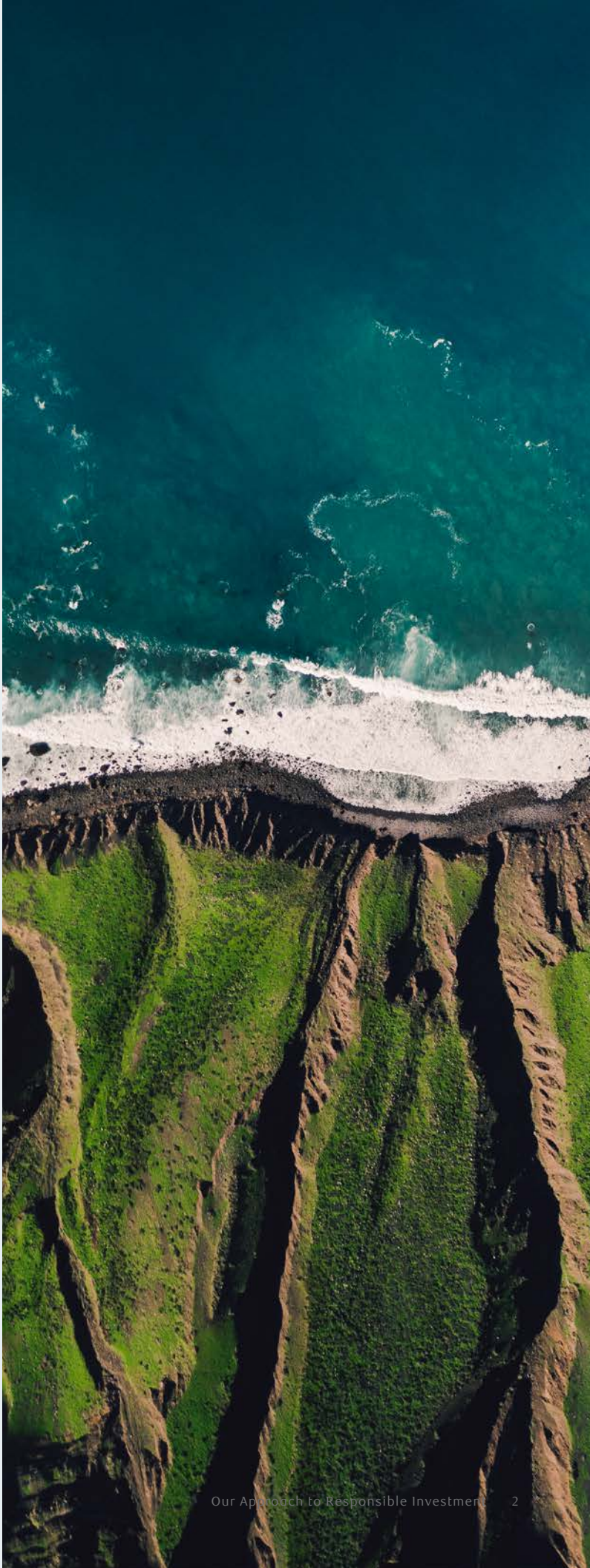
RBC Global Asset Management

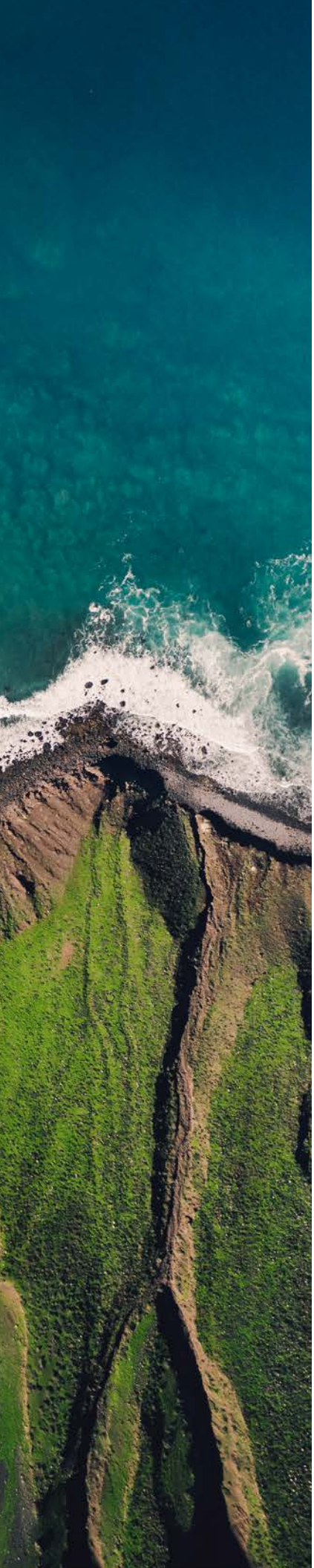
Our Approach to Responsible Investment

Updated March 2026

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

As an asset manager, RBC GAM has an obligation to act in the best interests of the accounts that we manage, including segregated client accounts and investment funds (collectively, "portfolios"). We seek to maximize investment returns for our clients without undue risk of loss, within the limits described in each investment mandate. We believe that being an active, engaged, and responsible investor empowers us to enhance the risk-adjusted, long-term performance of our portfolios.





About this document

References to RBC GAM include the following affiliates: RBC Global Asset Management Inc. (including Phillips, Hager & North Investment Management), RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited (RBC GAM-UK), RBC Global Asset Management (Asia) Limited, and BlueBay Asset Management LLP.

