RBC Wealth Management

2024 Climate Report

RBC Europe Limited: Wealth Management

About this report

Scope

Since 4 November 2024, the wealth management business activities of Royal Bank of Canada in Europe have operated through two platforms in the UK and Channel Islands: RBC Brewin Dolphin and RBC Private Wealth under the single entity RBC Europe Limited (RBCEL). For the purpose of this report these platforms and related activities are referred to as RBC Europe Limited wealth management (RBCELWM).

This report relates to the wealth management activities carried out in the UK by RBC Brewin Dolphin (which, as detailed further below, resided within the legal entity Brewin Dolphin Limited (BDL) until 4 November 2024) for the period 1 January – 31 December 2024 and, additionally, to the activities in RBC Private Wealth for the period 4 November – 31 December 2024.

Further to the purchase of the Brewin Dolphin group by RBC which was completed in September 2022, BDL transferred, with effect from 4 November 2024, its UK client-facing staff, clients, client money and assets and licenced activities, to RBCEL; and its UK supporting operations and functional staff to RBC's London Branch.

Also, with effect from 4 November 2024, BDL completed the transfer of its Jersey Branch client-facing staff, clients, and client money and assets, to RBC (Channel Islands) Limited. As a result of these transfers, BDL no longer conducts any regulated activity in the UK or Jersey.

This report is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is published to comply with the regulatory requirements of the UK Financial Conduct Authority (FCA) Environmental, Social, and Governance Sourcebook (ESG Sourcebook). This is the second report published in respect of RBC Brewin Dolphin's activities for the past calendar year, and the first to relate to RBC Private Wealth for the period since 4 November 2024. We continue to take steps towards integrating our processes across RBC Brewin Dolphin and RBC Private Wealth. The appendix contains further details of operational activities specific to RBC Private Wealth where they remain different from those of RBC Brewin Dolphin.

This report only covers the wealth management activities of RBCEL (referred to as we, us and our), unless otherwise noted. This report is a UK requirement under the FCA's ESG Sourcebook, and limited to UK activities only.

Reporting period

All data and examples in this report reflect activities undertaken during the 2024 calendar year (January 1, 2024 – December 31, 2024) unless otherwise noted.

Currency and measurement

All amounts in this document are in British Pounds Sterling (£) unless otherwise noted. In some cases, values may not add up to totals due to rounding.

Contents

A note from the Chief Executive

For RBC's Wealth Management activities in the UK, managing climate-related risks is rooted in our approach to responsible investment. We believe the generation of long-term investment returns is underpinned by a proactive consideration of environmental, social, and governance (ESG) factors, including climate-related risks. This belief drives our approach to stewardship and aligns with our fiduciary duty to clients.

We are proud of our responsible investment track record, and we endeavour to make greater progress. As a business, we are expanding the climate knowledge of our investment and stewardship teams and enhancing our climate data and analysis. This enables us to improve the quality of our responsible investment approach and make more informed decisions that help our clients protect and shape their financial futures.

We know many of our clients want to understand how their investments may be affected by climate-related risks, and what impact their investments have on climate change. We believe that transparency and accountability are important to achieving this goal. This is the purpose of the report, to detail our approach to managing climate-related risks and opportunities. It outlines our governance, strategy, and risk management approaches, and the metrics and targets we use to measure impact.

We hope you find it of value.

Robin Beer
Chief Executive Officer, RBC Wealth Management (Europe)

Compliance Statement: This report has been reviewed and approved by RBC Wealth Management Europe's Head of Investments and who hereby confirms the disclosures in this 2024 Climate Report comply with the requirements under Chapter 2 of the FCA Environmental, Social and Governance sourcebook.

The aim and scope of this report

This report aims to give our clients and other stakeholders an understanding of the exposure of our UK wealth management activities as described below and of our clients' investments to climate-related risks, the identification of climate-related opportunities arising from the transition[1] to a low-carbon economy, and our governance, strategic resilience, and risk management approach to these risks and opportunities.

This report is in response to the TCFD recommendations, which sets out guidelines for identifying, reporting, and monitoring material climate-related risks and opportunities.

This report relates to the wealth management activities carried out in the UK by RBC Brewin Dolphin (which, as detailed in the 'About this report' section above, resided within the legal entity BDL until 4 November 2024) for the period 1 January – 31 December 2024 and, additionally, to the activities of RBC Private Wealth for the period 4 November – 31 December 2024.

For details of the integration of RBC Brewin Dolphin and RBC Private Wealth please refer to the 'About this report' section above.

(1) Transition – refers to the economic, energy, technological, and societal transformation that is required to achieve the significant GHG emissions reductions necessary for a low-carbon or net-zero world. This will impact all sectors, and is highly dependent on substantial GHG emissions reductions in high-emitting sectors.

Our approach to responsible investment[2]

Our responsible investment approach is based on the two pillars of ESG integration and Stewardship:

ESG integration

We define ESG integration as the practice of including ESG factors in investment analysis to help better manage risks and improve returns.

We believe that companies that manage ESG risks and opportunities well are more likely to make attractive long-term investments. Many of our clients own a combination of third-party funds and direct equities; hence, our team of analysts consider ESG factors when evaluating individual companies as well as when assessing and monitoring fund managers. For more details, please refer to section 3.2 Management of climate-related risks.

Stewardship

We believe active engagement is important to being a responsible owner, particularly when linked to material issues that might affect the long-term value of our clients' holdings. We are committed to being a good steward of our clients' investments, and to help enhance and protect their long-term value. We report on our stewardship activities annually. In September 2024, RBC Brewin Dolphin[3] was accepted for the fourth year in a row as signatory to the UK Stewardship Code 2020, which sets high stewardship standards for those investing money on behalf of UK savers and pensioners.

As active owners, we undertake thoughtful engagement and voting to strive for better financial outcomes for clients. We believe collaborating with other aligned investors is a meaningful way of influencing companies, regulators, and policymakers on priority issues. We are involved in a number of collaborative engagement initiatives; we are members of Climate Action 100+, Nature Action 100, the Investor Forum, and use the Columbia Threadneedle reo® service as our specialist engagement provider.

Our overall investment approach

We offer two types of investment solutions – bespoke and model-based. We provide bespoke portfolio solutions to clients through our Investment Managers across our branch network of over 30 offices. In addition, we have a centralised investment solutions team, which manages model portfolio solutions for our Investment Managers and for external financial advisors.

Our investment selection process is informed by our in-house research team, which undertakes independent research across direct equities and funds, and maintains recommended buy lists. For bespoke portfolio solutions, our Investment Managers have discretion over the investment selection process for each of their clients, which may include investments not on our recommended buy lists.

Our investment approach for bespoke portfolio solutions does not involve sector exclusions or screening unless they form part of the client-directed mandate. We offer two model portfolio solutions that seek to exclude investments in pre-defined sectors[4].

(2) This section describes the RBC Brewin Dolphin approach, which accounts for over 95% of Assets Under Management in scope of this disclosure. The appendix contains a supplement indicating where RBC Private Wealth processes differs; (3) RBC Brewin Dolphin is a trading name of RBCEL; (4) These solutions invest in funds that seek to exclude companies involved in tobacco, controversial weapons, thermal coal, gambling, and adult entertainment. Involvement is defined as greater than 10% of sales/revenue. For more details see here. AUM in these solutions is as follows: Sustainable Managed Portfolio Service (£112.6mm) and Responsible Progress (£45.7mm).

Our approach to climate change[5]

We recognise the importance of the global goal of achieving net-zero greenhouse gas (GHG) emissions by 2050 to help mitigate climate-related risks.[6] We consider material[7] climate-related risks and opportunities in our ESG integration and stewardship processes for investments covered by our research process[8].

Our beliefs

- Climate change is a systemic risk that impacts issuers and the economies, markets, and societies in which they operate.
- Integration of material ESG factors, where applicable and inclusive of climate change, can enhance long-term financial performance.
- Stewardship can be an effective way for investors to help promote climate-related improvements, including efforts to reduce emissions, while also meeting our fiduciary duty to clients. We believe that collaborating with other aligned investors is a powerful way of influencing companies, regulators and policy makers on priority issues.

