RBC Global Asset Management

RBC Global Asset Management Climate Report 2025

About this report

In this document, references to RBC Global Asset Management® (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.

In this document, references to our investment approach, applicable types of investments, and applicable assets under management (AUM) exclude certain investment strategies, asset classes, exposure or security types that do not integrate environmental, social, and governance (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 for certain third-party sub-advised strategies.

This is RBC GAM's sixth climate report guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD was disbanded in October 2023, and the TCFD recommendations are incorporated into the International Sustainability Standards Board (ISSB) Standards, which are overseen by the International Financial Reporting Standards (IFRS) Foundation.[1]

The RBC GAM Climate Report is published to comply with the regulatory requirements of the U.K. Financial Conduct Authority (FCA) Environmental, Social, and Governance Sourcebook (ESG Sourcebook). The ESG Sourcebook reporting requirements are based on the recommendations of the TCFD. This report therefore follows the same structure as the TCFD and recommended disclosures related to: governance, strategy, risk management and metrics and targets.

RBC GAM entities that are in scope of the ESG Sourcebook Chapter 2 (Environmental Risk Management) are RBC GAM-UK and BlueBay Asset Management LLP. These in-scope entities are relying on this RBC GAM group-level report, prepared by RBC GAM. These entities are included in the scope of this report, unless otherwise stated. A Compliance Statement that confirms this report complies with the requirements of Chapter 2 of the ESG Sourcebook is provided in Appendix 5.

All data and examples in this report reflect activities undertaken during the 2025 calendar year (January 1, 2025 – December 31, 2025), unless otherwise noted.

Currency and measurement

All amounts in this document are in United States (U.S.) dollars unless otherwise noted. In some cases, values may not add up to totals due to rounding.

Data source

Data and metrics are based on RBC GAM analysis, unless indicated otherwise. Climate-related data, inclusive of carbon emissions, investment in issuers' climate targets, Implied Temperature Rise (ITR), and Climate Value at Risk (VaR) are based on MSCI ESG Research LLC, MSCI‡, unless indicated otherwise.

Glossary of terms

Please see Appendix 4 for a Glossary of terms.

[1] ISSB and TCFD, by IFRS. Accessed March 6, 2026.

Contents

Introduction

RBC GAM recognizes the importance of the global goal of achieving net-zero emissions by 2050 or sooner, in order to mitigate climate-related risks.[2] Climate- and nature-related factors may pose investment risk as well as potential systemic risks due to their ability to affect economies, markets and/or society more broadly.

As an asset manager, RBC GAM has an obligation to act in the best interests of the accounts that it manages, including segregated client accounts and investment funds (collectively, "portfolios"). RBC GAM believes that being an active, engaged, and responsible investor empowers us to enhance the risk-adjusted, long-term performance of our portfolios.

RBC GAM aims to align solutions with client demand and to provide its clients with transparent and meaningful reporting on its responsible investment activities. Our annual climate report, currently in its sixth year, is one of the ways that we seek to provide transparency. This report describes how we consider material climate-related risks and opportunities at the governance, strategy and risk management level, and includes the key climate-related metrics we use to assess and measure climate-related risks and opportunities in our investments.

Given the interconnections between climate change and nature, for the past four years we have included nature-related disclosures in our annual climate report. We acknowledge the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), which we believe will enable enhanced disclosure of material nature-related risks and opportunities. We include in this report the two core metrics for asset managers recommended by the TNFD.[3]

Our Approach to Responsible Investment describes the actions we are taking related to ESG integration, active stewardship, and client-driven solutions and reporting. At RBC GAM, our investment teams incorporate material ESG factors,[4] including climate-related factors, into investment decisions and we consider material ESG factors in proxy voting and engagement with issuers, for applicable types of investments. Given the complexity of climate-related risks and opportunities and their implications for various asset classes, sectors, and regions, investment teams have access to a climate risk monitoring tool, called the Climate Dashboard, that provides portfolio-level analysis of a range of climate metrics and factors.[5]

[2] According to available science, in order to meet 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, greenhouse gas (GHG) emissions must decline by approximately 45% by 2030, relative to 2010 levels, and achieve net-zero emissions by 2050 or sooner. Achieving net-zero emissions refers to achieving a balance between the GHG emissions produced, and those removed from the atmosphere. Source: Intergovernmental Panel on Climate Change, AR6 Synthesis Report: Climate Change 2023.
[3] Additional Guidance for financial institutions, TNFD, June 2024.
[4] 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 *Our Approach to Responsible Investment*.
[5] Climate Dashboards may not be provided for all investment strategies, and climate metrics may vary by period.

In this report, we provide climate-related analysis for 76% (US$436.6 billion) of RBC GAM's total assets under management (AUM), which represents approximately 93% of equity investments and 83% of fixed income investments, as at December 31, 2025.[6] We report climate-related metrics by total AUM, asset class, and region. This includes the following metrics: financed emissions (scope 1, 2 and 3), emissions/$million invested, weighted average carbon intensity, investment in issuers with climate targets, temperature alignment, and Climate Value at Risk (VaR).

As at December 31, 2025, 36% (US$158.9 billion) of RBC GAM's AUM in scope of analysis (inclusive of equity, corporate bonds, sovereign bonds) was invested in issuers with science-based or net-zero targets,[7] and 44% (US$158.0 billion) of RBC GAM equity and corporate bonds was invested in issuers with a temperature alignment that is below 2°C.[8]

We seek to advance our knowledge and understanding of the materiality of climate-related risks and opportunities to help inform our investment processes. In 2025, this included the advancement of research on an internal Climate Scenario Outlook, which seeks to explore the systemic effects of climate change and its transmission channels through the economy by identifying signpost metrics.[9] Signpost metrics are indicators of which key drivers and scenario pathways remain consistent with climate scenario assumptions and aim to identify what scenario the world might be moving towards. The Climate Scenario Outlook takes a top-down approach to climate scenario analysis and is intended to complement the bottom-up approach used to calculate the Climate VaR by scenario. There are four dimensions of indicators that serve as potential signals or signposts of scenario pathways: climate policy; technology solutions; physical risks and adaptation; markets and sentiment. In 2025, we also expanded the rollout of our climate performance framework for issuers, to provide investment teams with additional tools for assessing and identifying issuers that may not be effectively managing climate-related risks and opportunities. In Section 4 we provide updates on climate-related research initiatives.

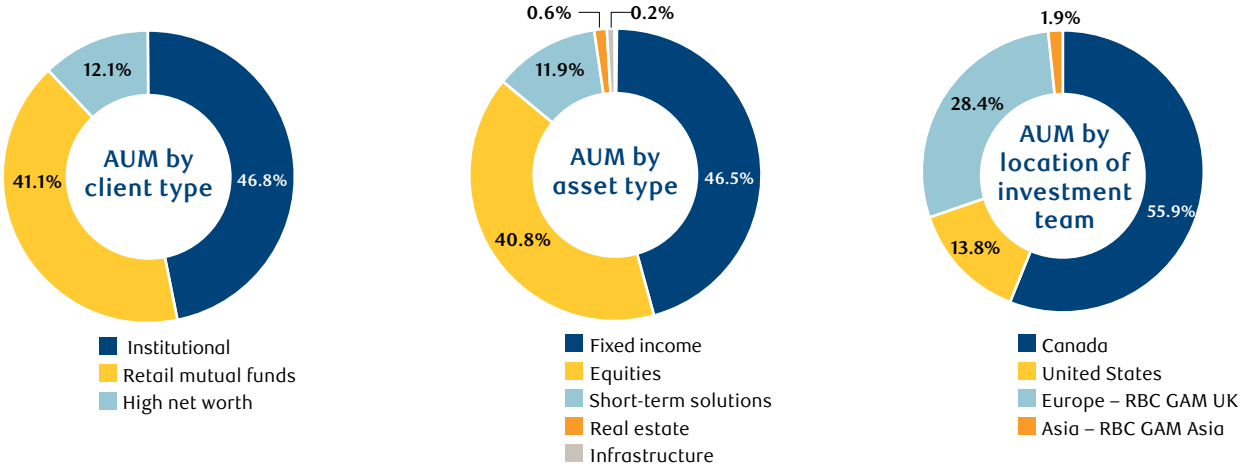
[6] See Appendix 1 for scope of analysis, Appendix 2 for climate metrics and methodology, and Appendix 3 for climate data tables.
[7] For equity and corporate bonds, we consider corporate targets to be Paris-aligned (also called science-based) or net-zero aligned if they have been validated by the Science Based Targets Initiative (SBTi) as meeting their target-setting criteria. For sovereign bonds, we consider sovereign issuers to have net-zero targets if they have established net-zero emissions targets and passed these into law. See Appendix 1 for scope of analysis, Appendix 2 for climate metrics and methodology, and Appendix 3 for climate data tables.
[8] Based on Implied Temperature Rise. See Appendix 1 for scope of analysis, Appendix 2 for climate metrics and methodology, and Appendix 3 for climate data tables.
[9] The use of signpost metrics in climate scenario analysis is described in the TCFD Guidance on Scenario Analysis for Non-Financial Companies, October 2020.

About RBC GAM

RBC Global Asset Management is the asset management division of Royal Bank of Canada. RBC GAM manages US$572.2 billion in AUM and has approximately 1,700+ employees located across Canada, the United States, Europe, and Asia.[10]

We are a provider of global investment management services and solutions to institutional, high-net-worth, and individual investors through separate accounts, pooled funds, mutual funds, hedge funds, exchange-traded funds, and specialty investment strategies. Our experienced investment teams are active across capital markets and asset classes, deploying traditional and innovative strategies.[11] Our investment solutions span a range of asset classes such as equities, fixed income, alternatives, and private markets, with global investments in both developed and emerging markets, and across corporate and sovereign issuers. Our client base is divided between individual investors (53%)[12] and institutional (47%) clients.

Figure 1: The approximate breakdown of our AUM by client type, asset type, and location of investment team
As at December 31, 2025



Source: RBC GAM. The AUM by location of investment team represents AUM managed by each of RBC GAM's regional affiliates. For example, in this chart, 'Europe – RBC GAM UK' represents the AUM of clients from various jurisdictions, managed by the RBC GAM UK affiliate

[10] As at December 31, 2025.
[11] As of December 31, 2025, across our global investment teams, there are 168 portfolio managers with an average of 22 years of industry experience, supported by 79 analysts with an average of 14 years of industry experience. Of these, 50% are Chartered Financial Analysts® (CFA‡).
[12] Individual investors include the following client types, as per Figure 1: retail mutual funds and high net worth.

1. Governance

Disclose the organization's governance around climate-related risks and opportunities.

Overview of governance structure

RBC GAM is comprised of inter alia the following regional affiliated companies: RBC Global Asset Management Inc., RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited, RBC Global Asset Management (Asia) Limited, and BlueBay Asset Management LLP.

Each RBC GAM affiliate maintains investment, legal, and client service expertise that pertains directly to its respective markets. The affiliates follow all applicable regulations for the markets in which they operate, and each has its own Board of Directors (the Boards) to oversee operations and strategy within the region. This structure enables RBC GAM to maintain its global presence with on-the-ground professionals who are highly skilled in markets that are relevant to RBC GAM and our clients. The RBC GAM affiliates follow the strategies, policies, and risk management processes established for RBC GAM, unless stated otherwise.[13] This firm-level oversight and integration seeks to ensure that all of RBC GAM's businesses have the same vision, values, and culture, and are advancing the same strategic priorities.

1.1 Board oversight

Describe the Boards' oversight of climate-related risks and opportunities

The Boards oversee the overall performance of their firms, which includes strategic priorities related to responsible investment. The Boards may consider climate-related issues as part of strategic, financial, or other business decision-making.

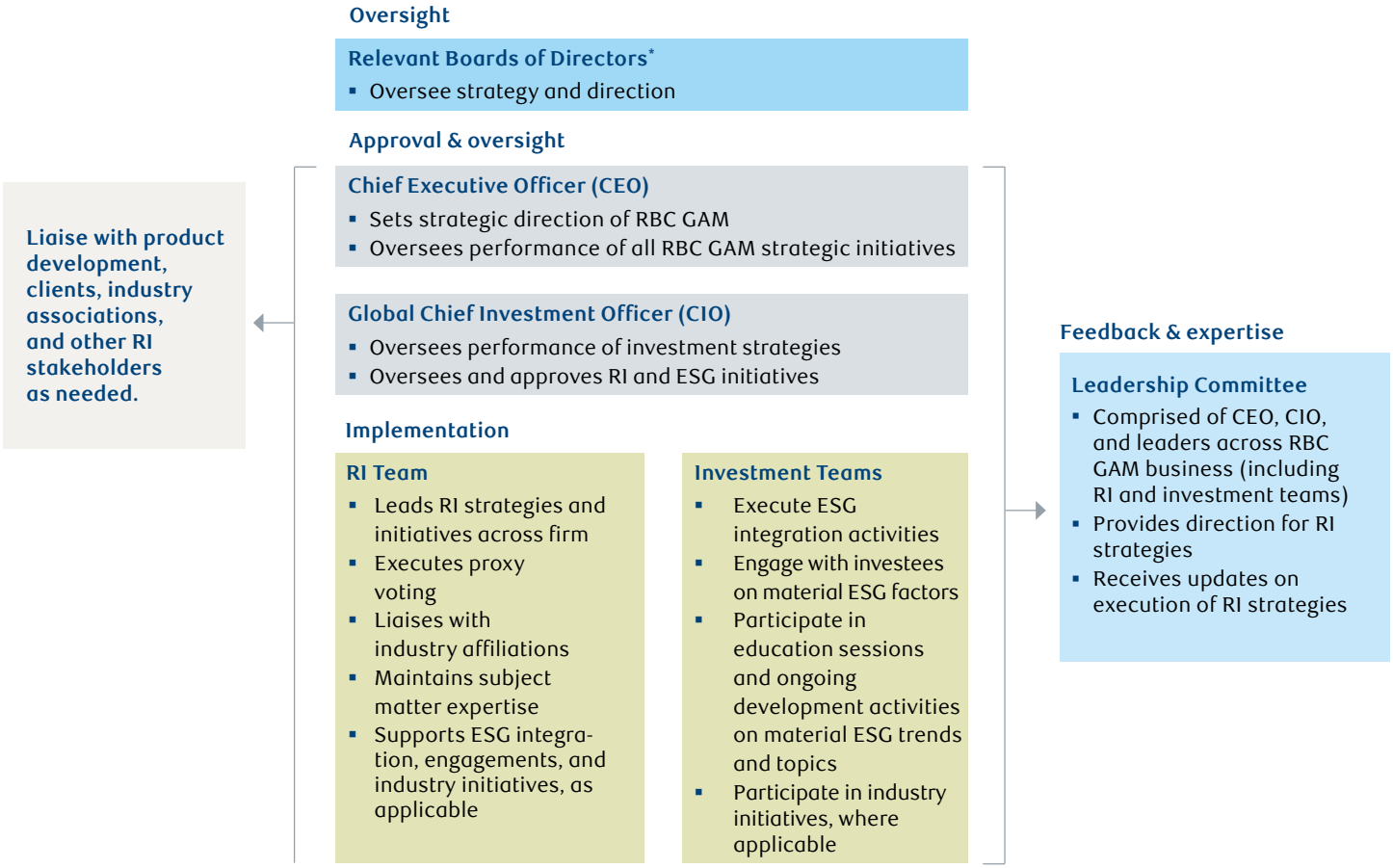
The Boards delegate responsibility for the implementation of strategic priorities to the RBC GAM Leadership Committee (the Leadership Committee). The Leadership Committee has identified the advancement of responsible investment as an area of focus for the organization.

The Leadership Committee's mandate is to primarily focus on strategic matters that either significantly affect multiple businesses of RBC GAM and/or matters that may be material to RBC GAM's overall business success. The Leadership Committee is comprised of RBC GAM's CEO, Global Chief Investment Officer (CIO), and leaders from the Responsible Investment (RI) team and our investment teams, among others. The Leadership Committee periodically receives a memo prepared by the RI team, which includes regulatory and competitive developments, industry initiatives, and/or ESG-related metrics. The Managing Director and Head of RI reports to the Leadership Committee on strategic priorities related to responsible investment, as appropriate.

[13] In some instances, strategies, policies and risk management processes may differ for RBC GAM affiliates.

Figure 2: RBC GAM's governance oversight of climate change

As of December 31, 2025



*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.

1.2 Management's role

Describe management's role in assessing and managing climate-related risks and opportunities

Our Approach to Responsible Investment is approved by RBC GAM's CIO, with input from the Leadership Committee. It is reviewed on an annual basis by the RI team and sets out RBC GAM's strategic priorities and commitments related to responsible investment. The annual Climate Report is reviewed and approved by our CIO, CEO, and the Leadership Committee.

The Leadership Committee has identified the advancement of responsible investment as an area of focus for the organization. Responsibility for strategic initiatives is delegated to the relevant executives, whose direct annual compensation includes an assessment of performance on those initiatives. 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.

Executive management oversight roles with global responsibilities related to climate change include the following:

- The CEO of RBC GAM oversees the performance of all RBC GAM affiliates. The CIO and the Chief Operating Officer (COO) of RBC GAM report to the CEO.
- The CIO of RBC GAM oversees the investment strategies, policies, and performance across all affiliates. The heads of all investment teams ultimately report to the CIO, and the Managing Director and Head of RI reports to the CIO.
- The COO of RBC GAM oversees operations and technology, including associated strategies, policies, risks, and initiatives across all affiliates.
- The Managing Director and Head of RI is responsible for RI activities across RBC GAM, and for the implementation of these activities by RBC GAM's centralized RI team.
- The heads of investment teams are responsible for the establishment and implementation of ESG integration processes for applicable strategies.

- The heads of the institutional and retail businesses oversee product development, with review by a Product Committee and oversight by the CIO and CEO. Review and input on new products is provided by the COO, the Managing Director and Head of RI, and members of the Investment Risk, Investment Policy, Compliance, and Legal teams. In some instances, strategies, policies and risk management processes may differ for RBC GAM affiliates.
- We have an internal RI Committee focused on overseeing ESG regulatory developments in the EMEA APAC region,[14] and an internal working group of legal, compliance and RI professionals in North America.

Teams with dedicated roles and responsibilities related to climate change include the following:

Responsible Investment (RI) team

The RI team is comprised of a team of individuals that have a mix of investment, sustainability, governance, risk management, and legal expertise. The Managing Director and Head of RI reports directly to the CIO and sits on a number of executive committees, including the Leadership Committee.

The RI team is a centralized function whose primary responsibility is to lead implementation of responsible investment activities. This includes the following:

- Developing cohesive responsible investment policies, including *Our Approach to Responsible Investment*.
- Supporting ESG integration by providing investment teams with ESG-related research and education, maintaining vendor relationships, and updating teams on new tools, evolving trends, and best practices related to ESG integration. The RI team also reviews ESG integration processes across investment teams and supports the continuous improvement of practices.
- Executing and managing RBC GAM's proxy voting activities, including voting proxies and leading the annual review and update of the RBC GAM Proxy Voting Guidelines.[15]
- Supporting and participating with investment teams in engagements with issuers, where appropriate.
- Reviewing and participating in RI industry initiatives, where appropriate.
- Maintaining expertise on emerging ESG trends and material ESG issues, and developing client reporting and thought leadership pieces related to RI activities and insights.