This document sets out RBC GAM's overall approach to responsible investment and discusses how different types of investments may integrate environmental, social, and governance (ESG) factors. It also includes our views on systemic ESG factors that may be material to investments and our portfolios. ESG factors are incorporated by our investment teams to varying degrees and weights of importance, depending on the investment team's assessment of that ESG factor's potential impact on the performance of the investment and/or the portfolio. For portfolios where ESG factors do not form a part of their investment objective or principal investment strategy, ESG factors are generally not likely to drive investment decisions on their own, and in some cases, may not impact an investment decision at all.

References to our investment approach, applicable types of investments, and applicable assets under management (AUM) exclude certain investment strategies, asset classes, exposure or security types that do not integrate ESG factors. Examples of what would not integrate ESG factors include, but are not limited to, money market, buy-and-maintain, passive and certain third-party sub-advised strategies or certain currency or derivative instruments.

RBC GAM's approach to active stewardship, proxy voting and engagement may encompass a range of subjects, which may or may not include ESG-related matters. References to active stewardship do not apply to certain investment strategies where proxy voting and/or engagement are not used. For instance, there is no engagement with issuers in quantitative investment, passive and certain third-party sub-advised strategies, and RBC GAM does not manage proxy voting for model portfolios or certain third-party sub-advised strategies.

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What is responsible investment?

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

At RBC GAM, RI includes the following investment strategies:

- **ESG integration:** Ongoing incorporation of material ESG factors[1] into investment decision making with an aim to identify potential risks and opportunities and improve risk-adjusted, long-term returns.
- **ESG screening & exclusion:** Applying positive or negative screens to include or exclude assets from the investment universe.
- **Thematic ESG investing:** Investing in assets involved in a particular ESG-related theme or seeking to address a specific ESG issue.
- **Impact investing:** Investing in assets with the intent to generate a measurable positive social or environmental impact alongside a financial return.

Examples of ESG factors include:

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

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

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

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

Governance
How does the issuer govern itself?

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

Focus - ESG screening & exclusion

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

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

Norms-based screening refers to ESG-related criteria that are based on international norms and used to exclude assets from the investment universe.[2]

[1]References in this document to material ESG factors refer to ESG factors that in our judgment are most likely to have an impact on the financial performance of an issuer, security, and/or investment portfolio. More information on how our investment teams determine materiality is provided in the ESG Integration section of this document.
[2]More information on the norms-based screening that RBC GAM applies and the specific international norms upon which they are based is provided in the ESG Integration section of this document, under 'Firm-wide investment exclusions.'

Our values

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

Client first: We put clients first in everything we do. We build strong relationships based on understanding our clients' goals, anticipating their needs and earning their trust and advocacy through sound judgment, exceptional advice and world-class execution.

Integrity: Operating with the highest level of integrity is at the core of how we work. It helps us make disciplined decisions and stand by our principles, so that we protect the trust placed in us.

Collaboration: We collaborate with speed and intention, and we rally around the decision. We use our combined strengths to unlock new possibilities and achieve what none of us could alone.

Respect: We foster a culture of empathy, inclusion, trust and humility, where our colleagues, clients and communities can bring their best, share ideas with confidence and succeed together.

Excellence: We execute with urgency and expertise, raising the bar through innovation. By attracting and developing outstanding talent, fostering ambition and embracing bold solutions, we deliver superior results for clients, shareholders, and communities.

Our RI beliefs

At RBC GAM, we believe that:

- Being an active, engaged, and responsible investor empowers us to enhance the risk-adjusted, long-term performance of our portfolios and is consistent with our fiduciary duty.
- Issuers that manage their material ESG factors and related risks will likely reduce the probability of experiencing losses that would accompany an ESG-related incident.
- Engagement through direct dialogue with issuers and other relevant stakeholders can be an effective way to consider how issuers manage material ESG factors.
- Initiatives that increase transparency and foster fair and efficient markets can benefit investors and clients globally.

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

Damon Williams,
Chief Executive Officer, RBC Global Asset Management Inc.

Three pillars of Our Approach to RI

Our Approach to RI is comprised of three pillars. We take specific actions under each of these pillars to deliver on our aim of maximizing our clients' investment returns without undue risk of loss, in accordance with the investment objectives, strategies, and restrictions of each investment mandate.[3]

ESG integration

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

Active stewardship

We incorporate material ESG factors in proxy voting and engagement with issuers for applicable types of investments. We may also participate in RI industry initiatives, where applicable.

Client-driven solutions and reporting

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

Systemic ESG factors

As described in our three pillars, we incorporate material ESG factors that may affect the risk-adjusted, long-term returns of our investments and portfolios. While any ESG factor may be material to an investment or portfolio, we believe that there are certain systemic ESG factors that are likely material to issuers across most sectors and geographies. Such systemic ESG factors include governance, climate change and nature, and human rights. These factors may pose investment risk as well as potential systemic risks due to their ability to affect economies, markets and/or society more broadly.

In addition to the actions we take under the three pillars of our approach to RI, we aim to conduct additional research, assess data, and deepen knowledge on these systemic ESG factors and how they may affect our investments and portfolios. We also aim to provide transparent reporting on our activities related to these factors.

Our approach to managing our investments' exposure to these systemic ESG factors is grounded in the following additional, factor-specific beliefs.