Our responsible investment commitments

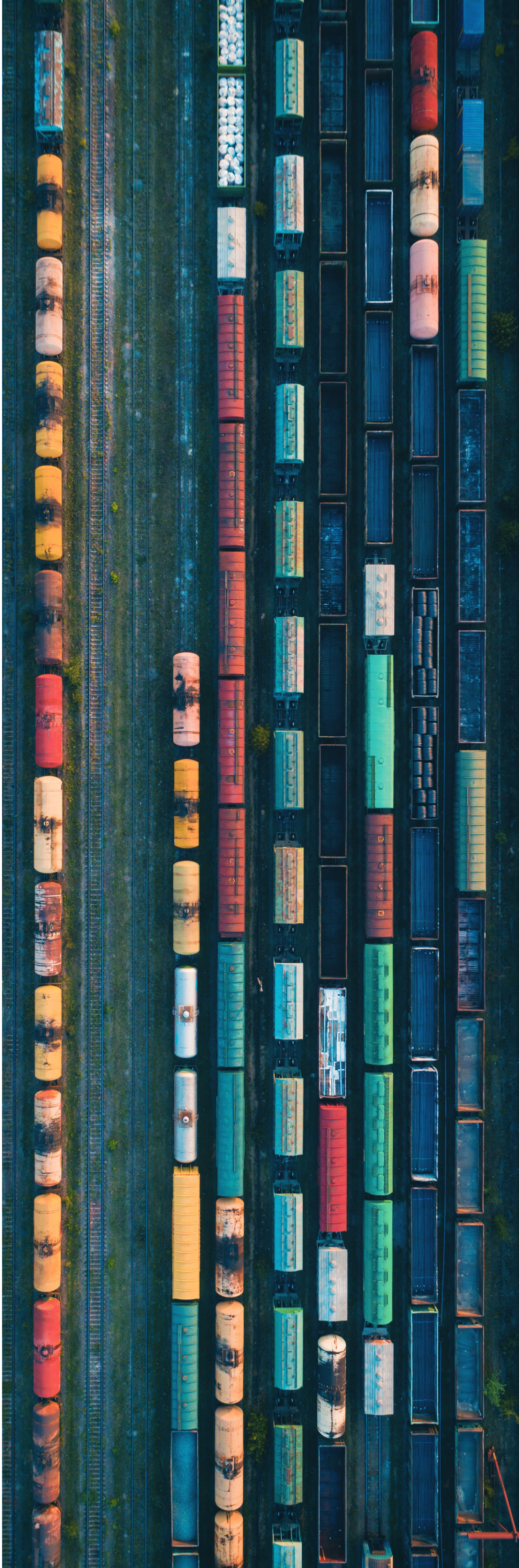
While we do not have a formal transition plan for our asset management activities, we are taking actions to help manage climate-related risks and opportunities, as discussed below. We continue to monitor developments in transition planning standards and regulatory expectations. Our current commitments include:

- Integrating material climate related factors into our recommended buy lists, where applicable, as part of our investment decision process[9].
- Analysing issuer and fund-level climate-related risks and opportunities for investments included on our recommended buy lists, where these are material.
- Using stewardship to help promote greater awareness and management of material climate-related risks and opportunities, where applicable.
- Providing transparent entity-level disclosures on climate-related risks and opportunities, in line with evolving data availability and reporting standards.
- Our properties are in scope of RBC's strategic priority to integrate climate considerations into business and operations, and we aim to support this, where relevant[10].

(5) This section describes the RBC Brewin Dolphin approach, which accounts for over 95% of AUM in scope of this disclosure. The appendix contains a supplement indicating where RBC Private Wealth processes differs; (6) This goal refers to the Paris Agreement and the associated global goal of holding temperature rise to "well-below 2ºC", and preferably to no more than 1.5ºC by the end of the century. According to the Intergovernmental Panel on Climate Change (2019), to meet this goal, greenhouse gas (GHG) emissions must decline by approximately 45% by 2030, relative to 2010 levels, and reach net-zero emissions by 2050 or sooner. Net-zero emissions refers to achieving a balance between the GHG emissions produced, and those removed from the atmosphere; (7) Investment risks related to climate change are complex and may vary by market, region, asset class, and instrument type. Among ESG factors, our investment teams prioritise those ESG factors, including climate-related factors, that are material to investment decisions and may pose risks or opportunities, for applicable types of investments. Risks are deemed material to investments if they have the potential to impact financial performance. Factors may depend on the sector and industry of a corporate issuer, or for sovereign issuers, on the economic, social, and political environment, as well as the availability of and dependence on natural resources, among other factors; (8) In this document, references to investments covered by our research process refers to direct equities and funds covered by our central research team. The central research team does not cover all assets held in RBCEL's nominee. In addition, ESG factors are not integrated for all asset classes or security types. For example, certain passive, currency, or derivative instruments. In most of these instances, there is no engagement with issuers by RBCELWM; (9) Applicable investments include direct equities and fund research; (10) RBC's climate strategy applies to all of its business segments and subsidiaries but does not apply to the investment advisory activities and recommendations of as well as the assets under management or administration by RBC Global Asset Management (RBC GAM) and RBC Wealth Management (RBC WM). For more information on this exclusion and on the blueprint, please refer to https://www.rbc.com/community-sustainability/_assets-custom/pdf/RBC-Climate-Blueprint.pdf; (11) In this report, references to carbon emissions refers to CO2 equivalents (CO2 eq.) which is inclusive of all GHG emissions.

Our actions:

- We use a broad range of climate data and other inputs to integrate material climate factors into our central research process for applicable types of investments.
- We measure, monitor, and disclose the carbon emissions[11] of our assets under management in this report.
- Where appropriate, we share our views on climate-related risks and opportunities with issuers through proxy voting and direct and indirect engagement.
- We use the Transition Pathway Initiative (TPI) data set to assess our indirect exposure to high-emitting companies that are not adapting their strategies to align with international climate goals. We use this assessment to signal to our third-party fund managers the importance of considering climate-related risks and opportunities.
- We disclose our proxy voting records and highlight important votes and engagements via our Quarterly Stewardship Updates and Annual Stewardship Report.
- We are a member of Climate Action 100+ and Nature Action 100.
- We work closely with Columbia Threadneedle reo®, a collective engagement service that engages with issuers on our behalf on a range of systemic issues, including climate change.
- We are aiming at reducing emissions in our operations and supply chain, as part of a broader RBC strategy.



Climate change and nature-related risks

Nature-related risks, including those stemming from biodiversity loss, have historically been discussed separately from climate change. The United Nations Framework Convention on Climate Change (UNFCCC) focused on global warming, while the Convention on Biological Diversity (CBD) considered nature and biodiversity loss. There is growing recognition of the interconnections between climate change and biodiversity, and the potential materiality of nature-related risks to investments.

Climate change is a direct driver of biodiversity and nature loss. As temperatures rise, an increasing portion of species are at risk of extinction. The Intergovernmental Panel on Climate Change (IPCC) estimates that up to 14% of species in terrestrial ecosystems will likely face a risk of extinction, even if current efforts to mitigate climate change are successful. This figure increases to 29% if average global temperatures rise by 3°C from pre-industrial levels by 2100 and up to 39% if they rise by 4°C by 2100.

Nature and biodiversity loss exacerbate the negative effects of climate change. This is because healthy and biodiverse ecosystems play an important role in absorbing emissions and heat, thereby helping to mitigate climate change, as well as improving the Earth's ability to adapt to and be resilient to natural disasters.

Due to nature's positive contribution to climate mitigation and its role in climate adaptation, there is growing interest from governments and the financial community in investing in nature-based solutions, which are activities that aim to protect and restore natural ecosystems. Climate adaptation and nature-based solutions were important themes at the Conference of the Parties (COP)29 climate conference in Baku and the COP16 biodiversity conference held in Cali. To drive consistent and useful disclosure, in 2023, the Taskforce for Nature-related Financial Disclosures (TNFD) published a risk management and disclosure framework for defining and reporting nature-related risks and opportunities.