Investment teams

RBC GAM investment teams are active across capital markets and asset classes and manage both traditional and innovative investment strategies. As an asset manager, we have an obligation to act in the best interests of the portfolios that we manage. Our investment teams incorporate material ESG factors into their investment decisions for applicable types of investments. Since investment teams directly buy, sell, and manage investments on behalf of our clients, they are best equipped to incorporate ESG considerations into their investment approach, as applicable. Specific responsibilities of investment teams related to responsible investment include:

- Considering material ESG factors when making investment-related decisions 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.
- Engaging with investee issuers on material ESG issues, where appropriate, and tracking the frequency and outcomes of these engagements on a best-efforts basis.
- Where appropriate, assisting with client reporting on responsible investment activities, including updates to their ESG integration processes, engagement case studies, and team insights on ESG topics and trends within their specific investment universes.
- Participating in industry initiatives, as relevant and appropriate for their strategies and markets.

[14] Europe, Middle East and Africa (EMEA) and Asia-Pacific (APAC).
[15] The RBC GAM Proxy Voting Guidelines are applied in Canada, the United States, the United Kingdom, Ireland, Australia and New Zealand. In all other markets, RBC GAM uses the local proxy voting guidelines of our research provider. The Proxy Voting Guidelines are approved by RBC GAM's Proxy Voting Committee.

2. Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

At 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.

Our Approach to Responsible Investment is comprised of three pillars: ESG integration, active stewardship, and client-driven solutions and reporting. The specific actions we take under each pillar aim to deliver on our goal of maximizing investment returns for our clients without undue risk of loss, within the limits described in each investment mandate.

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 consider 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.

RBC GAM believes 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.[16]
- Mitigating 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.[17]
- 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 the risk-adjusted, long-term performance of those issuers.

In addition to the three pillars of Our Approach to Responsible Investment, we may take the following actions related to climate change and nature:

- Measuring, monitoring, and reporting on the carbon emissions[18] and net-zero alignment[19] of applicable investments and portfolios, as well as conducting and reporting on climate scenario analysis.
- Developing and implementing a plan to actively engage with issuers for whom we believe climate change is a material financial risk and who we believe are not managing this risk effectively through 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 TCFD.
- We also acknowledge the recommendations of the TNFD,[20] which we believe will enable enhanced disclosure of material nature-related risks and opportunities. We include in this report the two core metrics for asset managers recommended by the TNFD.

2.1 Description of climate risks and opportunities

Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term

At RBC GAM, we define climate-related risks as the risks related to the global transition to a low-carbon economy (transition risk) and the physical impacts of climate change (physical risk), which includes both chronic (longer-term) risks like rising sea levels and increases in average temperatures, and acute (event-driven) risks like wildfires and floods. We define climate-related opportunities as those arising 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.

Climate change may impact economies, markets, and societies, posing both financial risks and opportunities for issuers and investors.[21] Rising global temperatures cause the physical impacts of climate change. These are driven by an increase in the frequency and intensity of extreme weather events, and longer-term shifts in climate patterns. Efforts to reduce GHG emissions cause the transition impacts of climate change. Transition impacts are driven by government policies and regulations, increasing legal action and litigation claims, technology disruption and transformation, shifts in supply and demand, and changing consumer and employee expectations related to climate change.

[16] Nature-related factors include risks, opportunities, impacts and dependencies, as described by the TNFD. Biodiversity loss is one type of nature-related factor.
[17] 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 Special Report on Global Warming of 1.5°C (SR15), to meet this goal, 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.
[18] Carbon emissions refer to CO_2 equivalents, which are inclusive of GHG emissions. This includes the six GHGs considered in the Kyoto Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6).
[19] RBC GAM measures the net-zero alignment of portfolios using two metrics: investment in issuers with science-based or net-zero targets, and investment in issuers whose temperature alignment is consistent with the Paris Agreement. The selection of these metrics is based on guidance from SBTi including: Financial Institutions Net-Zero (FINZ) Standard, Version 1.0, July 2025. See Appendix 4, Glossary of terms for definition of science-based targets and net-zero targets.
[20] 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.
[21] Final Report, Recommendations of the TCFD, 2017.

We believe that corporate and sovereign issuers as well as real assets such as real estate, mortgages, and infrastructure may be directly and indirectly affected by both climate-related risks and opportunities. Depending on the issuer, this may impact profitability (corporate issuers), tax revenues (sovereign issuers), the value of their financial assets, productivity, credit ratings, ability to raise funding, and cost of capital across different time horizons. Climate change may also impact economic growth, prices and inflation, employment and labour productivity, trade flows, debt, and financial stability in the economies and societies within which issuers and investors operate.

Investors are indirectly affected by climate change – through their investments and exposure to economies and markets more broadly.[22] Portfolio exposure to issuers across global markets and asset classes may result in the mispricing of assets, asset stranding, and credit default risks. Depending on the issuer and the instrument, impacts may occur over a short-, medium-, or long-term horizon. These impacts may in turn lead to an increase in volatility and uncertainty in markets, which may positively or negatively impact long-term risk-adjusted returns.

2.2 Impact of climate risks and opportunities

Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Climate-related risks and opportunities that may be financially material to RBC GAM are those that have the potential to affect the investments we manage, RBC GAM's business, and our operations. The most relevant climate-related risks and opportunities for RBC GAM are related to the investments that we manage on behalf of our clients, which will be the primary focus of this report.

Figure 3: Description of climate-related risks and opportunities as they relate to our investments, business, and operations

Our investments	Our business	Our operations
Climate-related risks or opportunities may affect the financial performance of our investments.	Climate-related risks or opportunities may result in additional costs or lost revenue for our business activities.	Climate-related risks or opportunities may result in additional costs related to our operations

RBC GAM prioritizes climate-related risks and opportunities based on their potential financial impact and the time horizon of those impacts. We assess these risks and opportunities on an ongoing basis and report on these annually to the CIO, CEO and Leadership Committee in the RBC GAM Climate Report.

Climate-related financial impacts that we consider as part of financial planning include: the cost of technology infrastructure, purchase of climate data and licensing, human capital (e.g., climate expertise), and costs associated with meeting regulatory requirements. We also analyze the potential impact of climate-related risks and opportunities on RBC GAM's investments as part of our climate scenario analysis. This analysis considers the Climate Value at Risk (VaR) of both transition and physical risk scenarios (see Section 2.3). At RBC GAM, certain portfolios are externally managed by sub-advisors. RBC GAM considers the approach of external investment managers to ESG as part of our due diligence process, based on internally established guidance for applicable types of investments.

Climate-related risks and opportunities for our investments

We consider how climate-related risks and opportunities impact equity, fixed income, and private markets (real estate, mortgages, infrastructure) in our applicable portfolios. RBC GAM's investment teams prioritize those ESG and climate-related factors they consider to be material to investment decisions.

As an asset manager, RBC GAM has an obligation to act in the best interests of the accounts that it manages, including segregated client accounts and investment funds. We seek to maximize investment returns for our clients without undue risk of loss, within the limits described in each investment mandate. Many of our mandates follow medium- to long-term time horizons. As such, this is the investment time horizon we generally consider in our investment activities. 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 policy or regulatory requirements (e.g., carbon pricing, subsidies, and incentives) that may result in policy and market impacts for some sectors and geographies in the short term. We expect the most significant and material risks of climate change to appear at the end of the decade and beyond. These include the policy, technology, and market risks that drive the transition to a low-carbon economy, and the acute and chronic physical risks that drive the need to adapt and build resilience to a changing climate.

[22] Climate change: Implications for investors and financial institutions, Key findings from the Intergovernmental Panel on Climate Change, Fifth Assessment Report, University of Cambridge, IIGCC, UNEP FI, June 2014.

We consider the materiality of climate-related risks and opportunities for different asset classes, based on the following time horizons: short-term (ST) is 0-1 years, medium-term (MT) is 1-5 years, and long-term (LT) is 5-15 years (see Figure 4).

- **Equities:** As equity investors, we are concerned about the value of the 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 across sectors and geographies may 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 we believe helps determine the size and impact of climate-related factors on its profits and valuation.
- **Fixed Income:** Debt issuers' credit risk ratings and ability to pay their debts may be affected by climate change, and/or they may face asset or collateral impairment. The potential impact of climate change on fixed income securities depends on a range of factors including the issuer type (e.g., corporate versus sovereign), the instrument type, the yield being offered, and the time horizon of the investment.
- **Private markets (real estate, mortgages and infrastructure):** Acute and chronic physical risks, like flooding, hurricanes, and rising sea levels typically pose the greatest climate risk for real assets. Exposure to these risks is in large part due to the geographic location of these assets, and if or how they are being mitigated (e.g., infrastructure upgrades, water management strategy). The availability and cost of insurance for at-risk assets is also relevant. Longer-term concerns include potential cost increases due to higher energy and water costs, and related upgrades that may be required to adapt to new policy requirements and/or climatic conditions.

Figure 4: Description of climate-related risks and opportunities, and time horizon of potential impact by asset class[23]
Short-term (ST) is 0-1 years, medium-term (MT) is 1-5 years, long-term (LT) is 5-15 years.

		Time horizon of potential impacts		
		Equities	Fixed income	Private Markets
Climate-related risks and opportunities				
Transition risks				
Policy	Due to government policies and regulations aimed at constraining activities that contribute to climate change. Includes policies that promote low-carbon substitutes.	ST MT LT	ST MT LT	ST MT LT
Legal	Due to litigation claims related to failure to mitigate climate change, insufficient disclosure, or material misstatements.	ST MT LT	ST MT LT	ST MT LT
Technology	Due to new, low-carbon technologies disrupting traditional systems.	ST MT LT	ST MT LT	ST MT LT
Market	Due to shifts in supply and demand for certain commodities, products, and services.	ST MT LT	ST MT LT	ST MT LT
Reputation	Due to changing customer or community expectations of a company, based on the impact of their activities and their contribution to climate change.	ST MT LT	ST MT LT	ST MT LT
Physical risks				
Acute events	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.	ST MT LT	ST MT LT	ST MT LT
Chronic impacts	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.	ST MT LT	ST MT LT	ST MT LT
Climate-related opportunities				
Resource efficiency	Improved efficiency in the production and distribution processes, buildings, machinery and appliances, and transportation and mobility. Particularly in relation to energy efficiency, but also for materials, water and waste management.	ST MT LT	ST MT LT	ST MT LT
Energy source	Shifting energy usage towards low emitting energy sources, such as wind, solar, wave, tidal, hydro, geothermal, nuclear, biofuels, and carbon capture and storage.	ST MT LT	ST MT LT	ST MT LT
Products and services	Innovation and development of new low-emissions products and services may improve competitive positioning and capitalize on shifting consumer and producer preferences.	ST MT LT	ST MT LT	ST MT LT
Market	New markets or types of physical assets may be able to diversify their activities and better position themselves for the transition to a lower-carbon economy.	ST MT LT	ST MT LT	ST MT LT
Resilience	Adaptive activities that aim to enable the better management of climate-related risks. Includes improving efficiency, designing new production processes, and developing new products.	ST MT LT	ST MT LT	ST MT LT

[23] Adapted from the Recommendations of the TCFD (2017) and TCFD Implementation Guidance (2021).

Climate and nature as systemic risks

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. These factors may pose investment risk as well as systemic risks due to their ability to affect economies, markets and/or society more broadly. The economic impacts of climate change on specific markets, regions and investments are complex, varied and uncertain. To minimize these risks requires global economies to meet the international goal set out in the Paris Agreement of holding temperature rise to well-below 2°C and preferably to no more than 1.5 °C by the end of the century.

RBC GAM believes that engagement through direct dialogue with issuers and other stakeholders of relevance can be an effective way to consider how issuers manage material climate and nature-related risks. 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 as a result of the investment mandate or client agreement. However, we generally do not believe that broad-based divestment is as effective as engagement to address climate- and nature-related risks.

We report on our engagement activities, such as through the UK Stewardship Code and other reports, available here.

Climate-related risks and opportunities to the business

We believe that the most material climate-related risks to our business are policy and legal risks related to new and emerging regulatory requirements, market risks from the impact of climate-related factors on markets and asset values, and potential shifts in client demand for products and services (see Figure 5).

Figure 5: Climate-related risks and opportunities to the business, and mitigation actions

Type of climate-related risks and opportunities	Description	Actions to mitigate risk	Time horizon
Policy and legal risks related to regulatory requirements	Policy and legal risks may arise due to the number, complexity, and divergence of requirements across jurisdictions, and from gaps in guidance or data required as part of the implementation of new requirements. Climate-related government policies that apply to asset managers are currently in place in some jurisdictions (e.g. U.K. FCA ESG Sourcebook, European Union Sustainable Finance Disclosure Regulation), and focus largely on enhanced disclosure requirements.	▪ Track and monitor existing and emerging regulations related to environmental and social topics through internal working groups, industry associations and the RI team's research. ▪ Establish internal working groups to implement new requirements, where appropriate. ▪ Submit comments on regulatory and policy consultations, where appropriate.	ST MT LT
Market risks and opportunities impacting investment asset values	Market risks may arise due to the impact of climate-related factors on markets and asset values. Climate-related risks will affect specific sectors and regions in different ways, with both direct and indirect implications for issuers and markets. Potential risks include increased volatility due to disruption of markets. Physical risks that impact resources and supply chains may increase commodity prices, which may affect interest rates and foreign exchange in some areas.	▪ Produce a periodic climate risk monitoring tool, the Climate Dashboard, for some investment strategies. ▪ Incorporate material climate-related factors, for applicable types of investments. ▪ Conduct climate scenario analysis that models the impact of climate-related factors on valuations under different scenarios, for applicable types of investments.	ST MT LT
Risks due to shifts in client demand for products and services	Client demand for different types of products and services may vary by region, and require different solutions to meet client needs. Lack of regulatory guidance or divergence in approach or expectations across regions may also affect client demand. Risks may occur if products and services do not meet client expectations. They may also occur due to the governance and management of RI industry initiatives in which we participate, and/or client perceptions of these.	▪ Product development committee includes representative(s) from the RI team. ▪ RBC GAM monitors market sentiment through research on the evolving views, actions and intentions of institutional investors and consultants. ▪ Regular contact and feedback with clients to anticipate and respond to existing and emerging expectations and needs.	ST MT LT

Climate-related risks and opportunities to our operations

Emissions reductions in our operations are described in Section 4.2. As described in the Royal Bank of Canada Annual Report 2025,[24] RBC identifies business continuity risk as the risk of being unable to maintain, continue or restore essential business operations during and/or after an event that prevents it from conducting business in the normal course. Exposure to disruptive operational events interrupts the continuity of RBC's business operations and could negatively impact its financial results, reputation, client outcomes and/or result in harm to its employees. These operational events could result from the impact of severe weather, outbreak of a pandemic or other health crisis, failed processes, technology failures or cyber threats. RBC's risk-based enterprise-wide business continuity management program considers multiple scenarios to address the consequences of a disruption and its effects on the availability of RBC's people, processes, facilities, technology and third-party arrangements. RBC's approach to, and requirements for, business continuity management are outlined in policies and standards embedded across RBC and the related risks are regularly measured, monitored, reported and integrated into its operational risk management and control framework.

2.3 Climate scenario analysis

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Climate scenario analysis enables investors to assess the impact of potential future climate scenarios on the value of assets. Scenario analysis is not meant to be a forecast; rather, it represents a range of plausible future pathways consistent with achieving specific climate temperature targets that are based on certain conditions and assumptions regarding government policies, energy supply and demand, technology, and more.[25] We believe that climate scenario analysis can be most useful from a relative or comparative perspective, given the uncertain nature of outputs, and the range of assumptions required as inputs.

Resilience of investments to climate-related risks and opportunities

Climate-related risks and opportunities may materialize in different ways and over different time horizons depending on whether the world succeeds in reaching the ambition of the Paris Agreement to limit global warming to 1.5°C by 2100 compared to pre-industrial levels, and depending on the pathway by which that is achieved.

To assess the relative impact of climate scenarios on our investments, we believe it is important to consider a wide range of scenarios that account for both the physical and transition impacts of climate change. Transition risks are expected to be more significant for climate scenarios that consider lower temperatures (e.g., 1.5°C and 2°C) as more policy and technology changes are required to meet the related carbon emission reduction requirements. Alternatively, physical risks are expected to be more significant for climate scenarios that consider higher temperatures (e.g. 3°C and above), as there will be more acute and chronic risks. Given the complexity, interconnectedness, and various time horizons of climate-related impacts, developing climate scenarios that consider these factors is challenging. In addition, most current scenarios are not able to fully address the intersection of transition and physical risks, and likely underestimate the impact of issues such as food security, energy security and affordability, water stress, geopolitical risks, and inflation, among others.

RBC GAM uses Climate Value at Risk (VaR) to calculate the potential change in financial value of our AUM due to climate change, for each climate scenario. The Climate VaR is also available at a portfolio and security level to investment teams as part of the Climate Dashboards (see Section 3.1). The Climate VaR of RBC GAM's AUM is assessed and reported in our annual Climate Report by asset class and geography.

[24] See Royal Bank of Canada Annual Report 2025, page 103.
[25] As described in TCFD, Technical Supplement, The use scenario analysis in disclosure of climate-related risks and opportunities, June 2017.

Climate scenario outlook

As part of our ongoing research, we continue to explore approaches to climate scenario analysis that complement our existing methodologies. One area of focus has been on research to develop a Climate Scenario Outlook, which seeks to explore the systemic effects of climate change and its transmission channels through the economy by identifying signpost metrics.[26] Signpost metrics are indicators of which key drivers and scenario pathways remain consistent with assumptions and aim to identify what scenario the world might be moving toward. The Climate Scenario Outlook takes a top-down approach to climate scenario analysis and is intended to complement the bottom-up approach used to calculate the Climate VaR by scenario. In 2025, we focused on sourcing data and developing methodologies to establish initial signpost metrics. There are four dimensions of indicators that we are assessing: climate policy; technology solutions; physical risks and adaptation; markets and sentiment.

Illustrative example of signpost metrics and indicators

Climate Policy: Country targets and policies aimed at reducing emissions and/or addressing the risks and opportunities of climate change.

Signpost metric	Examples of potential indicators	
Country climate targets	▪ Mid-term targets: – Existence of 2030 target – Alignment of 2030 target with 1.5°C benchmark	▪ Long-term targets: – Existence of net-zero target – Legal status of net-zero target
Climate policies	▪ Countries with climate law ▪ Subsidies or incentives ▪ Policies related to carbon intensive projects or developments	▪ Inclusive approach to the just transition ▪ Energy efficiency laws and targets ▪ Net zero electricity targets ▪ Green jobs strategies
Carbon price	▪ Countries with a carbon pricing system ▪ Carbon pricing systems covering at least 50% of national GHG emissions ▪ Carbon pricing systems that meet an established threshold	
Climate finance	▪ Countries contributing or targeting to contribute a portion of their GDP to climate finance that meets an established threshold.	

Technology solutions: Development, advancement and adoption of technologies aimed at reducing emissions.

Signpost metric	Examples of potential indicators	
Energy mix	▪ Trends in electricity generation	▪ Trends and projections in electricity capacity
Technology advancement and adoption	▪ Green technology patents across global markets ▪ Electric vehicle battery range and charging infrastructure	▪ Carbon capture utilization and storage (CCUS) project pipeline ▪ Electric vehicle sales trends ▪ Heat pumps installed
Clean technology	▪ Premium associated with clean technologies across sectors including electricity, jet fuel, ground beef, cement, steel, shipping fuel, and home heating.	
Critical minerals	▪ Trends in prices of key minerals	

Markets and sentiment: Economic costs and opportunities of climate change, as well as business and consumer sentiment.