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

Governance

We believe that issuers with good governance practices generally:

- Are better able to focus on long-term sustainable growth;
- Are more likely to effectively manage conflicts;
- Pose less risk for equity investors due to alignment of shareholder and management interests;
- Are more likely to be able to access fixed income markets when needed; and
- Are more likely to effectively manage material environmental and social risk factors.

Climate change and nature

We believe the following:

- Climate-and nature-related factors are systemic risks that may materially affect issuers and the economies, markets, and societies in which they operate.[4]
- Mitigating greenhouse gas (GHG) emissions may reduce the systemic risks that climate change poses. We recognize the importance of the global goal of achieving net-zero emissions by 2050 or sooner, in order to mitigate climate-related risks.[5]
- Engaging with issuers that are significant emitters of GHG emissions may contribute to reducing the systemic risks of climate change for our investments and portfolios. Additionally, engaging with issuers that are not adequately managing their material climate-related risks may contribute to enhancing risk-adjusted, long-term performance of those issuers.

In addition to the three pillars of our approach to RI, we may take the following actions related to climate change and nature:

- Measuring, monitoring and reporting on the carbon emissions[6] and net-zero alignment of applicable investments and portfolios, as well as conducting and reporting on climate scenario analysis.[7]
- Developing and implementing a plan to actively engage with issuers for whom we believe climate change is a material financial risk and whom we believe are not managing this risk effectively by their existing emissions reduction targets and/or transition plans.
- Working with institutional clients to support them in achieving their portfolios' climate objectives, where this is part of the investment mandate.
- Producing an annual climate report, guided by the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).[8] We acknowledge the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD),[9] which we believe will enable enhanced disclosure of material nature-related risks and opportunities. We provide some nature-related disclosures in our annual climate report.

Human rights

We believe the following:

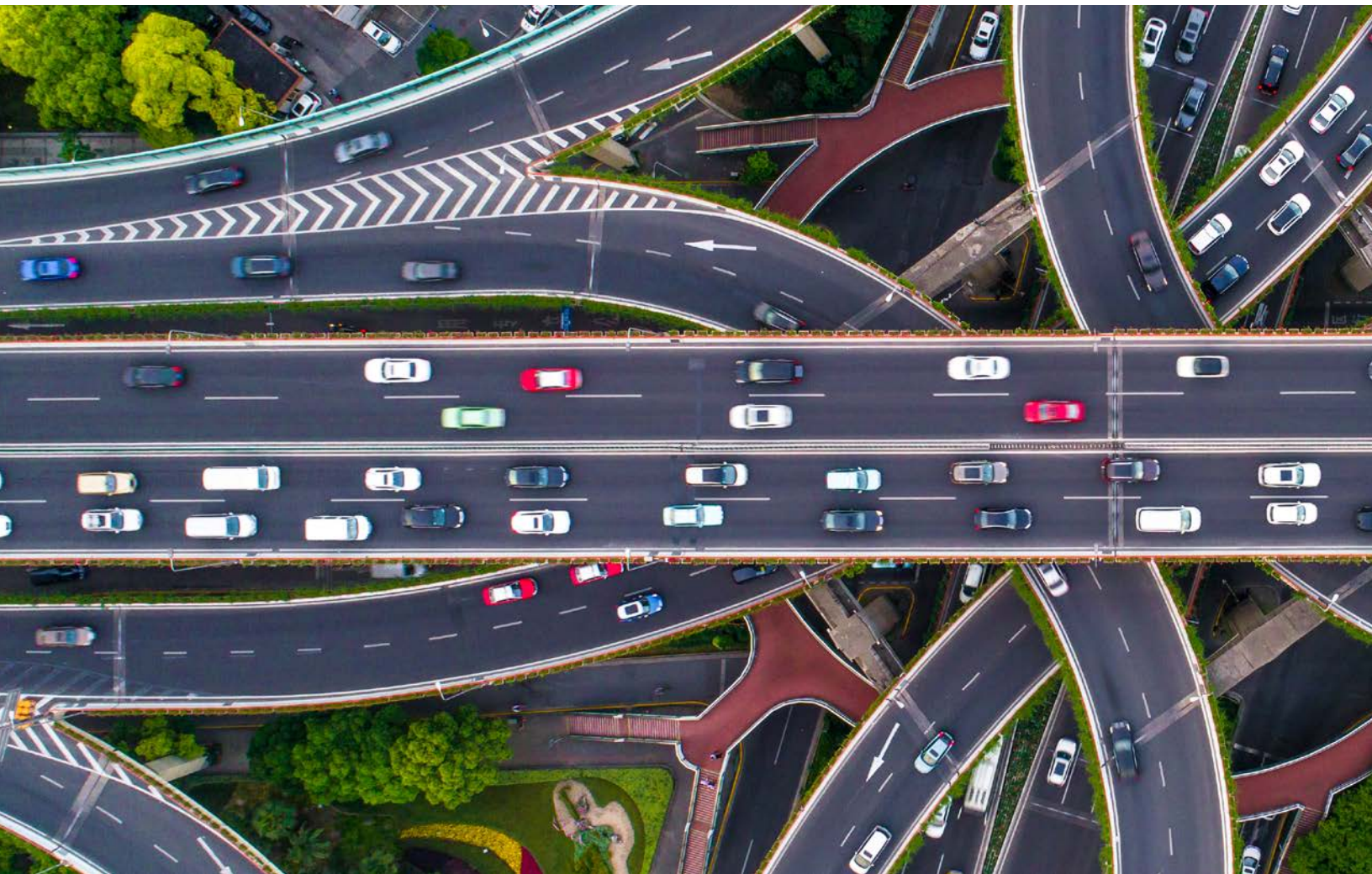
- Respecting applicable international human rights standards supports a stable, resilient business operating environment, as well as well-functioning global capital markets. International human rights standards include but are not limited to: the Universal Declaration on Human Rights, the International Bill of Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, United Nations Guiding Principles on Business and Human Rights (the UN Guiding Principles), and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). Upholding the principles of Free, Prior and Informed Consent (FPIC) and the role of Indigenous Peoples in decision-making is an important principle of UNDRIP.
- Actual or potential adverse human rights impacts may lead to material financial, legal, regulatory, operational, and/or reputational risks to issuers.
- Issuers that implement mechanisms to identify affected stakeholders and address potential or actual adverse human rights impacts may be more effective at managing material human rights risks resulting from their supply chains, operations, customers and/or end users.
- As referenced in the RBC Approach to Human Rights, human rights factors that may be material to our investments and portfolios include, but are not limited to: modern slavery, Indigenous rights, workplace-related rights, discrimination, and privacy.