Key definitions

Nature is defined as the natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment (Diaz et al, 2015)[12]. It is made up of four realms – land, oceans, freshwater and atmosphere (TNFD, 2022).

Biodiversity is defined as the variability among living organisms from all sources, including terrestrial, marine, and other aquatic ecosystems. This includes diversity of species and ecosystems (CBD, 1992)[13].

Our perspective on nature-related risks[14]

Research teams consider material ESG factors as part of their investment decisions for applicable types of investments. In 2024, we continued efforts to better understand how nature-related risks and opportunities relate to investments, with a focus on evaluating the materiality of nature-related risks across sectors, and on evaluating data and tools to assess issuer-level exposure to these risks.

Key concepts: Nature-related impacts and dependencies

The TNFD defines nature-related risks as potential threats posed to an organisation that are linked to their (and wider society's) dependencies on nature and impacts on nature. These can derive from physical, transition and systemic risks. There are also nature-related opportunities, which are activities that avoid, reduce, mitigate, or manage nature-related risks or that actively work to reverse the loss of nature, including through restoration, regeneration of nature, and implementation of nature-based solutions[15]. Identifying and measuring these risks and opportunities continues to be difficult due to challenges with data quality, availability, and comparability.

(12) As defined in the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES) Conceptual Framework; (13) https://www.cbd.int/doc/legal/cbd-en.pdf; (14) This paragraph describes the RBC Brewin Dolphin approach; (15) Understanding nature for market participants, TNFD Framework v0.3, Task Force for Nature-related Risks, Nov 2022.

Nature related dependencies consider the extent to which businesses depend on ecosystem services and assess the financial risk to a business if that ecosystem service declines. For example, organisations whose operations are highly dependent on water availability may face transition and physical risks, which can cause increased costs and/or reduced operations.

Nature-related impacts consider the links between nature and an entity's operations, and assess how that relationship may result in direct and indirect risks in the form of regulatory, legal, reputational, and market risks. Organisations that have a significant impact on nature, for example, through emissions or waste, could face liability risks through fines, litigation, or restrictive regulation.

Nature-related stewardship activities[16]

Aligned with our views on collaborative engagement, RBC Brewin Dolphin is an investor participant of Nature Action 100, a global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss.

For data and more information on our exposure to nature-related impacts and dependencies, please see the nature-related metrics section.

Nature is an emerging area of focus for our investment teams, and we are still evolving our approach in this area based on expected regulatory developments.

(16) This sub-section describes the RBC Brewin Dolphin approach.

What are TCFD recommendations

Operating under a mandate from the G20, the TCFD was launched in 2015 by the Financial Stability Board (FSB). Its remit was to develop recommendations for “consistent, comparable, reliable, clear, and efficient climate-related disclosures by companies”, which “would enable investors, lenders, insurers, and other stakeholders to better understand the concentrations of carbon-related assets in the financial sector, and the financial system’s exposures to climate-related risks.”

The TCFD framework is comprised of four disclosure themes, underpinned by 11 disclosure recommendations.

Figure 1: TCFD disclosures and recommendations

1 Governance	2 Strategy	3 Risk Management	4 Metrics and targets
Describe the Board’s oversight of climate-related risks and opportunities	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning where such information is material	Disclose how the organisation identifies, assesses, and manages climate-related risks and how these are integrated into the organisation’s overall risk management	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material
Recommendations	**Recommendations**	**Recommendations**	**Recommendations**
a) Describe the board’s oversight of climate-related risks and opportunities. b) Describe management’s role in assessing and managing climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. b) Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning. c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	a) Describe the organisation’s processes for identifying and assessing climate-related risks. b) Describe the organisation’s processes for managing climate-related risks. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

1
Governance

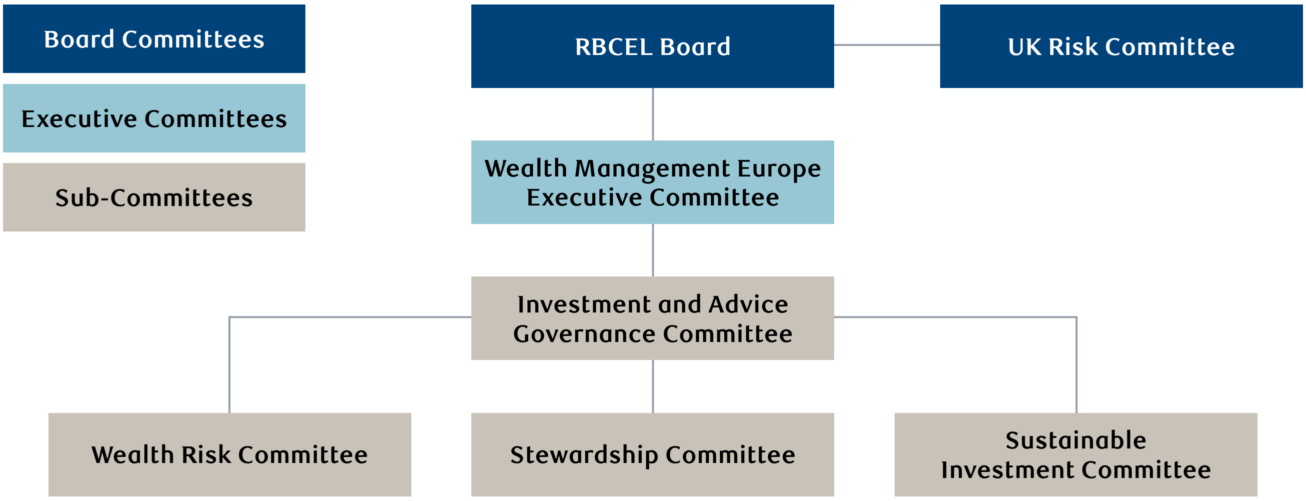
Disclose the organisation's governance around climate-related risks and opportunities.

1.1 Board oversight

Recommendation 1: Describe the board's oversight of climate-related risks and opportunities.

The RBCEL Board oversees the overall performance of RBCEL, which includes strategic priorities related to responsible investment. The Board may consider climate-related issues as part of strategic, financial, or other business decision-making. The RBCEL Board has overall responsibility for risk oversight and identification of principal risks, which include climate-related risks.

Figure 2: RBCEL's governance oversight of climate change



1.2 Management's role

Recommendation 2: Describe management's role in assessing and managing climate-related risks and opportunities.

Responsible investment, which includes considering climate-related risks and opportunities, is a priority for RBCELWM. The Sustainable Investment Committee oversees RBCELWM's responsible investment offering. The Stewardship Committee oversees RBCELWM's stewardship approach, stewardship activities, and stewardship reporting.

Our Responsible Investment Statement outlines the RBC Brewin Dolphin approach to responsible investment within our investment philosophy[17]. It demonstrates our wider responsible investment agenda. The statement is reviewed by the Sustainable Investment Committee and the Investment and Advice Governance Committee.

The Head of Investments chairs the Sustainable Investment Committee and reports quarterly to the Investment and Advice Governance Committee on updates related to responsible investment, including climate change. The Head of Investments also updates the Wealth Management Europe Executive Committee (WMEEC), which is chaired by the CEO of RBC Wealth Management (Europe). The CEO reviews and reports annually to the RBCEL Board on all strategic priorities, which may include responsible investment.

The role and purpose of the WMEEC is to provide business and functional support for the oversight of RBC's wealth management business in the United Kingdom, Ireland, and Jersey. This helps to ensure that the business is aligned with the strategic objectives and enterprise risk appetite approved by the Board of RBC. The WMEEC acts as a key executive escalation and oversight forum for the Wealth Management Europe (WME) business operating through RBCEL, and provides advice, counsel, and recommendations to the RBCEL Board Committee.

The Wealth Risk Committee is responsible for exercising Wealth Risk governance in relation to RBCEL. The Wealth Risk Committee operates under delegated authority from the Investment and Governance Committee.