Signpost metric	Examples of potential indicators	
Emissions pathways	▪ Corporate issuers demonstrating emissions reductions ▪ Trend in WACI, by Sales for global index	▪ Countries with emissions reductions over time ▪ Countries where 5-year emissions reductions that align with 1.5°C scenario
Business sentiment	▪ Corporate issuers with net-zero emissions targets and commitments	▪ Corporate capital expenditures in oil, coal, gas extraction ▪ Mentions of "climate" or "energy transition" on earnings call transcripts
Investor sentiment	▪ Issuance-trends in green and sustainability bonds. ▪ Yield premium for green and sustainability bonds.	▪ Fund flows and AUM-levels in sustainability funds
Public opinion	▪ Public support on climate change	
Economic conditions	▪ Inflation ▪ Real GDP	▪ Unemployment rate

Physical risk and adaptation: Exposure, sensitivity, and capacity to adapt to the physical risks of climate change.

Signpost metric	Examples of potential indicators	
Acute events	▪ Frequency and intensity of extreme weather events ▪ Corporate fixed asset impairments	▪ Insurability and premium rates in high-impact regions ▪ Mentions of "natural disasters" on earnings call transcripts
Chronic events	▪ Recent temperature trends & projected temperature pathway	▪ Lost productivity due to heat waves
Natural assets	▪ Hectares of forests lost to wildfire and impacted by drought	▪ Measures of protected areas
Natural assets	▪ Countries with a published National Adaptation Plan ▪ Countries that regularly publish national climate risk assessments	▪ Countries with a multi-hazard early warning system ▪ Market performance of adaptation and resiliency indexes

[26] The use of signpost metrics in climate scenario analysis is described in the TCFD Guidance on Scenario Analysis for Non-Financial Companies, October 2020.

Climate value at risk

RBC GAM evaluates the potential financial impact of transition and physical risks and opportunities using climate scenarios provided by both the Network for Greening the Financial System (NGFS) and the Intergovernmental Panel on Climate Change (IPCC) (see Figures 6 and 7).

We use Climate VaR to calculate the potential change in financial value of investments due to climate change for a range of climate scenarios that model orderly and disorderly scenarios, and include temperature pathways from 1.5°C to 5°C.[27] Climate scenarios used in this analysis include four transition risk scenarios from the NGFS (hot house world, delayed transition, below 2°C, net-zero 2050), and four physical risk scenarios from the IPCC (RCP 8.5, RCP 7.0, RCP 4.5, RCP 2.6). [28]

Climate VaR determines the potential climate-related risks and opportunities for companies, expressed as a percentage of their market value. It is calculated by forecasting future costs and revenue for issuers due to policy risk, technology opportunities and physical risks and opportunities. Cumulative future costs and revenues are calculated out to 2080 for transition risk scenarios and to 2100 for physical risk scenarios, and then discounted to present day values. When calculating an aggregated Climate VaR, we use a selection of transition scenarios recommended by the NGFS.[29] To account for physical risks alongside the NGFS scenarios, we calculate the physical risks and opportunities of Climate VaR by mapping physical risks for a subset of climate scenarios to the NGFS scenarios, based on the underlying global mean temperature pathway.

We continue to explore methodologies for considering the financial materiality of transition and physical climate risks over shorter time horizons. A notable development in this area is the recent release of the NGFS short-term scenarios,[30] which provide a framework for analyzing potential near-term impacts of climate policies and physical climate risks on financial stability. These short-term scenarios have the potential to provide complementary viewpoints to our existing long-term scenarios by offering insights into how climate-related risks and policy responses could manifest over a five-year horizon, which may be more aligned with typical business planning cycles and investment horizons. Over the coming year, we will seek to evaluate how short-term scenarios might enhance our existing approach to climate scenario analysis.

Figure 6: Overview of climate scenarios used for aggregated Climate VaR[31]

Climate scenario	NGFS scenario	Temperature in 2100	Description			
3°C	Nationally Determined Contributions (Hot house world)	2.4°C	Nationally Determined Contributions (NDCs) includes all government pledged policies as of March 2023, even if not yet implemented. As such it assumes that respective targets on energy and emissions in 2025 and 2030 are reached in all countries. This scenario has the lowest carbon price of all scenarios (in 2050).			
			Policy reaction: NDCs	Technology change: slow	Carbon dioxide removal: low use	Regional policy variation: medium
2°C (Disorderly)	Delayed transition (Disorderly)	1.7°C	Delayed transition limits global warming to below 2°C but assumes annual emissions do not decrease until 2030. Strong policy reaction is needed, with a high level of regional policy variation, and no new climate policies are introduced until 2030. Emissions removals are limited.			
			Policy reaction: delayed	Technology change: slow/fast	Carbon dioxide removal: medium use	Regional policy variation: high
2°C (Orderly)	Below 2°C (Orderly)	1.7°C	Below 2°C limits global warming to below 2°C with climate policies that are introduced immediately and become gradually more stringent, with a low variation across regions. Under this scenario carbon prices remain relatively low, but net zero emissions are not achieved until after 2070.			
			Policy reaction: immediate and smooth	Technology change: moderate	Carbon dioxide removal: medium use	Regional policy variation: low
1.5°C (Orderly)	Net zero 2050 (Orderly)	1.4°C	Net zero by 2050 limits global warming to 1.5°C through stringent climate policies that are introduced immediately, reaching global net-zero CO_2 emissions around 2050. In some jurisdictions (e.g., United States, European Union, United Kingdom, Canada, Australia, Japan) net-zero if achieved for all GHGs.			
			Policy reaction: immediate	Technology change: fast	Carbon dioxide removal: medium-high use	Regional policy variation: medium

More physical risks

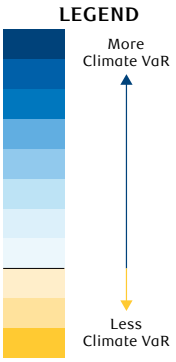
More transition risks

[27] Detailed methodology for calculating Climate VaR is available from MSCI.
[28] This analysis is based on the four IPCC scenarios from the Sixth Assessment Report (AR6), which are each based on a combination of Representative Concentration Pathways (RCPs) and Shared SºCioeconomic Pathways (SSPs). RCPs consider different GHG emissions pathways while SSPs provide different socio-economic pathways.
[29] See Figure 6 for description of scenarios. Based on NGFS Phase V scenarios, November 2024.
[30] NGFS Short-term Climate Scenarios for central banks and supervisors, May 2025.
[31] Adapted by RBC GAM. Based on NGFS Phase V scenarios, November 2024.

Figure 7: Aggregated Climate VaR for RBC GAM equity and corporate bond investments, by climate scenario

As at December 31, 2025. See Appendix 1 for scope of analysis, Appendix 2 for climate metrics and methodology, and Appendix 3 for climate data tables.

Climate scenario	Aggregated Climate VaR	Transition risks and opportunities		Physical risks and opportunities
		Policy risk Climate VaR	Technology opportunity Climate VaR	Physical Climate VaR
3°C	-7%	-5%	0%	-2%
2°C (disorderly)	-7%	-6%	0%	-2%
2°C (orderly)	-4%	-2%	0%	-2%
1.5°C (orderly)	-14%	-14%	1%	-1%



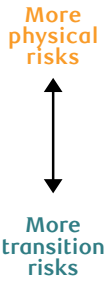
Physical risks and opportunities

Given that physical risks are expected to be more significant at higher temperatures, we calculate the physical Climate VaR for a range of physical risk scenarios, including the highest temperature pathways available (4°C and 5°C). This analysis is based on the four IPCC scenarios from the Sixth Assessment Report (AR6). According to the IPCC, physical risks are expected to increase in severity over time.[32] This poses a challenge when assessing the financial risk of acute and chronic climate events, as future impacts must be discounted to present day values. This has the effect of rendering the Climate VaR associated with these events lower than what might be intuitively expected. As a result, assessing the relative materiality of physical risks by natural hazard type is often more informative than focusing on absolute values. The natural hazards that we consider when calculating Climate VaR due to physical risks and opportunities include extreme heat, extreme cold, extreme wind, extreme precipitation, extreme snowfall, tropical cyclones, coastal flooding, fluvial flooding, river low flow, and wildfire.

Our analysis indicates that the potential financial impact on our AUM due to physical risks and opportunities increases in line with the temperature pathways (see Figure 9). Additional factors that may impact risk exposure, but are not currently included in this calculation, are the role of insurance in covering asset damage costs and/or business disruption, resilience and adaptation measures by issuers, supply chain disruption, and other socio-economic impacts due to natural hazards.

Figure 8: Overview of climate scenarios used for Climate VaR due to physical risks and opportunities[33]

Climate scenario	IPCC scenarios	Temperature in 2100	Description
5°C	RCP 8.5 (SSP5)	4.4°C	Very high emissions. Carbon emissions roughly double from current levels by 2050.
4°C	RCP 7.0 (SSP3)	3.6°C	High emissions. Carbon emissions roughly double from current levels by 2100.
3°C	RCP 4.5 (SSP2)	2.7°C	Intermediate emissions. Carbon emissions remain around current levels until the middle of the century, when they begin to fall, but do not reach net zero by 2100.
2°C	RCP 2.6 (SSP1)	1.8°C	Low emissions. Carbon emissions declining to net zero after 2050, with varying levels of net negative carbon emissions. This scenario meets the goal of the Paris Agreement to limit temperatures to 2.0°C above pre-industrial temperatures by 2100.

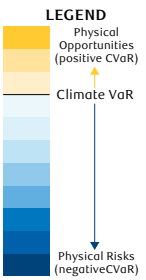


[32] IPCC, Sixth Assessment Report (AR6).
[33] Adapted by RBC GAM. Based on IPCC, 2021: Summary for Policymakers. In: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

Figure 9: Climate VaR due to physical risks and opportunities for RBC GAM equity and corporate bond investments, by climate scenario

As at December 31, 2025. See Appendix 1 for scope of analysis, Appendix 2 for climate metrics and methodology, and Appendix 3 for climate data tables.

Climate scenario	IPCC Scenario	Climate VaR (physical risks and opportunities)	Coastal flooding	Extreme Cold	Extreme Heat	Extreme Precipitation	Extreme Wind	Fluvial Flooding	Heavy Snowfall	River Low Flow	Tropical Cyclone	Wildfire
5°C	RCP 8.5 (SSP5)	-5.9%	-0.8%	0.8%	-4.1%	-0.8%	-0.3%	-0.2%	-0.1%	-0.8%	-1.0%	0.0%
4°C	RCP 7.0 (SSP3)	-4.8%	-0.7%	0.6%	-3.1%	-0.6%	-0.2%	-0.1%	-0.1%	-1.3%	-0.8%	0.0%
3°C	RCP 4.5 (SSP2)	-3.4%	-0.6%	0.5%	-2.1%	-0.4%	-0.1%	-0.1%	-0.1%	-1.8%	-0.6%	0.0%
2°C	RCP 2.6 (SSP1)	-2.0%	-0.5%	0.2%	-1.0%	-0.2%	-0.1%	-0.1%	0.0%	-1.4%	-0.4%	0.0%



3. Risk management

3.1 Identification and assessment of climate risks

Describe the organization's processes for identifying and assessing climate-related risks

We recognize that the most significant exposure to climate-related risks and opportunities that RBC GAM may face comes from the investments we manage on behalf of our clients (See Section 2.2). It is for this reason that the following section focuses on the processes we have implemented to identify and assess climate-related risks and opportunities for applicable investments.

Determination of materiality of climate-related risks

Our investment teams prioritize those ESG factors they determine to be material to the specific investment being considered. The extent to which an ESG factor is considered material to an investment depends on several factors. For corporate issuers, this can include the issuer's 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. Risks are deemed material to investments if they have the potential to impact financial performance. Additional examples of characteristics that can inform materiality include: the sector and industries to which an issuer is exposed, location of the issuer and regions in which it operates, and asset type.

Process for identifying and assessing climate-related risks

RBC GAM supports the identification and assessment of climate-related risks in our investment decisions by helping to advance climate-related research and knowledge, applying climate data and technology solutions, and providing a Climate Dashboard as a risk monitoring tool.

Climate research and knowledge

RBC GAM conducts climate-related research to inform our responsible investment policies and practices, and to further enable our ESG integration and active stewardship activities, for applicable types of investments. This research is in addition to due diligence (including engagement), third-party research, and other inputs and insights that may be used by investment teams to inform investment decision making. In 2025, we advanced research on climate-related topics including our internal Climate Scenario Outlook and the rollout of an internal climate performance scorecard framework for issuers, which provides investment teams with additional tools for assessing and identifying issuers that may not be effectively managing climate-related risks and opportunities. Additionally, we explored the use of a proprietary tool to enhance our assessment of issuers' climate transition plans, and made progress in developing an internal analytical tool that evaluates the risk-return implications of applying climate-related constraints to investment portfolios.

RBC GAM publishes articles and thought pieces for clients and other stakeholders to share our thinking on responsible investment related topics, and to build knowledge and understanding of these issues. In 2025, this included the publication of two case studies associated with RBC GAM's

participation in the Net Zero Equity Practitioners group, hosted by the UN Principles for Responsible Investment (PRI). See our RI insights page for RBC GAM publications. We also distribute an internal, monthly RI newsletter and invite external speakers or presenters to share their views and insights on RI-related topics from time-to-time.

Climate data and technology solutions

Climate data, metrics, and methodologies continue to expand and evolve. Through internal data systems, investment teams have access to a range of climate data at a portfolio, sector, issuer, and security level. This includes climate data that is directly reported by issuers as well as data collected from external datasets (e.g., low-carbon patents, science-based targets), third-party research, and/or estimated and forward-looking data. Where possible, independently verified and reported data collected by third-party providers is used, which may be supplemented by direct research collected through due diligence and engagements. The RI team provides investment teams with access to detailed guidance and education on climate metrics and methodologies, which is provided in the form of methodology guides, webinars, and one-on-one education sessions, as needed.

Climate Dashboard

Investment teams can assess and monitor climate-related risks and opportunities on an ongoing basis through the Climate Dashboard, which is an interactive online tool that provides a suite of climate metrics at the portfolio level, with detailed breakdowns by sector and top holdings. The Climate Dashboard is produced for equity and fixed income portfolios and is updated monthly.[34] As new data becomes available, additional metrics and insights may be added.

Figure 10: Illustrative example of climate-related metrics included in the Climate Dashboard (2025)

CARBON EMISSIONS	TRANSITION ANALYSIS	NET-ZERO ALIGNMENT	CLIMATE SCENARIO ANALYSIS
▪ Financed emissions ▪ Weighted average carbon intensity ▪ Emissions/$M invested ▪ Sector contribution ▪ Top holdings *Metrics inclusive of: scope 1, scope 2, and scope 3 emissions* *Includes sovereign carbon emissions metrics*	▪ Low carbon transition risks and opportunities ▪ Fossil fuel exposure ▪ Climate-related opportunities ▪ Low-carbon patents ▪ Power generation exposure ▪ Top holdings	▪ Climate targets of issuers ▪ Temperature alignment ▪ Top holdings	Climate Value at Risk (VaR), by scenario: ▪ Net Zero by 2050 (orderly, 1.5°C) ▪ Below 2°C (orderly, 2°C) ▪ Delayed Transition (disorderly, 2°C) ▪ Nationally Determined Contributions (Hot house world, 3°C).

Consideration of existing and emerging regulatory requirements related to climate change

RBC GAM participates 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 available here.

We track and monitor existing and emerging regulations related to ESG topics through internal working groups, industry associations, and the RI team's research. RBC GAM also contributes to regulatory consultations, where appropriate, and primarily through industry association submissions. Members of the RI team also participate in a number of committees and/or boards, supporting a greater opportunity for input by RBC GAM on material ESG issues. Where necessary, cross-functional working groups and/or coordination are established to support the implementation of new regulatory requirements.

[34] The number of strategies for which a Climate Dashboard is produced may vary each period and does not include all investment strategies across RBC GAM. The frequency with which Investment teams review the Dashboards may vary by team.

3.2 Management of climate risks

Describe the organization's processes for managing climate-related risks

RBC GAM manages climate-related risks and opportunities by incorporating material ESG factors in investment decision making processes, for applicable types of investments. This may include each stage of our investment management process, including investment selection and portfolio management.

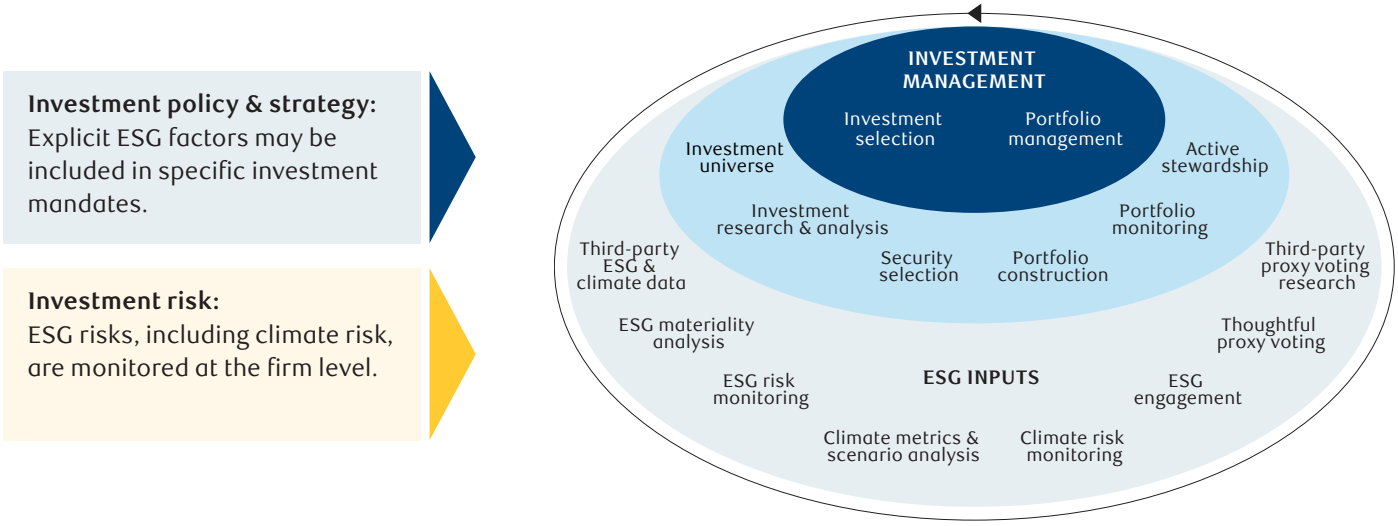
ESG integration

RBC GAM believes that issuers that manage material ESG factors and related risks will likely reduce the probability of experiencing losses that would accompany an ESG-related incident. 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. 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.

A high-level and illustrative overview of how investment teams at RBC GAM integrate material ESG factors is provided in Figure 11.

Figure 11: Illustrative example of ESG integration in investment decisions

This diagram illustrates how material ESG factors may be incorporated in investment decision-making processes.



Active stewardship

As stewards of our clients' assets, we align our proxy voting, engagement, and participation in industry initiatives with what we consider to be in the best interests of our 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 interests of the portfolios we manage, which extends to exercising the voting rights attached to securities within these portfolios where we have such voting 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[35] (guidelines). 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. We evaluate climate-related shareholder proposals on a case-by-case basis.

We make our proxy voting records publicly available on the RBC GAM website in accordance with applicable regulations.

[35] 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.

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. See here for more details.

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 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 our portfolios 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. 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.