[4] Nature-related factors include risks, opportunities, impacts and dependencies, as described by the Taskforce on Nature-related Financial Disclosures (TNFD). Biodiversity loss is one type of nature-related factor.
[5] This goal refers to the Paris Agreement and the associated global 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. According to the Intergovernmental Panel on Climate Change (2019), 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. Net-zero emissions refers to achieving a balance between the GHG emissions produced, and those removed from the atmosphere.
[6] Carbon emissions refer to CO_2 equivalents, which are inclusive of all GHG emissions.
[7] More information on the scope of applicable investments and portfolios for the calculation of carbon emissions, net-zero alignment, and climate scenario analysis metrics is provided in our annual climate report.
[8] The TCFD recommendations are now incorporated into the International Sustainability Standards Board (ISSB) Standards, which are overseen by the International Financial Reporting Standards (IFRS) Foundation.
[9] The TNFD aims to provide organizations with a risk management and disclosure framework to address nature-related dependencies, impacts, risks and opportunities. The framework is designed to provide useful information and assist capital providers and stakeholders with their decision-making.

PERSPECTIVES ON THE ENERGY TRANSITION

Achieving the global goal of net-zero emissions by 2050 or sooner will require greenhouse gas (GHG) emissions reductions across sectors, as well as structural changes to global fossil fuel-based energy and transportation systems and energy-intensive manufacturing and building sectors. RBC GAM recognizes the potentially material climate-related risks and opportunities that the energy sector faces, and we incorporate these factors as part of our investment decisions, for applicable types of investments. This may include consideration of issuer and portfolio-level emissions (absolute- and intensity-based), exposure to asset stranding risk, issuers' emission reduction targets, transition plans for achieving these, and reporting on progress, if material.

Divestment of issuers is an option that investment teams may exercise at any stage of their analysis or engagement with an issuer, based on their judgement of the investment case or if specifically required by the investment mandate or client agreement. However, we generally do not believe that broad-based divestment is an effective tool. Our preference is to incorporate material climate-related factors in ESG integration and active stewardship, so that we may better understand an issuer's strategy, encourage management of material risks, and/or seek transparency on material factors, when we believe they may affect the value of the investment or portfolio. We may participate in both direct engagements and RI industry initiatives on this topic.



ESG integration

At RBC GAM, ESG integration means that investment teams incorporate material ESG factors in investment decision making processes within the portfolios that they manage, for applicable types of investments, with an aim to identify potential material risks and opportunities and improve risk-adjusted, long-term performance.

Our approach to ESG integration

Is investment-led	Our investment teams have developed their own methods to integrate material ESG factors into their respective investment analysis and decision making processes, for applicable types of investments. This approach allows our investment teams to tailor ESG integration tools and resources to their investment methodologies. The ESG integration activities undertaken by each team aim to reflect the best interests of our portfolios.
Focuses on materiality	Our investment teams focus on those ESG factors that they have determined may affect the value of the investment. The extent of these effects depends on the issuer, the industries and geographies in which it operates, and the nature of the investment strategy for which it is purchased.
Continuously improves and innovates	The culture at RBC GAM revolves around innovation, continuous learning, and harnessing the power of human and machine. Our investment teams explore new and, in our opinion, improved ways to integrate material ESG factors into their investment approaches. Some of our continuous learning initiatives include: firm-wide ESG education sessions with external experts and speakers, internal ESG research on emerging data, themes, tools, and methodologies and a monthly internal newsletter on new developments in responsible investment.

"Incorporating material ESG factors in our investment processes is an important way we aim to improve long-term, risk-adjusted returns for our clients."

Stu Kedwell, Global Chief Investment Officer, RBC Global Asset Management Inc.

How we determine materiality

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

Additional examples of characteristics that can inform materiality include:

Sectors and industries to which an issuer is exposed. For example, while mining companies tend to experience more investment risk from environmental factors, software firms may be more exposed to social factors like data privacy.

Location of the issuer and regions in which it operates. For example, issues related to human rights, supply chain management, and corruption can be more prevalent in emerging and developing economies than developed markets.

Asset type. ESG factors tend not to be material for asset types like money markets and cash, while they may be more material for other asset types.

While any ESG factor may be material to an investment or portfolio, we believe that there are certain systemic ESG factors that are likely material to issuers across most sectors and geographies. Such systemic ESG factors include governance, climate change and nature, and human rights. These factors may pose investment risk as well as potential systemic risks due to their ability to affect economies, markets and society more broadly.