In addition, an ESG business update is presented to the RBCEL Board by the Managing Director, Head of ESG Europe quarterly which may include climate-related risks and opportunities.

(17) The Responsible Investment Statement is approved by the Sustainable Investment Committee.

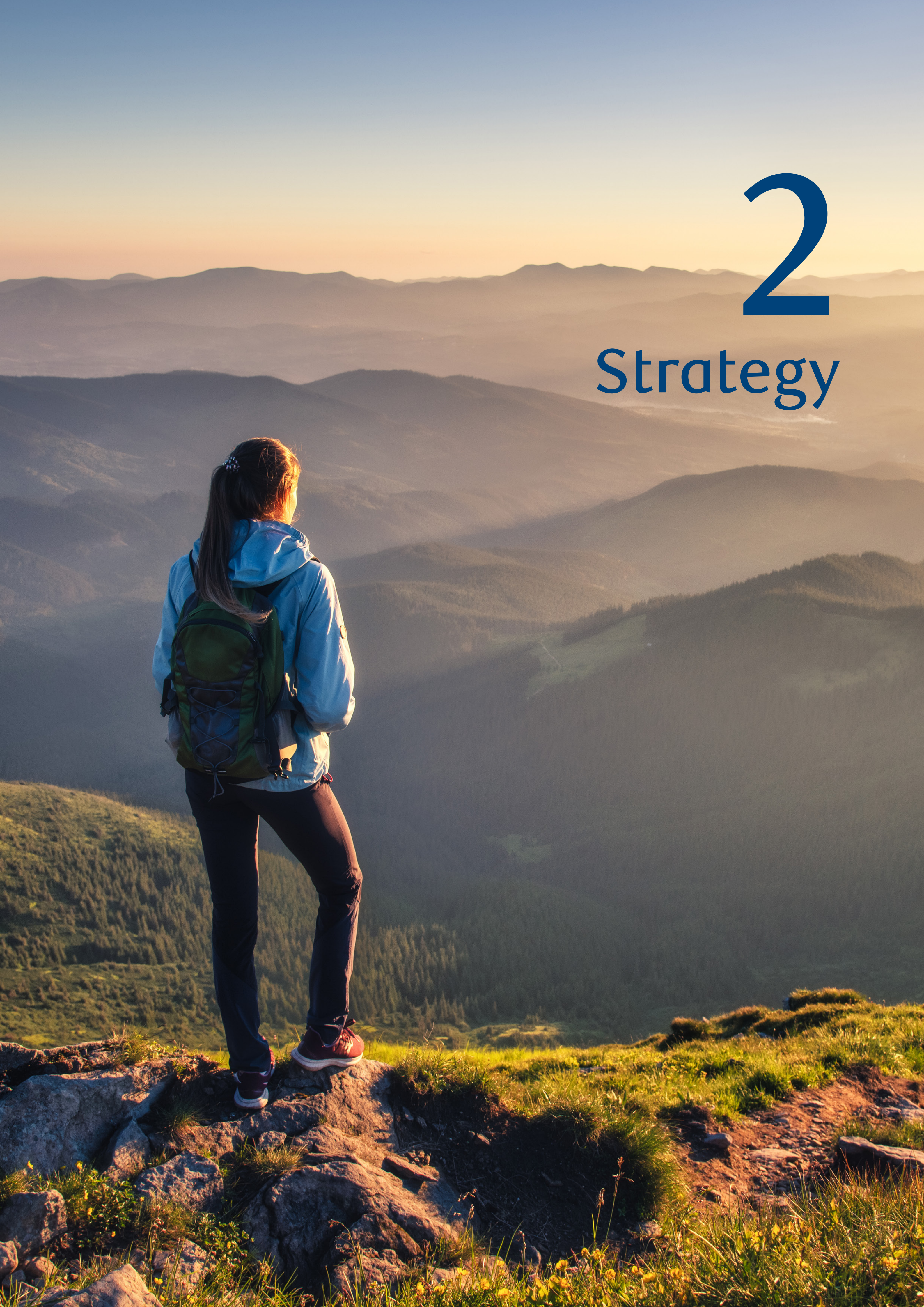
Executive management oversight responsibilities related to climate-related risks and opportunities include the following:

- The Chief Executive Officer (CEO) of RBC Wealth Management Europe oversees the performance of the wealth management business within RBCEL. The Head of Investments and the Chief Operating Officer (COO) of Wealth Management Europe report to the CEO of RBC Wealth Management Europe.
- The Head of Investments oversees the wealth management related investment strategies, policies, and performance across RBCEL, with the Head of Research and Chief Strategist reporting into this function. The Head of Investments is also responsible for all wealth management related responsible investment and stewardship activities across RBCEL, including the effective implementation of these strategies.
- The COO of RBC Wealth Management Europe oversees wealth management related operations and technology, including associated strategies, policies, risks, and initiatives across RBCEL.

Teams with dedicated roles and responsibilities related to climate-related risks and opportunities include the following:

- The research team considers ESG factors, including climate change, when evaluating individual companies. The team believes that companies that manage ESG risks and opportunities well are more likely to make attractive long-term investments.
- When assessing third party managers, the research team analyses how ESG factors, including climate, are considered in the investment decision-making, and monitors the ongoing implementation of ESG integration and stewardship policies.
- The stewardship team sets priorities and leads our engagement and voting work. As stewards of our clients' investments, the team focuses on active ownership to ensure better financial outcomes for clients. We aim to engage companies and other organisations of influence to create long-term value, leading to sustainable benefits for the economy, the environment, and society.
- The Central Investment Solutions and Investment Strategy teams manage RBC Brewin Dolphin's central investment solutions and RBC Brewin Dolphin's overall investment strategy. They consider ESG factors, including climate change, when making investment decisions.

2 Strategy



Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

2.1 Description of climate-related risks and opportunities

Recommendation 3: Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

Introduction

RBCELWM has identified several climate-related risks and opportunities that are relevant to the investments we manage and operational activities.

From an investment perspective, we believe we will best meet current and future client needs by engaging with the companies and funds we invest in. We have a responsible investment approach underpinned by a commitment to consider environmental, social, and governance factors in investment decisions. We have a spectrum of different approaches designed to meet the varying needs of clients. For certain products, we use carbon intensity metrics to measure portfolio exposure to carbon-intensive investments and to assess carbon risk.

Definitions and Context

Climate risk includes risks related to the process of adjustment towards a low-carbon economy. These risks can emerge from current or future government policies, legislation, regulation to limit carbon emissions, as well as technological advancements, changes in market and customer sentiment towards a low-carbon economy (transition risk), risks from the increasing severity and frequency of climate-related extremes and events (i.e., acute physical risks), longer-term gradual shifts of the climate (i.e., chronic physical risks), and indirect effects of climate change such as public health implications (e.g., morbidity and mortality impacts as physical risks).

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.

Both we and our clients may be exposed to climate-related transition risk, including emerging regulatory and legal requirements, changing business and consumer sentiment towards products and services, technological developments, and changes in stakeholder expectations. Additionally, we and our clients may be vulnerable to climate-related physical risk through disruptions to operations and services.

The 2015 Paris Agreement agreed on a collective ambition to limit the global temperature increase to well below 2 degrees Celsius, while pursuing efforts to limit the increase to 1.5 degrees compared to pre-industrial levels. However, climate-related risks and opportunities may manifest in different ways and over different time horizons depending on whether the world succeeds in reaching this goal and by which pathway that goal is achieved. We use a range of different scenarios, which use different assumptions on policy coordination and technology development and to assess climate value at risk. (See Figure 8).

Figure 3: Description of climate-related risks and opportunities[18]

Climate-related risks	
Transition risks	
Policy and legal	Policies aimed at constraining activities that contribute to climate change. Increased exposure to legal claims, such as failure to mitigate impacts of climate change or insufficient disclosure of material financial risks.
Technology	Technology improvements and initiatives that support the transition to a low carbon, energy-efficient economy.
Markets	Ways in which markets can be affected by climate change, such as shifts in consumer preferences.
Reputation	Changing stakeholder perception and expectations related to climate change.
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.
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.
Climate-related opportunities	
Resource efficiency	Reducing operating costs from decreasing energy consumption or shifting to more energy-efficient resources or practices.
Energy source	Transitioning to no or low emission sources of energy.
Products and services	Developing new low emission products to capitalise on consumer preferences.
Markets	New market and investment opportunities arising from transitioning to a low carbon economy.
Resilience	Increasing organisation resilience as a result of improved efficiencies or climate-related adaptation measures.