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. This includes the following climate-related initiatives: Climate Action 100+ (CA100+), Climate Engagement Canada (CEC) and Investors Policy Dialogue on Deforestation (IPDD). See *Our Approach to Responsible Investment* for a list of RI industry initiatives.

3.3 Investment risk management and climate change

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

We believe that climate-related risks have the potential to impact the financial performance of investments and portfolios, particularly for clients with long-term investment horizons. The impact of material climate-related risks on our principal risk types is considered as part of our investment risk process.

At the investment level, our investment teams are equipped with data and insights to manage the risk exposure of their portfolios. Data is available on a wide range of investment risk factors, which include financial and ESG-related factors, such as climate change. Investment teams incorporate material factors into their portfolio management decisions in a manner that complements their distinct investment approaches and mandates, for applicable types of investments. The use of the Climate Dashboard is one example of a risk monitoring tool used by some investment teams.

At the investment strategy level, the RBC GAM Investment Strategy Committee (RISC) 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 RISC develops specific guidelines that can be used to manage portfolios. Where material, this may include ESG-related risks, including climate change. Results of the RISC deliberations are published quarterly in the Global Investment Outlook. RISC is chaired by the CIO or their direct reports.

The Investment Risk team oversees investment risks including market risk, counterparty risk, and liquidity risk at both a portfolio and firm level. Working with the Investment Policy team, the Investment Risk team is responsible for establishing risk appetite and risk budgets at the portfolio level. Risk limits including diversification and asset quality requirements are established in investment mandates for each portfolio and are monitored daily. These limits vary with the strategies' investment goals, risk tolerance, and benchmarks. Any breaches of internal investment mandate tolerances are flagged and followed up on by the Investment Policy team. While all internal investment mandate limits are reviewed periodically by the CIO and the Head of Investment Policy, the Investment Risk team monitors the risk profile of portfolios and adherence to risk budgets.

The RBC GAM Investment Risk Committee (GIRC), along with regional committees for the United States (Investment Risk Oversight Committee) and EMEA-APAC (Market Risk Committee), provides additional investment risk oversight and governance. The GIRC is chaired by the CIO and includes the regional Heads of Risk Management and the Head of Investment Policy, among others. The GIRC committee reviews the risk profile of portfolios and discusses material risks that may impact investment performance, including ESG and climate-related risks when material.

At the firm level, RBC GAM establishes a risk appetite on an annual basis and maintains a risk register of the most material risks facing our business including business risks, investment risks, financial risks, and operational risks. ESG and climate-related risks may be included if deemed material.

4. Metrics and targets

4.1 Climate-related metrics

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

RBC GAM began measuring and reporting on the carbon emissions[36] of its AUM in 2020. Since then, we have endeavored to expand the scope of assets included in our climate-related analysis. As part of these efforts, we have increased the percentage of our AUM for which climate-related analysis is conducted from 48% (in 2020) to 76% (in 2025).

From 2024 to 2025, we increased the AUM in scope of analysis from US$366.0 billion to US$436.6 billion, and increased the AUM with data coverage from US$344.3 billion to US$409.5 billion. This is largely due to the overall increase in total AUM, with scope of analysis and data coverage similar year-over-year. Comparisons of data coverage for prior years is limited due to differences in the scope of analysis and methodology used.

Climate-related analysis is conducted for 76% (US$436.6 billion) of RBC GAM's total AUM, as at December 31, 2025.

This represents approximately 93% of equity investments and 83% of fixed income investments.

[36] In this report, references to carbon emissions refers to CO_2 equivalents (CO_2 eq.), which is inclusive of GHG emissions. This includes the six GHGs considered in the Kyoto Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6). The GHG Protocol categorizes GHG emissions into three scopes: scope 1 emissions refers to direct emissions occurring from sources owned or controlled by an organization; scope 2 emissions are indirect emissions from the generation of purchased electricity, heat or steam by an organization; and scope 3 emissions are indirect emissions resulting from sources that are not owned or directly controlled by an organization, but that occur throughout their value chain.

Description of key climate-related metrics

RBC GAM seeks to report climate-related metrics based on established and best practices. We rely on several sources to inform the selection of metrics and methodologies. This includes the U.K. FCA ESG Sourcebook, the recommendations of the TCFD,[37] the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard for the Financial Industry,[38] and the Science Based Targets initiative (SBTi).[39]

Figure 12: Key climate-related metrics included in this report[40]

	Backward looking		Forward looking	
				
Category of metric	**Carbon emissions**	**Investment in issuers with climate targets**	**Temperature alignment**	**Climate scenario analysis**
Asset classes included	▪ Equities ▪ Corporate bonds ▪ Sovereign bonds	▪ Equities ▪ Corporate bonds ▪ Sovereign bonds	▪ Equities ▪ Corporate bonds	▪ Equities ▪ Corporate bonds
Description	Absolute and intensity-based carbon emissions metrics. Inclusive of financed emissions, emissions per dollars invested, and weighted average carbon intensity. Metrics include scope 1, 2 and 3 emissions.	Percentage and amount of AUM invested in issuers with climate targets, by type.	Measured by Implied Temperature Rise and taking into consideration projected emissions and analysis of emission reduction targets.	Climate Value at Risk (VaR) is calculated for a range of climate scenarios and measures the potential change in valuation of an issuer or portfolio due to policy risks, technology opportunities, and physical risks and opportunities.

Measuring the climate alignment of our investments

RBC GAM recognizes the importance of the global goal of achieving net-zero emissions by 2050 or sooner, in order to mitigate climate-related risks. As described in Our Approach to Responsible Investment, we measure, monitor, and report on the carbon emissions and net-zero alignment of applicable investments and portfolios. Based on the SBTi Financial Institution Net-Zero (FINZ) Standard, we calculate the percentage share of climate-aligned activities, and use metrics that are eligible as climate-alignment methodologies for "in transition" (e.g., SBTi targets, Implied Temperature Rise).41

RBC GAM uses two metrics to calculate the net-zero alignment of investments: investment in issuers with science-based or net-zero targets, and investment in issuers whose temperature alignment is consistent with the Paris Agreement. Science-based targets are emissions reduction targets that are in line with the goal of the Paris Agreement to limit global warming to "well below 2°C". Net-zero targets refer to emissions reduction targets that are in line with a 1.5°C pathway and that seek to achieve net-zero emissions by 2050. This is based on an IPCC report, which found that to limit global warming to 1.5°C, global 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 in this context refers to achieving a balance between the GHG emissions produced, and those removed from the atmosphere.

[37] TCFD Guidance on Metrics, Targets and Transition Plans, October 2021.
[38] PCAF, The Global GHG Accounting and Reporting Standard for the Financial Industry, Part A, 2025.
[39] SBTi Financial Institutions Net-Zero (FINZ) Standard, Version 1.0, July 2025; and Foundations for science-based net-zero target setting in the financial sector, April 2022.
[40] Key-climate related metrics are the metrics used to identify and assess climate-related risks and opportunities. Additional metrics may be included in this document for discussion purposes. See Appendix 2 for climate metrics and methodology, and Appendix 3 for climate data tables. Please note that disclosure of scope 3 emissions is included in Appendix 3.
[41] SBTi FINZ Standard Version 1.0, July 2025 and FINZ Provisional Implementation List Version 1.0, July 2025. "In transition" is defined as counterparties that are on a science-based pathway to net-zero (FINZ Standard), and eligible climate-alignment methodologies for "in transition" include SBTi target status and MSCI Implied Temperature Rise (Provisional Implementation List).

Figure 13: Climate alignment of our investments

As at December 31, 2025. See Appendix 1 for scope of analysis, Appendix 2 for climate metrics and methodology, and Appendix 3 for climate data tables.

Climate alignment of our investments	
Investment in issuers with science-based or net-zero targets	**Investment in issuers with temperature alignment consistent with the Paris Agreement**
For equity and corporate bonds, we consider corporate targets to be consistent with the Paris Agreement (also called science-based) or net-zero aligned if they have been validated by SBTi as meeting their target-setting criteria. For sovereign bonds, we consider sovereign issuers to have net-zero targets if they have established net-zero emissions targets and passed these into law. This metric is not normalized.	For equity and corporate bonds, an issuer's temperature alignment is consistent with the goal of the Paris Agreement if it is below 2°C.[42] An issuer's temperature alignment is consistent with the ambition of the Paris Agreement if it is below 1.5°C. The Implied Temperature Rise (ITR) is used to measure temperature alignment. This metric considers the carbon emissions of issuers, their expected reduction in emissions based on published emissions reduction targets, and the likelihood of achieving established targets. This metric is not applicable to sovereign bonds.
36% (US$158.9 billion) of RBC GAM AUM in scope of analysis is invested in issuers with science-based or net-zero targets. Includes equity, corporate bonds, and sovereign bonds. **32% (US$117.0 billion)** of RBC GAM equity and corporate bonds are invested in issuers with validated net-zero or science-based targets (as per SBTi). **55% (US$41.8 billion)** of sovereign bonds is invested in sovereign issuers who have set a net-zero target that is passed into law.	**44% (US$158.0 billion)** of RBC GAM equity and corporate bonds in scope of analysis are invested in issuers with a temperature alignment that is below 2°C. **18% (US$63.6 billion)** of RBC GAM equity and corporate bonds are invested in issuers with a temperature alignment that is below 1.5°C.

[42] The goal of the Paris Agreement is to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels." United Nations Framework Convention on Climate Change (UNFCCC), The Paris Agreement. Accessed March 6, 2026.

Summary of key climate-related metrics

Climate-related metrics are provided for RBC GAM AUM in scope of analysis, as well as by asset class and by geography.[43]

Figure 14: Key climate-related metrics for RBC GAM AUM in scope of analysis, by asset class[44,45]

As at December 31, 2025. See Appendix 1 for scope of analysis and benchmarks, Appendix 2 for climate metrics and methodology, and Appendix 3 for climate data tables.

CLIMATE-RELATED METRIC	UNIT	TOTAL	EQUITY	CORPORATE BONDS	SOVEREIGN BONDS
Carbon emissions	**Data coverage %**	**94%**	**99%**	**84%**	**100%**
Reported	Percent of AUM (%)	84%	90%	68%	100%
Estimated		9%	9%	15%	0%
Financed emissions (Total carbon emissions) *Inclusive of Scope 1 and 2 emissions for equities and corporate bonds, and production-based emissions for sovereign issuers*	Mt CO_2 eq.	34.9	9.8	9.7	15.5
Emissions/$M invested (carbon footprint) *Inclusive of Scope 1 and 2 emissions for equities and corporate bonds, and production-based emissions for sovereign issuers.*	t CO_2 eq. /$M invested	80.1	45.0	67.2	204.2
Weighted average carbon intensity *Inclusive of Scope 1 and 2 emissions (by sales) for equities and corporate bonds, and production-based emissions by PPP-adjusted GDP for sovereign issuers.*	t CO_2 eq. /$M sales t CO_2 eq. /$M PPP-adusted GDP	-	144.8	225.2	205.0
Investment in issuers with climate targets	**Data coverage %**	**90%**	**99%**	**72%**	**100%**
Science-based or net-zero target *Equities and corporate bonds (SBTi validated target), and sovereign issuers (net-zero targets passed into law)*	Percent of AUM (%)	36%	39%	22%	55%
Any climate target *Equities and corporate bonds(SBTi validated, SBTi committed, self-declared net-zero target, and other target) , and sovereign issuers (net-zero target, regardless status)*	Percent of AUM (%)	79%	90%	64%	74%
Temperature alignment	**Data coverage %**	**87%**	**99%**	**69%**	
Less than 1.5°C	Percent of AUM (%)	18%	22%	11%	–
Between 1.5°C and 2°C		26%	28%	23%	–
Between 2 and 3°C		23%	25%	21%	–
More than 3°C		20%	24%	13%	–
Aggregated Climate Value at Risk (VaR)	**Data coverage %**	**87%**	**99%**	**69%**	
1.5°C (orderly) - Net zero by 2050	Aggregated Climate Value at Risk (%): Policy risks + Technology opportunities + Physical risks and opportunities.	-14%	-12%	-17%	–
2°C (orderly) - Below 2°C		-4%	-3%	-4%	–
2°C (disorderly) - Delayed Transition scenario		-7%	-7%	-9%	–
3°C: NDC scenario		-7%	-7%	-8%	–

[43] See Appendix 1 for the scope of analysis and benchmarks. Assets that are not included in the portfolio analysis include: sub-sovereign government bonds, cash and equivalents, ETFs or third-party mutual fund holdings, mortgages, asset-backed securities, other assets (mainly real estate and money market securities), private placements, and derivatives. These assets are primarily excluded from this analysis due to limitations in data availability, inapplicability of methodologies, and/or minor financial materiality to the overall AUM. Geography is based on issuer's country of risk.

[44] Values may not add up to totals due to rounding.

[45] Based on definitions of PCAF data quality scores, for scope 1 and 2 emissions 64% of RBC GAM's equity investments and corporate bonds are of Level 1 data quality, 17% are of Level 2 data quality, and 11% are of Level 4 data quality. PCAF data quality scores range from level 1 to 5, where level 1 represents the highest quality data and level 5 represents the lowest quality data. Based on PCAF Global GHG Accounting and Reporting Standard for the Financial Industry, Part A, 2025.

ILLUSTRATIVE EXAMPLE OF HISTORICAL TREND ANALYSIS

The following analysis is intended for illustrative and discussion purposes only. It seeks to demonstrate how to assess the underlying drivers of changes in a portfolio's weighted average carbon intensity (WACI) over time. This analysis is applied to RBC GAM equity and corporate bond investments in scope of analysis (see Appendix 1).

Weighted average carbon intensity (WACI) of RBC GAM AUM in scope of analysis

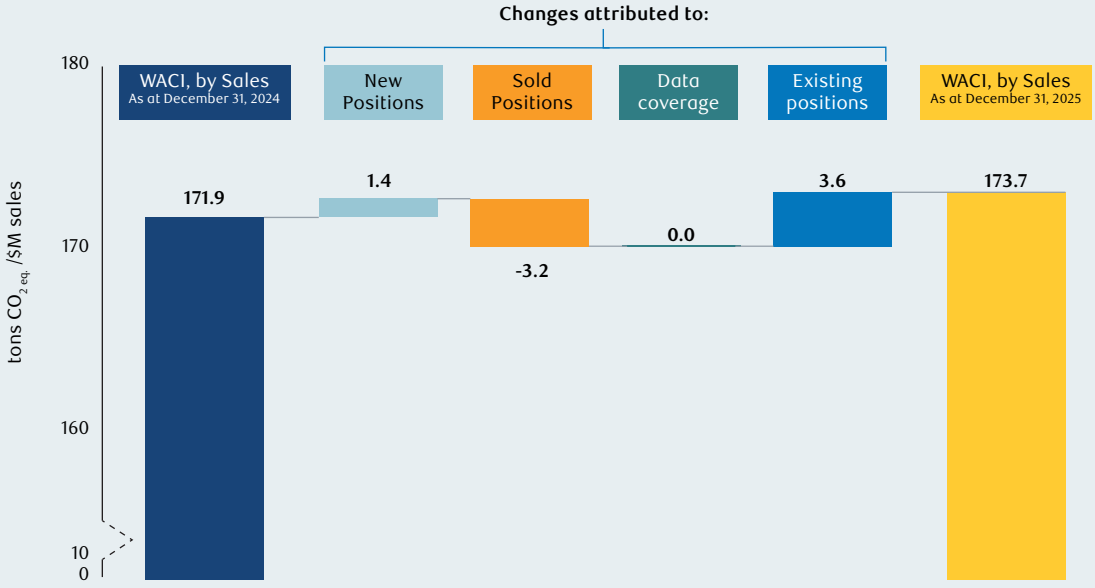
As at December 31st for each year indicated.

	2024	2025[46]	% change (year-over-year)
WACI (by sales) Inclusive of scope 1 and 2 emissions for equity and corporate bond investments. In t CO_2 eq./$M sales	171.9	173.7	**1.0%**

To inform historical trend analysis, RBC GAM has developed an internal tool for assessing the drivers of changes in WACI.[47] As illustrated in Figure 15, changes in WACI from 2024 to 2025 are primarily due to changes in the carbon intensity of held securities over the indicated time period (i.e., issuers' carbon intensity increased between the starting and ending time period). A significant contribution to this change was the third-party vendor switching to reported carbon emissions data (from previously estimated data) for two issuers.

Figure 15: For illustrative purposes. Analysis of the drivers of WACI (by sales) year-over-year

See Appendix 1 for scope of analysis and Appendix 2 for climate metrics and methodology



[46] See Appendix 1 for scope of analysis and Appendix 3 for climate data tables.
[47] The internally developed methodology is based on the MSCI‡ Carbon-footprint Attribution for Total Portfolio., February 2025.

Carbon emissions analysis

Carbon emissions analysis provides a view on the relative exposure of corporate and sovereign issuers to climate-related transition risks such as policy, market, and technology risks. It also provides a view on the absolute and relative contributions of issuers to global emissions, and by extension to climate change. The WACI of a portfolio indicates how efficient it is at using carbon emissions to generate a unit of output (e.g., by sales or Enterprise Value Including Cash (EVIC) for corporate issuers or Purchasing Power Parity (PPP)-adjusted GDP for sovereign issuers) and provides a view of the exposure to carbon-intensive issuers for the related portfolio.

The WACI of our regional equity and corporate bond portfolios tends to be relatively aligned with their respective benchmarks. The only exceptions are the emerging market equities and international corporate bond portfolios; this is largely due to the portfolios' sector and security positions in the utilities and energy sectors relative to the benchmark. In general, sector exposure is a key driver of the WACI. For equity investments, the energy, utilities, industrials and basic materials sectors are the greatest contributors to portfolio carbon emissions and account for 86% of WACI (by sales). For fixed income investments, the energy and utilities sectors together account for 84% of WACI (by sales). [48]

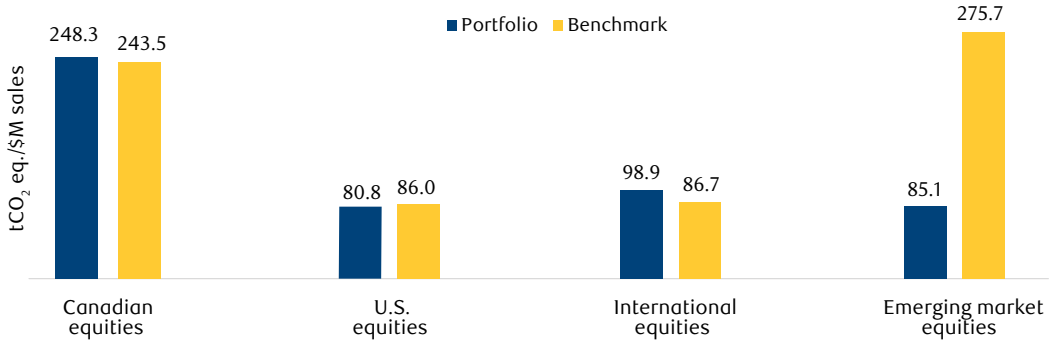
Sovereign bonds represent 13% (US$76.0 billion) of RBC GAM's total AUM.[49] Methodologies and approaches for measuring the carbon emissions for sovereign investments continue to evolve and generally vary based on whether sovereign emissions are production- or consumption-based, and the method used to apportion and allocate emissions to sovereign bonds. For sovereign bonds we apply the PCAF methodology of calculating intensity metrics based on PPP-adjusted GDP and then apply a weighted average at the portfolio level. The carbon intensity of a sovereign issuer is indicative of the potential transition risks to which they may be exposed.