ESG integration in action

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

Equities

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

Fixed income – corporates

Corporate fixed income investors are generally most concerned about the potential effects that ESG factors may have on a company's ability to repay its debt. For example, issuers with insufficiently managed ESG-related risks may be at higher risk of not being able to pay their debts, resulting in deteriorating credit quality and potentially lower returns to debt investors.

Fixed income – sovereigns, supranationals and agencies (SSA)

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

Fixed income – securitized credit

ESG integration in securitized credit is particularly nuanced, as investors must consider additional asset-specific characteristics, such as the level at which ESG factors can be assessed and the visibility of underlying collateral. For example, regarding Collateralized Loan Obligations (CLO), ESG factors may be assessed at both the manager level and for the underlying collateral pool. In comparison, for asset-backed securities (ABS) and mortgage-backed securities (MBS), ESG factors may be assessed at the originator, servicer, and underlying collateral levels. The materiality of specific ESG factors in each instance may vary. In general, governance is typically more material at the manager, originator, and servicer level, and environmental and social factors are typically more material at the underlying collateral level.

Private markets – real estate, mortgages, and infrastructure

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

Firm-wide investment exclusions

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

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

In recognition of that consensus and the significant risks associated with those investments, we have applied a norms-based exclusion screen where no RBC GAM investment team will knowingly invest in companies associated with anti-personnel land mines, cluster munitions, biological weapons, or chemical weapons, across several business areas including production, sales/trade, testing, research and development, system integration, maintenance, and maintenance/service management. These exclusions are applicable for portfolios where RBC GAM controls the investment policy, excluding certain passive investment strategies.[10] For segregated accounts or products where our clients control the investment policy, excluding certain passive investment strategies, clients may request different exclusions or no exclusions. We engage independent third-party research providers to identify issuers that should be excluded on the basis of this policy.

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 are within the sanctions.

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

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

Active stewardship

As stewards of our clients' assets, we align our proxy voting, engagement, and industry initiatives to the best interests of our investments and portfolios. We believe these investment stewardship activities, conducted alongside our ESG integration efforts, can help to support our aim of delivering risk-adjusted, long-term financial returns for our clients.

Proxy voting

RBC GAM seeks to act in the best interest of the portfolios it manages, which extends to exercising the voting rights attached to securities within these portfolios where we have such authority. We exercise the voting rights of the portfolios we manage with a view to enhancing the long-term value of the securities held. We make each voting decision independently, in accordance with our Proxy Voting Guidelines.[11] These custom guidelines provide an overview of the principles and practices we believe will enhance the long-term value of securities held in our portfolios and how we will generally vote on particular issues. They are updated periodically to reflect our views on emerging trends in corporate governance and responsible investment. Our guidelines are applied for companies based in Canada, the United States, the United Kingdom, Ireland, Australia, and New Zealand. As stated in our guidelines, in all other markets, RBC GAM references the local proxy voting policies of Institutional Shareholder Services (ISS). We implement the below proxy voting process.

Our proxy voting process

Our Responsible Investment (RI) team reviews ballot items, drawing on our custom Proxy Voting Guidelines and, in certain markets, ISS' local voting policies, as well as the expertise of the investment teams and analysis from leading research firms, where appropriate.

Certain exceptional votes are addressed by our internal Proxy Voting Committee. This committee also implements processes to manage conflicts of interest and protect the independence of our voting decisions.

We make our proxy voting records publicly available on the RBC GAM website in accordance with applicable regulations. We also provide commentary on our proxy voting activities in our stewardship disclosures, and provide additional reporting to clients, by request. Barring exceptional circumstances, we do not publicly disclose in advance how we intend to vote on specific proposals.

[11] The RI team manages proxy voting for RBC GAM, excluding funds managed by third-party sub-advisors , model portfolios, and select institutional client accounts, as requested by them. This proxy voting process is only applicable for proxy voting executed by the RI team.

Engagement

We engage with issuers, regulatory bodies, lawmakers, and other stakeholders, where applicable, in consideration of the best interests of our investments and portfolios.

Our approach to direct engagement

Our approach to engagement reflects our belief that issuers that manage their material ESG factors and related risks will likely reduce the probability of experiencing losses that would accompany an ESG-related incident.

As part of the investment process, our investment teams and RI team may meet with the issuers in which we invest on a regular basis to discuss a variety of topics deemed relevant to the investment case, which may or may not include material ESG factors, where applicable. The specific ESG factors we engage on can differ based on sector, asset class, and geography, as ESG-related engagement is prioritized based on the materiality of the ESG factor to the specific investment or portfolio. Teams may also prioritize their engagement efforts based on the size of the investment and level of risk, among other items. 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 they operate. We may also consider material ESG factors that may pose systemic risks, such as governance, climate change and nature, and human rights.

Consistent with our aim of maximizing the long-term, risk-adjusted returns of our portfolios, the objectives of our ESG-related engagements typically include:

- information gathering on material ESG factors and the steps the issuer is taking to address these factors;
- seeking public disclosure of material ESG factors and the steps the issuer is taking to address those factors;
- encouraging management of material ESG factors, when we believe they may affect the value of the investment or portfolio; and
- where an issuer is lagging its peers on a material ESG factor, requesting specific actions, monitoring those actions, and encouraging continued improvement on the material factor, if we believe this may affect the value of the investment or portfolio.