(18) Adapted from Recommendations of the Task force on Climate-Related Financial Disclosures, and Implementation Guidance, October 2021.

2.2 Impact of climate-related risks and opportunities

Recommendation 4: Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

The following time horizons are used to give guidance on RBCELWM's assessment of when material risks and opportunities may be realised. Please note that this relates to our strategic time horizon for climate-related risks and opportunities. Our investment-focused time horizon varies on a client-by-client basis but is broadly aligned with these bands.

Figure 4: RBCELWM investment time horizon

Time horizon	From (years)	To (years)
Short-term	0	5
Medium-term	5	10
Long-term	10+	

Investment risks and opportunities

We define investment risks and opportunities as those related to all activities that fall within the investment lifecycle. This includes investment operations, research, execution, and impact on client assets. Figure 5 below shows RBCELWM's climate-related investment risks.

Risks from investments[19]

Figure 5: RBCELWM climate-related investment risks

Risk	Description	Timeframe	Impact	RBCELWM approach
Physical: Acute and chronic	Physical risk to investments that are event-driven, including increased severity of extreme weather events, and longer-term change in climate patters, including sustained higher temperatures	Short, medium, and long term, depending on geography and industry	Increased costs for RBCELWM to monitor; lower value of clients' investments	We will continue to develop how we assess physical risks, monitor policy & regulation development and technological advancement linked to climate change as part of our centralised research process.
Transition: Policy and legal	Changes to policies and regulation that impact the value of client holdings	Depends on industry of investment; e.g., oil and gas – short term	Increased costs for RBCELWM to monitor; lower value of clients' investments	
Transition: Technology	Inability to keep abreast with technological advancements when managing climate-related investments	Depends on industry of investment; - e.g., oil and gas – short term	Increased costs for RBCELWM to monitor; lower value of clients' investments	
Transition: Reputation	The perception that we are not appropriately responding to climate challenges arising from the complexities of assessing climate risks in our investments	Short to medium term	If the risk is not appropriately managed, it could result in damage to our reputation, size of our client base and revenue; client complaints; regulatory action; and potential monetary payments	Governance and oversight measures are in place to help ensure that we design and market appropriate environmentally sustainable investment propositions. We will continue to engage with third-party fund managers to assess our indirect exposure to high-emitting companies not adapting their strategies to align with international climate goals, as assessed by the transition pathway initiative (TPI). This gives us insight into how committed our fund managers are to reducing global emissions, which is demonstrated through their knowledge and stewardship work, for example how they have voted on climate resolutions.
Transition: Technology	Missing or incorrect data held in our core systems impacting how we action our climate change commitments and adhere to the carbon requirements in client investment portfolios	Short term	As above	We will undertake ongoing assessment and monitoring of climate data integrity in our core systems.
Transition: Markets	Climate change driving consumer preferences, leading to appetite for propositions that we do not offer	Short, medium, and long term	If client preferences (e.g., net zero-aligned portfolios, voting transparency) are not met, this could lead to client attrition	We capture client needs and build an appropriate investment strategy. We will evolve how we monitor and evaluate consumer preferences as part of our research process.

(19) This is not an exhaustive list and impacts shown are only examples.

Opportunities from investments[20]

Figure 6 below shows RBCELWM's climate-related investment opportunities.

Figure 6: RBCELWM's climate-related investment opportunities

Opportunity	Description	Timeframe	Impact	RBCELWM approach
Markets – New revenue channels	Expanding proposition to meet current and future client needs	Short term	Reduced risk of client attrition, greater net flow growth, increase in revenue – helping to ensure we stay relevant within the marketplace	Explore and develop new products and offerings to respond to a changing regulation/ investment universe, and to meet evolving need
Products and services – New investment opportunities arising from low carbon transition	Investing in new industries - e.g., low carbon cement	Short term	Helps ensure we stay relevant to clients and shareholders	Expanding our existing investment strategy and processes
Products and services – Influence stakeholders and regulators to drive policy change. Influence investees on climate change activities	Engaging on regulation, risks, and strategy	Short term	Make RBCELWM more attractive for existing and prospective clients – helping to ensure we stay relevant to clients and shareholders	Expanding existing stewardship and public affairs activities, oversight, and reporting

Operations risks and opportunities

We define the risks and opportunities from operations as those that relate to the operational emissions, operational risk, and resilience of RBCELWM.

Risks from Operations

For metrics related to operational emissions, please refer to section 4.3.

As described in the RBC Annual Report 2024[21], 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 business operations and could negatively impact RBC's financial results, reputation, client outcomes and/or result in harm to its employees. These operational events could result from the impact of severe weather, the 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 its 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 the organization and the related risks are regularly measured, monitored, reported, and integrated into its operational risk management and control framework.

Opportunities from operations

RBCELWM sees opportunities arising from integrating climate considerations into operations. This includes cost reduction by shifting to more energy-efficient resources or practices which can lead to reduced operating costs from decreasing energy consumption, reduced emissions from transitioning to renewable and non-emitting sources of energy, developing new market and investment opportunities arising from the transition to a low carbon economy, and an increase in organizational resilience due to improved efficiencies or climate-related adaption measures.

(20) This is not an exhaustive list and impacts shown are only examples; (21) See RBC Annual Report 2024, page 105.

2.3 Climate-related scenario analysis

Recommendation 5: Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

We consider climate scenario analysis to be an important tool for better understanding a range of possible future states. It can inform investment decision-making and strategy for enhancing return on investment and reducing our clients' risk exposure, while also creating opportunities.

Scenario analysis looks at plausible future pathways of social and economic development that will lead to different outcomes based on certain variables and assumptions. These variables and assumptions include greenhouse gas emissions production, cost and uptake of technology, population growth, economic growth, energy supply and demand, and government regulations.

Given the range of input variables and assumptions taken, it is important to remember that the scenarios are not forecasts. They are hypothetical pathways that illustrate plausible impacts under each scenario.

Resilience of investments to climate-related risks and opportunities

RBCELWM assesses transition impacts and physical risks and opportunities on portfolios for different climate scenarios. RBCELWM analysis considers the Climate Value at Risk (VaR) of transition and physical risk scenarios for 1.5°C, 2°C and 3°C temperature pathways. 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 Climate Value at Risk (VaR) to determine the potential change in the valuation of a security or portfolio due to climate change, which is expressed as a percentage[22]. Climate VaR is calculated by modelling the future costs and revenue for issuers due to policy risk, technology opportunities, and physical risks and opportunities. Financial modelling is then used to derive valuation impacts over time. Valuation impacts can be assessed at an aggregate level (Aggregated Climate VaR) or based on transition and physical risks and opportunities. (See Figure 8).

In 2024, RBCELWM conducted climate analysis on 58% (£22.2 billion) of our assets in scope of reporting[23], covering equity and corporate fixed income asset classes across geographies.

RBCELWM's climate scenario analysis uses transition scenarios recommended by the Network for Greening the Financial System (NGFS)[24]. The NGFS scenarios provide alternative views on long-term temperature targets, net-zero emissions targets, energy supply and demand, climate policy, and technology availability. The scenarios also vary in terms of whether the transition occurs in an orderly or disorderly manner. Orderly scenarios assume climate policies are introduced early and become gradually more stringent, whereas disorderly scenarios assume policies are introduced later and are less coordinated.