For sovereign issuers, production-based emissions refer to emissions produced within a country's borders and include domestic consumption and exports. This is in line with the territorial emissions approach typically used by sovereigns in their Nationally Determined Contributions (NDC)s. An alternative view of a sovereign's emissions is consumption-based emissions, which reflect the demand side and account for consumption patterns and trade effects. There are several limitations with using consumption-based emissions data (e.g., time lag in data availability, typically does not include all GHG emissions). In this report we use production-based emissions.

The developed market (DM) sovereign bond portfolio has a higher WACI (by PPP-adjusted GDP) than the benchmark, due primarily to the portfolio's overweight exposure to Canadian government bonds. The emerging market (EM) sovereign bond portfolio is lower than that of its benchmark, due primarily to the portfolio's underweight exposure to several carbon-intensive issuers, relative to the benchmark.

Figure 16: Weighted average carbon intensity, by sales (inclusive of scope 1 and 2 emissions) for equity investments

As at December 31, 2025. See Appendix 1 for scope of analysis and Appendix 2 for climate metrics and methodology.

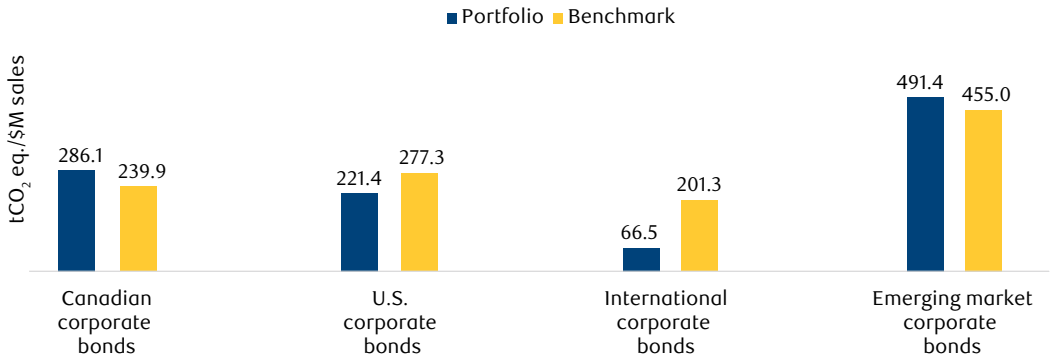


Data Type	Port.	Bmk	Port.	Bmk	Port.	Bmk	Port.	Bmk
Data Coverage	**99%**	**100%**	**99%**	**100%**	**98%**	**100%**	**97%**	**99%**
Reported data	90%	88%	91%	93%	95%	96%	77%	81%
Estimated data	9%	12%	8%	7%	2%	3%	20%	18%

[48] As at December 31, 2025. RBC GAM analysis. See Appendix 1 for scope of analysis and Appendix 2 for climate metrics and methodology.
[49] Ibid.

Figure 17: Weighted average carbon intensity, by sales (inclusive of scope 1 and 2 emissions) for corporate bond investments

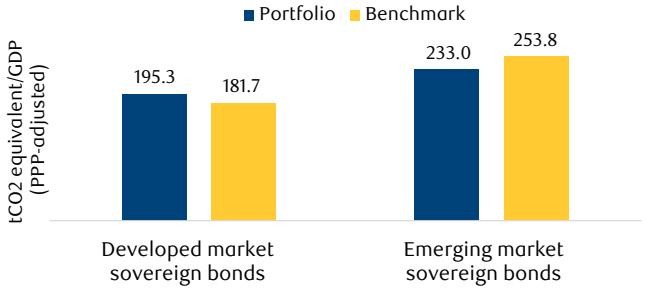
As at December 31, 2025. See Appendix 1 for scope of analysis and Appendix 2 for climate metrics and methodology.



Data Type	Port.	Bmk	Port.	Bmk	Port.	Bmk	Port.	Bmk
Data Coverage	**81%**	**90%**	**86%**	**96%**	**88%**	**97%**	**72%**	**87%**
Reported data	65%	74%	60%	82%	84%	85%	65%	77%
Estimated data	16%	15%	25%	15%	5%	11%	7%	10%

Figure 18: Weighted average carbon intensity for sovereign bond investments, by PPP-adjusted GDP

As at December 31, 2025. See Appendix 1 for scope of analysis and Appendix 2 for climate metrics and methodology.



	Port.	Bmk	Port.	Bmk
Data Coverage (reported)	100%	100%	98%	83%

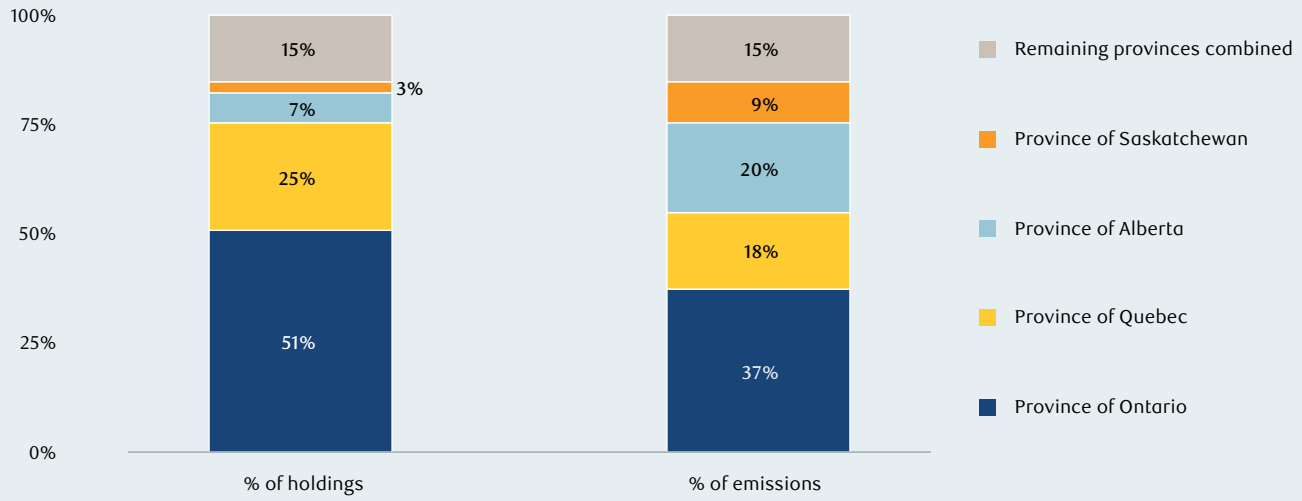
FINANCED EMISSIONS OF SUB-SOVEREIGN GOVERNMENT BONDS

Sub-sovereign government bonds represent 6.6% (US$37.9 billion) of RBC GAM's total AUM. Historically, climate analysis for sub-sovereign bonds was not included in this report due to limited data availability and the lack of an established methodology. In December 2025, PCAF published a new standard that includes a methodology for calculating financed emissions for this sub-asset class. RBC GAM has applied the PCAF methodology for sovereign-like sub-sovereign government bonds[50] to our Canadian provincial bond holdings. Canadian provincial-level bonds represent 78% (US$29.4 billion) of RBC GAM's total sub-sovereign holdings, and 97% of sovereign-like sub-sovereign holdings with emissions data.

This analysis looked at the production-based financed emissions (excluding land-use, land-use change, and forestry) for investments in Canadian provincial bonds using PPP-adjusted GDP as the attribution factor, as per PCAF. This analysis identified that sub-sovereign bonds from four provinces (Ontario, Quebec, Alberta, and Saskatchewan) are responsible for 85% of financed emissions. This is due to the value of investments in Province of Ontario and Province of Quebec issuances reflecting the scale and liquidity of these issuers in the Canadian provincial bond market. This is also due to the higher relative carbon intensity of the Province of Alberta and Province of Saskatchewan bonds, which resulted in those provincial bonds contributing more significantly to financed emissions relative to their portfolio weights. While gaps in data and methodology continue to exist across segments of this sub-asset class, we continue to explore how to expand the scope of climate analysis.

Top four Canadian provinces, by contribution to financed emissions of Canadian sovereign-like sub-sovereign government bond investments

As of December 31, 2025



[50] PCAF defines sovereign-like sub-sovereign issuers as those with a significant degree of jurisdiction and influence over a specific territory and, therefore, ability to exercise control over related emissions. These issuers vary from corporate-like sub-sovereign issuers who are generally responsible for specific public services and facilities such as energy generation or waste services and tend to be structured as either state-owned companies or government agencies.

Investment in issuers with climate targets

To evaluate the potential forward-looking trajectory of emissions for corporate and sovereign issuers, we measure our exposure to issuers who have established carbon emission reduction targets ("climate targets").

For corporate issuers, climate targets can vary significantly based on the scope of emissions included, the ambition of the emissions reductions, and the company's likelihood of achieving the target. It is for this reason that targets that meet an established standard are preferable from a comparative and consistency perspective. We consider corporate targets to be consistent with the Paris Agreement (also called Paris-aligned or science-based) or net-zero aligned if they have been validated by SBTi as meeting their related target-setting criteria. SBTi provides a publicly available database of companies with science-based or net-zero targets, and of companies that have committed to set an emissions reduction target within 24 months. RBC GAM recognizes that not all issuers may choose to apply a voluntary standard such as the one established by SBTi. SBTi has also paused development of an oil and gas standard and therefore paused all commitments and validations of targets from the fossil fuel sector.[51] The percentage of issuers with SBTI validated or committed targets is lower in regions with a greater concentration of issuers in sectors that SBTi will not validate, such as Canada. For this reason, we also track and monitor AUM invested in corporate issuers with self-declared net-zero targets and other carbon emission reduction targets (referred to below as "other targets").

For sovereign bonds, we consider sovereign issuers to be net-zero aligned if they have published net-zero emissions targets and passed these into law. In general, we believe it is more likely that a country that has passed its emissions reduction targets into law will take action to meet those targets.[52]

36% (US$158.9 billion) of RBC GAM AUM in scope of analysis is invested in issuers with science-based or net-zero targets

This includes 39% (US$85.0 billion) of equity investments, 22% (US$32.0 billion) of corporate bond investments, and 55% (US$41.8 billion) of sovereign bond investments.

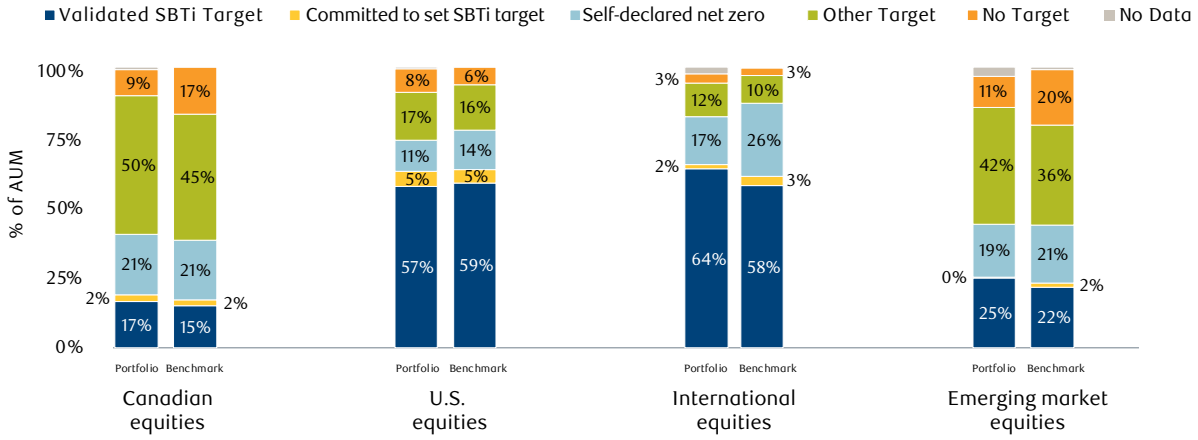
79% (US$344.2 billion) of RBC GAM AUM in scope of analysis is invested in issuers with a climate target.

This includes 90% (US$195.9 billion) of equity investments, 64% (US$92.1 billion) of corporate bond investments, and 74% (US$56.0 billion) of sovereign bond investments.

As at December 31, 2025. See Appendix 1 for scope of analysis and Appendix 2 for climate metrics and methodology.

Figure 19: Percent of RBC GAM AUM invested in issuers with a climate target, by type for equity investments

As at December 31, 2025. See Appendix 1 for scope of analysis and Appendix 2 for climate metrics and methodology.



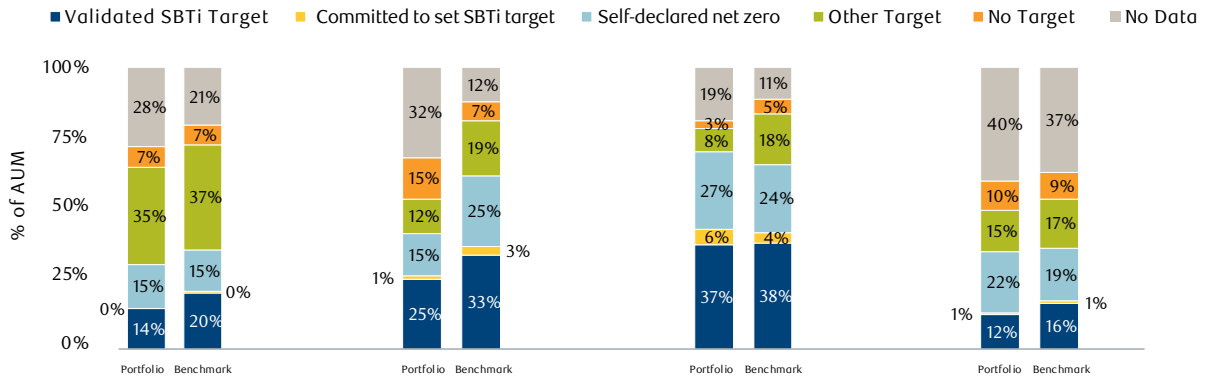
	Canadian equities		U.S. equities		International equities		Emerging market equities	
	Port.	Bmk	Port.	Bmk	Port.	Bmk	Port.	Bmk
Data Coverage	99%	100%	99%	100%	98%	100%	97%	99%

[51] SBTi statement on oil and gas sector, SBTi website. Accessed March 6, 2026.

[52] Based on Net Zero Tracker. Energy and Climate Intelligence Unit, Data-Driven EnviroLab, NewClimate Institute, Oxford Net Zero. 2025. Net zero targets are those classified under one of the following category names: Net zero, Zero emissions, Zero carbon, Climate neutral, Carbon neutral(ity), GHG neutral(ity), Carbon negative, Net negative, 1.5°C target, Science-based target. The status of targets are categorized as: passed into law, in policy document, a declaration or pledge, proposed or in discussion.

Figure 20: Percent of RBC GAM AUM invested in issuers with a climate target, by type for corporate bond investments.

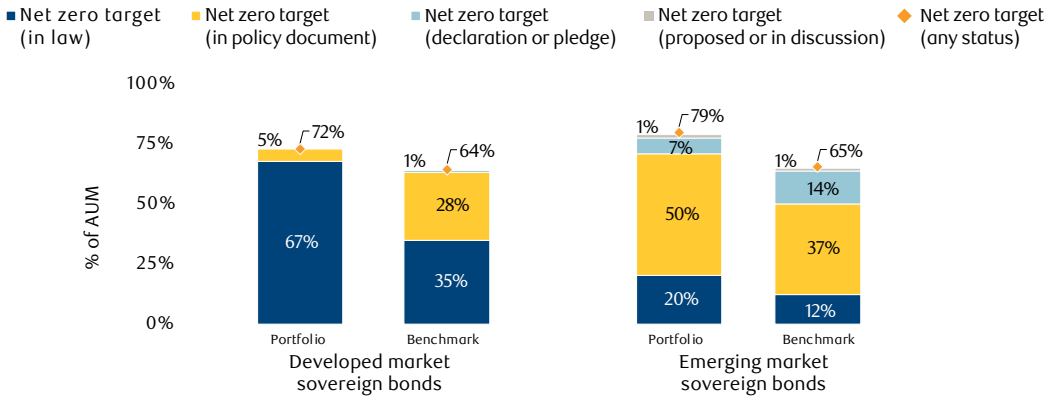
As at December 31, 2025. See Appendix 1 for scope of analysis and Appendix 2 for climate metrics and methodology.



	Port.	Bmk	Port.	Bmk	Port.	Bmk	Port.	Bmk
Data Coverage	72%	79%	68%	88%	81%	89%	60%	63%

Figure 21: Percent of RBC GAM AUM invested in issuers with a climate target, by type for sovereign bond investments[53]

As at December 31, 2025. See Appendix 1 for scope of analysis and Appendix 2 for climate metrics and methodology



	Port.	Bmk	Port.	Bmk
Data Coverage	100%	100%	100%	84%

[53] This metric considers a sovereign's climate target to be a net-zero target if it has been classified by Net Zero Tracker under one of the following category names: Net zero, Zero emissions, Zero carbon, Climate neutral, Carbon neutral(ity), GHG neutral(ity), Carbon negative, Net negative, 1.5°C target, Science-based target. This metric also takes into consideration the status of sovereign issuers' net-zero targets (as defined by Net Zero Tracker) as Passed into law (Target prescribed in legislation or administrative order; has legal force), In policy document (Target set in policy or planning document, including for countries' Nationally Determined Contributions or Long Term Strategies), or Other (a declaration or pledge, or proposed or in discussion). According to Net Zero Tracker, Suriname is categorized as having a "Net zero" target. Investments in Suriname sovereign bonds are therefore categorized in "issuers with net zero climate targets (any)" for the emerging market portfolio. Net Zero tracker has assigned a target status of "Achieved (self-declared)" for Suriname, which does not match the target status of our established methodology (e.g., in law, in policy document) and as such these sovereign bonds are not included in the 'net-zero target' sub-categories. As a result, the sum of all rows referencing 'issuers with net-zero targets' may not sum up to 'issuers with net zero targets (any).

Temperature alignment

The Implied Temperature Rise (ITR) is a forward-looking metric that indicates what the global average temperature increase would be in 2100 if the global economy had the same carbon emissions and targets as an issuer or portfolio.[54] This metric considers the carbon emissions of issuers, the expected reduction in emissions due to published emission reduction targets, and the likelihood of achieving established targets. As such, the ITR provides an indication of the alignment of an issuer or portfolio to a particular temperature pathway. At a portfolio-level, the ITR may mask the distribution of the underlying issuers' temperature alignments. For this reason, we also assess the percentage of issuers that have a temperature alignment that is in line with the goal of the Paris Agreement to limit global warming to well below 2°C by 2100, and with the ambition to limit warming to 1.5°C, relative to pre-industrial levels.[55] This metric is not applied to sovereign bonds.

Most equity and corporate bond portfolios have a temperature alignment that is close to, or below their respective benchmarks. At a regional level, few portfolios or benchmarks currently have an ITR below 2°C. This is largely to be expected as the latest data, according to the most recent IPCC Report, indicates that the global average temperature increase is already 1.1°C above pre-industrial levels, and that the world is currently on a pathway to reach a temperature rise of 2.8°C by the end of this century.[56]

44% (US$158.0 billion) of RBC GAM equity and corporate bond investments in scope of analysis are invested in issuers with a temperature alignment less than 2°C (Paris-aligned).

This includes 50% (US$108.0billion) of equity investments, and 35% (US$49.9 billion) of corporate bonds.

