labor on two of its notices of proposed rulemaking entitled "Financial Factors in Selecting Plan Investments" and "Fiduciary Duties Regarding Proxy Voting and Shareholder Rights".

**(C) We provide technical input on ESG policy change. Describe:**

Although we did not provide technical input on ESG policy changes in 2020, we are prepared to do so in appropriate circumstances.

**(D) We proactively engage financial regulators on financial regulatory topics regarding ESG integration, stewardship, disclosure or similar. Describe:**

As relevant ESG issues emerge, we may engage directly or collaboratively on policy topics. Our engagement with the Ontario Capital Markets Modernization Taskforce and the US Department of Labor are examples of this type of engagement.

**(E) We proactively engage regulators and policymakers on other policy topics. Describe:**

We regularly engage with regulators and policymakers on topics with the aim of ensuring fair capital markets.

**(F) Other methods used to engage with policymakers. Describe:**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.2	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

Do you have governance processes in place (e.g. board accountability and oversight, regular monitoring and review of relationships) that ensure your policy activities, including those through third parties, are aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?

● (A) Yes, we have governance processes in place to ensure that our policy activities are aligned with our position on sustainable finance and our commitment to the 6 Principles of the PRI. Describe your governance processes:

RBC GAM's Approach to Responsible Investment, Approach to Climate Change and Proxy Voting Guidelines are the formal policy documents that govern the firm's responsible investment and stewardship activities. The policies applies firm-wide (with some exceptions for the Proxy Voting Guidelines) and are reviewed on an annual basis, with input provided by the Leadership Committee and ultimate approval by RBC GAM's CIO. Oversight of performance on these responsible investment initiatives ultimately lies with the CIO, CEO and Leadership Committee, and is measured on a regular basis. Day-to-day implementation of the policies is primarily conducted by our CGRI team and investment teams. The centralized nature of the CGRI team and the collaboration through our ESG Champion network on the investment teams helps ensure a consistent approach. The governance structure was chosen to ensure consistency across the firm and that the level of oversight of responsible investment and stewardship is commensurate with its importance to RBC GAM. The combination of executive oversight and responsibility over these initiatives ensures that responsible investment and stewardship is effectively executed and continuously improves. We are committed to putting the UN PRI's six Principles of Responsible Investment into practice and believe that they are aligned with our Approach to Responsible Investment.

○ (B) No, we do not have these governance processes in place. Please explain why not:

## Engaging policymakers – Policies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 24	CORE	ISP 23	ISP 24.1	PUBLIC	Engaging policymakers – Policies	2

Do you have policies in place that ensure that your political influence as an organisation is aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?

● (A) Yes, we have a policy(ies) in place. Describe your policy(ies):

As a wholly owned subsidiary of Royal Bank of Canada (RBC), RBC's policies apply to RBC GAM, including its Anti-Bribery Anti-Corruption Policy, Enterprise Lobbying Policy, and Global Community Investment Policy. RBC identified 'Conduct & trust' as a foundational ESG priority in its most recent ESG Performance Report, which includes policies on lobbying and making political contributions. RBC GAM's 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 funds they manage. We believe that being an active, engaged and responsible owner empowers us to enhance the long-term, risk-adjusted performance of our portfolios, and that these policies are consistent with RBC GAM's Approach to Responsible Investment.

○ (B) No, we do not a policy(ies) in place. Please explain why not:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 24.1	CORE	ISP 24	N/A	PUBLIC	Engaging policymakers – Policies	2

Is your policy that ensures alignment between your political influence and your position on sustainable finance publicly disclosed?

(A) Yes. Add link(s):

[http://www.rbc.com/community-sustainability/\\_assets-custom/pdf/statement-on-lobbying-political-contributions.pdf](http://www.rbc.com/community-sustainability/_assets-custom/pdf/statement-on-lobbying-political-contributions.pdf)

(B) No, we do not publicly disclose this policy(ies)

## Engaging policymakers – Transparency

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 25	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers – Transparency	2

During the reporting year, did your organisation publicly disclose your policy engagement activities or those conducted on your behalf by external investment managers/service providers?

(A) We publicly disclosed details of our policy engagement activities. Add link(s):

<https://www.rbcgam.com/documents/en/other/2020-end-cgri-annual-report.pdf>

(B) We publicly disclosed a list of our third-party memberships in or support for trade associations, think-tanks or similar that conduct policy engagement activities with our support or endorsement. Add link(s):

<https://www.rbcgam.com/en/ca/about-us/responsible-investment/responsible-investment-commitments>

(C) No, we did not publicly disclose our policy engagements activities during the reporting year. Explain why:

(D) Not applicable, we did not conduct policy engagement activities

# Climate change

## Public support

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 26	CORE	N/A	N/A	PUBLIC	Public support	General

**Does your organisation publicly support the Paris Agreement?**

(A) Yes, we publicly support the Paris Agreement Add link(s) to webpage or other public document/text expressing support for the Paris Agreement:

<https://www.rbcgam.com/documents/en/other/2020-rbc-gam-tcf-d-report.pdf>

(B) No, we currently do not publicly support the Paris Agreement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 27	CORE	N/A	N/A	PUBLIC	Public support	General

**Does your organisation publicly support the Task Force on Climate-Related Financial Disclosures (TCFD)?**

(A) Yes, we publicly support the TCFD Add link(s) to webpage or other public document/text expressing support for the TCFD:

<https://www.rbcgam.com/documents/en/other/2020-rbc-gam-tcf-d-report.pdf> ,  
<https://www.rbcgam.com/documents/en/articles/approach-to-responsible-investment.pdf> ,  
<https://www.rbcgam.com/documents/en/other/our-approach-to-climate-change.pdf> , <https://www.fsb-tcf-d.org/supporters/>

(B) No, we currently do not publicly support the TCFD

## Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 28	CORE	N/A	N/A	PUBLIC	Governance	General

### How does the board or the equivalent function exercise oversight over climate-related risks and opportunities?

(A) By establishing internal processes through which the board or the equivalent function are informed about climate-related risks and opportunities. Specify:

The various Boards of Directors (Boards) of the RBC GAM entities oversee the overall performance of the firm, which includes strategic priorities related to responsible investment. The Boards delegate responsibility for implementation of strategic priorities to the CEO, CIO and senior leadership team, collectively called the Leadership Committee. The Leadership Committee is responsible for reviewing and monitoring progress against strategic objectives on a semi-annual basis, and reports regularly to the Boards. The Leadership Committee is comprised of the CEO, CIO, and leaders across the CGRI team and the fixed income and equities investment teams, among others. The Leadership Committee has identified the advancement of responsible investment, inclusive of climate change, as a strategic objective for the organization. Most recently, the Leadership Committee reviewed and approved RBC GAM's Task-Force on Climate-related Financial Disclosures report.

(B) By articulating internal/external roles and responsibilities related to climate. Specify:

At RBC GAM, our climate change strategy falls within the scope of our wider approach to responsible investment. As a result, board and executive oversight of climate-related issues is executed as part of their oversight of the firm's responsible investment activities. The governance of our climate change strategy is conducted under the same governance model as our responsible investment and stewardship activities, as outlined in ISP23.2. Management oversight of climate-related risks and responsibilities includes the following:

- The CEO oversees and manages the firm's activities and strategies and is responsible for approving RBC GAM's investment priorities, including our approach to climate change.
- The CIO is responsible for overseeing and managing all investment activities and is the ultimate investment risk owner responsible for climate change.
- The CGRI and investment teams are responsible for the implementation of our responsible investment activities and strategic priorities, and the Head of CGRI is a permanent member of the Leadership Committee. All investment teams and the CGRI team report directly to the CIO.
- Heads of institutional and retail businesses oversee product development with input from the CGRI team and oversight by the CIO and CEO.

(C) By engaging with beneficiaries to understand how their preferences are evolving with regard to climate change. Specify:

The Leadership Committee includes heads of the retail and institutional distribution teams. Members from the distribution teams discuss with advisors and clients emerging themes and areas of interest, including climate change. These issues are then discussed with the CGRI team any may be raised at Leadership Committee meetings. These discussions may result in expanded product offerings and/or additional reporting on ESG and climate-related metrics.

(D) By incorporating climate change into investment beliefs and policies. Specify:

The Leadership Committee reviews and approves the Approach to Climate Change, which sets out how RBC GAM incorporates climate-change metrics into its investment processes. Reporting is provided to the Leadership Committee on a regular basis on the progress made in integrating climate change considerations in the investment processes. All investment teams integrate material climate change factors into their investment decision-making processes. In order to build climate expertise across and within investment teams, dedicated training and knowledge sessions on climate change are provided to all investment teams and to the Leadership Committee. These include a regular Climate Education Series that focuses on current and emerging best practices on climate-related topics. In addition, on an annual basis the investment teams are graded on their ESG integration processes and this progress is reported to the CIO and the Leadership Committee.

(E) By monitoring progress on climate-related metrics and targets. Specify:

The Leadership Committee recently approved the Task-Force on Climate-related Financial Disclosures report, which sets out in detail climate-related metrics across the firm. In addition, the CIO, CGRI team and the investment teams actively monitor climate metrics for portfolios on a quarterly basis. In particular, we assess both the impact of, and resilience to material climate risk drivers at a sector, portfolio, issuer, and security level. Investment teams assess and monitor climate-related risks and opportunities on an ongoing basis, and receive a quarterly climate risk monitoring report that provides in-depth climate analysis and scenario analysis for their core strategies. The quarterly climate dashboard is provided for 70+ core funds and includes the following key climate metrics: weighted average carbon intensity, low carbon transition risk score, temperature alignment, climate value at risk (for 1.5oC, 2oC and 3oC scenarios).

(F) **By defining the link between fiduciary duty and climate risks and opportunities. Specify:**

The Leadership Committee approves our Approach to Climate Changes which sets out RBC GAM’s belief that understanding and considering climate change aligns with our fiduciary duty and that by considering the financial impacts of climate change in our investment approach we may enhance long-term, risk-adjusted returns. The following is an excerpt from Our approach to climate change: "As an asset manager and fiduciary of our clients’ assets, we have an important responsibility to consider all material factors that may impact the risk-adjusted returns of our investments. We believe that integrating environmental, social and governance (ESG) factors into our investment process can enhance long-term risk adjusted returns. Climate change is one such factor."

(G) Other measures to exercise oversight, please specify:

(H) The board or the equivalent function does not exercise oversight over climate-related risks and opportunities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 29	CORE	N/A	N/A	PUBLIC	Governance	General

**What is the role of management in assessing and managing climate-related risks and opportunities?**

(A) **Management is responsible for identifying climate-related risks/opportunities and reporting them back to the board or the equivalent function. Specify:**

Our Approach to Responsible Investment and Our Approach to Climate Change set out the organization’s responsible investment priorities and commitments, and are reviewed and approved by the Leadership Committee. Management oversight of climate-related risks and responsibilities includes the following: •The CEO oversees and manages the firm’s activities and strategies and is responsible for approving RBC GAM’s investment priorities, including our approach to climate change. •The CIO is responsible for overseeing and managing all investment activities and is the ultimate investment risk owner responsible for climate change. •The CGRI and investment teams are responsible for the implementation of our RI activities and strategic priorities. All investment teams and the CGRI team report directly to the CIO. • Heads of institutional and retail businesses oversee product development with input from the CGRI team and oversight by the CIO and CEO.

(B) **Management implements the agreed-upon risk management measures. Specify:**

The impact of material climate-related risks on principal risk types is considered as part of our investment risk process and is integrated into our overall risk management process. The Investment Risk team, which reports into the CIO, is responsible for measuring risks at both a firm and portfolio level. The GAM Investment Risk Committee (GIRC), chaired by the CIO, is responsible for monitoring the firm’s risk profile, including ESG and climate risks when material. Risk appetite is established by the CIO with substantial input from the CEO and relevant Boards of Directors. The RBC Investment Strategy Committee (RISC) is also chaired by the CIO and reviews assessments of global fiscal and monetary conditions, projected economic growth and inflation, as well as the expected course of interest rates, major currencies, corporate profits, and stock prices. From this global forecast, the Committee develops specific guidelines that can be used to manage portfolios. Where material, this may include ESG risks, including climate change. Results of the Committee’s deliberations are published quarterly in The Global Investment Outlook.

(C) **Management monitors and reports on climate-related risks and opportunities. Specify:**



As investors and fiduciaries of our clients' assets, we actively consider how climate-related risks and opportunities impact equity, fixed income, and real assets in our portfolios. While all climate impact drivers may be material to certain sectors or asset classes, our approach to assessing climate-related risks and opportunities focuses specifically on key transition impact drivers (policy, technology, markets) and physical impact drivers (acute events, chronic impacts). We assess both the impact of, and resilience to material climate risk drivers at a sector, portfolio, issuer, and security level. This methodology combines both a top-down and bottom-up approach to climate analysis that aims to provide a comprehensive view of the impact of climate-related risks and opportunities on investments today and under future climate scenarios. RBC GAM conducts climate scenario analysis to evaluate the resilience of our investments, and where material, to integrate insights into our investment process. Our Investment risk and CGRI teams provide investment teams with a quarterly climate dashboard for over 70 core funds with portfolio-level climate metrics, which includes: weighted average carbon intensity (Scope 1, 2 and 3), low carbon transition risk score, temperature alignment, and climate value at risk (for 1.5oC, 2oC and 3oC scenarios). The governance of our climate change strategy is conducted under the same governance model as our responsible investment activities, as outlined above. Namely, the CGRI and investment teams have management and implementation responsibilities for our climate-related activities. The Head of CGRI and Heads of Equities and Fixed Income all report directly to the CIO. The CIO manages firm-level climate-related initiatives and oversight, and reports directly to the CEO. The Leadership Committee recently approved our Task-Force on Climate-related Financial Disclosures report.

**(D) Management ensures adequate resources, including staff, training and budget, are available to assess, implement and monitor climate-related risks/opportunities and measures. Specify:**

In order to develop and implement our approach to climate change, RBC GAM has invested in building climate change capacity and knowledge within the CGRI team, as well as within global investment teams. This includes a role within the CGRI team (as of late 2019) focused primarily on the integration of climate change in the investment process, as well as investment in a Climate Education Speakers series, whereby external experts on climate-related topics are invited to share their knowledge and expertise. In 2020, RBC GAM invested in an enhanced climate dataset in order to advance climate analytics for the investment teams. We continue to monitor and respond to the need to build ESG and climate-specific expertise across the firm.

**(E) Other roles management takes on to assess and manage climate-related risks/opportunities, please specify:**

Active stewardship is a core pillar of our approach to responsible investment and a means of requesting better disclosure on how corporate and sovereign issuers are addressing climate mitigation and adaptation. We convey our views on climate change through proxy voting, engagement and collaboration with other like-minded investors. We conduct thoughtful proxy voting on climate-related shareholder proposals, in line with our Proxy Voting Guidelines. We generally support proposals requesting that companies adopt or implement initiatives to reduce GHG emissions, and proposals requesting enhanced climate-related disclosures such as those aligned with the TCFD. We actively engage with companies and regulators, where appropriate, to encourage climate mitigation and adaptation, and report on our activities and outcomes. In 2020, our investment teams completed over 1,200 engagements with a significant focus on ESG factors, including climate change. We also work collaboratively with other investors through initiatives such as Climate Action 100+, to share our views and discuss the risks and opportunities of climate change with the boards and management of the companies in which we invest on behalf of our clients.