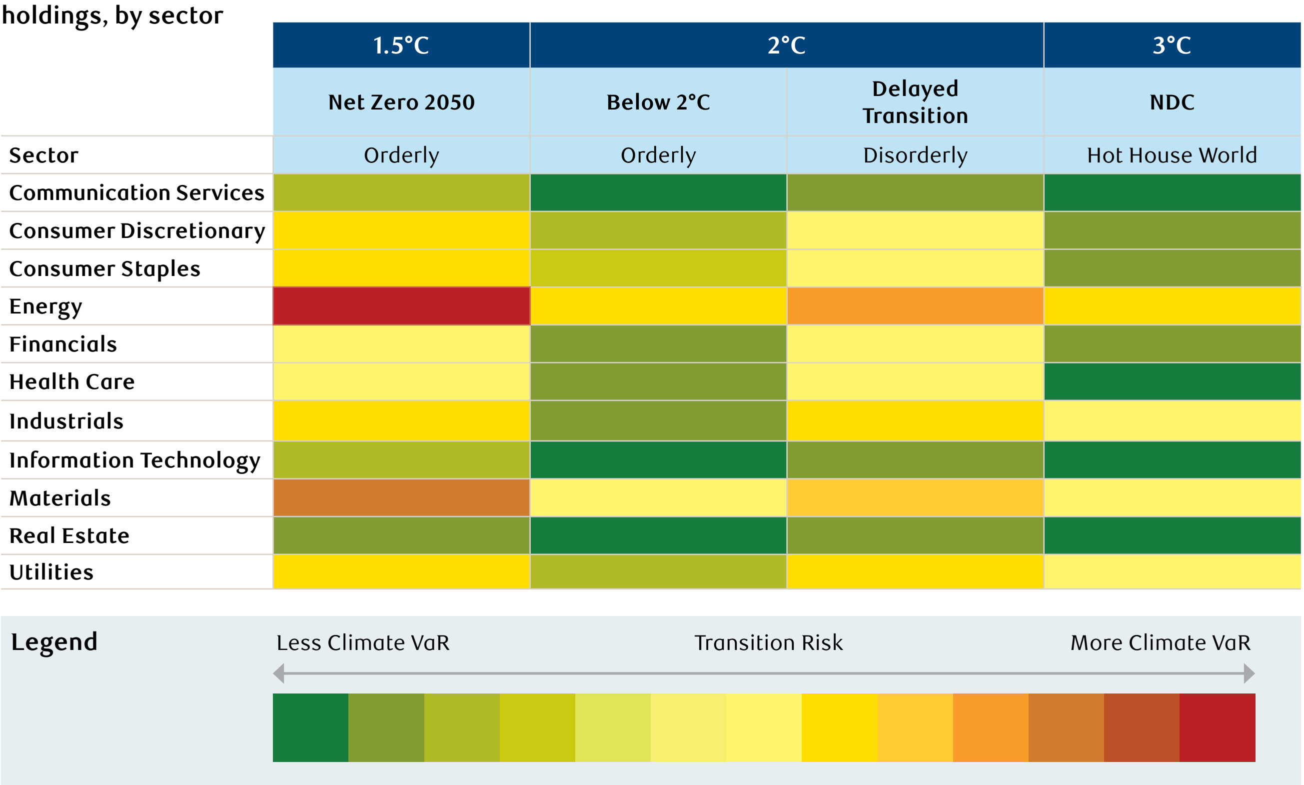
Figure 7 – Description of NGFS scenarios used for RBCELWM's Climate VaR analysis

Orderly	**Net Zero by 2050** limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO2 emissions around 2050. Some jurisdictions such as the US, EU, UK, Canada, Australia, and Japan reach net zero for all GHGs.
Orderly	**Below 2°C** gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C.
Disorderly	**Delayed Transition** assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. Negative emissions are limited.
Hot House World	**Nationally Determined Contributions** (NDCs) includes all pledged targets, even if not yet backed up by implemented effective policies.

RBCELWM measured the Climate VaR for hot house world, orderly, and disorderly transition scenarios. Our analysis suggests the Orderly Net Zero by 2050 scenario has the greatest impact on climate value at risk (VaR) for Assets under Management (AUM), with the energy sector contributing the most to transition risk.

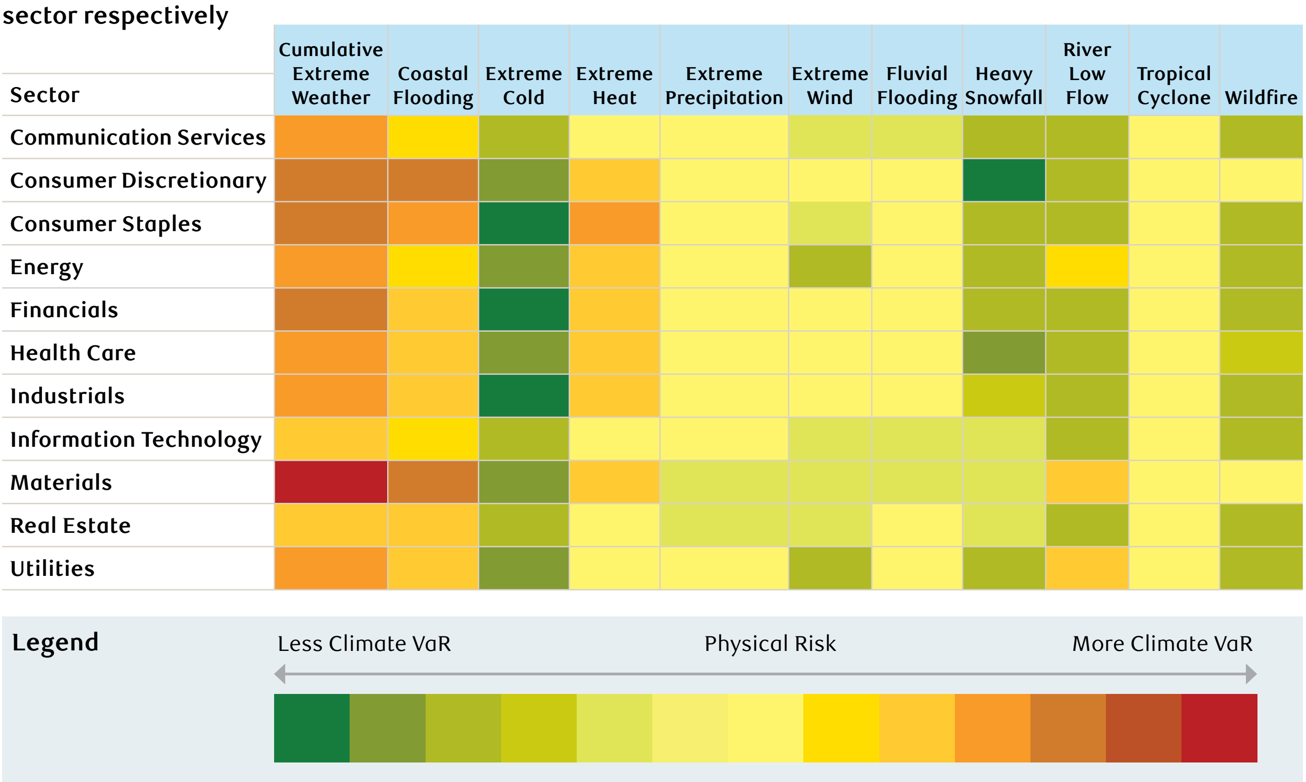
(22) Detailed methodology for calculating Climate VaR is available from MSCI®; (23) Asset in scope of reporting is £38.1bn. This is made up of corporate investments, which are equity and corporate fixed income (bonds). Climate scenario analysis was conducted on equities and corporate bonds assets only. This does not include sovereign fixed income assets. Our data coverage for scenario analysis is 59%. This is because close to 40% of RBC ELWM's AUM are funds, and there are limitations on fund-level data available from MSCI's platform; (24) https://www.ngfs.net/en. Guidance from 2024.

Figure 8: Climate Value at Risk for transition risks and opportunities, for listed equity and corporate bonds holdings, by sector



RBCELWM measured the Climate VaR for ten natural hazards, including coastal and fluvial flooding, extreme heat, tropical cyclones, and wildfire. The sectors most exposed to physical risks are materials, consumer discretionary and consumer staples. The natural hazards that pose the greatest risk across all sectors on valuations are coastal flooding and extreme heat.