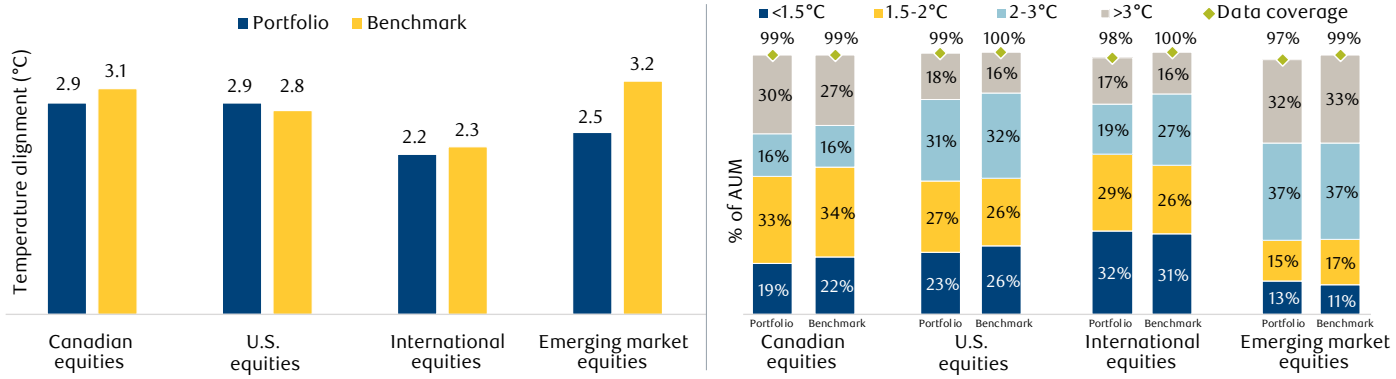
18% (US$63.6 billion) of RBC GAM equity and corporate bond investments in scope of analysis are invested in issuers with a temperature alignment less than 1.5°C.

This includes 22% (US$47.1 billion) of equity investments, and 11% (US$16.4 billion) of corporate bonds.

As at December 31, 2025. See Appendix 1 for Scope of analysis and Appendix 2 for Climate metrics and methodology.

Figure 22: Implied Temperature Rise for equity investments

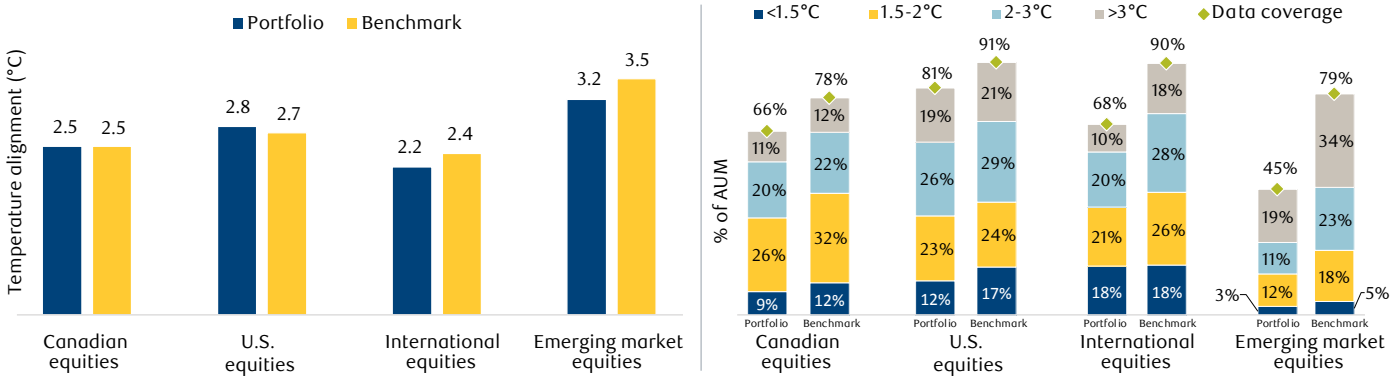
As at December 31, 2025. See Appendix 1 for scope of analysis and Appendix 2 for climate metrics and methodology.



[54] Implied Temperature Rise Methodology, available from MSCI ESG Research.
[55] The Paris Agreement, United Nations Climate Change, 2015.
[56] AR6 Synthesis Report: Climate Change 2023, Intergovernmental Panel on Climate Change (IPCC), March 2023. Based on pathways that are consistent with Nationally Determined Contributions (NDCs) announced prior to the United Nations Conference of the Parties (COP26) until 2030 and assuming no increase in ambition thereafter results in a median global warming of 2.8°C by 2100.

Figure 23: Implied Temperature Rise for RBC GAM corporate bond investments

As at December 31, 2025. See Appendix 1 for scope of analysis and Appendix 2 for climate metrics and methodology.



INVESTMENT IN CLIMATE-RELATED OPPORTUNITIES

Metrics and methodologies that may be used to assess climate-related opportunities are applied on a case-by-case basis as part of the investment process, for applicable types of investments and as described in investment agreements or mandates. Metrics that may be used to assess climate-related opportunities[57] include, but are not limited to: percentage of revenue from climate-related opportunities and investment in issuers that provide climate-related opportunities.[58]

10% (US$35.5 billion) of RBC GAM equity and corporate bond investments are in issuers with more than 10% revenue from climate-related opportunities.

29% (US$104.2 billion) of RBC GAM equity and corporate bond investments are invested in issuers with some revenue (more than 0%) from climate-related opportunities. The weighted average revenue from climate-related opportunities of RBC GAM equity and corporate bond investments is 4%.

5% (US$17.6 billion) of RBC GAM equity and corporate bond investments are in issuers that provide climate-related opportunities.

As at December 31, 2025. See Appendix 1 for scope of analysis and Appendix 2 for climate metrics and methodology.

[57] Revenue from climate-related opportunities is based on MSCI® ESG Sustainable Impact Metrics methodology (link), and the data factor for "environmental impact solutions". This data factor represents, at the issuer level, the total of all revenues derived from any of the following environmental impact themes: alternative energy, energy efficiency, green building, pollution prevention, sustainable water, or sustainable agriculture. RBC GAM analysis based on MSCI ESG Research. MSCI‡

[58] Issuers that provide climate-related opportunities is based on MSCI‡ Low-Carbon Transition (LCT) Risk Assessment methodology, and the "solutions" category. The LCT methodology measures companies' exposure to, and management of, risks and opportunities related to low-carbon transition using multiple inputs to identify the type of risk or opportunity they are most likely to face in the transition. RBC GAM analysis based on MSCI ESG Research. MSCI‡

4.1.2 Nature-related metrics

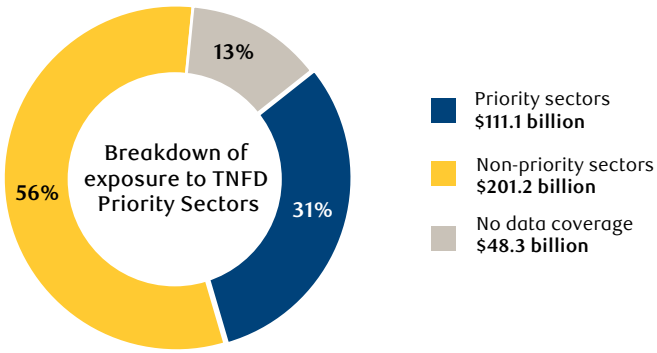
RBC GAM may face exposure to nature-related impacts and dependencies (referred to as nature-related factors) through our investments in issuers that are themselves exposed to these factors. For example, issuers in the following industries may face significant impacts and/or dependencies from nature ("priority sectors"): energy, materials, transportation, automobiles and components, consumer durables and apparel, consumer services, consumer staples distribution and retail, food and beverage, household and personal products, pharmaceuticals and biotechnology, semiconductors and semiconductor equipment, utilities, and real estate management and development.[59]

RBC GAM's assessment of exposure to nature-related factors

In 2025, we assessed the exposure of equity and corporate bond investments to priority sectors, and exposure to issuers with operations or activities in sensitive locations. These are the two core metrics recommended for asset managers by the TNFD.[60]

For RBC GAM equity and corporate bond investments, 31% (US$111.1 billion) are in priority sectors,[61] and 67% (US$240.8 billion) have operations in sensitive locations[62] (see Figure 24 and 25). Exposure to a priority sector and/or operations in sensitive locations is not necessarily indicative of the potential risk that issuers may face. As such, we have supplemented this analysis by evaluating whether issuers with operations in sensitive locations may have potential biodiversity-related risks. This is based on whether issuers are potentially negatively affecting local biodiversity and have no impact assessment, and/or have experienced a biodiversity-related controversy (see Figure 25).[63]

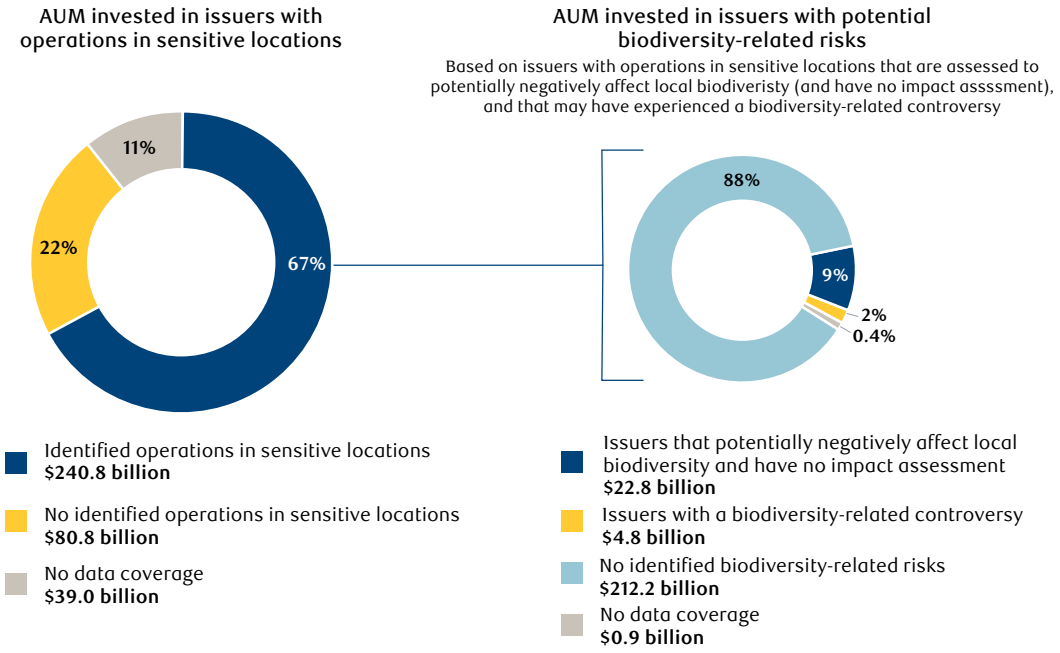
Figure 24: RBC GAM equity and corporate bond investments in TNFD priority sectors.
As at December 31, 2025. See Appendix 1 for scope of analysis.



[59] Also referred to as TNFD priority sectors in this report, as these are adapted from Sector guidance: Additional guidance for financial institutions, Taskforce on Nature-related Financial Disclosures (TNFD), June 2024.
[60] Additional Guidance for financial institutions, TNFD, June 2024.
[61] As at December 31, 2025. See Appendix 1 for scope of analysis. We categorize corporate investments into the sixteen TNFD priority sectors, based on the corporate entity's Nomenclature of Economic Activities (NACE) Class Code for the highest revenue earning activity. Priority sectors are based on Additional Guidance for financial institutions, TNFD, June 2024.
[62] Operations in sensitive areas identifies companies with three or more known physical assets in biodiversity-sensitive areas denoted as either being healthy forests, intact biodiversity areas, prime areas for conservation or deforestation fronts. RBC GAM analysis based on MSCI® ESG Research, MSCI. Based on Biodiversity-Sensitive Areas and Deforestation Screening Metrics, 2024.
[63] This metric is in line with the Sustainable Finance Disclosure Regulation (SFDR) Principle Adverse Impact (PAI) indicator on biodiversity (Indicator 7). An issuer that may be involved in activities negatively affecting biodiversity-sensitive areas: has operations located in or near biodiversity-sensitive areas; is identified as having potentially negative impacts on local biodiversity, and has no impact assessment; or is involved in controversies with a severe impact on local biodiversity. RBC GAM analysis based on MSCI® ESG Research, MSCI. Based on SFDR Adverse Impact Metrics Methodology, May 2024.

Figure 25: RBC GAM equity and corporate bond investments, with operations in sensitive locations

As at December 31, 2025. See Appendix 1 for scope of analysis.



Assessment of nature-related dependencies and impacts

To enhance RBC GAM's understanding of the materiality of nature-related dependencies and impacts on our investments, we used the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) tool.[64] Issuers' nature-related dependencies and impacts (and risk level) are based on ENCORE categorizations, which are mapped to issuers based on their primary revenue-generating activity, using Nomenclature of Economic Activities (NACE) codes.[65]

For RBC GAM equity and corporate bond investments in priority sectors, 39% (US$43.2 billion) may have very high dependency on nature-related factors, and 54% (US$60.3 billion) may have very high nature-related impacts.[66] The nature-related dependency that is the most at risk is water management and quality services and most notably in the utilities, food and beverage, and materials sectors. The nature-related impact with the greatest exposure is pollution and most notably in the household and personal products, utilities, and materials sectors.[67] Across both nature-related dependencies and impacts, investments in the utilities sector face the largest aggregated nature-related exposure. It is worth noting that exposure to nature-related impacts and dependencies does not take into consideration the risk management activities taken by an issuer to address potential risks.

[64] The ENCORE tool is maintained and updated by Global Canopy, UNEP FI and UNEP-WCMC. Version: October 2024.
[65] Nature-related impacts and dependencies are defined as per ENCORE but grouped based on RBC GAM analysis. RBC GAM groupings (with ENCORE categories in parenthesis) are as follows. For nature-related dependencies: Climate and air quality (Air Filtration; Global climate regulation; Local (micro and meso) climate regulation; Noise attenuation; Other regulating and maintenance service - Mediation of sensory impacts (other than noise)); Cultural, recreational, and educational services (Education, scientific and research services; Recreation-related services; Spiritual, artistic and symbolic services; Visual amenity services); Habitat and biodiversity (Biological control; Genetic material; Nursery population and habitat maintenance; Other provisioning services - Animal-based energy, Pollination); Soil and waste management services (Biomass provisioning; Other regulating and maintenance service - Dilution by atmosphere and ecosystems; Soil and sediment retention; Soil quality regulation; Solid waste remediation); and Water management and quality services (Flood mitigation services; Rainfall pattern regulation; Storm mitigation; Water flow regulation; Water purification; Water supply). For nature-related impacts: Climate change (Emissions of GHG); Pollution (Emissions of non-GHG air pollutants; Emissions of toxic soil and water pollutants; Emissions of nutrient soil and water pollutants; Disturbances (e.g., noise, light); Generation and release of solid waste); Natural resource use (Other biotic resource extraction (e.g. fish, timber); Other abiotic resource extraction; Area of freshwater use; Volume of water use); and Change in land and sea use (Area of land use; Area of seabed use; Introduction of invasive species).
[66] As at December 31, 2025. See Appendix 1 for scope of analysis. RBC GAM analysis based on ENCORE tool.
[67] Ibid

Figure 26: RBC GAM equity and corporate bond investments in priority sectors with potential nature-related dependencies and impacts, based on ENCORE[68]

As at December 31, 2025. See Appendix 1 for scope of analysis. VH = Very High, H = High, M = Medium, L = Low, VL = Very Low

Heat map legend VH H M L VL

Nature-related dependencies						
Equities and corporate bonds Investment in priority sectors (US$111.1 billion)	**Aggregate**	**Climate and air quality**	**Cultural, recreational, and educational servies**	**Habitat and biodiversity**	**Soil and waste management services**	**Water management and quality services**
Automobiles & Components	M	L	VL	VL	M	M
Consumer Durables & Apparel	M	L	VL	VL	M	M
Consumer Services; Consumer Staples Distribution & Retail	L	L	VL	VL	M	M
Energy	M	M	VL	VL	M	H
Food & Beverage	M	L	VL	VL	M	VH
Household & Personal Products	M	L	VL	VL	M	M
Materials	H	M	VL	VL	M	H
Pharmaceuticals & Biotechnology	M	L	VH	M	L	M
Real Estate Management & Development; REITS	M	L	VL	VL	M	M
Semiconductors & Semiconductor Equipment	L	L	VL	VL	L	M
Transportation	M	M	H	VL	M	M
Utilities	VH	VH	VL	VL	H	VH
Aggregate dependency, TNFD Priotity Sectors	**M**	**M**	**VL**	**VL**	**M**	**H**

		Aggregate exposure: Maximum dependency		
	Data coverage	Moderate	High	Very High
Equities and corporate bonds Investment in priority sectors (US$111.1 billion)	100%	34%	24%	39%

Heat map legend VH H M L VL

Nature-related impacts					
Equities and corporate bonds Investment in priority sectors (US$111.1 billion)	**Aggregate**	**Climate change**	**Pollution**	**Natural resource use**	**Changes in land and sea use**
Automobiles & Components	L	VL	H	L	L
Consumer Durables & Apparel	M	L	M	M	L
Consumer Services; Consumer Staples Distribution & Retail	M	M	M	M	L
Energy	H	H	H	H	H
Food & Beverage	M	L	H	M	L
Household & Personal Products	M	M	VH	M	L
Materials	H	M	VH	H	H
Pharmaceuticals & Biotechnology	M	L	M	M	L
Real Estate Management & Development; REITS	M	L	M	L	M
Semiconductors & Semiconductor Equipment	L	VL	H	L	L
Transportation	M	M	M	M	H
Utilities	H	VH	VH	H	H
Aggregate dependency, TNFD Priotity Sectors	**M**	**M**	**H**	**M**	**M**

		Aggregate exposure: Maximum impact		
	Data coverage	Moderate	High	Very High
Equities and corporate bonds Investment in priority sectors (US$111.1 billion)	100%	20%	25%	54%

[68] Values may not add up to totals due to rounding. See Appendix 1 for scope of analysis. RBC GAM analysis based on ENCORE tool.

4.2 Operational emissions

Disclose scope 1, scope 2, and, if appropriate, scope 3 GHG emissions.

In March 2025, RBC published updates to its climate strategy, referred to as the RBC Climate Blueprint. While RBC's climate strategy does not apply to the investment advisory activities and recommendations of, and the assets under management of RBC GAM, it includes a strategic priority to integrate climate considerations into its business and operations, which is inclusive of RBC GAM. RBC is committed to reducing emissions associated with its operations, which includes RBC GAM's operations, and is working toward longer-term reductions, focusing on reducing emissions from buildings RBC owns or leases. RBC's operational emissions are reported in the RBC Sustainability Report 2025.[69]

See Section 4.1 and Appendix 3 for disclosure of the scope 3 emissions associated with RBC GAM's assets under management, referred to as scope 3, category 15 (investments).

4.3 Climate-related targets

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

RBC GAM recognizes the importance of the global goal of achieving net-zero emissions by 2050 or sooner in order to mitigate climate-related risks. As an asset manager, we manage our clients' assets in line with the stated objective of their investment strategy or mandate. RBC GAM may offer specific investment strategies or mandates that include a climate-related target. We do not however, set climate-related targets that apply to assets under management unless the client has expressly requested a target for their investment strategy, or it is stated in the investment objective of the fund. We believe that the most effective way to address material climate-related risks and opportunities is by incorporating material climate-related factors in investment decisions, through active stewardship, and by providing climate-based solutions to meet client needs.