**(F) Our management does not have responsibility for assessing and managing climate-related risks and opportunities**

# Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30	CORE	N/A	Multiple, see guidance	PUBLIC	Strategy	General

## Which climate-related risks and opportunities has your organisation identified within its investment time horizon(s)?

### (A) Specific financial risks in different asset classes. Specify:

Climate change is a systemic risk that has the potential to affect the global economy. It is also a cross-cutting risk that may both impact and amplify other principal risk types, such as investment risk and operational risk. The impact of climate change on specific markets, regions, and investments are complex, varied, and uncertain. Risks are deemed material if they have the potential to impact the risk-adjusted returns of our investments. The most significant and material risks of climate change will appear at the end of the decade and beyond. These include the policy, technology, and market impacts that drive the transition to a low-carbon economy, and the acute and chronic physical impacts that drive the need to adapt and build resilience to a changing climate.

(i) Equities : As equity investors, we are concerned about the value of businesses in which we invest and therefore consider relevant climate-related risks and opportunities to determine if they have been priced into an issuer's valuation. Corporate issuers in all sectors and geographies will be impacted by climate change, although in different ways. Within sectors, it is a company's business model, strategy, the geographic location of its assets, and the quality of its corporate governance that will ultimately determine the size and impact of climate change on its profits and valuation.

(ii) Fixed income: Debt issuers' credit risk ratings and ability to pay their debts may also be affected by climate change. The impact of climate change on fixed income securities depends on the nature of the issuer (corporate versus sovereign), the nature of the security, and the time horizon of the investment. While in the short to medium term, climate change is unlikely to impact most fixed income securities, in the long term it will likely affect all issuers to some degree.

(iii) Real assets: The effects of climate change on real assets is primarily due to physical impacts and therefore depends in large part on the geographic location of these assets. Acute and chronic physical risks, like flooding, hurricanes, and rising sea levels, are typically the biggest climate risks for real assets, with both the damage to physical assets and loss of income generated from these assets posing risks to real estate and mortgage investors. A longer term concern includes potential cost increases due to higher energy and water costs and related upgrades that may be required to adapt to new policy requirements and physical climate conditions.

### (B) Specific sectors and/or assets that are at risk of being stranded. Specify:

Stranded assets are those investments that have already been made but which, at some time prior to the end of their economic life, will no longer be able to earn an economic return. While asset stranding is often referred to in relation to fossil fuel reserves, the risk of asset stranding is not limited to the oil and gas sector and may impact other carbon-intensive sectors such as transportation (e.g., aviation and shipping), real estate, electricity generation (e.g., coal plants), heavy industry, and agriculture. For all of these sectors, climate change may materially impact the valuation of assets and could result in asset stranding. Asset stranding across all sectors is a risk factor that needs to be considered and integrated into investment decision-making, if it is material to a company's valuation. This can be done by identifying sectors and issuers that are exposed to this risk (e.g. energy, agriculture, real estate) and evaluating the likelihood of this risk being realized under different climate scenarios, such as a 2oC scenario. As part of the quarterly climate dashboards that RBC GAM produces for over 70+ core funds, we identify the proportion of assets at risk of stranding due to their high carbon intensity and poor management of climate-related risks. Carbon-intensive sectors tend to be more sensitive to the climate risk factors that drive the transition to a low-carbon economy (transition risks) and therefore more at risk of asset stranding. The most carbon-intensive sectors, based on Scope 1 and Scope 2 emissions, are the Utilities, Materials, Energy, and Industrials sectors.

### (C) Assets with exposure to direct physical climate risk. Specify:

Rising global temperatures cause the physical impacts of climate change, which are driven by an increase in frequency and intensity of extreme weather events, and longer-term shifts in climate patterns. These physical risks manifest in an increase (risk) or decrease (opportunity) in business interruptions or asset damages. Resource and asset-based sectors are more sensitive to the physical impacts of climate change. This includes consumer staples, industrials and real estate. Within a sector however, a company's business model, strategy, and geographic location of assets – as well as the effectiveness of their governance model will ultimately determine the impact of climate change.

We analyse the physical risks of climate change through climate scenario analysis. Our analysis uses data from the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP). RCP 8.5 is used to assess physical risks and opportunities as it is the highest emissions pathway and represents a business-as-usual (BAU) scenario: high population, relatively slow income growth, modest rates of technological change and energy intensity improvements, and no climate policies. The impact of five chronic risks (extreme heat, extreme cold, extreme precipitation, wind, snowfall) and three acute risks (coastal flooding, fluvial flooding, tropical cyclones) on business interruptions and asset damages are modeled for an average (~4.3oC) and 95th percentile RCP 8.5 (or BAU) scenario.

**(D) Assets with exposure to indirect physical climate risk. Specify:**

Many Corporate and sovereign issuers fixed income and equities, as well as real assets, may be directly and indirectly affected by both the physical and transition impacts of climate change, which includes both acute and chronic physical risks. Depending on the issuer, this may impact profitability, the value of their financial assets, and productivity. Climate change may also impact economic growth, prices and inflation, employment and labour productivity, trade flows, debt, and financial stability within the economies and societies within which issuers and investors operate.

**(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:**

Carbon footprint metrics provide a view on the GHG emissions of a portfolio, and may be an indicator of potential policy and technology risk. While this is a useful metric, it is also a limited metric as it is both static and backwards-looking. It is for this reason that our investment teams make decisions on a case-by-case basis and also take into consideration other climate-related factors. This includes a company's investments in low-carbon technology, green revenue contribution, climate targets, executive oversight and governance, and forward-looking metrics such as climate value at risk (climate VaR) and temperature alignment. Our investment teams also use stewardship activities, such as engagement and proxy voting, to motivate companies to implement strategies and take actions that enable climate mitigation and adaptation. While carbon-intensive sectors such as Energy, Materials, Utilities, and Industrials are the main contributors to Climate VaR across portfolios, it is also evident that a broader set of sectors are important contributors to the overall Climate VaR. This demonstrates the importance of actions by companies across all sectors, not just those in carbon-intensive sectors, to effectively manage policy risks, technology opportunities and the physical risks and opportunities of climate change. This also emphasizes the importance of looking at a suite of climate metrics and the underlying factors in order to identify areas of potential risk and opportunity. It is for this reason that our investment teams assess a range of climate-related metrics and factors as part of their decision-making process.

**(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:**

**(G) Other climate-related risks and opportunities identified. Specify:**

Climate change will impact economies, markets, and societies, posing both financial risks and opportunities for issuers and investors. The impacts of climate change are systemic and unprecedented. They are also already apparent. The most significant and material risks of climate change will appear at the end of the decade and beyond. These include the policy, technology, and market impacts that drive the transition to a low-carbon economy, and the acute and chronic physical impacts that drive the need to adapt and build resilience to a changing climate. Climate opportunities arise from investment in resource efficiency, low-carbon energy sourcing, the development of new products and services, access to new markets and customers, and enabling business resilience. As investors and fiduciaries of our clients' assets, we actively consider how climate-related risks and opportunities impact equity, fixed income, and real assets in our portfolios. Our principal duty is to maximize investment returns for our clients without undue risk of loss. The majority of our clients follow a medium to long-term time horizon. As such, this is the investment time horizon we generally consider in our investment activities and processes. However, we recognize that the physical impacts of climate change are currently being felt in some geographies, resulting in more short-term impacts. In addition, governments are implementing more stringent regulatory requirements (e.g., carbon pricing, pollution reduction), that may result in policy and market impacts for some sectors and geographies in the short term.

**(H) We have not identified specific climate-related risks and opportunities within our organisation's investment time horizon**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30.1	CORE	ISP 30	N/A	PUBLIC	Strategy	General

For each of the identified climate-related risks and opportunities, indicate within which investment time-horizon they were identified.

	(1) 3–5 months	(2) 6 months to 2 years	(3) 2–4 years	(4) 5–10 years
(A) Specific financial risks in different asset classes [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Assets with exposure to direct physical climate risk [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Assets with exposure to indirect physical climate risk [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(G) Other climate-related risks and opportunities identified [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	(5) 11–20 years	(6) 21–30 years	(7) >30 years	
(A) Specific financial risks in different asset classes [as specified]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(B) Specific sectors and/or assets that are at risk of being stranded [as specified]

(C) Assets with exposure to direct physical climate risk [as specified]

(D) Assets with exposure to indirect physical climate risk [as specified]

(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]

(G) Other climate-related risks and opportunities identified [as specified]

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 31	CORE	N/A	N/A	PUBLIC	Strategy	General

**Which climate-related risks and opportunities has your organisation identified beyond its investment time horizon(s)?**

**(A) Specific financial risks in different asset classes. Specify:**

Our principal duty is to maximize investment returns for our clients without undue risk of loss. The majority of our clients follow a medium to long-term time horizon. As such, this is the investment time horizon we generally consider in our investment activities and processes. However, we recognize that the physical impacts of climate change are currently being felt in some geographies, resulting in more short-term impacts. In addition, governments are implementing more stringent regulatory requirements (e.g., carbon pricing, pollution reduction), that may result in policy and market impacts for some sectors and geographies in the short term.

**(B) Specific sectors and/or assets that are at risk of being stranded. Specify:**

While assets across all sectors are at risk of asset stranding, those in carbon-intensive sectors tend to be more sensitive to this risk. The most carbon-intensive sectors, based on Scope 1 and Scope 2 emissions, are the Utilities, Materials, Energy, and Industrials sectors.

**(C) Assets with exposure to direct physical climate risk. Specify:**

Longer-term shifts in climate patterns, which may cause water stress and prolonged droughts, larger and more intense wildfires, heat waves, mass migration, and the spread of pests and infectious disease. In addition, extreme weather events that include increased frequency and intensity of storms. This may cause increased coastal and inland flooding, disruptions to critical infrastructure, and mass migration.

**(D) Assets with exposure to indirect physical climate risk. Specify:**

Corporate and sovereign issuers may be indirectly affected by both the physical and transition impacts of climate change. A longer term concern includes potential cost increases due to higher energy and water costs and related upgrades that may be required to adapt to new policy requirements and physical climate conditions.

(E) **Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:**

Climate scenarios differ based on sector and geographic coverage, temperature target, time horizon, and output variables. Within sectors, it is a company’s business model, strategy, the geographic location of its assets, and the quality of its corporate governance that will ultimately determine the size and impact of climate change on its profits and valuation. It is for this reason that our investment teams make decisions on a case-by-case basis and also take into consideration other climate-related factors. This includes a company’s investments in low-carbon technology, green revenue contribution, climate targets, executive oversight and governance, and forward-looking metrics such as CVaR and temperature alignment. Our investment teams use stewardship activities, such as engagement and proxy voting, to motivate companies to implement strategies and take actions that enable climate mitigation and adaptation.

(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:

(G) **Other climate-related risks and opportunities identified, please specify:**

Climate change may also impact economic growth, prices and inflation, employment and labour productivity, trade flows, debt, and financial stability within the economies and societies within which issuers and investors operate. Portfolio exposure to issuers across global markets and asset classes may result in the mispricing of assets, asset stranding, and credit default risks. This in turn can lead to an increase in volatility and uncertainty in markets, which may positively or negatively impact long-term risk-adjusted returns.

(H) We have not identified specific climate-related risks and opportunities beyond our organisation's investment time horizon

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 32	PLUS	N/A	N/A	PUBLIC	Strategy	General

**Describe the impact of climate-related risks and opportunities on your organization's investment strategy, products (where relevant) and financial planning.**

RBC GAM believes that considering the financial impacts of climate change in our investment approach can enhance long-term, risk-adjusted returns. We support the principles of the Paris Agreement and recognize the need to achieve a just transition to a low-carbon economy and will continue to advance our capabilities and commitments in line with this need. As we continue to implement Our Approach to Climate Change, through the course of the coming year we will focus on the following areas: -Build climate expertise: Continue to build climate expertise and knowledge across investment teams and the Leadership Committee by hosting climate education sessions and sharing case studies and insights. -Climate analytics and research insights: Enhance the depth and scope of climate research and analysis on the materiality of climate factors and impacts within and across portfolios. -Standardization of metrics and methodologies: Improve the standardization of methodologies of relevant climate metrics through collaborative initiatives. -Disclosure and transparency: Continue to provide enhanced disclosure of ESG and climate metrics to clients, as requested. -Active stewardship: Continue to focus on actively engaging with investee companies on material ESG and climate factors, and collaborate and advocate on climate-related issues through industry and investor-led initiatives.

## Strategy: Scenario analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 33	CORE	N/A	ISP 33.1	PUBLIC	Strategy: Scenario analysis	General

Does your organisation use scenario analysis to assess climate-related investment risks and opportunities? Select the range of scenarios used.

- (A) An orderly transition to a 2°C or lower scenario
- (B) An abrupt transition consistent with the Inevitable Policy Response
- (C) A failure to transition, based on a 4°C or higher scenario
- (D) Other climate scenario, specify:

(i) Our physical impact scenarios use data from the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP). RCP 8.5 is used to assess physical risks and opportunities, as it is the highest emissions pathway and represents a 'business as usual' scenario: high population, relatively slow income growth, modest rates of technological change and energy intensity improvements and no climate policies. The impact of five chronic risks (extreme heat, extreme cold, extreme precipitation, wind, snowfall) and three acute risks (coastal flooding, tropical cyclones, fluvial flooding) on business interruptions and asset damages are modeled for an average (~4.3oC) and 95th percentile RCP 8.5 scenario out to 2080. (ii) Our transition impact scenarios use data from three Integrated Assessment Models (IAMs) – AIM/CGE, IMAGE and GCAM, as well as Nationally Determined Contributions (NDCs) established under the Paris Agreement. IAMs link features of multiple systems into one integrated model: economy, energy, land use, climate. For the IAMs and temperature pathways considered, baseline narratives regarding population, technology and economic growth are based on the five Shared Socioeconomic Pathways (SSPs). The impact of policy risks (due to emissions reduction requirements) and technology opportunities (due to investment in low-carbon technologies) on revenues and costs are modeled for 1.5oC, 2oC, and 3oC scenario out to 2080.

- (E) We do not use scenario analysis to assess climate-related investment risks and opportunities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 33.1	PLUS	ISP 33	N/A	PUBLIC	Strategy: Scenario analysis	General

Describe how climate scenario analysis is used to test the resilience of your organisation's investment strategy and inform investments in specific asset classes.