How we engage

For applicable types of investments, we primarily engage with issuers through private dialogue, over time. Our investment teams typically meet directly with the board of directors, management teams, or specific executives or individuals who are responsible for overseeing the matter.

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

The outcome of an engagement is generally not the sole factor in any investment decision. Instead, the information obtained from engagements is one element that can help inform the investment case.

Engagement considerations across asset classes

Public equities

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

Fixed income – corporates

Engagement with issuers may form part of the ESG integration and investment process for our corporate fixed income teams. However, the scale and effectiveness of such engagement may vary. In some cases, our corporate fixed income investment teams may also engage directly with other stakeholders, such as credit rating agencies.

Fixed income – sovereigns, supranationals, and agencies (SSA)

SSA engagement is a multi-pronged process and can include multiple stakeholders. For example, our SSA fixed income investment teams may engage with sovereign issuers, national institutions, ruling parties, supranational agencies like the World Bank and the International Monetary Fund (IMF), and/or others. Methods of engagement vary depending on access to the issuer, legal standing, and issuer obligations. The purpose of engagement in this asset class is typically to help understand the material ESG factors of our investments and portfolios, incorporating these into our investment teams' views on credit risk, balance sheets, and economic fundamentals. We may also engage to seek improvements in fiscal transparency and aim to ensure an operating environment that is consistent with well-functioning capital markets.

Fixed Income – securitized credit

Where possible and applicable, engagement within securitized credit may occur at the manager, originator, or servicer level for the securitized instrument, rather than at the collateral pool or issuer level. As in other asset classes, engagements focus on those factors deemed material to the investment.

Private markets – real estate, mortgages, and infrastructure

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

RI industry initiatives

We participate in initiatives that work to increase transparency, protect investors, and foster fair and efficient capital markets. We believe that engagement on relevant regulatory and legal reform may lead to more effective governance and/or management of material ESG factors, as well as broader, market-wide considerations.

A full list of RI industry initiatives is provided in the Appendix.

Client-driven solutions & reporting

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

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

RI policies

Our Approach to RI is the overarching policy that governs responsible investment activities at RBC GAM. It includes information on the three pillars of our approach to RI, our views on ESG-related systemic risks, and our governance of RI.

Stewardship disclosures

We provide annual stewardship reporting that highlights our recent activities, proxy voting statistics, engagement activities, and progress and achievements related to Our Approach to RI.

Climate and nature-related disclosures

We produce an annual climate report that is guided by the recommendations of the TCFD. We are also encouraged by the recommendations of the TNFD, and provide some nature-related disclosures in our annual climate report.

Proxy voting disclosures

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

Regulatory disclosures

Various RBC GAM legal entities and affiliates are required to meet specific ESG-and sustainability-related regulatory requirements in the jurisdictions in which they operate. Regulatory reporting requirements are provided on the appropriate global and/or regional websites, in accordance with applicable regulations.

ESG insights

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

Developing RI solutions for clients

We aim to align the RI solutions that we offer with client demand. At RBC GAM, our client base includes both individual investors, through pooled funds, exchange-traded funds, and separately managed accounts (collectively, "investment solutions"), and institutional clients, through funds and segregated accounts.

Individual investors and their financial advisors select investment solutions based on their needs and objectives. For each investment solution, our duty is to fulfil the objectives and expectations of the mandate, which may include specific objectives and/or investment strategies related to the application of ESG integration, ESG screening and exclusions, thematic ESG investing, and/or impact investing, as applicable. Investment solutions are developed based on broad market demand and regulatory requirements. Information about an investment solution's objectives and investment strategies is included in its offering document.

RBC GAM's institutional clients work directly with a team of dedicated investment professionals to establish their specific mandates, which may be based on the needs, objectives, investment risk appetite, time horizon, return requirements, and/or other RI-specific parameters of the client. Within segregated accounts, there is some flexibility for clients to deviate from our approach to RI, where desired and as outlined in their investment mandate. This may include clients managing their own proxy voting activities and/or applying specific exclusionary screens based on the client's chosen ESG factors.

We recognize that clients across our individual and institutional investor channels may choose the same RI solution for different reasons. For instance, one client may choose an ESG screening and exclusion solution because it aligns with their personal or organizational values, while another chooses it because they believe issuers meeting the screening criteria will outperform on a risk-adjusted returns basis. For this reason, we provide transparent reporting, education, and communications with our client and financial advisor networks. Institutional clients may also request reports with additional ESG-related metrics for their portfolios. The frequency of these reports is generally based on client need and preference, as well as regulatory requirements.

More information on the RI strategies that RBC GAM offers is provided under What is Responsible Investment within Our Approach to RI, and on our regional websites.

Governance

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

Oversight

Relevant Boards of Directors*
- Oversee strategy and direction.

Approval & oversight

Chief Executive Officer (CEO)
- Sets strategic direction of RBC GAM.
- Oversees performance of all RBC GAM strategic initiatives.

Global Chief Investment Officer (CIO)
- Oversees performance of investment strategies.
- Oversees and approves RI and ESG initiatives.

Implementation

RI team
- Leads RI strategies and initiatives across firm.
- Executes proxy voting.
- Liaises with industry affiliations.
- Maintains subject matter expertise.
- Supports ESG integration, engagements and industry initiatives, as applicable.

Investment teams
- Execute ESG integration activities.
- Engage with investees on material ESG factors.
- Participate in education sessions and ongoing development activities on material ESG trends and topics.
- Participate in industry initiatives, where applicable.