We measure and report on the climate alignment of our AUM based on our investment in issuers with science-based or net-zero targets, and issuers with temperature alignment that is aligned with the goal (2°C) and ambition (1.5°C) of the Paris Agreement. See Section 4.1 for details.

[69] Please note that the RBC Sustainability Report 2025 is for the fiscal year 2025 (November 1, 2024 to October 31, 2025), whereas the RBC GAM Climate Report 2025 is for the calendar year (January 1, 2025 to December 31, 2025).

Appendix 1: Scope of analysis and benchmarks for climate-related metrics

In this report, climate analysis is conducted for 76% (US$436.6billion) of RBC GAM's total AUM as at December 31, 2025. This represents 93% of equity investments, and 83% of fixed income investments.

Assets that are not included in the portfolio analysis are: sub-sovereign government bonds, cash and equivalents, ETFs or third-party mutual fund holdings, mortgages, asset-backed securities, other assets (mainly real estate and money market securities), private placements, and derivatives. These assets are primarily excluded from this analysis due to limitations in data availability, inapplicability of methodologies, and/or minor financial materiality to the overall AUM.

Table 1: Scope of analysis for climate-related metrics, by asset class and geography

RBC GAM Portfolios	AUM		Representative benchmark	Benchmark data coverage
	USD (billion)	% data coverage[70]		
Equities				
Canadian equities	$78.2	99%	S&P/TSX Capped Composite Index	100%
U.S. equities	$75.4	99%	S&P 500 Index	100%
International equities	$33.5	98%	MSCI Europe, Australasia, Far East (EAFE) Index	100%
Emerging market equities	$29.6	97%	MSCI Emerging Markets (EM) Index	99%
Equities total	**$216.7**	**99%**		
Corporate fixed income				
Canadian corporate bonds	$62.3	81%	FTSE Canada All Corporate Bond Index	90%
U.S. corporate bonds	$35.4	86%	ICE BofA U.S. Corporate Master Index	96%
International corporate bonds	$35.6	88%	Bloomberg Barclays Global Aggregate Corporate Index (BAGACC)	97%
Emerging market corporate bonds	$10.6	72%	JPMorgan Corporate Emerging Markets Bond Index (CEMBI) Diversified	87%
Corporate bonds total	**$143.9**	**83%**		
Sovereign bonds[71]				
Developed market sovereign bonds	$56.2	100%	Bloomberg Global Treasury Total Return	100%
Emerging market sovereign bonds	$19.8	98%	JPMorgan Emerging Market Bond Index Global Diversified (EMBIGD)[72]	83%
Sovereign bonds total	$76.0	100%		
Total	**$436.6**	**94%**		
% of RBC GAM Total AUM	**76%**			
RBC GAM Total AUM	**$572.2**			

[70] As at December 31, 2025. For equities and corporate bonds, data coverage is calculated based on carbon emissions (scope 1 and 2) intensity (tCO_2 eq./USD million sales). For sovereign issuers, data coverage is calculated based on carbon emissions equivalents (tCO_2 eq).
[71] In this report, countries included in the developed market (DM, or advanced economies) portfolio are based on their "country of risk" designation, which is derived from the International Monetary Fund (IMF) definition classification. All other countries not included in this would fall into the emerging markets (EM) category.
[72] For the purposes of this report, emerging market sovereign bonds are compared to a hard currency emerging market reference benchmark, the JPMorgan Emerging Market Bond Index Global Diversified (EMBIGD). Some of those holdings will nevertheless be local currency instruments held in portfolios benchmarked against the local currency index

Appendix 2: Climate metrics and methodologies

Table 2: Overview of key climate-related metrics

Equity and corporate bonds		
Carbon emissions		
Metric	**Supporting Information**	
Financed emissions (Total carbon emissions)	**Description**	The absolute value of emissions that a portfolio is responsible for. For corporate holdings, emissions are apportioned based on the market value of the portfolio's holding and the associated enterprise value including cash (EVIC) of the company.
	Formula	$\sum_{n}^{i} \frac{\text{Current value of investment}_i}{\text{Enterprise value including cash}_i} \text{ X } \text{Issuer emissions}_i$ *i = investment "i"* *n = The number of sovereign bonds in the portfolio.* Note: The same denominator is used for listed equities and corporate bonds to allow for aggregation across portfolios.
	Unit	t CO_2 eq.
	Data source	MSCI ESG Climate Change Metrics and RBC GAM
	Methodology notes	This metric is calculated for the following emission scopes: Scope 1 and 2, and Scope 3; and *Scope 1, 2 and 3*. As financed emissions is an absolute emissions metric that is directly linked to the AUM of the portfolio, this metric cannot be easily compared to a benchmark. For this reason, the financed emissions of benchmarks are not provided.
Emissions/ $ millions invested (carbon footprint)	**Description**	Measures the amount of financed emissions generated by a portfolio for every $1 million invested in the portfolio, expressed as tCO_2 eq./$ millions (or otherwise specified currency).
	Formula	$\frac{\sum_{n}^{i}\left(\frac{\text{Current value of investment}_i}{\text{Enterprise value including cash}_i} \text{ X } \text{Issuer emissions}_i\right)}{\text{Current portfolio value (\$M)}}$
	Unit	t CO_2 eq. /$M invested
	Data source	MSCI ESG Climate Change Metrics, Thompson Reuters and RBC GAM
	Methodology notes	This metric is calculated for the following emission scopes: Scope 1 and 2, and Scope 3; and *Scope 1, 2, and 3*. This metric is calculated in United States Dollars (USD) and converted to alternative currencies, if required, using the exchange rate posted on the reporting date.
Weighted average carbon intensity (WACI), by sales	**Description**	Measures carbon intensity of the portfolio based on each issuer's carbon intensity (by sales), and the weight of the issuer in the portfolio.
	Formula	$\sum_{n}^{i}\left(\frac{\text{Current value of investment}_i}{\text{Current portfolio value}} \text{X} \frac{\text{Issuer emissions}_i}{\text{Issuer's \$M sales}_i}\right)$
	Unit	t CO_2 eq./$M sales
	Data source	MSCI ESG Climate Change Metrics, Thompson Reuters and RBC GAM
	Methodology notes	This metric is calculated for the following emission scopes: Scope 1 and 2; Scope 3; and *Scope 1, 2 and 3*. This metric is calculated in USD and converted to alternative currencies, if required, using the exchange rate posted on the reporting date. This is a weighted average metric that is *normalized*.
Weighted average carbon intensity (WACI), by EVIC	**Description**	Measures carbon intensity of the portfolio based on each issuer's carbon intensity (by enterprise value including cash), and the weight of the issuer in the portfolio.
	Formula	$\sum_{n}^{i}\left(\frac{\text{Current value of investment}_i}{\text{Current portfolio value}} \text{X} \frac{\text{Issuer emissions}_i}{\text{Issuer's \$M EVIC}_i}\right)$
	Unit	t CO_2 eq./$M EVIC
	Data source	MSCI ESG Climate Change Metrics, Thompson Reuters and RBC GAM
	Methodology notes	This metric is calculated for the following emission scopes: Scope 1 and 2; Scope 3; and *Scope 1, 2 and 3*. This metric is calculated in USD and converted to alternative currencies, if required, using the exchange rate posted on the reporting date. This is a weighted averce metric that is *normalized*.

Equity and corporate bonds

Investment in issuers with climate targets

We consider targets to be Paris-aligned (also called science-based) or net-zero aligned if they have been validated by the Science-based Targets Initiative (SBTi) as meeting their related target-setting criteria. SBTi provides a publicly available database of companies that have validated science-based and/or net-zero targets, and of companies that have committed to set an emissions reduction target within 24 months. However, not all issuers may choose to apply this standard, and SBTi is not currently able to accept commitments or validate targets for companies in certain industries. For this reason, we also track and monitor AUM invested in issuers that have set a self-declared net-zero target or any other carbon emissions reduction targets.

Metric	Supporting Information	
Investment in issuers with climate targets	**Description**	Measures the percent of investments in issuers that have published carbon emissions reduction targets, by type of target.
	Formula	$\sum \frac{\text{Value of companies with climate target type}}{\text{Current portfolio value}}$
	Unit	Percent of holdings (%)
	Data source	MSCI ESG Climate Change Metrics and RBC GAM. If the data source indicates that a company has both a validated and committed SBTi target, the company target is identified as 'validated' in our calculations.
	Methodology notes	For this metric, the following types of carbon emission reduction targets are considered: ▪ Validated SBTi target: corporate emission reduction targets that have been independently reviewed and validated by the SBTi as meeting the SBTi's science-based and/or net-zero standards. ▪ Committed to set a SBTi target: corporate issuers that have formally committed to submit a science-based and/or net-zero target for review and verification by SBTi within 24 months. ▪ Self-declared net-zero target: corporate issuers that have publicly announced a net-zero target. ▪ Any other climate target: corporate issuers that have publicly announced a carbon emissions reduction target.
Temperature alignment		
Implied Temperature Rise (ITR)	**Description**	A forward-looking metric that indicates what the global average temperature increase would be in 2100, relative to pre-industrial times, if the global economy had the same carbon profile as the issuer or portfolio. The ITR is inclusive of *scope 1, 2 and 3 emissions*.
	Formula	$1.55°C \text{ base temperature} + \frac{\Sigma\,(\text{TCRE Factor} \times \text{Global Budget}_{\text{reference year},i} \times \text{Financed overshoot}_i)_i}{\Sigma\,\text{Financed Budgets}_i}$
	Unit	Degrees Celsius (°C)
	Data source	MSCI ESG Climate Change Metrics and RBC GAM
	Methodology notes	Considers the current emissions of issuers, their disclosed targets, and the likelihood of achieving established targets. Provides an indication of the alignment of an issuer or portfolio to a particular temperature pathway: ▪ The over/undershoot is calculated in comparison to the issuer's budgeted, fair-share GHG emissions according to the Network for Greening the Financial System (NGFS) Net Zero scenario (1.55°C), and is based on companies' revenues. ▪ The TCRE factor of 0.000545°C warming per Gt CO_2, is used, based on the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6). The TCRE provides a relationship that links each additional unit of emissions emitted beyond the available remaining global carbon budget to degrees of additional warming. This value is used to convert a portfolio's allocated carbon budget over/undershoot into a degree of warming. ▪ **Global budget:** The total amount of emissions that the world can emit to keep global warming to 1.55°C. The carbon budget is based on an initial budget allocation for the period 2020-2050, derived from the NGFS REMIND Net zero 2050 pathways. A company's carbon budget is allocated based on MSCI's sector allocation methodology. ▪ **Financed Budget:** Accounts for portfolio ownership of the carbon budget of each issuer. Portfolio ownership is defined as the market value of the security divided by the company's enterprise value including cash. ▪ **Financed Overshoot/Undershoot:** Accounts for portfolio ownership of the overshoot/undershoot of each issuer, based on their projected emissions and budgeted emissions out to 2050. This includes an assessment of the issuer's likelihood of meeting its targets. Portfolio ownership is defined as the market value of the security divided by the company's enterprise value including cash.

Equity and corporate bonds

Climate scenario analysis

Climate scenario analysis enables investors to assess the impact of potential future scenarios on the value of assets. Scenario analysis is not meant to be a forecast; rather, it represents a range of plausible future pathways consistent with achieving specific climate temperature targets, which are based on certain conditions and assumptions regarding government policies, energy supply and demand, technology, and more. Climate scenario analysis is often most useful from a relative or comparative perspective, given the nature of outputs, and the range of assumptions required as inputs. To assess the impact of climate scenarios on an individual security or portfolio, scenario outputs must be translated into a measure of financial risk. We use ClimateValue at Risk.

Metric	Supporting Information	
Aggregated Climate Value at Risk (VaR)	**Description**	The potential change in valuation of a portfolio due to climate factors, expressed as a percentage. Provides a view on how the market value of the portfolio may change under different climate scenarios due to policy risk, technology opportunities, and physical risks and opportunities.
	Formula	Aggregated Climate VaR = Policy risk Climate VaR + Technology opportunity Climate VaR + Physical risk and opportunity Climate VaR
	Unit	Percent (%)
	Data source	MSCI ESG Climate Change Metrics and RBC GAM
	Methodology notes	We use Climate VaR to determine the potential change in valuation of a security or portfolio due to climate change. It calculates the future costs and revenue for issuers (out to 2080) due to policy risk, technology opportunities, and physical risks and opportunities. Potential costs are discounted to present values and aggregated at the portfolio level, expressed as a percentage. We measure the Climate VaR for across a range of climate scenarios. This is a weighted average metric that is *normalized*.
Policy risk Climate VaR	**Description**	The potential cost (by issuer) of complying with government climate policies (e.g. carbon pricing) in order to achieve the emissions reductions of each climate scenario.
	Formula	$\sum_{n}^{i}\left(\frac{\text{Current value of investment}_i}{\text{Current portfolio value}} \text{ X } \text{Issuer Policy Climate VaR}_i\right)$
	Unit	Percent (%)
	Data source	MSCI ESG Climate Change Metrics
	Methodology notes	Potential costs are calculated (out to 2080), discounted to present values and aggregated at the portfolio level, with Climate VaR expressed as a percentage. We measure the Climate VaR across a range of climate scenarios. This is a weighted average metric that is *normalized*.
Technology Opportunity Cliamte VaR	**Description**	The potential revenue (by issuer) derived from low-carbon revenues and low-carbon technologies (based on low-carbon patents), by climate scenario.
	Formula	$\sum_{n}^{i}\left(\frac{\text{Current value of investment}_i}{\text{Current portfolio value}} \text{ X } \text{Issuer Technology Climate VaR}_i\right)$
	Unit	Percent (%)
	Data source	MSCI ESG Climate Change Metrics and RBC GAM
	Methodology notes	Potential revenues are calculated (out to 2080), discounted to present values and aggregated at the portfolio level, with climate VaR expressed as a percentage. We measure the Climate VaR across a range of climate scenarios. This is a weighted average metric that is *normalized*.
Physical risks and opportunities Climate VaR	**Description**	The potential cost or revenue (by issuer) due to chronic and acute natural hazards for issuers, by climate scenario. These risks manifest in an increase (risk) or decrease (opportunity) in business interruption or asset damages.
	Formula	$\sum_{n}^{i}\left(\frac{\text{Current value of investment}_i}{\text{Current portfolio value}} \text{ X } \text{Issuer Physical Climate VaR}_i\right)$
	Unit	Percent (%)
	Data source	MSCI ESG Climate Change Metrics and RBC GAM
	Methodology notes	Potential costs or revenues are calculated (out to 2100), discounted to present values and aggregated at the portfolio level, with Climate VaR expressed as a percentage. We measure the Climate VaR across a range of climate scenarios. This is a weighted average metric that is *normalized*.

Sovereign bonds

Carbon emissions

Metric	Supporting Information	
Financed emissions (total carbon emissions)	**Description**	The absolute value of emissions (in tCO_2 eq.) that a portfolio is responsible for. Emissions are apportioned based on the market value of the portfolio's holding and the Purchasing Power Parity (PPP)-adjusted Gross Domestic Product (GDP) of the sovereign country.
	Formula	$\sum_{n}^{i}\left(\frac{\text{Current value of investment}_i}{\text{PPP-adjusted GDP}_s} \text{ X } \text{Sovereign Production Emissions}_s\right)$ *(with s = sovereign borrower)*
	Unit	t CO_2 eq.
	Data source	MSCI ESG Climate Change Metrics, International Monetary Fund (IMF) and RBC GAM.
	Methodology notes	This metric is calculated based on *sovereign carbon emissions* (production based). As financed emissions is an absolute emissions metric that is directly linked to the AUM of the portfolio, this metric cannot be easily compared to a benchmark. For this reason, the financed emissions of benchmarks are not provided.
Emissions/ $ millions invested (carbon footprint)	**Description**	Measures the amount of financed emissions generated by a portfolio's sovereign bond holdings for every $US 1 million invested in the portfolio.
	Formula	$\sum_{n}^{i}\left(\frac{\frac{\text{Current value of investment}_i}{\text{PPP-adjusted GDP}_s} \text{ X } \text{Sovereign Production Emissions}_s}{\text{Current portfolio value (\$M)}}\right)$ *(with s = sovereign borrower)*
	Unit	t CO_2 eq./$M invested
	Data source	MSCI ESG Climate Change Metrics, International Monetary Fund (IMF), Thompson Reuters and RBC GAM
	Methodology notes	This metric is calculated based on *sovereign carbon emissions* (production based). It is calculated in USD and converted to alternative currencies when required using the exchange rate on the reporting date.
Weighted Average Carbon Intensity (WACI), by PPP-adjusted GDP	**Description**	A sovereign issuer's carbon intensity is the ratio of their carbon emissions relative to the PPP-adjusted GDP of the sovereign country.
	Formula	$\sum_{n}^{i}\left(\frac{\text{Current value of investment}_i}{\text{Current portfolio value}} \text{ X } \frac{\text{Sovereign Production Emissions}_s}{\text{PPP-adjusted GDP}_s}\right)$ *(with s = sovereign borrower)*
	Unit	t CO_2 eq./SM GDP
	Data source	MSCI ESG Climate Change Metrics, International Monetary Fund (IMF), Thompson Reuters and RBC GAM
	Methodology notes	This metric is calculated based on *sovereign carbon emissions* (production based). This metric is calculated in USD and converted to alternative currencies where required using the exchange rate posted on the reporting date. This is a weighted average metric that is *normalized*.

Investment in issuers with climate targets

Metric	Supporting Information	
Investment in issuers with climate targets	**Description**	Measures the percent of investments in issuers that have a net-zero target, inclusive of targets that are passed into law, in policy, a declaration or pledge, proposed, or in discussion.
	Formula	$\frac{\sum \text{Value of sovereign holdings with climate target type}}{\text{Current portfolio value}}$
	Unit	Percent of holdings (%)
	Data source	Net Zero Tracker and RBC GAM
	Methodology notes	This metric considers a sovereigns' climate target to be a net-zero target if it has been classified by Net Zero Tracker under one of the following category names: Net zero, Zero emissions, Zero carbon, Climate neutral, Carbon neutral(ity), GHG neutral(ity), Carbon negative, Net negative, 1.5°C target, Science-based target. This metric also takes into consideration the status of sovereign issuers' net-zero target (as defined by Net Zero Tracker): ▪ **Passed into law**: Target prescribed in legislation or administrative order; has legal force. ▪ **In policy document:** Target set in policy or planning document, including for countries' Nationally Determined Contributions or Long-Term Strategies ▪ **A declaration or pledge**: Target announced but not yet institutionalized in any way (e.g., just press release, verbal announcement, etc.) ▪ **Proposed or in discussion**: The entity's leadership has said it is considering a target or has joined an international initiative (like Climate Neutrality Coalition or Climate Ambition Alliance) pledging to set a net-zero target but has not yet taken steps to operationalize this.