- (A) An orderly transition to a 2°C or lower scenario

RBC GAM is committed to conducting climate scenario analysis to evaluate the resilience of our investments, and where material, to integrate insights into our investment process. In 2020, this analysis included the calculation of climate value at risk (Climate VaR) in a 1.5C, 2C and 3C scenario at a sector, portfolio, and issuer and security level. Our analysis uses data from three Integrated Assessment Models (IAMs) – AIM/CGE, IMAGE, and GCAM – as well as Nationally Determined Contributions (NDCs) established under the Paris Agreement. Baseline narratives regarding population, technology, and economic growth are based on the five Shared Socioeconomic Pathways (SSPs). The impact of policy and technology impacts are modeled for three temperature pathways, 1.5C, 2C, and 3C.

Climate VaR is a proprietary metric developed by MSCI® that computes scenario-, company-, and security-level estimates of future costs and revenues due to key climate impact drivers (policy risk, technology opportunities, physical risks and opportunities) under transition and physical climate scenarios. Financial modelling is then used to derive valuation impacts, expressed as a percentage change in valuation due to climate change. The aggregated Climate VaR consists of three component parts, as described below:

- Policy risk Climate VaR quantifies, at a security level, the potential cost of complying with government climate policies in order to achieve the GHG emission reductions required for each climate scenario.
- Technology opportunity Climate VaR quantifies, at a security level, the potential profit derived from low-carbon revenues and low-carbon technologies, for each climate scenario.
- Physical risk and opportunity Climate VaR quantifies the impact, at a security level, of chronic and acute risks, for each scenario. These risks manifest in an increase (risk) or decrease (opportunity) in business interruptions or asset damages.

#### (C) A failure to transition, based on a 4°C or higher scenario

RBC GAM is committed to conducting climate scenario analysis to evaluate the resilience of our investments, and where material, to integrate insights into our investment process. In 2020, this analysis included the calculation of climate value at risk (Climate VaR) in Business as usual (BAU) scenario at a sector, portfolio, and issuer and security level. Our analysis uses data from the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP). RCP 8.5 is used to assess physical risks and opportunities as it is the highest emissions pathway and represents a business-as-usual (BAU) scenario: high population, relatively slow income growth, modest rates of technological change and energy intensity improvements, and no climate policies. The impact of five chronic risks (extreme heat, extreme cold, extreme precipitation, wind, snowfall) and three acute risks (coastal flooding, fluvial flooding, tropical cyclones) on business interruptions and asset damages are modeled for an average (~4.3C) and 95th percentile RCP 8.5 (or BAU) scenario.

#### (D) Other climate scenario

We also calculated the climate value at risk (Climate VaR) in a 1.5oC and 3oC scenario at a sector, portfolio, and issuer and security level .

RBC GAM also calculates the temperature alignment of our portfolios using the MSCI® Warming Potential metric. This metric provides an indication of how a company’s business activities align to global temperature pathways. The Warming Potential allows investors to compare sectors, portfolios and issuers or securities against specific temperature goals, such as the Paris Agreement’s objectives of limiting global warming to well-below 2oC by 2100. At a company level, the Warming Potential is calculated by considering the temperature alignment of Scope 1 (direct emissions) and Scope 2 (indirect emissions from the generation of purchased energy) emissions. Company-specific reduction targets for each scope of emissions are included in the calculation of this metric.



## Risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 34	PLUS	ISP 30	N/A	PUBLIC	Risk management	General

### Which risk management processes do you have in place to identify and assess climate-related risks?

(A) **Internal carbon pricing. Describe:**

The performance, targets and reporting of operational GHG emissions is established as part of the robust climate change program of our parent company (RBC). In 2017, RBC became carbon neutral and committed to achieving net-zero carbon emissions in our global operations annually, which includes RBC GAM. This was accomplished through energy and emissions reduction programs in our property network and IT infrastructure, by procuring renewable energy through a power purchase agreement, and by sourcing renewable energy credits and high-quality carbon offsets to account for emissions we cannot eliminate. Each year, RBC aims to be less reliant on carbon offsets. As per the RBC Climate Blueprint, this includes two targets: a reduction in absolute GHG emissions by 70% with a baseline year of 2018, and an increase in sourcing of electricity from renewable and non-emitting sources to 100%, both by 2025.

In tandem with RBC's efforts to reduce energy use and GHG emissions in its operations, RBC is now a carbon neutral organization. To achieve carbon neutrality RBC purchased 128,873 tonnes of high quality carbon offsets (certified emission reduction units recognized by the UN) through the RBC Capital Markets Emissions Trading Group at \$0.44 per metric ton.

As a signatory to the CDP, RBC has publicly reported climate-related data since 2003, including multi-year data in accordance with the Greenhouse Gas Protocol, and received third-party limited assurance on energy and emissions metrics. RBC GAM's operational GHG emissions are included within the RBC company disclosure.

See the RBC CDP disclosure and RBC ESG Performance Report 2020 for more.

(B) **Hot spot analysis. Describe:**

(C) **Sensitivity analysis. Describe:**

Sector sensitivity analysis is an important element of the assessment process, since the type, nature and materiality of climate impacts vary by sector and geography. Sector materiality is determined based on quantitative assessment of key impact drivers, and informed by third-party standards and frameworks such as the Sustainability Accounting Standards Board (SASB) Materiality Map<sup>®</sup> and the TCFD guidance on sectors most affected by climate change. Sector sensitivity and materiality is considered by investment teams as part of their investment decision-making process and in direct engagements with companies.

Assessment of the sector contribution to portfolio Climate VaR demonstrates the relative impact of each sector to this value.

(D) **TCFD reporting requirements on external investment managers where we have externally managed assets. Describe:**

(E) **TCFD reporting requirements on companies. Describe:**

Active stewardship is a core pillar of our approach to responsible investment and a means of requesting better disclosure on how corporate and sovereign issuers are addressing climate mitigation and adaptation. We convey our views on climate change through proxy voting, engagement and collaboration with other like-minded investors. We conduct thoughtful proxy voting on climate-related shareholder proposals, in line with our Proxy Voting Guidelines. We generally support proposals requesting that companies adopt or implement initiatives to reduce GHG emissions, and proposals requesting enhanced climate-related disclosures such as those aligned with the TCFD.

See our Proxy Voting Guidelines <https://www.rbcgam.com/documents/en/other/rbc-gam-proxy-voting-guidelines.pdf>

(F) **Other risk management processes in place, please describe:**

We manage climate-related investment risk by: integrating material ESG factors into our investment processes, taking an active stewardship approach, and providing client-driven solutions and reporting. 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 investment teams prioritize ESG factors that are considered to be most material to each investment decision. The extent to which an ESG factor is considered material depends on the issuer, the industries and geographies in which it operates, and the nature of the investment vehicle for which it is purchased. Each investment team has its own process for integrating ESG factors and for determining materiality, drawing from tools like the SASB materiality matrix and both internal and external research and expertise.

(G) We do not have any risk management processes in place to identify and assess climate-related risks

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 35	PLUS	Multiple, see guidance	N/A	PUBLIC	Risk management	General

**In which investment processes do you track and manage climate-related risks?**

(A) In our engagements with investee entities, and/or in engagements conducted on our behalf by service providers and/or external managers. Describe:

We actively engage with companies and regulators, where appropriate, to encourage climate mitigation and adaptation, and report on our activities and outcomes. In 2020, our investment teams completed 1,200+ engagements that significantly focus on ESG factors, including climate change. We also work collaboratively with other investors through initiatives such as Climate Action 100+. Climate Action 100+ is an investor-led initiative that engages with the largest global GHG emitters (167 focus companies in total) with the objective of seeking action on climate change. As a signatory to Climate Action 100+, in 2020 RBC GAM participated in four engagements. The purpose of these engagements is to encourage companies to take actions to reduce GHG emissions, improve governance oversight of climate change, and enhance climate-related disclosures. Please see the RBC GAM Proxy Season Overview 2020 for examples of Climate Action 100+ shareholder proposals.

(B) In (proxy) voting conducted by us, and/or on our behalf by service providers and/or external managers. Describe:

We conduct thoughtful proxy voting on climate-related shareholder proposals, in line with our Proxy Voting Guidelines. We generally support proposals requesting that companies adopt or implement initiatives to reduce GHG emissions, and proposals requesting enhanced climate-related disclosures such as those aligned with the TCFD. For a review of our proxy voting activities in 2020, please see our Semi-Annual Corporate Governance and Responsible Investment Report.

(C) In our external investment manager selection process. Describe:

(D) In our external investment manager monitoring process. Describe:

(E) In the asset class benchmark selection process. Describe:

(F) In our financial analysis process. Describe:

(G) Other investment process(es). Describe:

(H) We are not tracking and managing climate-related risks in specific investment processes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 36	PLUS	N/A	N/A	PUBLIC	Risk management	General

**How are the processes for identifying, assessing and managing climate-related risks incorporated into your organisation's overall risk management?**

(A) The risk committee or the equivalent function is formally responsible for identifying, assessing and managing climate risks. Describe:

(B) **Climate risks are incorporated into traditional risks (e.g. credit risk, market risk, liquidity risk or operational risk).**

**Describe:**

RBC GAM defines climate risks to include: transition risks from the shift to a low-carbon economy, and physical risks from more extreme weather events and changing climate patterns. We are primarily exposed to climate risk through emerging regulatory and legal requirements, impacts on long-term risk-adjusted returns, the products and services we deliver to our clients, and disruptions to our operations.

The actions management takes to mitigate these risks are described below:

- Regulatory compliance risk due to emerging regulatory and legal requirements: We monitor and evaluate regulations and formal requirements as they evolve, and update our processes and disclosures as necessary.
- Investment risk due to impacts on long-term risk adjusted returns: We manage climate-related investment risk by integrating material ESG factors into our investment processes, taking an active stewardship approach, and providing client-driven solutions and reporting. This includes conducting in-depth climate analytics and scenario analysis at a firm level and for our core funds. We actively engage with investee companies and sovereigns on climate change and convey our views through thoughtful proxy voting.
- Strategic and reputation risk due to delivery of products and services: All investment teams consider climate risks and opportunities in their portfolios, where material. In addition, we provide fossil-fuel free and impact strategies in some geographies to meet the investment needs of clients. We work with clients to conceive, innovate, and implement climate-based solutions that consider a range of strategic objectives.
- Operational risk due to disruptions to our operations and services: We have a robust business continuity management plan to respond to disruptions when they arise. Continuity plans for critical business processes and supporting systems are tested annually. The properties we lease or own are managed by RBC Corporate Real Estate, the entity responsible for identifying properties that require enhanced facility infrastructure to mitigate site disruptions, such as those caused by extreme weather events.

In addition, steps are taken to mitigate and adapt to climate change through building design RBC GAM defines climate risks to include: transition risks from the shift to a low-carbon economy, and physical risks from more extreme weather events and changing climate patterns. We are primarily exposed to climate risk through emerging regulatory and legal requirements, impacts on long-term risk-adjusted returns, the products and services we deliver to our clients, and disruptions to our operations.

(C) Climate risks are prioritised based on their relative materiality, as defined by our organisation's materiality analysis. Describe:

(D) **Executive remuneration is linked to climate-related KPIs. Describe:**

The direct annual compensation of executive management includes an assessment of performance in achieving RBC GAM's strategic priorities. The Leadership Committee has identified the advancement of responsible investment, inclusive of climate change, as a strategic objective for the organization. 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 amount.

(E) **Management remuneration is linked to climate-related KPIs. Describe:**

The direct annual compensation of management includes an assessment of performance in achieving RBC GAM's strategic priorities. The Leadership Committee has identified the advancement of responsible investment, inclusive of climate change, as a strategic objective for the organization. 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 amount.

(F) **Climate risks are included in the enterprise risk management system. Describe:**

The impact of material climate-related risks on principal risk types is considered as part of our investment risk process, as discussed above, and is integrated into our overall risk management process. The Investment Risk team, which reports into the Chief Investment Officer (CIO), is responsible for measuring risks at both a firm and portfolio level. The RBC GAM Investment Risk Committee (GIRC), chaired by the CIO, is responsible for monitoring the firm's risk profile, including ESG and climate risks when material. Risk appetite is established by the CIO with substantial input from the CEO and relevant Boards of Directors. The RBC GAM Investment Strategy Committee (RISC) is also chaired by the CIO and reviews assessments of global fiscal and monetary conditions, projected economic growth and inflation, as well as the expected course of interest rates, major currencies, corporate profits, and stock prices. From this global forecast, the Committee develops specific guidelines that can be used to manage portfolios. Where material, this may include ESG risks, including climate change. Results of the Committee's deliberations are published quarterly in The Global Investment Outlook.

(G) Other methods for incorporating climate risks into overall risk management, please describe:

We manage climate-related investment risk by: integrating material ESG factors into our investment processes, taking an active stewardship approach, and providing client-driven solutions and reporting. 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 investment teams prioritize ESG factors that are considered to be most material to each investment decision. The extent to which an ESG factor is considered material depends on the issuer, the industries and geographies in which it operates, and the nature of the investment vehicle for which it is purchased. Each investment team has its own process for integrating ESG factors and for determining materiality, drawing from tools like the SASB materiality matrix and both internal and external research and expertise.

All investment teams integrate climate change into their investment decision-making processes. In order to build climate expertise across and within investment teams, dedicated training and knowledge sessions on climate change are provided to all investment teams. These include a regular Climate Education Series that focuses on current and emerging best practices on climate-related topics. All global investment teams also have access to robust and comprehensive climate data at an issuer and portfolio level. Climate data covers: carbon emissions (Scope 1, 2, and 3), low-carbon transition risk exposure and management, low-carbon patents, carbon reduction targets, executive oversight of environmental strategy, and revenue breakdowns from sustainable and carbon-related sources, among other factors. Investment teams assess and monitor climate-related risks and opportunities on an ongoing basis, and receive a quarterly climate risk monitoring report that provides in-depth climate analysis and scenario analysis for their core strategies.

(H) Processes for identifying, assessing and managing climate-related risks are not integrated into our overall risk management

## Metrics and targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 37	PLUS	N/A	ISP 37.1	PUBLIC	Metrics and targets	General

**Have you set any organisation-wide targets on climate change?**

- (A) Reducing carbon intensity of portfolios
- (B) Reducing exposure to assets with significant climate transition risks
- (C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes
- (D) Aligning entire group-wide portfolio with net zero
- (E) Other target, please specify:
- (F) No, we have not set any climate-related targets

## Metrics and targets: Transition risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 38	PLUS	N/A	ISP 38.1	PUBLIC	Metrics and targets: Transition risk	General

What climate-related metric(s) has your organisation identified for transition risk monitoring and management?

- (A) Total carbon emissions
- (B) Carbon footprint
- (C) Carbon intensity
- (D) Weighted average carbon intensity
- (E) Implied temperature warming
- (F) Percentage of assets aligned with the EU Taxonomy (or similar taxonomy)
- (G) Avoided emissions metrics (real assets)
- (H) Other metrics, please specify:

RBC GAM measures Climate Value at Risk (Climate VaR) at a sector, portfolio and security level. Climate VaR is a downside risk indicator that determines the potential maximum drawdown that an asset could experience under a specific climate change scenario. Climate VaR computes scenario-, company-, and security-level estimates of future costs and revenues due to key climate impact drivers (policy risk, technology opportunities, physical risks and opportunities) under transition and physical climate scenarios. Financial modelling is then used to derive valuation impacts, expressed as a percentage change in valuation due to climate change. The aggregated Climate VaR consists of three component parts: Policy risk Climate VaR, Technology opportunity Climate VaR, and Physical risk and opportunity Climate VaR, and is modelled for a 1.5oC, 2oC, and 3oC scenario.