Figure 9: Climate Value at Risk for physical risk scenario, for listed equity and corporate bonds holdings by sector respectively



3 Risk management

Disclose how the organisation identifies, assesses, and manages climate-related risks, and how these are integrated into the organisation's overall risk management.

3.1 Identification and assessment of climate-related risks

Recommendation 6: Describe the organisation's processes for identifying and assessing climate-related risks.

The investments we manage on behalf of clients are our primary source of climate-related risks and opportunities. The following section focuses on the processes we have implemented to identify and assess these risks and opportunities.

Determination of materiality of climate-related risks

Climate change is a systemic risk that has the potential to affect the global economy. It is also a cross-cutting risk that may impact and amplify other principal risk types, such as investment risk, market risk, and operational risk. The impacts of climate change on specific markets, regions, and investments are complex, varied, and uncertain.

Given this complexity, the determination of the materiality of climate-related risks and opportunities for different securities is left to individual analysts in the research team. Analysts specialise in asset classes and sectors allowing them to maintain a detailed knowledge of the key drivers. They are supported by both internal and external research, such as Sustainalytics.

Process for identifying and assessing climate-related risks

RBCELWM supports the identification and assessment of climate-related risks in our investment decisions by building climate knowledge and expertise across the business, applying climate data, and considering the latest regulatory requirements and guidance.

Climate knowledge and expertise

Building knowledge and expertise on climate-related risks and opportunities in the research team, and the wider RBCELWM Investment Manager network, is important to our approach. Levels of prior understanding can greatly vary on this topic, so we have created advisory groups, networks and regular content updates to build capacity and knowledge.

Climate data and technology

Our analysts use climate-related data to aide their assessments of climate-related risks and opportunities. This includes climate data that is directly reported by companies, data collected from external datasets (e.g., Transition Pathway Initiative (TPI) dataset) or third-party research. As climate metrics and methodologies expand and evolve, we are continually reviewing the providers we work with to help ensure the most up to date coverage.

With multiple investment offerings across different asset classes and investment vehicles, creating a central data pool of climate data at an issuer and portfolio level is a technological challenge. RBCELWM is working with the wider enterprise to expand data access and capabilities.

Consideration of existing and emerging regulatory requirements related to climate change

RBCELWM seeks to engage constructively on proposed emerging regulations related to environmental and/or social matters. We actively participate in several industry associations (e.g., the Investment Association (IA)), sometimes at board/committee level where appropriate (e.g., IA's Stewardship Committee). We believe that where interests are aligned, collaboration with like-minded investors can give us greater influence on issues specific to our investments and on broader, market-wide considerations.

3.2 Management of climate-related risks[25]

Recommendation 7: Describe the organisation's processes for managing climate-related risks.

RBC Brewin Dolphin manages climate-related risks and opportunities by:

- Integrating climate-related risks and opportunities into our investment processes, for applicable types of investments and some of our top holdings[26]
- Analysing issuer and fund-level climate risks and opportunities, for applicable investments covered by our research process[27]

(25) This section describes the RBC Brewin Dolphin approach, which accounts for over 95% of AUM in scope of this disclosure. The appendix contains a supplement indicating where RBC Private Wealth processes differs; (26) Applicable investments defined above as investments covered by our research process. This equates to 78% of discretionary AUM. This breaks down as direct company investments (16.3%), active funds (45.6%) and passive funds (15.8%); (27) Applicable investments defined above as investments covered by our research process.

- Using stewardship, including engagement and proxy voting, to encourage effective governance oversight and management of climate-related risks for investments covered by our research process
- Collaborating with industry peers and organisations to inform our approach and address key areas of opportunity or need

RBC Brewin Dolphin generally does not exclude any particular investment or industry based on climate-related factors alone. However, we offer specific strategies that apply exclusions, namely our Sustainable Managed Portfolio Service (SMPS) and our Responsible Progress portfolio[28]. We also work with private clients and charities to provide solutions that meet their needs, which may include specific climate-related exclusions. While divestment is an option that investment teams may consider, our preference is to engage with issuers on material climate-related risks.

ESG Integration

We believe that high-quality companies that manage ESG risks and opportunities well are more likely to make attractive long-term investments. We are a signatory to the United Nations-supported Principles for Responsible Investment (PRI) and have adopted its six principles as our guide to fully integrating ESG issues into our work. As a systemic issue, climate change is central to this process. Many of our clients own a combination of third-party funds and direct equities; hence, our team of analysts consider ESG factors – including climate change – when evaluating individual companies as well as when assessing and monitoring fund managers. This integration applies to investments covered by our central research process and recommended buy lists.

Direct equities

Our equity analysts look beyond 'traditional financial' factors, and via our integration process, they aim to incorporate material climate-related risks and opportunities into their research and recommendations in a documented and consistent way. Their proprietary work is supported by company climate data from our external providers. Climate considerations will vary according to the company in question, as well as its sector and location. We will consider the risks and opportunities deemed material in each circumstance.

Fund selection and monitoring

Within our research team, our analysts will examine the ESG integration and stewardship capabilities of each fund manager and its fund house as part of the recommendation and monitoring process. The process differs for active and passive funds.

Active Funds

Our ESG due diligence covers four broad sections: firm culture and commitment to responsible investing; ESG analysis integration in investment philosophy and process; active ownership; and reporting. This process applies to active fund types that we add to our buy list. The research team regularly monitors the funds we recommend, holding at least two meetings per year.

We have a separate socially responsible investing (SRI) list of third-party funds that aim to deliver attractive financial investment returns while contributing positively to global environmental and social challenges, such as climate change. Please refer to our responsible investment statement for more information.

Passive Funds

We meet with passive managers on an annual basis to specifically discuss their stewardship approach, which includes climate-related engagements and voting, and this information feeds into our fund selection process. Since stock selection is not part of an index tracking fund's process, ESG due diligence for passive funds is conducted at the asset manager level, and centres on firm culture, their stewardship activities and commitment to responsible investing. Meetings are held if issues are discovered or raised.

Stewardship

We are committed to being a good steward of our clients' investments, to help enhance and protect their long-term value. For investments covered by our research process, we monitor and engage with company management on priority material issues that impact the value of our clients' assets, which may include climate change. We convey our views on climate change through thoughtful proxy voting and engagement with issuers and funds for applicable investments.

Our approach to direct engagement

We believe active engagement is key to being a responsible owner, particularly when linked to material issues that might affect the long-term value of our clients' holdings, such as climate-related risks and opportunities. These could include concerns about the company's strategy, performance, governance, remuneration, or approach to risk, and severe controversies including those that may arise from social and environmental matters.

Given the nature of our business, many of the ultimate investment decisions are made by our community of Investment Managers and, in some cases, directly by their clients. We cannot meaningfully engage with every company in which we invest, and therefore prioritise our engagements, considering PRI guidance for different asset classes.

(28) AUM in these solutions is as follows: SMPS (£112.6mm) Responsible Progress (£45.7mm).

Direct engagement activity

Our engagement activity in 2024 has been broad in scope, covering a variety of asset classes and topics.

As part of our work on our stewardship priorities, we have developed a climate and nature watchlist. By analysing our directly held assets, we have prioritised engagement with the top 59% of financed emissions in 2024. This has taken the form of extensive research into each company's current situation and future goals, and the plan they have in place to get there. Our aim is that each company on our watchlist, and eventually all companies where climate is a material risk, will have a climate transition plan on their AGM agenda. Furthermore, we expect these plans to incorporate their approach to nature, on the understanding that nature and climate are clearly linked.

Our climate-related engagement program for our third-party funds centers on work from the Transition Pathway Initiative (TPI). Each year, we use the TPI dataset to assess our indirect exposure to high-emitting companies that are not adapting their strategies to align with international climate goals, and we conduct relevant engagements with fund managers that hold these companies. Additionally, our controversy tracking initiative enables our specialist fund research analysts to work with the managers of our buy-list funds to help ensure that companies we are indirectly exposed to are correctly monitored and engaged with where appropriate on issues including climate change.