Additional methodology details

Data quality and coverage

We believe data quality and coverage is important when calculating climate metrics. Our preference is to use reported emissions data, calculated in line with the GHG Protocol. Reported scope 1 and 2 emissions data is available for 90% of our equity and 68% of our corporate bond investments. Where reported data is not available, we use third-party estimated scope 1 and 2 emissions data, calculated using physical activity-based emissions (e.g., megawatt hours by fuel type) and economic activity-based emissions (e.g., sector average tCO_2 eq./ revenue). Due to limitations related to methodologies and comparability of reported disclosures, all scope 3 emissions data is estimated.[73] There is often a time lag in the reporting of carbon emissions data by issuers, which means that reported emissions data may be from different years, even though all data is accessed as at the same date. For example, for the carbon emissions data available for equity and corporate bond investments in scope of analysis (as at December 31, 2025), 65% is from fiscal year 2024, 27% is from 2023, and 1% is from 2022 or earlier.[74]

Normalizing

We calculate weighted average climate metrics using a normalized approach – that is, we scale up to 100% ('normalize') portfolio weights when the corresponding data coverage is less than 100%. This impacts the following metrics: WACI (by sales, by EVIC, and PPP-adjusted GDP), and Climate Value at Risk (VaR). Our decision to use a normalized weighted average calculation is in line with evolving market and regulatory trends but may result in a misrepresentation of values. For the purposes of this report, the implications will be most apparent across fixed income portfolios and benchmarks where data coverage is lower. We have chosen to publish data coverage values alongside climate-related metrics to provide transparency, and as this is the approach increasingly recommended by regulators.

Scope 1, 2 and 3 emissions

We believe that carbon emissions analysis is an important foundational element for assessing climate-related risks and opportunities and serves as an input to forward-looking analysis. Carbon emissions analysis is, however, a static and backward-looking metric that provides a view on what an issuer's emissions have been, which is not necessarily reflective of what they will be in the future. Importantly, carbon emissions analysis does not reflect what actions an issuer is taking, or will be taking, to manage or mitigate potential climate-related risks or to capitalize upon opportunities. For this reason, RBC GAM uses additional, forward-looking metrics to assess climate-related risks and opportunities.

When identifying and assessing material climate-related risks for corporate issuers, we typically consider their scope 1, 2, and 3 emissions, which are classified as per the GHG Protocol. Scope 1 emissions are direct emissions occurring from sources owned or controlled by an organization. Scope 2 emissions are indirect emissions from the generation of purchased electricity, heat or steam by an organization. Scope 3 emissions are indirect emissions resulting from sources that are not owned or directly controlled by an organization, but that occur throughout their value chain. There are 15 categories of scope 3 emissions, which include both upstream and downstream activities.

When assessing individual companies, consideration of all three scopes of emissions is informative as it provides a view on a company's exposure to climate-related risks across the value chain. However, when aggregating emissions across companies and sectors, as is done for an investment portfolio, the inclusion of scope 3 emissions results in the double counting of emissions. Double counting of emissions occurs when the same emissions are counted more than once and happens because the emissions from one company's value chain (scope 3) are another company's direct emissions (scope 1 and 2). For example, the scope 3 emissions of an auto manufacturer for "use of products" (e.g., burning of gasoline) are the scope 1 emissions of a delivery company that uses the vehicles. As per a discussion paper from the Institutional Investors Group on Climate Change (IIGCC),[75] it is important to recognize that the purpose of scope 3 data, even for one entity, is not to assign emissions ownership but to assess its carbon exposure, hence multiple entities can inherently be exposed to the same ton of carbon. For the reasons discussed above, when we measure and report on carbon emissions for an investment portfolio (our scope 3, category 15 emissions), we believe that it is most appropriate to include issuers' scope 1 and 2 emissions. We recognize however that there are differing views and expectations related to this, which is why we also provide carbon emissions metrics for scope 3 emissions in Appendix 3 – Climate data tables.

Carbon-intensive sectors are often more exposed to transition risks, due to government policy risk and technology disruption. Given the scope of emissions included in the WACI, it is worth noting that scope 1 emissions are largely driven by the industry of an issuer, as the activities and outputs for some industries produce more emissions than others. Meanwhile, scope 2 emissions are largely driven by the carbon intensity of the electricity grid in the region(s) in which a company operates.

[73] Carbon emissions metrics inclusive of scope 3 emissions are provided in Appendix 3 – Climate data tables.
[74] MSCI ESG Climate Change Research, as of January 1, 2026, MSCI‡.
[75] Investor approaches to scope 3: its importance, challenges and implications for decarbonising portfolios, IIGCC, January 2024.

Subsidiary mapping

We use subsidiary mapping to assign climate-related data to corporate issuers in this report. This methodology applies ESG-related data from a parent company to a subsidiary based on ownership. As such, if a parent company has greater than 50% ownership of a subsidiary, the ESG and/or climate-related data is attributed (or allocated) from the parent company to the subsidiary.

Appendix 3: Climate data tables

Please see Appendix 1 for scope of analysis and benchmarks for the climate metrics provided in the data tables below.

Equities

Key climate-related metric	Unit	Total	Canadian equities		U.S. equities		International equities		Emerging market equities	
AUM in scope of analysis (US$ billions)			Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
			$78.2	–	$75.4	–	$33.5	–	$29.6	–
Carbon emissions (Scope 1 and 2)	Data coverage %	**99%**	99%	100%	99%	100%	98%	100%	97%	99%
Reported (Scope 1 and 2)	Percent of AUM (%)	**90%**	90%	88%	91%	93%	95%	96%	77%	81%
Estimated (Scope 1 and 2)	Percent of AUM (%)	**9%**	9%	12%	8%	7%	2%	3%	20%	18%
Financed emissions (Total carbon emissions)	Mt CO_2 eq.	**9.8**	5.5	–	1.7	–	1.5	–	1.0	–
Emissions/$M invested (Carbon footprint)	t CO_2 eq. /$M invested	**45.0**	70.3	63.7	22.6	22.2	45.5	50.4	34.9	109.7
WACI (by sales)	t CO_2 eq./$M sales	**144.8**	248.3	243.5	80.8	86.0	98.9	86.7	85.1	275.7
Carbon emissions (Scope 3)	Data coverage %	**99%**	99%	99%	99%	100%	98%	100%	97%	99%
Financed emissions (Total carbon emissions)	Mt CO_2 eq.	**66.0**	32.6	–	13.9	–	14.1	–	5.5	–
Emissions/$M invested (Carbon footprint)	t CO_2 eq. /$M invested	**304.5**	416.5	399.7	184.1	168.7	420.4	465.2	184.3	428.0
WACI (by sales)	t CO_2 eq./$M sales	**790.9**	1028.0	1098.7	586.4	604.8	951.5	901.7	503.1	902.5
Investment in issuers with climate targets	Data coverage %	**99%**	99%	100%	99%	100%	98%	100%	97%	99%
Issuers with validated science-based target (as per SBTi)	Percent of AUM (%)	**39%**	17%	15%	57%	59%	64%	58%	25%	22%
Issuers committed to set science-based target (as per SBTi)	Percent of AUM (%)	**3%**	2%	2%	5%	5%	2%	3%	0%	2%
Issuers with self-declared net-zero target	Percent of AUM (%)	**17%**	21%	21%	11%	14%	17%	26%	19%	21%
Issuers with any other climate target	Percent of AUM (%)	**31%**	50%	45%	17%	16%	12%	10%	42%	36%
Temperature alignment	Data coverage %	**99%**	99%	99%	99%	100%	98%	100%	97%	99%
Temperature alignment	Degrees Celsius (°C)	**2.8**	2.9	3.1	2.9	2.8	2.2	2.3	2.5	3.2
Less than 1.5°C	Percent of AUM (%)	**22%**	19%	22%	23%	26%	32%	31%	13%	11%
Between 1.5 and 2°C	Percent of AUM (%)	**28%**	33%	34%	27%	26%	29%	26%	15%	17%
Between 2 and 3°C	Percent of AUM (%)	**25%**	16%	16%	31%	32%	19%	27%	37%	37%
More than 3°C	Percent of AUM (%)	**24%**	30%	27%	18%	16%	17%	16%	32%	33%
Scenario analysis	Data coverage %	**99%**	99%	99%	99%	100%	98%	100%	97%	99%
1.5°C (orderly) – Net zero by 2050	Climate VaR (%)	**-12%**	-19%	-18%	-8%	-7%	-11%	-13%	-6%	-14%
2°C (orderly) – Below 2°C	Climate VaR (%)	**-3%**	-4%	-4%	-2%	-2%	-3%	-4%	-3%	-6%
2°C (disorderly) – Delayed transition	Climate VaR (%)	**-7%**	-11%	-10%	-4%	-4%	-5%	-6%	-4%	-8%
3°C – Nationally Determined Contributions	Climate VaR (%)	**-7%**	-11%	-11%	-3%	-3%	-5%	-5%	-5%	-7%

Corporate bonds

Key climate-related metric	Unit	Total	Canadian corporate bonds		U.S. corporate bonds		International corporate bonds		Emerging market corporate bonds	
AUM in scope of analysis (US$ billions)			Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
			$62.3	–	$35.4	–	$35.6	–	$10.6	–
Carbon emissions (Scope 1 and 2)	Data coverage %	**83%**	81%	90%	86%	96%	88%	97%	72%	87%
Reported (Scope 1 and 2)	Percent of AUM (%)	**68%**	65%	74%	60%	82%	84%	85%	65%	77%
Estimated (Scope 1 and 2)	Percent of AUM (%)	**15%**	16%	15%	25%	15%	5%	11%	7%	10%
Financed emissions (Total carbon emissions)	Mt CO_2 eq.	**9.7**	3.8	–	2.2	–	1.2	–	2.5	–
Emissions/$M invested (Carbon footprint)	t CO_2 eq. /$M invested	**67.2**	61.4	54.5	61.5	84.9	33.4	66.9	234.2	210.2
WACI (by sales)	t CO_2 eq./$M sales	**225.2**	286.1	239.9	221.4	277.3	66.5	201.3	491.4	455.0
Carbon emissions (Scope 3)	Data coverage %	**83%**	81%	90%	86%	96%	88%	97%	73%	87%
Financed emissions (Total carbon emissions)	Mt CO_2 eq.	**48.5**	14.9	–	12.1	–	12.7	–	8.8	–
Emissions/$M invested (Carbon footprint)	t CO_2 eq. /$M invested	**336.9**	239.0	268.3	341.6	359.5	357.1	331.7	829.0	630.1
WACI (by sales)	t CO_2 eq./$M sales	**846.8**	828.4	789.9	800.9	811.8	705.4	713.4	1720.2	1385.7
Investment in issuers with climate targets	Data coverage %	**72%**	72%	79%	68%	88%	81%	89%	60%	63%
Issuers with validated science-based target (as per SBTi)	Percent of AUM (%)	**22%**	14%	20%	25%	33%	37%	38%	12%	16%
Issuers committed to set science-based target (as per SBTi)	Percent of AUM (%)	**2%**	0%	0%	1%	3%	6%	4%	1%	1%
Issuers with self-declared net-zero target	Percent of AUM (%)	**19%**	15%	15%	15%	25%	27%	24%	22%	19%
Issuers with any other climate target	Percent of AUM (%)	**21%**	35%	37%	12%	19%	8%	18%	15%	17%
Temperature alignment	Data coverage %	**69%**	66%	78%	81%	91%	68%	90%	45%	79%
Temperature alignment	Degrees Celsius (°C)	**2.5**	2.5	2.5	2.8	2.7	2.2	2.4	3.2	3.5
Less than 1.5°C	Percent of AUM (%)	**11%**	9%	12%	12%	17%	18%	18%	3%	5%
Between 1.5 and 2°C	Percent of AUM (%)	**23%**	26%	32%	23%	24%	21%	26%	12%	18%
Between 2 and 3°C	Percent of AUM (%)	**21%**	20%	22%	26%	29%	20%	28%	11%	23%
More than 3°C	Percent of AUM (%)	**13%**	11%	12%	19%	21%	10%	18%	19%	34%
Scenario analysis	Data coverage %	**69%**	67%	78%	81%	91%	69%	90%	47%	80%
1.5°C (orderly) – Net zero by 2050	Climate VaR (%)	**-17%**	-17%	-16%	-17%	-17%	-13%	-16%	-30%	-27%
2°C (orderly) – Below 2°C	Climate VaR (%)	**-4%**	-4%	-4%	-5%	-4%	-3%	-4%	-10%	-11%
2°C (disorderly) – Delayed transition	Climate VaR (%)	**-9%**	-10%	-9%	-9%	-9%	-5%	-8%	-16%	-15%
3°C – Nationally Determined Contributions	Climate VaR (%)	**-8%**	-9%	-8%	-8%	-8%	-4%	-7%	-17%	-14%

Sovereign bonds[76]

Key climate-related metric	Unit	Total	Developed market		Emerging market	
	AUM in scope of analysis (US$ billions)		Portfolio	Benchmark	Portfolio	Benchmark
			$56.2	–	$19.8	–
Carbon emissions	Data coverage %	**100%**	100%	100%	98%	83%
Financed emissions (Total carbon emissions)	Mt CO_2 eq.	**15.5**	11.0	–	4.5	–
Emissions/$M invested (carbon footprint)	t CO_2 eq. /$M invested	**204.2**	195.3	181.7	229.5	210.5
WACI (by PPP-adjusted GDP)	t CO_2 eq./PPP-adjusted GDP	**205.0**	195.3	181.7	233.0	253.8
Investment in issuers with climate targets	Data coverage %	**100%**	100%	100%	100%	84%
Issuers with net-zero target (any)	Percent of AUM (%)	**74%**	72%	64%	79%	65%
Issuers with net-zero target, in law	Percent of AUM (%)	**55%**	67%	35%	20%	12%
Issuers with net-zero target, in policy document	Percent of AUM (%)	**17%**	5%	28%	50%	37%
Issuers with net-zero target, declaration or pledge	Percent of AUM (%)	**2%**	0%	1%	7%	14%
Issuers with net-zero target, proposed or in discussion	Percent of AUM (%)	**0%**	0%	0%	1%	1%
Issuers with other climate targets	Percent of AUM (%)	**5%**	0%	1%	21%	19%

[76]According to Net Zero Tracker, Suriname is categorized as having a "Net zero" target. Investments in Suriname sovereign bonds are therefore categorized in "issuers with net zero climate targets (any)" for the EM portfolio. Net Zero tracker has assigned a target status of "Achieved (self-declared)" for Suriname, which does not match the target status of our established methodology (e.g., in law, in policy document) and as such these sovereign bonds are not included in the 'net-zero target' sub-categories. As a result, the sum of all rows referencing 'issuers with net-zero targets' may not sum up to 'issuers with net zero targets (any).

Appendix 4: Glossary of terms

Active stewardship: Refers to the incorporation of material ESG factors in proxy voting and engagement with issuers, for applicable types of investments. This may also include participation in industry initiatives, where applicable. Active stewardship, proxy voting, and engagement may encompass a range of subjects, which may or may not include ESG-related matters.

Carbon emissions equivalent (and greenhouse gas (GHG) emissions): References to carbon emissions in RBC GAM documents refer to CO_2 equivalents and is inclusive of GHGs. This includes the six GHGs considered in the Kyoto Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6). The GHG Protocol categorizes GHG emissions into three scopes: scope 1 emissions refers to direct emissions occurring from sources owned or controlled by an organization; scope 2 emissions are indirect emissions from the generation of purchased electricity, heat or steam by an organization; and scope 3 emissions are indirect emissions resulting from sources that are not owned or directly controlled by an organization, but that occur throughout their value chain.

Climate/Net-zero alignment of our investments: Refers to the assessment of whether the activities of issuers are consistent with the goal or ambition of the Paris Agreement. Please see definition for Paris Agreement for a description of the connection between the Paris Agreement goals and net-zero emissions. RBC GAM uses two metrics to calculate climate/net-zero aligned investments: (1) investment in issuers with science-based or net-zero targets, and (2) investment in issuers whose temperature alignment is consistent with the Paris Agreement.

Climate-related risks and opportunities: Climate-related risks include, but are not limited to, impacts related to the global transition to a low-carbon economy (transition risk) and the physical impacts of climate change (physical risk), which includes both chronic (longer-term) risks like rising sea levels and increases in average temperatures, and acute (event-driven) risks like wildfires and floods. Climate-related opportunities as those arising 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.

Environmental, social & governance (ESG) factors: Refers to environmental, social and/or governance factors that may pose ESG-related risks or opportunities for an issuer, security or portfolio. Examples of environmental factors include: air and water pollution, biodiversity, climate change, and natural resource management and use. Examples of social factors include: data privacy and security, health and safety, and human rights. Examples of governance factors include: board structure and independence, bribery and corruption, and executive compensation. See definition for Material ESG factors.

Engagement: Refers to the communication between investors (or asset managers engaging on behalf of investors) and the boards, management teams, or other representatives of the issuer. See *Our Approach to Responsible Investment* for details.

ESG integration: Refers to the ongoing incorporation of material ESG factors into investment decision-making with an aim to identify potential material risks and opportunities and improve risk-adjusted long-term performance.

Material ESG factors: Refers to ESG factors that in our judgment are most likely to have an impact on the financial performance of an issuer, security and/or portfolio.

Nature-related dependencies: Considers the extent to which companies or business models are dependent on nature-related assets or ecosystem services, and how these may present a financial risk to a business. For example, a company's business model may be dependent on water quality and availability, the pollination of crops, or consistent and stable weather patterns. Based on TNFD definition.

Nature-related impacts: Considers the extent to which companies or business models may affect nature-related assets or ecosystem services. Impacts may be positive or negative, and may be direct, indirect or cumulative impacts. Based on TNFD definition.

Net-zero target: Refers to emissions reduction targets that are in line with a 1.5°C pathway and that seek to achieve net-zero emissions by 2050. This is based on an IPCC report, which found that to limit global warming to 1.5°C, global 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 in this context refers to achieving a balance between the GHG emissions produced, and those removed from the atmosphere.

Paris Agreement (and global goal to achieve net-zero emissions): The Paris Agreement is an international treaty that aims to reduce GHG emissions, and was adopted by countries in 2015. The goal of the Paris Agreement is to hold global average 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 best available science, in order to meet this goal, GHG emissions must decline by approximately 45% by 2030, relative to 2010 levels, and reach net-zero emissions by 2050 or sooner (IPCC, 2019). In this context, achieving net-zero emissions refers to achieving a balance between the GHG emissions produced, and the amount removed from the atmosphere.

Proxy voting: Shareholders of a company have the right to vote on certain aspects of the company's business, such as the election of the company's directors and the appointment of auditors. Asset managers may exercise the voting rights attached to securities they manage on behalf of clients. A proxy is the document that companies send to shareholders to get their voting instructions. Investors exercise voting rights attached to securities that they hold for investments made on behalf of clients.

Responsible investment (RI) is an umbrella term used to describe a broad range of approaches for incorporating ESG considerations into the investment process. These approaches are not mutually exclusive; multiple approaches can be applied simultaneously within the investment process. See *Our Approach to Responsible Investment* for details.

Science-based targets: Refers to emissions reduction targets that are in line with the goal of the Paris Agreement to limit global warming to "well below 2°C".

Appendix 5: Statement confirming disclosure complies with the ESG Sourcebook

I, Stuart Kedwell, Global Chief Investment Officer, hereby confirm on behalf of RBC Global Asset Management (U.K.) Limited that the disclosures in this RBC GAM Climate Report 2025 comply with the requirements under Chapter 2 of the FCA Environmental, Social and Governance sourcebook.

Stuart Kedwell, CFA
Global Chief Investment Officer, RBC Global Asset Management

I, Stuart Kedwell, Global Chief Investment Officer, hereby confirm on behalf of BlueBay Asset Management LLP that the disclosures in this RBC GAM Climate Report 2025 comply with the requirements under Chapter 2 of the FCA Environmental, Social and Governance sourcebook.

Stuart Kedwell, CFA
Global Chief Investment Officer, RBC Global Asset Management

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