- (I) No, we have not identified any climate-related metrics for transition risk monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 38.1	PLUS	ISP 38	N/A	PUBLIC	Metrics and targets: Transition risk	General

Provide details about the metric(s) you have identified for transition risk monitoring and management.

	(1) Coverage of AUM	(2) Purpose
(A) Total carbon emissions	(2) for the majority of our assets	To evaluate how much a company (or portfolio) contributes to global GHG emissions
(B) Carbon footprint	(2) for the majority of our assets	To provide a view on the share of carbon emissions that an investor is responsible for

(C) Carbon intensity	(2) for the majority of our assets	To provide a view on the carbon efficiency of a company or portfolio
(D) Weighted average carbon intensity	(2) for the majority of our assets	To provide a view of the portfolio's exposure to carbon-intensive companies
(E) Implied temperature warming	(2) for the majority of our assets	To provide the temperature that a company's or portfolio's emissions intensity trajectory most corresponds with
(H) Other metrics [as specified]	(2) for the majority of our assets	To measure the shock to company's enterprise market value in the considered scenario
	<b>(3) Metric unit</b>	<b>(4) Methodology</b>
(A) Total carbon emissions	Tonnes CO <sub>2</sub> e	The absolute greenhouse gas emissions associated with a company or a portfolio
(B) Carbon footprint	Tonnes CO <sub>2</sub> e / \$M Invested	Scope 1 and Scope 2 GHG emissions are allocated to investors based on an equity ownership approach
(C) Carbon intensity	Tonnes CO <sub>2</sub> e / \$M EVIC or \$M Sales	Carbon efficiency based on EVIC: Scope 1 and Scope 2 GHG emissions of the component companies are divided by their enterprise value (market capitalization and debt). Carbon efficiency of companies' operations (per \$M Sales): Scope 1 and Scope 2 GHG emissions are allocated to investors based on an equity ownership approach.
(D) Weighted average carbon intensity	Tonnes CO <sub>2</sub> e/\$M Sales	Scope 1 and Scope 2 GHG emissions are allocated based on portfolio weights, rather than the equity ownership approach.

(E) Implied temperature warming	Celsius degrees	The security's combined alignment temperature - established by taking the midpoint of the alignment temperatures calculated using the sector-specific and sector-agnostic approaches. Based on the company's Scope 1, 2, 3 emissions and "cooling" potential (including emission reduction targets set by the firm)
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(H) Other metrics [as specified]	% of enterprise market value at risk (given a specific climate scenario)	CVaR is a proprietary metric developed by MSCI Carbon Delta, which provides a forward-looking and return-based valuation assessment to measure climate related risks and opportunities in an investment portfolio. CVaR is calculated by: 1) Determining the facility (and company) level impact of: technology opportunities; policy risks; and physical risks and opportunities; 2) Calculating the cost & revenue implications of impacts by climate scenario; 3) Discounting the projections of yearly future costs (for all companies and all scenarios) to a present value using a Dividend Discount Model. Discount rates are aligned with the weighted average cost of capital (WACC) of companies and the sectors in which they operate
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**(5) Disclosed value**

(A) Total carbon emissions	See our 2020 TCFD Report
(B) Carbon footprint	See our 2020 TCFD Report
(C) Carbon intensity	See our 2020 TCFD Report
(D) Weighted average carbon intensity	See our 2020 TCFD Report
(E) Implied temperature warming	See our 2020 TCFD Report
(H) Other metrics [as specified]	See our 2020 TCFD Report

## Metrics and targets: Physical risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 39	PLUS	N/A	ISP 39.1	PUBLIC	Metrics and targets: Physical risk	General

### What climate-related metric(s) has your organisation identified for physical risk monitoring and management?

- (A) Weather-related operational losses for real assets or the insurance business unit
- (B) Proportion of our property, infrastructure or other alternative asset portfolios in an area subject to flooding, heat stress or water stress
- (C) Other metrics, please specify:

Physical risk and opportunity Climate VaR quantifies the impact, at a security level, of chronic and acute risks, for each scenario. These risks manifest in an increase (risk) or decrease (opportunity) in business interruptions or asset damages. This metric estimates computes scenario-, company-, and security-level estimates of future costs and revenues due to physical risks and opportunities under physical climate scenarios.

- (D) Other metrics, please specify:
- (E) We have not identified any metrics for physical risk monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 39.1	PLUS	ISP 39	N/A	PUBLIC	Metrics and targets: Physical risk	General

### Provide details about the metric(s) you have identified for physical risk monitoring and management.

	(1) Coverage of AUM	(2) Purpose
(B) Proportion of our property, infrastructure or other alternative asset portfolios in an area subject to flooding, heat stress or water stress	(1) for all of our assets	to evaluate a series of climate risks which include flooding, heat stress and water stress
(C) Other metrics [as specified]	(2) for the majority of our assets	to compute scenario-, company-, and security-level estimates of future costs and revenues due to physical risks and opportunities under physical climate scenarios.



	(3) Metric unit	(4) Methodology
(B) Proportion of our property, infrastructure or other alternative asset portfolios in an area subject to flooding, heat stress or water stress	Absolute score	The evaluation comes in the form of a scorecard which identifies the level of risk for each attribute. Based on this initial screening, we investigate further to find out if any mitigation steps have been implemented or planned
(C) Other metrics [as specified]	% of enterprise market value at risk (given a specific physical climate scenario)	Physical risk and opportunity Climate VaR quantifies the impact, at a security level, of chronic and acute risks, for each scenario. These risks manifest in an increase (risk) or decrease (opportunity) in business interruptions or asset damages.

## Sustainability outcomes

### Set policies on sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 40	CORE	ISP 1.1	N/A	PUBLIC	Set policies on sustainability outcomes	1, 2

Where is your approach to sustainability outcomes set out? Your policy/guideline may be a standalone document or part of a wider responsible investment policy.

- (A) Our approach to sustainability outcomes is set out in our responsible investment policy
- (B) Our approach to sustainability outcomes is set out in our exclusion policy
- (C) Our approach to sustainability outcomes is set out in our stewardship policy
- (D) Our approach to sustainability outcomes is set out in asset class-specific investment guidelines
- (E) Our approach to sustainability outcomes is set out in separate guidelines on specific outcomes (e.g. the SDGs, climate or human rights)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 41	CORE	ISP 1.1	N/A	PUBLIC	Set policies on sustainability outcomes	1, 2

Which global or regionally recognised frameworks do your policies and guidelines on sustainability outcomes refer to?

- (A) The SDG goals and targets
- (B) The Paris Agreement
- (C) **The UN Guiding Principles on Business and Human Rights**
- (D) The OECD Guidelines for Multinational Enterprises, including guidance on Responsible Business Conduct for Institutional Investors
- (E) **Other frameworks, please specify:**  
 Task Force for Climate-Related Financial Disclosures (TCFD)
- (F) **Other frameworks, please specify:**  
 30% Club Canadian Investor Group

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 42	PLUS	ISP 1.1	N/A	PUBLIC	Set policies on sustainability outcomes	1, 2

What are the main reasons that your organisation has established policies or guidelines on sustainability outcomes? Select a maximum of three options.

- (A) Because we understand which potential financial risks and opportunities are likely to exist in (and during the transition to) an SDG-aligned world
- (B) **Because we see it as a way to identify opportunities, such as through changes to business models, across supply chains and through new and expanded products and services**
- (C) **Because we want to prepare for and respond to legal and regulatory developments, including those that may lead to stranded assets**
- (D) Because we want to protect our reputation and licence-to-operate (i.e. the trust of beneficiaries, clients and other stakeholders), particularly in the event of negative sustainability outcomes from investments
- (E) Because we want to meet institutional commitments on global goals (including those based on client or beneficiaries' preferences), and communicate on progress towards meeting those objectives
- (F) **Because we consider materiality over longer time horizons to include transition risks, tail risks, financial system risks and similar**
- (G) Because we want to minimise negative sustainability outcomes and increase positive sustainability outcomes of investments

## Identify sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 43	CORE	N/A	Multiple, see guidance	PUBLIC	Identify sustainability outcomes	1

Has your organisation identified the intended and unintended sustainability outcomes from any of its activities?

- (A) No, we have not identified the sustainability outcomes from our activities
- (B) Yes, we have identified one or more sustainability outcomes from some or all of our activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 44	CORE	ISP 43	ISP 44.1	PUBLIC	Identify sustainability outcomes	1

What frameworks/tools did your organisation use to identify the sustainability outcomes from its activities? Indicate the tools or frameworks you have used to identify and map some or all of your sustainability outcomes.

- (A) The UN Sustainable Development Goals (SDGs) and targets
- (B) The Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) The OECD Guidelines for Multinational Enterprises, including guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other taxonomies (e.g. similar to the EU Taxonomy), please specify:
- (G) Other framework/tool, please specify:  
  - 30% Club Canadian Investor Group
- (H) Other framework/tool, please specify:
- (I) Other framework/tool, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 44.1	CORE	ISP 44	N/A	PUBLIC	Identify sustainability outcomes	1

**At what level(s) did your organisation identify the sustainability outcomes from its activities?**

- (A) At the asset level
- (B) At the economic activity level
- (C) **At the company level**
- (D) At the sector level
- (E) **At the country/region level**
- (F) At the global level
- (G) **Other level(s), please specify:**  
 At the investment strategy level.
- (H) We do not track at what level(s) our sustainability outcomes were identified

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 45	CORE	ISP 43	SO 1	PUBLIC	Identify sustainability outcomes	1

**How has your organisation determined your most important sustainability outcome objectives?**

- (A) **Identifying sustainability outcomes that are closely linked to our core investment activities**
- (B) Consulting with key clients and/or beneficiaries to align with their priorities
- (C) Assessing the potential severity (e.g. probability and amplitude) of specific negative outcomes over different timeframes
- (D) **Focusing on the potential for systemic impacts (e.g. due to high level of interconnectedness with other global challenges)**
- (E) **Evaluating the potential for certain outcome objectives to act as a catalyst/enabler to achieve a broad range of goals (e.g. gender or education)**
- (F) Analysing the input from different stakeholders (e.g. affected communities, civil society or similar)
- (G) Understanding the geographical relevance of specific sustainability outcome objectives
- (H) Other method, please specify:
- (I) We have not yet determined our most important sustainability outcome objectives

# Transparency & Confidence-Building Measures

## Information disclosed – ESG assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 46	CORE	OO 16	N/A	PUBLIC	Information disclosed – ESG assets	6

For the majority of your ESG/sustainability marketed funds or products, and/or your ESG/RI certified or labelled assets, what information about your ESG approach do you (or the external investment managers/service providers acting on your behalf) include in material shared with clients, beneficiaries and/or the public? The material may be marketing material, information targeted towards existing or prospective clients or information for beneficiaries.

- (A) A commitment to responsible investment (e.g. that we are a PRI signatory)
- (B) Industry-specific and asset class-specific standards that we align with (e.g. TCFD, or GRESB for property and infrastructure)
- (C) Our responsible investment policy (at minimum a summary of our high-level approach)
- (D) A description of our investment process and how ESG is considered
- (E) ESG objectives of individual funds
- (F) Information about the ESG benchmark(s) that we use to measure fund performance
- (G) Our stewardship approach
- (H) A description of the ESG criteria applied (e.g. sectors, products, activities, ratings and similar)
- (I) The thresholds for the ESG criteria applied in our investment decisions or universe construction
- (J) A list of our main investments and holdings
- (K) ESG case study/example from existing fund(s)
- (L) We do not include our approach to ESG in material shared with clients/beneficiaries/the public for the majority of our ESG/sustainability marketed funds or products, and/or our ESG/RI certified or labelled assets

## Information disclosed – Passive ESG assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 47	CORE	Multiple, see guidance	N/A	PUBLIC	Information disclosed – Passive ESG assets	6

For the majority of your ESG/sustainability marketed funds or products, and/or your ESG/RI certified or labelled assets that are passive listed equity and/or passive fixed income, how do you communicate changes in their ESG benchmark selection and construction?

- (A) We disclose details that would allow external parties to replicate or test the ESG index or benchmark
- (B) We disclose the main sources of ESG data, broad ESG assumptions and how this is used to develop ESG passive portfolios
- (C) We disclose a full list of all changes to methodologies
- (D) We disclose any changes that we deem significant to the methodology
- (E) We do not communicate changes to methodologies for the majority of our ESG/sustainability marketed funds or products, and/or our ESG/RI certified or labelled assets that use ESG indices/benchmarks

## Client reporting – ESG assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 48	CORE	Multiple, see guidance	N/A	PUBLIC	Client reporting – ESG assets	6

What ESG information is included in your client reporting for the majority of your ESG/sustainability marketed funds or products, and/or your ESG/RI certified or labelled assets?

- (A) Qualitative analysis, descriptive examples or case studies
- (B) Quantitative analysis or key performance indicators (KPIs) related to ESG performance
- (C) Progress on our sustainability outcome objectives
- (D) Stewardship results
- (E) Information on ESG incidents, where applicable
- (F) Analysis of ESG contribution to portfolio financial performance
- (G) We do not include ESG information in client reporting for the majority of our ESG/sustainability marketed funds or products, and/or our ESG/RI certified or labelled assets

## Information disclosed – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 49	CORE	N/A	N/A	PUBLIC	Information disclosed – All assets	6

For the majority of your total assets under management, what information about your ESG approach do you (or the external managers/service providers acting on your behalf) include in material shared with clients, beneficiaries and/or the public? The material may be marketing material, information targeted towards existing or prospective clients or information for beneficiaries.

- (A) A commitment to responsible investment (e.g. that we are a PRI signatory)
- (B) Industry-specific and asset class-specific standards that we align with (e.g. TCFD, or GRESB for property and infrastructure)
- (C) Our responsible investment policy (at minimum a summary of our high-level approach)
- (D) A description of our investment process and how ESG is considered
- (E) ESG objectives of individual funds
- (F) Information about the ESG benchmark(s) that we use to measure fund performance
- (G) Our stewardship approach
- (H) A description of the ESG criteria applied (e.g. sectors, products, activities, ratings and similar)
- (I) The thresholds for the ESG criteria applied in our investment decisions or universe construction
- (J) A list of our main investments and holdings
- (K) ESG case study/example from existing fund(s)
- (L) We do not include our approach to ESG in material shared with clients/beneficiaries/the public for the majority of our assets under management

## Client reporting – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 50	CORE	Multiple, see guidance	N/A	PUBLIC	Client reporting – All assets	6

What ESG information is included in your client reporting for the majority of your assets under management?