Liaise with product development, clients, industry associations and other RI stakeholders as needed.

Feedback & expertise

Leadership Committee
- Comprised of CEO, CIO, and leaders across RBC GAM business (including RI and investment teams).
- Provides direction for RI strategies.
- Receives updates on execution of RI strategies.

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

Compensation

Our CIO, CEO, and relevant Boards of Directors oversee the performance of firm-wide strategic initiatives, including responsible investment, on a quarterly and annual basis. Responsibility for strategic initiatives is delegated to the appropriate executives, whose direct annual compensation includes an assessment of performance on those initiatives.

The daily implementation of Our Approach to RI has been delegated to our RI team and investment teams. RI team members' individual compensation is primarily related to RBC GAM's responsible investment activities. Portfolio managers and analysts have variable compensation that includes responsible investment as a component.

Conflicts of interest

We aim to implement robust policies and procedures to prevent and/or appropriately manage conflicts of interest. Our policies establish the standards that must be followed by RBC GAM to comply with applicable securities laws and regulations of the jurisdictions in which we operate. Potential or actual conflicts of interest, including ones related to proxy voting and engagement, have been addressed by putting appropriate controls and policies in place.

RBC GAM discloses its conflict of interest practices to clients in accordance with the securities laws and regulations of the jurisdictions in which it operates.

Appendix

RI industry initiatives[12]

Logo[13]	Description	Year joined	Primary RI theme(s)
30% Club GROWTH THROUGH DIVERSITY	**30% Club Canadian Investor Group** RBC GAM is a signatory to the 30% Club Canadian Investor Group. The 30% Club Canadian Investor Group is a coalition of Canada's largest institutional investors, which calls on publicly traded companies to take prompt and considered action to achieve and exceed the 30% gender diversity target and to enhance the presence of other underrepresented groups on their boards and at the executive management level. The coalition has instigated numerous engagements, for which RBC GAM may engage, provide inputs, and/or provide feedback.	2018	**Inclusion**
AIMA	**Alternative Investment Management Association** RBC GAM is a member of the Alternative Investment Manager Association (AIMA), the global representative of the alternative investment industry. AIMA draws upon the expertise and diversity of its membership to provide leadership in industry initiatives such as advocacy, policy and regulatory engagement, educational programs and sound practice guides. A member of RBC GAM's RI team is on the Global Responsible Investment Committee.	2019	**Fair & efficient capital markets**
Canadian Coalition for GOOD GOVERNANCE THE VOICE OF THE SHAREHOLDER	**Canadian Coalition for Good Governance** RBC GAM is a founding member of the Canadian Coalition for Good Governance (CCGG). CCGG promotes good governance practices in Canadian public companies and works to improve the regulatory environment to best align the interests of boards and management with their shareholders. Members of RBC GAM's RI team serve on the Public Policy and Environmental & Social committees.	2003	**Fair & efficient capital markets** **Corporate governance**
CDP DISCLOSURE INSIGHT ACTION	**CDP** RBC GAM is signatory to CDP, formerly known as the Carbon Disclosure Project. CDP runs the global disclosure system that enables entities to manage their environmental impacts.	2006	**Climate change** **Nature**
Climate Action 100+	**Climate Action 100+** RBC GAM is an investor participant and signatory to Climate Action 100+ (CA100+). CA100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take appropriate action on climate change in order to mitigate financial risk and to maximize the long-term value of assets.	2020	**Climate change**
CLIMATE ENGAGEMENT CANADA	**Climate Engagement Canada** RBC GAM is a founding participant of Climate Engagement Canada (CEC). CEC is a finance-led initiative that drives dialogue between the financial community and corporate issuers to promote a just transition to a net-zero economy. This is a national engagement program in Canada, akin to Climate Action 100+.	2021	**Climate change**
Council of Institutional Investors	**Council of Institutional Investors** RBC GAM is an associate member of the Council of Institutional Investors (CII). CII aims to promote effective corporate governance, strong shareowner rights and vibrant, transparent, and fair capital markets.	2013	**Fair & efficient capital markets** **Corporate governance**
Emerging Markets Investors Alliance	**Emerging Markets Investor Alliance** RBC GAM is a member of the Emerging Markets Investors Alliance (EMIA). EMIA aims to enable institutional emerging market investors to support good governance, promote sustainable development, and improve investment performance in the governments and companies in which they invest.	2020	**Fair & efficient capital markets** **Corporate governance** **Climate change** **Nature**
FAIRR A COLLER INITIATIVE	**Farm Animal Investment Risk & Return** RBC GAM is a member of the Farm Animal Investment Risk & Return Initiative (FAIRR). FAIRR is an investor network that raises awareness of the ESG risks and opportunities brought about by intensive livestock production.	2020	**Climate change** **Nature** **Labour standards**

[12] In some cases, a specific RBC GAM affiliate may serve as signatory to or member of these initiatives, depending on factors including, but not limited to, the asset class, sub-asset class, or region relevant to the initiative. References made to RI activities conducted as part of industry affiliations/professional associations are not an endorsement by any third party to invest with RBC GAM and are not indicative of future performance. Investors should not rely on awards/industry affiliations/professional associations for any purpose and should conduct their own review prior to investing. Some memberships/affiliations require a fee payment (information available upon request) and confers benefits to investor members such access to resources and support to facilitate ESG incorporation efforts, attendance at convened events. Membership is related to the organization and not related to funds.

