

# Our net-zero ambition



## RBC Global Asset Management (RBC GAM)<sup>1</sup> recognizes the importance of the global goal of achieving net-zero emissions by 2050 or sooner, in order to mitigate climate-related risks.

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

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



### Transparency & disclosure

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

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

<sup>1</sup> References to RBC GAM include the following affiliates: BlueBay Asset Management LLP, RBC Global Asset Management Inc. (including Phillips, Hager & North Investment Management), RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited, and RBC Global Asset Management (Asia) Limited, which are separate, but affiliated subsidiaries of RBC. For clarity, RBC Indigo Asset Management Inc. is not covered by this document.

<sup>2</sup> Intergovernmental Panel on Climate Change (2019). [Link](#).

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



### Integration of climate-related risks and opportunities

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

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

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



### Addressing net-zero in our operations

**The performance, goals, and reporting of operational GHG emissions is established as part of RBC's climate strategy, which is inclusive of RBC GAM.**

- RBC is committed to the goal of achieving net-zero in its operations. To advance this ambition RBC set two goals: to reduce market-based GHG emissions by 70% with a baseline year of 2018<sup>4</sup>, and to increase its sourcing of electricity from renewable and non-emitting sources to 100%<sup>5</sup>, both by 2025.
- RBC joined the Net-Zero Banking Alliance (NZBA) and committed to net-zero emissions in lending by 2050.<sup>6</sup>

See the [RBC Climate Blueprint](#).

<sup>4</sup> Inclusive of our global operations, Scope 1, 2 (market-based) and 3 (business travel) reported GHG emissions, using a baseline of 2018.

<sup>5</sup> Renewable electricity is defined as energy produced from renewable sources such as hydroelectricity, wind and solar. Non-emitting sources include nuclear power generation. The performance towards our goal to achieve 100% renewable and non-emitting electricity consumption by 2025 is calculated based on grid mix data and the Renewable Energy Credits we either purchase from third-parties or receive from our two renewable energy Power Purchasing Agreements (PPAs). A PPA is a long-term financial agreement between a renewable energy buyer and a renewable energy seller where the buyer guarantees the seller a fixed price for renewable energy from the project.

<sup>6</sup> In joining the Net-Zero Banking Alliance (NZBA), member banks commit to transition operational and attributable GHG emissions from high-emitting sectors in their lending and investment portfolios to align with pathways to net-zero by mid-century, or sooner. Please see the [NZBA website](#) for more details.

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

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