- (A) Qualitative ESG analysis, descriptive examples or case studies
- (B) Quantitative analysis or key performance indicators (KPIs) related to ESG performance
- (C) Progress on our sustainability outcome objectives
- (D) Stewardship results
- (E) Information on ESG incidents where applicable
- (F) Analysis of ESG contribution to portfolio financial performance
- (G) We do not include ESG information in client reporting for the majority of our assets under management

## Frequency of client reporting – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 51	CORE	Multiple, see guidance	N/A	PUBLIC	Frequency of client reporting – All assets	6

For the majority of each asset class, how frequently do you report ESG-related information to your clients?

(A) Listed equity	(1) Quarterly
(B) Fixed income	(1) Quarterly
(D) Real estate	(1) Quarterly
(F) Hedge funds	(4) On an ad hoc basis or upon request

## Confidence-building measures

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 52	CORE	OO 16.1	Multiple, see guidance	PUBLIC	Confidence-building measures	6

What verification has your organisation had regarding the information you have provided in your PRI Transparency Report this year?

- (A) We received third-party independent assurance of selected processes and/or data related to our responsible investment processes, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls/governance or processes to be able to conduct an external assurance next year
- (C) The internal audit function team performed an independent audit of selected processes/and or data related to our responsible investment processes reported in this PRI report
- (D) Our board, CEO, other C-level equivalent and/or investment committee has signed off on our PRI report
- (E) Some or all of our funds have been audited as part of the certification process against a sustainable investment/RI label
- (F) We conducted an external ESG audit of our ESG/sustainability marketed funds or products (excluding ESG/RI certified or labelled assets)
- (G) We conducted an external ESG audit of our holdings to check that our funds comply with our RI policy (e.g. exclusion list or investee companies in portfolio above certain ESG rating)
- (H) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making



- (I) Responses related to our RI practices documented in this report have been internally reviewed before submission to the PRI
- (J) None of the above

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 53	CORE	ISP 52, OO 14	N/A	PUBLIC	Confidence-building measures	6

**Which responsible investment processes and/or data did your organisation have third-party external assurance on?**

- (A) Investment and stewardship policy (3) Processes and related data assured
- (C) Listed equity (3) Processes and related data assured
- (D) Fixed income (4) Neither process nor data assured

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 54	CORE	ISP 52	ISP 54.1	PUBLIC	Confidence-building measures	6

**What standard did your third-party external assurance provider use?**

- (A) PAS 7341:2020
- (B) ISAE 3000 and national standards based on this
- (C) Dutch Standard 3810N (Assurance engagements regarding sustainability reports)
- (D) RevR6 (Assurance of Sustainability)
- (E) IDW AsS 821 (Assurance Standard for the Audit or Review of Reports on Sustainability Issues)
- (F) Accountability AA1000 Assurance Standard (AA1000AS)
- (G) IFC performance standards
- (H) SSAE 18 and SOC 1
- (I) Other national auditing/assurance standard with guidance on sustainability, please specify:
- (J) Invest Europe Handbook of Professional Standards
- (K) ISAE 3402
- (L) AAF 01/06
- (M) AAF 01/06 Stewardship Supplement
- (N) ISO 26000 Social Responsibility
- (O) ASAE 3410 Assurance Engagements on Greenhouse Gas Statements
- (P) PCAF
- (Q) NGRS audit framework (National Greenhouse and Energy Reporting)

- (R) Auditor’s proprietary assurance framework for assuring RI-related information
- (S) Other greenhouse gas emissions assurance standard, please specify:
- (T) None of the above

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 55	PLUS	ISP 52	N/A	PUBLIC	Confidence-building measures	6

**Provide details of the third-party external assurance. Include details such as the level of assurance attained, who conducted it, limitations, the expertise of the assurer in the subject matter and/or usage of multiple standards.**

As a global asset manager, RBC GAM may be subject to external audit, including on its processes and controls. In regard to our responsible investment activities, external audit has most recently provided assurances on processes and select data related to proxy voting and our exclusionary screens.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 56	CORE	OO 14, ISP 52	N/A	PUBLIC	Confidence-building measures	6

**What responsible investment processes and/or data were audited by internal auditors/outsourced internal auditors?**

- |                                       |  |
|---------------------------------------|--|
| (A) Investment and stewardship policy | (3) Processes and related data assured |
| (C) Listed equity                     | (4) Neither process nor data assured   |
| (D) Fixed income                      | (4) Neither process nor data assured   |

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 57	PLUS	ISP 52	N/A	PUBLIC	Confidence-building measures	6

**Provide details about the internal audit process regarding the information provided in your PRI Transparency Report.**

In addition to the audit processes noted above regarding our policies and procedures, with respect to our PRI report specifically, it is reviewed by our CEO, CIO, Head of CGRI and our Global Compliance team. In general, policies that relate directly to our responsible investment and stewardship strategies are approved by the CIO and Head of CGRI, and where appropriate may be approved by the regional Compliance teams and subject to internal audit. In addition, our proxy voting activities are subject to both internal and external audits.

RBC's internal audit services (IAS) department periodically audits various components of our asset management business. The department reviews each subsidiary as a whole periodically and conducts issue-specific audits that may include RBC GAM. There are auditors specializing in investment management, operations, information technology, finance and compliance.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 58	CORE	ISP 52	N/A	PUBLIC	Confidence-building measures	6

**Who has reviewed/verified the entirety of or selected data from your PRI report?**

(A) Board and/or trustees (4) report not reviewed

(B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO)) (1) the entire report

(C) Investment committee (4) report not reviewed

(D) Other chief-level staff, please specify:  
 CIO (1) the entire report

(E) Head of department, please specify:  
 VP & Head of CGRI (1) the entire report

(F) Compliance/risk management team (1) the entire report

(G) Legal team (4) report not reviewed

(H) RI/ ESG team (1) the entire report

(I) Investment teams (3) parts of the report

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 59	CORE	ISP 52	N/A	PUBLIC	Confidence-building measures	6

**Which of the following ESG/RI certifications or labels do you hold?**

- (A) Commodity type label (e.g. BCI)
- (B) GRESB
- (C) Austrian Ecolabel (UZ49)
- (D) B Corporation
- (E) BREEAM
- (F) CBI Climate Bonds Standard
- (G) EU Ecolabel
- (H) EU Green Bond Standard
- (I) Febelfin label (Belgium)
- (J) FNG-Siegel Ecolabel (Germany, Austria and Switzerland)
- (K) Greenfin label (France)
- (L) ICMA Green Bond Principles
- (M) Le label ISR (French government SRI label)
- (N) Luxflag Climate Finance
- (O) Luxflag Environment
- (P) **Luxflag ESG**
- (Q) Luxflag Green Bond
- (R) Luxflag Microfinance
- (S) National stewardship code (e.g. UK or Japan), please specify:
- (T) Nordic Swan Ecolabel
- (U) Other SRI label based on EUROSIF SRI Transparency Code (e.g. Novethic), please specify:
- (V) People's Bank of China green bond guidelines
- (W) RIAA (Australia)
- (X) Towards Sustainability label (Belgium)
- (Y) Other, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 62	PLUS	ISP 52	N/A	PUBLIC	Confidence-building measures	6

Describe your organisation's approach to ensuring that your responsible investment processes are implemented as per your policies and guidelines. In your description please include the frequency of ensuring that your processes follow stated policies and include the choice of ESG fund audit, internal audit function and/or third-party external assurance.

Our SRI strategies' holdings are subject to semi-annual review conducted by a third-party provider for compliance with the ESG exclusionary screening criteria applied to our SRI strategies. Our policies that relate directly to our responsible investment and stewardship strategies are approved by the CIO, Head of CGRI, and in some cases, our Global Compliance teams and may be subject to internal audit. RBC GAM may be subject to external audit, including on its processes and controls. In regard to our responsible investment activities, external audit has most recently provided assurances on processes and select data related to proxy voting and our exclusionary screens.

## Listed Equity (LE)

### Pre-investment phase

#### Materiality analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 10	LE 1.1	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify material ESG factors across listed equities?

	(1) Passive equity	(2) Active – quantitative	(3) Active – fundamental
(A) Yes, we have a formal process to identify material ESG factors for all of our assets	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(B) Yes, we have a formal process to identify material ESG factors for the majority of our assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

(C) Yes, we have a formal process to identify material ESG factors for a minority of our assets

(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their own discretion

(E) No, we do not have a formal process to identify material ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1.1	CORE	LE 1	N/A	PUBLIC	Materiality analysis	1

**How does your current investment process incorporate material ESG factors?**

	(1) Passive equity	(2) Active - Quantitative	(3) Active - Fundamental
(A) The investment process incorporates material governance factors <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The investment process incorporates material environmental and social factors <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) The investment process incorporates material ESG factors beyond our organisation's typical investment time horizon <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The investment process incorporates the effect of material ESG factors on revenues and business operations <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## Long-term ESG trend analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 10	N/A	PUBLIC	Long-term ESG trend analysis	1

Do you continuously monitor a list of identified long-term ESG trends related to your listed equity assets?

	(1) Passive equity	(2) Active – quantitative	(3) Active – fundamental
(A) We monitor long-term ESG trends for all assets	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(B) We monitor long-term ESG trends for the majority of assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) We monitor long-term ESG trends for a minority of assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(D) We do not continuously monitor long-term ESG trends in our investment process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## ESG incorporation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 10	LE 3.1	PUBLIC	ESG incorporation	1

How does your financial modelling and equity valuation process incorporate material ESG risks?

	(1) Passive equity	(2) Active – quantitative	(3) Active – fundamental
(A) We incorporate governance-related risks into financial modelling and equity valuations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(B) We incorporate environmental and social risks into financial modelling and equity valuations

(C) We incorporate environmental and social risks related to companies' supply chains into financial modelling and equity valuations

(D) ESG risk is incorporated into financial modelling and equity valuations at the discretion of individual investment decision-makers, and we do not track this process

(E) We do not incorporate ESG risks into our financial modelling and equity valuations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3.1	CORE	LE 3	N/A	PUBLIC	ESG incorporation	1

**In what proportion of cases do you incorporate the following material ESG risks into your financial modelling and equity valuation process?**

**(1) Passive Equity**

(A) We incorporate governance-related risks into financial modelling and equity valuations (2) in the majority of cases

(B) We incorporate environmental and social risks into financial modelling and equity valuations (2) in the majority of cases

(C) We incorporate environmental and social risks related to companies' supply chains into financial modelling and equity valuations (2) in the majority of cases

**(2) Active - Quantitative**

(A) We incorporate governance-related risks into financial modelling and equity valuations (1) in all cases



(B) We incorporate environmental and social risks into financial modelling and equity valuations (3) in a minority of cases

(C) We incorporate environmental and social risks related to companies' supply chains into financial modelling and equity valuations (3) in a minority of cases

**(3) Active - Fundamental**

(A) We incorporate governance-related risks into financial modelling and equity valuations (1) in all cases

(B) We incorporate environmental and social risks into financial modelling and equity valuations (1) in all cases

(C) We incorporate environmental and social risks related to companies' supply chains into financial modelling and equity valuations (1) in all cases

## Assessing ESG performance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 10	LE 4.1	PUBLIC	Assessing ESG performance	1

**What information do you incorporate when you assess the ESG performance of companies in your financial modelling and equity valuation process?**

	(1) Passive equity	(2) Active – quantitative	(3) Active – fundamental
(A) We incorporate information on current performance across a range of ESG metrics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We incorporate information on historical performance across a range of ESG metrics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We incorporate information enabling performance comparison within a selected peer group across a range of ESG metrics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability

(E) We do not incorporate ESG factors when assessing the ESG performance of companies in our financial modelling or equity valuation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4.1	CORE	LE 4	N/A	PUBLIC	Assessing ESG performance	1

**In what proportion of cases do you incorporate the following information when assessing the ESG performance of companies in your financial modelling and equity valuation process?**

**(1) Passive equity**

(A) We incorporate information on current performance across a range of ESG metrics (2) in the majority of cases

(B) We incorporate information on historical performance across a range of ESG metrics (2) in the majority of cases

(C) We incorporate information enabling performance comparison within a selected peer group across a range of ESG metrics (2) in the majority of cases

(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability (2) in the majority of cases

**(2) Active – quantitative**

(A) We incorporate information on current performance across a range of ESG metrics (1) in all cases

(B) We incorporate information on historical performance across a range of ESG metrics (1) in all cases

(C) We incorporate information enabling performance comparison within a selected peer group across a range of ESG metrics (1) in all cases

**(3) Active – fundamental**

(A) We incorporate information on current performance across a range of ESG metrics (1) in all cases

(B) We incorporate information on historical performance across a range of ESG metrics (1) in all cases

(C) We incorporate information enabling performance comparison within a selected peer group across a range of ESG metrics (1) in all cases

(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability (1) in all cases

**ESG incorporation in portfolio construction**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 5	PLUS	OO 10	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**Outline one best practice or innovative example where ESG factors have been incorporated into your equity selection and research process.**

The RBC Emerging Markets Equity team has been integrating ESG into their investment philosophy and process since inception, and the team is continuously seeking to enhance their knowledge and activities relating to ESG. All team members are responsible for ESG related research and ESG forms a crucial component of the team’s company specific analysis. The team’s key ESG integration tool is their proprietary Investment Checklist where the majority of questions are ESG or sustainability related. The Checklist score forms a key driver of the team’s conviction level in a company and its ultimate weight in the portfolio. The team has a strong culture of continuous learning and improvement, and has made a number of iterative enhancements to their process over time. One recent example is a result of the significant research the team has conducted around climate change, where the team decided to incorporate a number of climate change questions into their Investment Checklist in order to enable a detailed assessment and engagement with each company on climate related opportunities and risks.

Engagement forms another critical component of the team’s approach to ESG. To supplement their ongoing company specific engagement, the team also undertakes a targeted approach focused on select engagement areas including climate change. The team has also implemented an engagement tracker to monitor their progress over time.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 10	LE 6.1	PUBLIC	ESG incorporation in portfolio construction	1

**How do ESG factors influence your portfolio construction?**

	(1) Passive equity	(2) Active – quantitative	(3) Active – fundamental
(A) The selection of individual assets within our portfolio is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The holding period of individual assets within our portfolio is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The allocation of assets across multi-asset portfolios is influenced by ESG factors through the strategic asset allocation process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Other expressions of conviction (please specify below)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) The portfolio construction or benchmark selection does not explicitly include the incorporation of ESG factors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6.1	CORE	LE 6	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**In what proportion of cases did ESG factors influence your portfolio construction?**

**(1) Passive equity**

(A) The selection of individual assets within our portfolio is influenced by ESG factors (2) in the majority of cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors (2) in the majority of cases

**(2) Active – quantitative**

(A) The selection of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors (1) in all cases

**(3) Active – fundamental**

(A) The selection of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors (1) in all cases

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 7	PLUS	OO 10	N/A	PUBLIC	ESG incorporation in portfolio construction	1

Please provide two examples of how ESG factors have influenced weightings and tilts in either passive or active listed equity.