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

Logo[13]	Description	Year joined	Primary RI theme(s)
	FX Global Code RBC GAM is signatory to the FX Global Code July 2021 (FX Global Code). The FX Global Code is a set of global principles of good practice in the foreign exchange market, developed to provide a common set of guidelines to promote the integrity and effective functioning of the wholesale foreign exchange market. It was developed by a partnership between central banks and market participants from 20 jurisdictions around the globe. The Global Foreign Exchange Committee promotes, maintains, and updates the FX Global Code regularly.	2021	**Fair & efficient capital markets**
	Global Impact Investing Network RBC GAM is a member of the Global Impact Investing Network (GIIN). The GIIN is the global champion of impact investing, dedicated to increasing the scale and effectiveness of impact investing around the world.	2018	**Impact management**
	Green Bond Transparency Platform (GBTP) RBC GAM is a supporter of the Inter-American Development Bank (IDB)'s Green Bond Transparency Platform (GBTP). The GBTP is an innovative open access digital tool that brings greater transparency to the Latin American and Caribbean green bond market and aims to provide a benchmark for best practice disclosure and support to all market actors.	2021	**Fair & efficient capital markets**
	Operating Principles for Impact Management (Impact Principles) RBC GAM is a signatory to the Operating Principles for Impact Management (Impact Principles), with this being adopted for two US impact investment funds. The Impact Principles provides a common framework for shaping and aligning with industry best practice and promote transparency, discipline, and credibility for impact management practice in capital markets.	2023	**Impact Management**
	International Corporate Governance Network RBC GAM is a member of the International Corporate Governance Network (ICGN). ICGN aims to promote effective standards of corporate governance and investor stewardship to advance efficient markets and sustainable economies worldwide.	2013	**Corporate governance**
	IFRS Sustainability Alliance RBC GAM is a member of the IFRS Sustainability Alliance, a global membership program for sustainability standards, integrated reporting, and integrated thinking. Upon the Value Reporting Foundation's consolidation into the IFRS Foundation, the IFRS Foundation's International Sustainability Standards Board (ISSB) assumed responsibility for the SASB Standards. The ISSB has committed to build on the industry-based SASB Standards and leverage SASB's industry-based approach to standards development. The ISSB encourages preparers and investors to continue to use SASB Standards. A member of RBC GAM's RI team is on the ISSB Investor Advisory Group (IIAG).	2019	**Fair & efficient capital markets**
	Investment Association RBC GAM is a member of the Investment Association (IA). The IA is the United Kingdom's membership association for investment managers.	2019	**Fair & efficient capital markets**
	Investors Policy Dialogue on Deforestation (IPDD) RBC GAM is a supporting investor of the Investor Policy Dialogue on Deforestation (IPDD). The IPDD aims to coordinate a public policy dialogue with authorities and monitor developments to assess exposure to financial risks arising from deforestation. One of our investment teams co-chairs the IPDD Management Committee and the IPDD Brazil workstream, and is a participant in the IPDD Indonesia workstream.	2020	**Climate change** **Nature**
	Japan Stewardship Code RBC GAM is a signatory to Japan's Stewardship Code (The Japan Code). The Japan Code sets out the principles that institutional investors should adhere to in order to fulfill their stewardship responsibilities to clients, beneficiaries and investee companies.	2018	**Fair & efficient capital markets**

Logo[13]	Description	Year joined	Primary RI theme(s)
	Mission Investors Exchange RBC GAM is a member of Mission Investors Exchange (MIE). MIE is the leading impact investing network for foundations dedicated to deploying capital for social and environmental change.	2014	**Impact management**
	Responsible Investment Association RBC GAM is a sustaining member of the Responsible Investment Association (RIA). The RIA is Canada's membership association for responsible investment. A member of RBC GAM's RI team is the Chair of the RIA board.	2003	**Fair & efficient capital markets**
	Transition Pathway Initiative (TPI) RBC GAM is a supporter of the Transition Pathway Initiative (TPI), focused on better understanding how companies are managing the transition to a low carbon economy. TPI seeks to provide academically robust and independent assessments of how companies are transitioning in line with the Paris Agreement. TPI provides open access data that supports investors in understanding the climate transition, and works with Climate Action 100+ to provide data for the net zero benchmark.	2020	**Climate Change**
	UK Stewardship Code RBC GAM is a signatory to the UK Stewardship Code 2020 (The UK Code). The UK Code aims to enhance the quality of engagement between asset managers and companies to help improve long-term risk-adjusted returns to shareholders. RBC GAM's 2024 Annual Stewardship Report met the expected standard of reporting of the Financial Reporting Council (FRC).	2011	**Fair & efficient capital markets**
	UN Principles for Responsible Investment RBC GAM is a signatory to the UN Principles for Responsible Investment (PRI). The PRI is a global network for investors committed to incorporating ESG factors into their investment practices and ownership policies. We are committed to putting the PRI's six Principles of Responsible Investment into practice and believe that they are aligned with our existing approach to responsible investment. A member of RBC GAM's RI team is part of the Corporate Debt Advisory Committee.	2015	**Fair & efficient capital markets**
	US SIF - The Forum for Sustainable and Responsible Investment RBC GAM is an institutional member of US SIF: The Sustainable Investment Forum (US SIF). US SIF states (source) it is the leading voice advancing sustainable, responsible and impact investing across all asset classes in the U.S.	2013	**Fair & efficient capital markets**

RBC Global Asset Management

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

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