Provide examples below:

(A) Example 1:

The RBC North American Equity team engaged with a North American utility company on its asset mix. The company has been transitioning out of coal and into natural gas and renewable energy. In its engagements, the investment team encouraged this transition and gained further insights on the company's transition strategies and was pleased with the disciplined approach laid out. The team was able to integrate this into its stock assessment, noting both the risk mitigation of reducing exposure to carbon-intensive assets and the potential opportunities in the company's renewable assets. The assessment of these material factors contributed to a positive outlook for the company and affected weightings, where appropriate.

(B) Example 2:

In 2020, the RBC Global Equity team continued its ongoing ESG engagements with a U.S. biopharmaceutical company. In particular, the team engaged with the company on its compensation structure and how to better ensure long-term alignment, and employee management and company culture in the face of COVID-19. Notably, with the team's encouragement, the company produced its first sustainability report in 2020, and the team has been encouraged by continued commitments on disclosure. The team has been pleased with the company's progress across material ESG factors and incorporated this into its assessment, contributing to the overall investment decision.

## ESG risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 8	CORE	OO 6.1 LE	N/A	PUBLIC	ESG risk management	1

What compliance processes do you have in place to ensure that your listed equity assets subject to negative exclusionary screens meet the screening criteria?

- (A) We have an independent committee that oversees the screening implementation process, but only for our ESG/sustainability labelled funds that are subject to negative exclusionary screening
- (B) We have an independent committee that oversees the screening implementation process for all of our listed equity assets that are subject to negative exclusionary screening
- (C) We have an independent committee that verifies that we have correctly implemented pre-trade checks in our internal systems to ensure no execution is possible without their pre-clearance
- (D) Other, please specify:

All of our listed equity assets are subject to negative exclusionary screening for companies associated with the production, use or distribution of anti-personnel land mines or cluster munitions. A list of these companies is provided to our Investment Policy team, which oversees the screening implementation process for negative exclusionary screens. In addition, our pre-clearance trading for listed equity assets subject to negative exclusionary screening is subject to internal audit.

An independent third-party also conducts semi-annual checks on holdings in our SRI strategies for adherence to their exclusionary screens.

- (E) We do not have compliance processes in place to ensure that we meet our stated negative exclusionary screens

## Post-investment phase

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 9	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

Do your regular reviews incorporate ESG risks?

(1) Passive equity

(2) Active – quantitative

(3) Active – fundamental

(A) Our regular reviews include quantitative information on material ESG risks specific to individual listed equities

(B) Our regular reviews include aggregated quantitative information on material ESG risks at a fund level

(C) Our regular reviews only highlight fund holdings where ESG ratings have changed

(D) We do not conduct regular reviews. Risk reviews of ESG factors are conducted at the discretion of the individual fund manager and vary in frequency

(E) We do not conduct reviews

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 10	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

**Do you regularly identify and incorporate ESG incidents into the investment process for your listed equity assets?**

	(1) Passive equity	(2) Active – quantitative	(3) Active – fundamental
(A) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into all of our investment decisions	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(B) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into the majority of our investment decisions	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into a minority of our investment decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



(D) Yes, we have an ad hoc process in place for identifying and incorporating ESG incidents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(E) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(F) We currently do not have a process in place for regularly identifying and incorporating ESG incidents into our investment decision-making	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Performance monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 11	PLUS	OO 10	N/A	PUBLIC	Performance monitoring	1

Provide an example of an ESG factor that your organisation incorporated into your equity valuation or fund construction and describe how that affected the returns of those assets.

Provide examples below:

(A) Example from your active listed equity:

During its analysis of a leading healthcare insurer and healthcare cost management and IT provider, the RBC Global Equity team identified ESG risks related to cybersecurity and privacy data breaches. The team engaged directly with management on the risk of privacy data breaches, asking how that risk was being managed and what mitigating policies were in place. **(response continued in row below)**

The team then used its learnings to model a discounted cash flow (DCF) valuation scenario looking at the possible impact of privacy data breaches.

The team also noted potential ESG opportunities arising from the company's use of big data analytics, and conducted another DCF scenario to capture the potential positive impact of this opportunity.

After incorporating these material ESG risks and opportunities alongside other components of the company's competitive position (business model; market share opportunity; end-market growth; and management and ESG), the team determined that the company was an attractive investment opportunity with good management of its ESG risks.

Since the initial analysis and due diligence was conducted, the Global Equity team has conducted a number of follow up engagements with senior management at the company, including on the topics of cybersecurity and data privacy, executive compensation, and culture and employee management, and continues to hold the investment..

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(B) Example from your passive listed equity:

Our Canadian Equity Women's Leadership investment strategy in Canada has a focus on companies domiciled in Canada that exhibit a commitment toward women leadership among their board of directors and executive leadership positions.

The strategy uses an index which aims to include companies which are leaders in Canada. in terms of the representation of women on boards and in executive leadership positions and have at least 30% women directors, or at least three women directors, or two women directors and one woman in a current executive leadership role (CEO or CFO). In addition, the percentage of women directors on a board must be greater than the average percentage of women directors on the board of all companies in the Canadian market. The company also must have not faced severe structural or severe ongoing diversity-related controversies.

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## Passive equity

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 12	CORE	OO 10	N/A	PUBLIC	Passive equity	1

What percentage of your total passive listed equity assets utilise an ESG index or benchmark?

50-75%

## Reporting/Disclosure

### Sharing ESG information with stakeholders

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 13	CORE	OO 6 LE	N/A	PUBLIC	Sharing ESG information with stakeholders	6

How do you ensure that clients and/or beneficiaries understand ESG screens and their implications?

	(1) for all of our listed equity assets subject to ESG screens	(2) for the majority of our listed equity assets subject to ESG screens	(3) for a minority of our listed equity assets subject to ESG screens	(4) for none of our assets subject to ESG screens
(A) We publish a list of ESG screens and share it on a publicly accessible platform such as a website or through fund documentation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(B) We publish any changes in ESG screens and share them on a publicly accessible platform such as a website or through fund documentation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

(C) We outline any implications of ESG screens, such as deviation from a benchmark or impact on sector weightings, to clients and/or beneficiaries

● ○ ○ ○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 14	CORE	OO 10	N/A	PUBLIC	Sharing ESG information with stakeholders	6

**What ESG information is covered in your regular reporting to stakeholders such as clients or beneficiaries?**

**(1) Passive equity**

(A) Our regular stakeholder reporting includes qualitative examples of engagement and/or ESG incorporation	1) In all of our regular stakeholder reporting
(B) Our regular stakeholder reporting includes quantitative ESG engagement data	2) In the majority of our regular stakeholder reporting
(C) Our regular stakeholder reporting includes quantitative ESG incorporation data	2) In the majority of our regular stakeholder reporting

**(2) Active – quantitative**

(A) Our regular stakeholder reporting includes qualitative examples of engagement and/or ESG incorporation	1) In all of our regular stakeholder reporting
(B) Our regular stakeholder reporting includes quantitative ESG engagement data	2) In the majority of our regular stakeholder reporting
(C) Our regular stakeholder reporting includes quantitative ESG incorporation data	2) In the majority of our regular stakeholder reporting

**(3) Active – fundamental**

(A) Our regular stakeholder reporting includes qualitative examples of engagement and/or ESG incorporation	1) In all of our regular stakeholder reporting
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(B) Our regular stakeholder reporting includes quantitative ESG engagement data

1) In all of our regular stakeholder reporting

(C) Our regular stakeholder reporting includes quantitative ESG incorporation data

1) In all of our regular stakeholder reporting

## Stewardship

### Voting policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 15	CORE	OO 9 LE	LE 15.1, LE 16	PUBLIC	Voting policy	2

Does your organisation have a publicly available (proxy) voting policy? (The policy may be a standalone policy, part of a stewardship policy or incorporated into a wider RI policy.)

(A) Yes, we have a publicly available (proxy) voting policy Add link(s):

<https://www.rbcgam.com/documents/en/other/rbc-gam-proxy-voting-guidelines.pdf>

(B) Yes, we have a (proxy) voting policy, but it is not publicly available

(C) No, we do not have a (proxy) voting policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 15.1	CORE	OO 9 LE, LE 15	N/A	PUBLIC	Voting policy	2

What percentage of your listed equity assets does your (proxy) voting policy cover?

(A) Actively managed listed equity covered by our voting policy

(12) 100%

(B) Passively managed listed equity covered by our voting policy

(12) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 16	CORE	LE 15	N/A	PUBLIC	Voting policy	2

**Does your organisation's policy on (proxy) voting cover specific ESG factors?**

**(A) Our policy includes voting guidelines on specific governance factors Describe:**

Generally speaking, we support proposals that promote good governance practices, such as requiring an independent chair on the board, elimination of staggered boards, and promoting diversity at the board level. In addition, the RBC GAM Proxy Voting Guidelines (Guidelines) discuss our approach to matters related to executive and director compensation, as well as shareholder rights and take over protection measures. In line with our commitment to the 30% Club, if a company's board has less than 30% women directors, we will vote against directors who sit on the nominating or corporate governance committees of the board. Exceptions may be warranted based on company commitments and/or the adequacy of the company's board gender diversity policy as we expect issuers to disclose progress on reaching board gender diversity targets and the strategies or plans employed to achieve them.

**(B) Our policy includes voting guidelines on specific environmental factors Describe:**

We encourage companies to consider the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in order to provide consistent and material climate-related financial disclosures. We will generally vote in support of proposals that ask for enhanced disclosure (such as those recommended by TCFD) of a company's environmental practices and/or environmental risks and liabilities, as well as detailed reporting on the risks and opportunities resulting from climate change. In addition, we generally support proposals asking companies to adopt policies and procedures to minimize a company's impact on the environment and we will generally vote in support of proposals that ask for greater disclosure of a company's environmental practices, risks and liabilities.

**(C) Our policy includes voting guidelines on specific social factors Describe:**

We generally support proposals that call on companies to respect internationally recognized human rights and comply with relevant international agreements regarding the protection of those rights. In addition, we generally support proposals that ask companies to operate in a manner that respects the wishes of the communities in which they operate, as well as those that promote diversity, dignity and safety in the workplace. Our Guidelines state that we will generally support proposals requesting disclosure on how a company considers the rights of Indigenous Peoples, such as those set out in the United Nations Declaration on the Rights of Indigenous Peoples (UN DRIP), in its operations and decision-making. Furthermore, we will generally vote in support of proposals that call on companies to adopt or comply with policies that conform to the United Nations Guiding Principles on Business and Human Rights (UNGPs), and/or express a commitment to respect the International Bill of Rights, which includes the Universal Declaration, the International Covenant on Civil and Political Rights, and the International Covenant on Economy, Social and Cultural Rights.

**(D) Our policy is high-level and does not cover specific ESG factors Describe:**

## Alignment & effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 17	CORE	OO 9 LE	N/A	PUBLIC	Alignment & effectiveness	2

**When you use external service providers to give voting recommendations, how do you ensure that those recommendations are consistent with your organisation's (proxy) voting policy?**

(A) We review service providers' controversial and high-profile voting recommendations before voting is executed (1) in all cases

(B) Before voting is executed, we review service providers' voting recommendations where the application of our voting policy is unclear (1) in all cases

## Security lending policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 18	CORE	OO 9 LE	LE 18.1, LE 18.2	PUBLIC	Security lending policy	2

**Does your organisation have a public policy that states how voting is addressed in your securities lending programme? (The policy may be a standalone guideline or part of a wider RI or stewardship policy.)**

(A) We have a public policy to address voting in our securities lending programme. Add link(s):  
<https://www.rbcgam.com/documents/en/other/rbc-gam-proxy-voting-guidelines.pdf>

- (B) We have a policy to address voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our service provider(s)
- (D) We do not have a policy to address voting in our securities lending programme
- (E) Not applicable, we do not have a securities lending programme

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 18.1	CORE	LE 18	N/A	PUBLIC	Security lending policy	2

**How is voting addressed in your securities lending programme?**

- (A) We recall all securities for voting on all ballot items
- (B) We always recall all holdings in a company for voting on ballot items deemed important (e.g. in line with specific criteria)
- (C) We always recall some securities so that we can vote on their ballot items (e.g. in line with specific criteria)
- (D) We maintain some holdings so that we can vote at any time
- (E) We recall some securities on an ad hoc basis so that we can vote on their ballot items
- (F) We empower our securities lending agent to decide when to recall securities for voting purposes
- (G) Other, please specify:
- (H) We do not recall our securities for voting purposes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 18.2	CORE	LE 18	N/A	PUBLIC	Security lending policy	2

**What exclusions do you apply to your organisation's securities lending programme?**

- (A) We do not lend out shares of companies that we are engaging with either individually or as a lead or support investor in collaborative engagements
- (B) We do not lend out shares of companies if we own more than a certain percentage of them
- (C) We do not lend out shares of companies in jurisdictions that do not ban naked short selling
- (D) We never lend out all our shares of a company to ensure that we always keep voting rights in-house
- (E) Other, please specify:  
 RBC GAM retains the right to exclude any security from securities lending in cases where we deem it necessary to do so.
- (F) We do not exclude any particular companies from our securities lending programme



## Shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 19	CORE	OO 9 LE	N/A	PUBLIC	Shareholder resolutions	2

Which of the following best describes your decision-making approach regarding shareholder resolutions, or that of your service provider(s) if decision-making is delegated to them?

- (A) In the majority of cases, we support resolutions that, if passed, are expected to advance progress on the underlying ESG factors or on our stewardship priorities
- (B) In the majority of cases, we support resolutions that, if passed, are expected to advance progress on the underlying ESG factors but only if the investee company has not already committed publicly to the action requested in the proposal
- (C) In the majority of cases, we only support shareholder resolutions as an escalation tactic when other avenues for engagement with the investee company have not achieved sufficient progress
- (D) In the majority of cases, we support the recommendations of investee company management by default
- (E) In the majority of cases, we do not vote on shareholder resolutions

## Pre-declaration of votes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 20	CORE	OO 9 LE	N/A	PUBLIC	Pre-declaration of votes	2

How did your organisation or your service provider(s) pre-declare votes prior to AGMs/EGMs?

- (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system
- (B) We pre-declared our voting intentions publicly (e.g. through our own website) Link to public disclosure:
- (C) We pre-declared our voting intentions publicly through the PRI's vote declaration system, including the rationale for our (proxy) voting decisions where we planned to vote against management proposals or abstain
- (D) We pre-declared our voting intentions publicly, including the rationale for our (proxy) voting decisions where we planned to vote against management proposals or abstain Link to public disclosure:
- (E) Prior to the AGM/EGM, we privately communicated our voting decision to investee companies in cases where we planned to vote against management proposals or abstain
- (F) We did not privately or publicly communicate our voting intentions
- (G) We did not cast any (proxy) votes during the reporting year

## Voting disclosure post AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 21	CORE	OO 9 LE	LE 21.1	PUBLIC	Voting disclosure post AGM/EGM	2

Do you publicly report your (proxy) voting decisions, or those made on your behalf by your service provider(s), in a central source?

(A) Yes, for >95% of (proxy) votes Link:

<https://www.rbcgam.com/en/ca/products/proxy-voting/search> , <https://central-webd.proxydisclosure.com/WebDisclosure/wdFundSelection?token=3e7b526ad0bf448fb121b76c33c91853> , <https://global.rbcgam.com/proxy-voting/rbc-funds-records-lux/content/default.fs>

(B) Yes, for the majority of (proxy) votes Link:

(C) Yes, for a minority of (proxy) votes 1) Add link and 2) Explain why you only publicly disclose a minority of (proxy) voting decisions:

(D) No, we do not publicly report our (proxy) voting decisions Explain why you do not publicly report your (proxy) voting decisions:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 21.1	CORE	LE 21	N/A	PUBLIC	Voting disclosure post AGM/EGM	2

In the majority of cases, how soon after an investee's AGM/EGM do you publish your voting decisions?

(A) Within one month of the AGM/EGM

(B) Within three months of the AGM/EGM

(C) Within six months of the AGM/EGM

(D) Within one year of the AGM/EGM

(E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 22	CORE	OO 9 LE	LE 22.1	PUBLIC	Voting disclosure post AGM/EGM	2

Did your organisation and/or the service provider(s) acting on your behalf communicate the rationale for your voting decisions?

- (A) In cases where we voted against management recommendations or abstained, the rationale was provided privately to the company
- (B) In cases where we voted against management recommendations or abstained, the rationale was disclosed publicly
- (C) In cases where we voted against management recommendations or abstained, we did not communicate the rationale
- (D) We did not vote against management or abstain

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 22.1	CORE	LE 22	N/A	PUBLIC	Voting disclosure post AGM/EGM	2

Indicate the proportion of votes where you and/or the service provider(s) acting on your behalf communicated the rationale for your voting decisions.

(A) In cases where we voted against management recommendations or abstained, the rationale was provided privately to the company (2) 11–50%

(B) In cases where we voted against management recommendations or abstained, the rationale was disclosed publicly (4) 76–95%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 23	CORE	OO 9 LE	LE 23.1	PUBLIC	Voting disclosure post AGM/EGM	2, 5

**Did your organisation and/or the service provider(s) acting on your behalf communicate the rationale for your voting decisions when voting against a shareholder resolution proposed/filed by a PRI signatory?**

- (A) In cases where we voted against a shareholder resolution proposed/filed by a PRI signatory, the rationale was disclosed publicly
- (B) In cases where we voted against a shareholder resolution proposed/filed by a PRI signatory, the rationale was not disclosed publicly
- (C) **We did not vote against any shareholder resolution proposed/filed by a PRI signatory**

## Alignment & effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 24	PLUS	OO 9 LE	N/A	PUBLIC	Alignment & effectiveness	2

**How are you contributing to the integrity of the end-to-end voting chain and confirmation process?**

RBC GAM retains the services of Institutional Shareholder Services (ISS) to manage and execute proxy votes. In addition, ISS provides custom voting recommendations for all proxies based on the RBC GAM Proxy Voting Guidelines (Guidelines). RBC GAM subscribes to the research of both ISS and Glass, Lewis & Co. The research and benchmark policy voting recommendations from both proxy advisors are considered as part of the proxy voting decision. However, the final voting decision is independent and voting authority rests solely with RBC GAM.

We have a detailed process to manage the review and approval of vote instructions. Our CGRI team manages the internal review of proxy voting to ensure that the custom recommendations made by ISS correctly reflect the intentions of the Guidelines. This includes the daily review of upcoming company meetings, corresponding meeting research and custom vote recommendations by the CGRI team's analysts. Our CGRI team maintains detailed records of voting decisions and its review process, with readily available access to voting data via ISS' ProxyExchange platform. Our investment teams receive regular reports of upcoming meetings in the portfolios they manage, including flags and rationales for any recommended votes against the recommendations of management based on either the Guidelines or ISS' local benchmark voting policy.

In some cases, further engagement with voting agents, solicitors, custodians, and/or sub-custodians may be required to ensure our voting instructions are submitted in a timely manner and RBC GAM may work with any of these parties, as well as ISS, on a given vote.

## Example

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 25	PLUS	OO 9 LE	N/A	PUBLIC	Example	2

Provide examples of the most significant (proxy) voting activities that your organisation and/or the service provider acting on your behalf carried out during the reporting year.

Provide examples below:

(A) Example 1:

The Climate Action 100+ investor collaboration, to which RBC GAM is a signatory, 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. Several climate-related shareholder proposals were filed at Climate Action 100+ Focus Companies in the U.S. energy and manufacturing sectors. Five of these proposals requested enhanced disclosure on all lobbying activities, with the intended goal of enhanced disclosure of direct and indirect climate and energy lobbying. **(response continued in row below)**

For example, a shareholder proposal filed at Exxon Mobil Corporation requested that the company report on its lobbying expenses, policies, and procedures. Exxon Mobil did not fully disclose its memberships in, or payments to, trade associations, or the amounts used for lobbying, causing concern with shareholders that it might contradict its public positions on climate change. Inconsistent lobbying practices carry reputational and legal risks for a company and may pose an investment risk to shareholders whose investment decision is driven by the company's publicly stated strategies. In some cases, companies that were providing sufficient disclosure of their lobbying activities to shareholders were subject to proposals related to concerns about the nature of the company's lobbying activities. For example, in 2020, Chevron Corporation received a proposal requesting that management evaluate and report on how the company's lobbying activities align with the Paris Climate Agreement's goals. **(response continued in row below)**

Chevron had noted in its Update to Climate Change Resilience report that it aims “to reduce emissions intensity while improving [its] operations and supporting the objectives of society as expressed in the Paris Agreement.” However, the company’s list of trade association memberships included the American Petroleum Institute, American Fuel & Petrochemical Manufacturers, the National Association of Manufacturers, the U.S. Chamber of Commerce, and the Western States Petroleum Association. According to InfluenceMap, a non-profit seeking to highlight how corporations are lobbying, these memberships are all well-known organizations that lobby contrary to the Paris Agreement’s goals. As such, after further analysis it appeared that Chevron’s trade organization memberships contradicted the company’s stated business strategy of aligning with the Paris Agreement’s goals, and disclosure of management’s evaluation of these lobbying activities was warranted. RBC GAM voted in favour of these proposals, and will generally support shareholder proposals that ask for enhanced disclosure on material ESG issues..

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(B) Example 2:

At RBC GAM, we believe that directors should have diverse backgrounds and experience to enhance overall board effectiveness. As a result, we have continuously updated our Guidelines on board gender diversity to encourage greater diversity on the boards of our investee companies. In 2020, in line with the intentions of the Canadian 30% Club Investor Group, to which RBC GAM is a signatory, we updated our Guidelines to convey our continued commitment to increasing gender diversity on the boards of our investee companies. The goal of the Canadian 30% Club Investor Group is to have 30% women on the boards and at the executive management level of all S&P/TSX Composite Index companies by 2022. **(response continued in row below)**

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As a result, updated for 2020, if a board had less than 25% women directors and lacked an adequate gender diversity policy, we would generally vote against members of the Nominating or Corporate Governance committees. In 2020, approximately 38% of votes against/withheld from directors’ elections at U.S. investee companies and 36% of votes withheld from directors’ elections at Canadian companies were caused, at least in part, by gender diversity concerns..

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(C) Example 3:

RBC GAM believes that an important shareholder right is the right to communicate with management of an issuer by voting on key issues. An important facet of this right is the ability for shareholders to call a special meeting or act by written consent, which allows shareholders to vote between annual general meetings. Shareholders would typically call a special meeting or act by written consent in circumstances where there are limited ways for shareholders to refresh the board (for example, if there is not reasonable proxy access).  
**(response continued in row below)**

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Since 2015, our Guidelines have stated that we will generally oppose attempts to limit and/or eliminate shareholders' rights to call a special meeting or act by written consent and will generally support resolutions that seek to restore those rights.

Over the 2019 proxy voting season, however, we noticed that there were a number of occasions where shareholder proposals were submitted to:

1. Improve already established policies on calling a special meeting or act by written consent, such as reducing the percentage of share ownership to call a special meeting
  2. **(response continued in row below)**
- 

Adopt the right to act by written consent when the company already has reasonable proxy access and special meeting mechanisms in place

In our view, improving policies or adopting new avenues for shareholders to have their concerns heard between shareholder meetings improves shareholder rights. For 2020, we updated our Guidelines to state that we will generally oppose attempts to limit and/or eliminate shareholders' rights to call a special meeting or act by written consent and will generally support resolutions that seek to restore or improve those rights. Adding "or improve" to the guideline clarified that we would support proposals even in cases where the company was meeting best practices if, on balance, the proposal's adoption would improve shareholder rights..

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# Fixed Income (FI)

## Pre-investment phase

### Materiality analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 1	CORE	OO 10	FI 1.1	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify material ESG factors for its fixed income assets?

	(1) SSA	(2) Corporate
(A) Yes, we have a formal process to identify material ESG factors for all of our assets	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(B) Yes, we have a formal process to identify material ESG factors for the majority of our assets	<input type="radio"/>	<input type="radio"/>
(C) Yes, we have a formal process to identify material ESG factors for a minority of our assets	<input type="radio"/>	<input type="radio"/>
(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their own discretion	<input type="radio"/>	<input type="radio"/>
(E) No, we do not have a formal process to identify material ESG factors	<input type="radio"/>	<input type="radio"/>



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 1.1	CORE	FI 1	N/A	PUBLIC	Materiality analysis	1

**How does your current investment process incorporate material ESG factors?**

	(1) SSA	(2) Corporate
(A) The investment process incorporates material governance factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The investment process incorporates material environmental and social factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) The investment process incorporates material ESG factors beyond our organisation's typical investment time horizon	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The investment process incorporates the effect of material ESG factors on revenues and business operations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## ESG risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 2	CORE	OO 10	FI 2.1	PUBLIC	ESG risk management	1

**How are material ESG factors incorporated into your portfolio risk management process?**

	(1) SSA	(2) Corporate
(A) Investment committee members, or the equivalent function/group, have a qualitative ESG veto	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(B) Companies, sectors, countries and currency are monitored for changes in ESG exposure and for breaches of risk limits

(C) Overall exposure to specific ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on individual issuers' sensitivity to these factors

(D) Other method of incorporating ESG factors into risk management process, please specify below:

(E) We do not have a process to incorporate ESG factors into our portfolio risk management

**Please specify for "(D) Other method of incorporating ESG factors into risk management process".**

Our fixed income investment teams are generally most concerned about the impact ESG factors may have on an issuer's ability to repay its debt. Each of our fixed income investment teams' use ESG tools and processes that work best for their investment decision-making processes. For instance, our teams may conduct in-house research to score issuers on ESG risks, or leverage ESG data and information from third-party vendors directly into investment research, quantitative models, and portfolio risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 2.1	CORE	FI 2	N/A	PUBLIC	ESG risk management	1

**For what proportion of your fixed income assets are material ESG factors incorporated into your portfolio risk management process?**

**(1) SSA**

(A) Investment committee members, or the equivalent function/group, have a qualitative ESG veto (1) for all of our assets

(B) Companies, sectors, countries and currency are monitored for changes in ESG exposure and for breaches of risk limits (1) for all of our assets

(C) Overall exposure to specific ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on individual issuers' sensitivity to these factors (1) for all of our assets

(D) Other method of incorporating ESG factors into risk management process (1) for all of our assets

**(2) Corporate**

(A) Investment committee members, or the equivalent function/group, have a qualitative ESG veto (1) for all of our assets

(B) Companies, sectors, countries and currency are monitored for changes in ESG exposure and for breaches of risk limits (1) for all of our assets

(C) Overall exposure to specific ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on individual issuers' sensitivity to these factors (1) for all of our assets

(D) Other method of incorporating ESG factors into risk management process (1) for all of our assets

**ESG incorporation in asset valuation**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 3	CORE	OO 10	FI 3.1	PUBLIC	ESG incorporation in asset valuation	1

**How do you incorporate the evolution of ESG factors into your fixed income asset valuation process?**

(1) SSA

(2) Corporate

(A) We incorporate it into the forecast of cash flow, revenues and profitability

(B) We anticipate how the evolution of ESG factors may change the ESG profile of the debt issuer

(C) We do not incorporate the evolution of ESG factors into our fixed income asset valuation process

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 3.1	CORE	FI 3	N/A	PUBLIC	ESG incorporation in asset valuation	1

**In what proportion of cases do you incorporate the evolution of ESG factors into your fixed income asset valuation process?**

**(1) SSA**

(A) We incorporate it into the forecast of cash flow, revenues and profitability (1) in all cases

(B) We anticipate how the evolution of ESG factors may change the ESG profile of the debt issuer (1) in all cases

**(2) Corporate**

(A) We incorporate it into the forecast of cash flow, revenues and profitability (1) in all cases

(B) We anticipate how the evolution of ESG factors may change the ESG profile of the debt issuer (1) in all cases

**Performance monitoring**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 4	PLUS	OO 5.2 FI, OO 10	N/A	PUBLIC	Performance monitoring	1

Provide an example of an ESG factor that your organisation incorporated into your fixed income valuation or portfolio construction and describe how that affected the returns of those assets.

**Example:**

(A) Example from your active management strategies:

Our Global Fixed Income & Currencies team’s approach to sovereign fixed income investing starts with its proprietary Global Fundamental Model (GFM). The GFM assesses all countries in the sovereign investment universe on a relative basis, using a combination of indicators classified in the following pillars:

1. External macro indicators
2. Internal macro indicators
3. Growth
4. Banking system
5. Qualitative (ESG)

Every country in the investment team’s universe is assessed using its GFM score along five pillars, including ESG. The country ESG scores are constructed based on a number of indicators from different sources, including third-party ESG vendors, the United Nations, the World Bank, other agencies, and political consultants. **(response continued in row below)**

Cumulatively, the ESG pillar accounts for 20% of the final GFM score. In addition to providing relative rankings at a specific point in time for the countries we monitor, the country ESG scores help to identify improving (or deteriorating) trends in country qualitative fundamentals. The team ranks all countries by their respective ESG scores and classifies them in quartiles to determine their ESG risk profile. Each of the 4 ESG risk profiles is tracked within the portfolios. The team also monitors country ESG scores relative to country valuations (spread per 1 yr of duration) as an additional tool they use as part of their investment decision process. The team believes that higher ESG scores are a reflection of both the ability and willingness of countries to service their debts. Among emerging market sovereign issuers especially, which tend to have weaker governance structures than those in developed markets, the team tends to favour countries with higher ESG ratings..

(B) Example from your passive management strategies:

RBC GAM manages a small number of passive fixed income strategies. ESG factors do not impact valuation in those strategies, but are subject to firm-wide exclusionary screens.

## ESG incorporation in portfolio construction

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 5	CORE	OO 10	FI 5.1	PUBLIC	ESG incorporation in portfolio construction	1

### How do ESG factors influence your portfolio construction?

	(1) SSA	(2) Corporate
(A) The selection of individual assets within our portfolio is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The holding period of individual assets within our portfolio is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors

(D) The allocation of assets across multi-asset portfolios is influenced by ESG factors through the strategic asset allocation process

(E) Other expressions of conviction, please specify below:

(F) The portfolio construction or benchmark selection does not explicitly include the incorporation of ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 5.1	CORE	FI 5	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**In what proportion of cases do ESG factors influence your portfolio construction?**

**(1) SSA**

(A) The selection of individual assets within our portfolio is influenced by ESG factors

(1) in all cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors

(1) in all cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors

(1) in all cases

**(2) Corporate**

(A) The selection of individual assets within our portfolio is influenced by ESG factors

(1) in all cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors (1) in all cases

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 6	PLUS	OO 10	N/A	PUBLIC	ESG incorporation in portfolio construction	1

Please provide two examples of how ESG factors have influenced weightings and tilts in either passive or active fixed income.

Please provide examples below:

(A) Example 1:

Our Global Fixed Income & Currencies team reviewed an east African country’s positive ESG risk performance relative to regional peers and determined its sovereign bonds to be a strong candidate for investment. Key factors to this success relative to peers emphasized a long-term strategic plan built on governance and ownership, investment in people and infrastructure, attracting foreign capital and promoting gender inclusion in the economy. The success of the country can be illustrated by a variety of ESG-related indicators. In a report by the World Economic Forum’s (WEF), the country’s position improved significantly in the WEF’s global competitive index over the last decade, making it one of the top three best countries in the region. **(response continued in row below)**

Likewise, the country’s ranking in Transparency International’s Corruption Perceptions Index remarkably improved, placing it in the top five rankings in the region. In addition, progress on gender diversity is demonstrated by the country’s ranking as one of the top globally by the WEF Gender Gap Index. The investment team believes exposure to countries with improving long-term fundamentals relative to peers is an integral part of managing the risks of investing in EM sovereigns. Coupled with its performance on ESG factors, the country was determined to be one such investment opportunity..



(B) Example 2:

BlueBay Emerging Market Debt team remained underweight in the credit of Brazilian iron ore and steel producer in 2019 because of fundamental ESG risks. The team's concerns are firstly centered around the company's use of 'tailings dams' within their production process. Whilst the issuer has not suffered from large dam collapses, in March 2019, Brazilian prosecutors announced they would launch a probe over the safety of approximately 100 dams, including the Company's. **(response continued in row below)**

The issuer has been fined multiple times and is embroiled in several lawsuits regarding the impacts of its operations on local communities, biodiversity and the environment. It is concerning that environmental & social performance on key data points such as greenhouse gas emissions does not seem to be improving, and CDP's score on climate was downgraded from B to C and D between 2016 and 2018 (water downgraded from B to D as well) indicating a negative trajectory. Additionally, the team is concerned that the company's management is overly influenced by the majority shareholder family and suffers from the lack of board independence. The team maintained their underweight position when the issuer was upgraded by Moody's to B2 for financial reasons – improvement in liquidity on back of refinancing and iron ore prepayment deal..

## ESG incorporation in assessment of issuers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 7	CORE	OO 10	N/A	PUBLIC	ESG incorporation in assessment of issuers	1

When assessing issuers'/borrowers' credit quality, how does your organisation incorporate material ESG risks in the majority of cases?

(1) SSA

(2) Corporate

(A) In the majority of cases, we incorporate material governance-related risks

○

○

(B) In addition to incorporating governance-related risks, in the majority of cases we also incorporate material environmental and social risks



(C) We do not incorporate material ESG risks for the majority of our credit quality assessments of issuers/borrowers



## ESG performance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 8	CORE	OO 10	N/A	PUBLIC	ESG performance	1

**In the majority of cases, how do you assess the relative ESG performance of a borrower within a peer group as part of your investment process?**

(1) SSA

(2) Corporate

(A) We use the relative ESG performance of a borrower to adjust the internal credit assessments of borrowers by modifying forecasted financials and future cash flow estimates



(B) We use the relative ESG performance of a borrower to make relative sizing decisions in portfolio construction



(C) We use the relative ESG performance of a borrower to screen for outliers when comparing credit spreads to ESG relative performance within a similar peer group



(D) We consider the ESG performance of a borrower only on a standalone basis and do not compare it within peer groups of other benchmarks



(E) We do not have an internal ESG performance assessment methodology



## ESG risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 9	CORE	OO 10	FI 9.1	PUBLIC	ESG risk management	1

For your corporate fixed income, does your organisation have a framework that differentiates ESG risks by issuer country and sector?

- (A) Yes, it differentiates ESG risks by country/region (for example, local governance and labour practices)
- (B) Yes, it differentiates ESG risks by sector
- (C) No, we do not have a framework that differentiates ESG risks by issuer country/region and sector

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 9.1	CORE	FI 9	N/A	PUBLIC	ESG risk management	1

For what proportion of your corporate fixed income assets do you apply your framework for differentiating ESG risks by issuer country/sector?

	(1) for all of our corporate fixed income assets	(2) for the majority of our corporate fixed income assets	(3) for a minority of our corporate fixed income assets
(A) We differentiate ESG risks by country/region (for example, local governance and labour practices)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(B) We differentiate ESG risks by sector	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

# Post-investment phase

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 12	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

## Do your regular reviews incorporate ESG risks?

	(1) SSA	(2) Corporate
(A) Our regular reviews include quantitative information on material ESG risks specific to individual fixed income assets	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Our regular reviews include aggregated quantitative information on material ESG risks at a fund level	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Our regular reviews only highlight fund holdings where ESG ratings have changed	<input type="checkbox"/>	<input type="checkbox"/>
(D) We do not conduct regular reviews. Risk reviews of ESG factors are conducted at the discretion of the individual fund manager and vary in frequency	<input type="checkbox"/>	<input type="checkbox"/>
(E) We do not conduct reviews that incorporate ESG risks	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 13	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

**Do you regularly identify and incorporate ESG incidents into the investment process for your fixed income assets?**

	(1) SSA	(2) Corporate
(A) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into all of our investment decisions	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(B) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into the majority of our investment decisions	<input type="radio"/>	<input type="radio"/>
(C) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into a minority of our investment decisions	<input type="radio"/>	<input type="radio"/>
(D) Yes, we have an ad hoc process in place for identifying and incorporating ESG incidents	<input type="radio"/>	<input type="radio"/>
(E) We do not have a process in place for regularly identifying and incorporating ESG incidents into our investment decision-making	<input type="radio"/>	<input type="radio"/>

## Time horizons

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 14	CORE	OO 10	N/A	PUBLIC	Time horizons	1

In the majority of cases, how does your investment process account for differing time horizons of holdings and how they may affect ESG factors?

	(1) SSA	(2) Corporate
(A) We take into account current risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We take into account medium-term risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We take into account long-term risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) We do not take into account differing time horizons of holdings and how they may affect ESG factors	<input type="checkbox"/>	<input type="checkbox"/>

## Long-term ESG trend analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 15	CORE	OO 10	N/A	PUBLIC	Long-term ESG trend analysis	1

Do you continuously monitor a list of identified long-term ESG trends related to your fixed income assets?

	(1) SSA	(2) Corporate
(A) We monitor long-term ESG trends for all of our assets	<input checked="" type="radio"/>	<input checked="" type="radio"/>

(B) We monitor long-term ESG trends for the majority of our assets	<input type="radio"/>	<input type="radio"/>
(C) We monitor long-term ESG trends for a minority of our assets	<input type="radio"/>	<input type="radio"/>
(D) We do not continuously monitor long-term ESG trends in our investment process	<input type="radio"/>	<input type="radio"/>

## Passive

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 16	CORE	OO 5.2 FI, OO 10	N/A	PUBLIC	Passive	1

What percentage of your total passive fixed income assets utilise an ESG index or benchmark?

## Examples of leading practice

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 17	PLUS	OO 10	N/A	PUBLIC	Examples of leading practice	1 to 6

Describe any leading responsible investment practices that you have adopted for some or all of your fixed income assets.

Description per fixed income asset type:

(A) SSA

As a firm, we engage constructively with regulators and other lawmakers. We participate in initiatives that will 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.

As a signatory to the UN PRI, in 2020, RBC GAM became a supporting investor of the Investors Policy Dialogue on Deforestation (IPDD) initiative in Brazil, which is co-chaired by BlueBay. **(response continued in row below)**

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The IPDD is supported by a membership of 45 financial institutions with approximately US\$7 trillion in assets under management (as of Jan 2021). This initiative aims to coordinate a public policy dialogue with Brazilian authorities and monitor developments in Brazil to assess exposure to financial risks arising from deforestation. IPDD recently met with Brazil's Vice-President and investors were encouraged by the government's commitments. The dialogue is still ongoing and we hope to see more concrete progress in 2021..

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(B) Corporate

Consistent with the key objective of our PH&N Canadian Fixed Income team's overall approach to fixed income investing – to add value while controlling risk – the main purpose of analyzing ESG as well as other risk factors is to fulfill its fiduciary responsibility to clients. This analysis includes the consideration and, to the extent possible, mitigation of downside risks that may erode capital and limit growth.

The investment team's internal ESG Rating process assigns a score (0 – 3) based on: the issuer's awareness and management of material ESG risks and opportunities, the extent of the issuer's exposure to material ESG risks, the incorporation of ESG risks into issuer's strategy and planning, and potential positive environmental and social impacts from the issuer's operations.

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## Thematic bonds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 18	PLUS	OO 6 FI	FI 18.1	PUBLIC	Thematic bonds	1

**What proportion of your total thematic investments are labelled green bonds, social bonds and/or sustainability bonds by the issuers in accordance with the four ICMA Social/Green Bond Principles?**

**Proportion out of total thematic fixed income investments:**

(A) Proportion of green/SDG bonds linked to environmental goals 0-25%

(B) Proportion of social/SDG bonds linked to social goals >75%

(C) Proportion of sustainability/SDG bonds (i.e. combination of green and social bonds linked to multiple SDG categories) 0-25%

(D) None of the above 0-25%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 18.1	PLUS	FI 18	N/A	PUBLIC	Thematic bonds	3

**What proportion of your social, green and/or sustainability labelled bonds has been subject to an independent review arranged by the issuer?**

(A) Second-party opinion (2) 1–10%

(B) Third-party assurance (2) 1–10%

(C) Green bond rating (2) 1–10%

(D) Climate Bonds Certification according to the Climate Bonds Standard (2) 1–10%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 19	CORE	OO 6 FI	N/A	PUBLIC	Thematic bonds	1

**How do you determine which non-labelled thematic bonds to invest in?**

- (A) By reviewing the bond's use of proceeds
- (B) By reviewing companies' ESG targets
- (C) By reviewing companies' progress towards achieving ESG targets
- (D) We do not invest in non-labelled thematic bonds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 20	CORE	OO 6 FI	N/A	PUBLIC	Thematic bonds	1, 2, 6

**What action do you take in the majority of cases where proceeds of a thematic bond issuer are not allocated to the original plan?**

- (A) We engage with the issuer
- (B) We alert regulators
- (C) We alert thematic bond certification agencies
- (D) We sell the security
- (E) We publicly disclose the breach
- (F) We blacklist the issuer
- (G) Other action, please specify:

We have not encountered this issue. However, in the event this occurs, RBC GAM would explore any of the selected actions under FI 20.

- (H) We do not take any specific actions when proceeds from bond issuers are not allocated in accordance with the original plan

# Reporting/Disclosure

## ESG screens

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 21	CORE	OO 6 FI	N/A	PUBLIC	ESG screens	6

### How do you ensure that clients and/or beneficiaries understand ESG screens and their implications?

(A) We publish a list of ESG screens and share it on a publicly accessible platform such as a website or through fund documentation Voluntary URL link(s) to list of ESG screens:

<https://www.rbegam.com/en/ca/products/mutual-funds/socially-responsible-investing> ,  
<https://www.rbegam.com/documents/en/articles/approach-to-responsible-investment.pdf>

(1) for all of our fixed income assets subject to ESG screens

(B) We publish any changes in ESG screens and share it on a publicly accessible platform such as a website or through fund documentation Voluntary URL link(s) to ESG screen changes:

<https://www.rbegam.com/en/ca/products/mutual-funds/socially-responsible-investing> ,  
<https://www.rbegam.com/documents/en/articles/approach-to-responsible-investment.pdf>

(1) for all of our fixed income assets subject to ESG screens

(C) We outline any implications of ESG screens, such as deviation from a benchmark or impact on sector weightings, to clients and/or beneficiaries

(1) for all of our fixed income assets subject to ESG screens

# Engagement

## Engaging with issuers/borrowers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 22	CORE	OO 9 FI	FI 22.1	PUBLIC	Engaging with issuers/borrowers	2

At which stages does your organisation engage with issuers/borrowers?

	(1) SSA	(2) Corporate
(A) At the pre-issuance/pre-deal stage	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) At the pre-investment stage	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) During the holding period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) At the refinancing stage	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) When issuers/borrowers default	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 22.1	PLUS	FI 22	N/A	PUBLIC	Engaging with issuers/borrowers	2

Describe your approach to engagement.

Engagement approach per fixed income asset type or general description for all your fixed income engagement:

(A) Description of engagement approach for all of our fixed income

Our fixed income investment teams 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. **(response continued in row below)**

As a firm, we recognize that corporate governance and climate change are of particular importance 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:

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

(C) Description of engagement approach for our SSA fixed income

Engagement opportunities in this asset class tend to be limited to smaller bodies, such as municipal issuers, or when larger issuers seek out input from the investor community. Our investment teams also engage with regulators within sovereign fixed income markets on matters affecting transparency and fostering fair and efficient capital markets.

(D) Description of engagement approach for our corporate fixed income

Engagement opportunities tend to occur less frequently for debt investors than equity investors in the markets in which we invest. Therefore, our investment teams typically look for opportunities to engage with management teams during road shows or when issuers seek to refinance. Several of our corporate fixed income teams also engage directly with ratings agencies, in some cases facilitating meetings between the ratings agency and the issuer to improve transparency and resolve potential discrepancies in information.

## Sovereign bonds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 23	CORE	OO 9 FI	N/A	PUBLIC	Sovereign bonds	2

For the majority of your sovereign bond engagements, which non-issuer stakeholders do you engage with to promote your engagement objectives?

- (A) Non-ruling parties
- (B) Originators and primary dealers
- (C) Index and ESG data providers
- (D) Multinational companies/state-owned enterprises (SOEs)
- (E) Supranational organisations
- (F) Credit rating agencies (CRAs)
- (G) Business associations
- (H) Media
- (I) NGOs, think tanks and academics
- (J) Other non-issuer stakeholders, please specify:
  - Depending on the situation we may engage with any of the above
- (K) We do not engage with any of the above stakeholders for the majority of our sovereign bond engagements