Throughout 2024, we also held our annual meetings with 11 of our largest passive managers. These meetings covered topics such as stewardship resources, approach to engagement and voting, and specific issues identified by our controversy tracking process. Critically, climate was covered in all these meetings as one of the main agenda items. Through our discussions, we identified clear differences in the strength of stewardship processes in place and provided relevant feedback.

Further information on our engagement with investee companies and third-party fund managers can also be found in our Stewardship Report, along with examples of engagements held by our third-party fund managers.

Proxy voting policy

When we act as a discretionary investment manager, we are, in most cases, the 'legal owner' of the investments. Because of this, we have the right and responsibility to vote on behalf of our clients (the 'beneficial owners') in respect to their investments held via our nominee companies. In line with our engagement activity, we prioritise our voting activity according to the size of our holdings.

Where we (rather than our clients) vote, our research team considers all contentious proposals at each core holding individually and reviews the recommendation of our third-party proxy research service provider, ISS, based on its Sustainability Policy recommendations. We also receive its default recommendations to give us a full picture. Our research team's decision is final, and we do not necessarily follow ISS's advice or the investee company's management recommendation.

While we do not have set voting policies, we have put together guidelines on how we will approach certain proposals. Ultimately, the voting decision will be made by the analyst and, where necessary, the stewardship team based on all available information.

The guidelines followed by RBCELWM are outlined in our Stewardship Report.

Industry collaboration

We believe collaborating with other aligned investors is a powerful way of influencing companies, regulators, and policymakers on priority issues. We acknowledge the value of collective engagements, understanding that our influence is sometimes limited by our size. By joining forces with other investors with the same objectives, we can increase our chances of securing a positive outcome. These collaborations are with:

- Columbia Threadneedle reo® – as a service provider
- The Investor Forum – as a member
- Climate Action 100+ – as a member

For further information on these collaborations, please refer to our Stewardship Report.

3.3 Investment risk management and climate change[29]

Recommendation 8: Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

The RBC Brewin Dolphin research team has primary responsibility for identifying, assessing, and managing climate-related risks for applicable types of investments. The research team's work in this area is overseen by the Sustainable Investment Committee, which feeds into the wider governance structure as described in Section 1 of this report.

(29) This section describes the RBC Brewin Dolphin approach, which accounts for over 95% of AUM in scope of this disclosure. The appendix contains a supplement indicating where RBC Private Wealth processes differs..

4
Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

4.1 Climate-related metrics

Recommendation 9: Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

This is the first time that RBCELWM has reported on the carbon emissions of our assets under management. We follow the FCA guidance on the metrics we use. In this report, climate-related metrics are provided for 77% (£38.1 billion) of RBCELWM's total AUM, as of December 31, 2024.

Summary of key climate-related metrics[30]

The climate-related metrics and discussion provided in this section apply to 77% (£38.1 billion) of assets under management[31]. Assets that are not included in the scope of analysis are government bonds[32], cash and equivalents, derivatives, commodities, and private investments. These assets are excluded from this analysis primarily due to limitations in data availability, the absence of established applicable methodologies, and/or materiality to the overall AUM.

Due to the nature of our business, many of our clients own third-party funds. Fund-level metrics for third-party funds are sourced directly from MSCI or aggregated from look-through data. Certain metrics, such as the scenario analysis metrics and carbon intensity, are not available at a fund level through MSCI; therefore, the data coverage is lower for these metrics. We have sourced look-through data for our fund holdings[33] to improve coverage for these metrics. We aim to continue to increase the AUM for which we calculate look-through data, as much as technology and data limitations allow.

Coverage figures for funds reflect whether data is provided by MSCI or not, this data may be reported or estimated. To be conservative, we assume all fund-level data provided by MSCI is estimated.

To provide increased transparency and context, the data coverage percentage for each metric is provided. Consideration of the data coverage percentage should be taken alongside the value of all metrics.

(30) These metrics are used to assess assets under management and are not necessarily used in every individual investment decision. For more details on how we integrate ESG factors into investment decisions, refer to the 'Our approach to Responsible Investment' section above; (31) See Appendix 1 for scope of analysis. The research team does not cover all the securities in scope, nor are all the securities covered by the research team in scope for this report; (32) Some funds that we have not conducted look-through analysis on, but are in scope, may contain sovereign bonds. As part of MSCI's fund-level aggregated metrics, values for carbon emissions may be included for these sovereign bond holdings; (33) Look-through data sourced from Morningstar. Look-through data has been used for £16.3bn of our AUM in fund wrappers.

Table 1: Key climate-related metrics for RBCELWM assets in scope of analysis

<table>
<tr><th colspan="4">Equity, corporate bonds and funds</th></tr>
<tr><td>AUM in scope of analysis</td><td colspan="3">Climate metrics are calculated for 77% (GBP £38.1 billion) of RBCEL AUM</td></tr>
<tr><td>Data reporting period</td><td colspan="3">December 31, 2024</td></tr>
<tr><td>Calculation date</td><td colspan="3">All holdings and climate data is calculated as of December 31 2024</td></tr>
<tr><td>Data coverage</td><td colspan="3">Carbon emissions data is available for 86% (GBP £32.9 billion) of AUM included in the scope of analysis, comprising of 56% reported carbon emissions data and 30% is estimated data. The remaining 14% of in-scope AUM has no available emissions data. Reported and estimated carbon emissions data is from MSCI®.</td></tr>
<tr><th colspan="3">Key climate-related metrics</th><th>Data coverage (%)</th></tr>
<tr><td rowspan="4">Carbon emissions (Scope 1 and 2)</td><td>Financed emissions</td><td>1.4 Mt CO_2 eq.</td><td rowspan="3">86%</td></tr>
<tr><td>Weighted Average Carbon Intensity (WACI) by sales</td><td>85 tCO_2 eq./£m Sales</td></tr>
<tr><td>Emissions/£m invested (carbon footprint)</td><td>43 tCO_2 eq./£m invested</td></tr>
<tr><td>Carbon intensity</td><td>110 tCO_2 eq./£m Sales</td><td>60%</td></tr>
<tr><td rowspan="2">Investment in issuers with climate targets, % AUM</td><td>% AUM invested in issuers with verified or committed SBTi targets</td><td>45% (GBP £17.3 billion)</td><td rowspan="2">88%</td></tr>
<tr><td>% of AUM invested in issuers with a carbon emissions reduction target (SBTi and other)</td><td>70% (GBP £26.8 billion)</td></tr>
<tr><td rowspan="2">Temperature alignment</td><td>Implied Temperature Rise</td><td>2.2°C</td><td rowspan="2">89%</td></tr>
<tr><td>% of AUM aligned with an Implied Temperature Rise of below 2°C</td><td>41% (GBP £19.1 billion)</td></tr>
<tr><td rowspan="4">Aggregated Climate Value at Risk (VaR) (policy risk + transition opportunity + physical risks and opportunities)</td><td>Aggregated Climate VaR (Net Zero by 2050)</td><td>-6.73%</td><td rowspan="4">59%</td></tr>
<tr><td>Aggregated Climate VaR (Below 2°C)</td><td>-2.32%</td></tr>
<tr><td>Aggregated Climate VaR (Delayed Transition)</td><td>-3.80%</td></tr>
<tr><td>Aggregated Climate VaR (NDC)</td><td>-2.88%</td></tr>
</table>

In this section, holdings have been aggregated into portfolios based on asset type and issuer country of risk and compared to a representative comparator (comp)[34].

Table 2: Scope of analysis for climate-related metrics by asset class[35]

Portfolio (port.)	AUM		Representative Comparator (Comp.)
	GBP (billion)	% data coverage	
UK Equities	£8.4	93%	Vanguard FTSE UK All Share index Unit Trust
Overseas Equities	£25.4	88%	Vanguard FTSE Dvlpd World ex-UK Eq Index
Corporate Bonds	£3.5	64%	Vanguard Global Corporate Bond Index
Global Property	£0.8	71%	Amundi Index FTSE EPRA NAREIT
Total	**£38.1**	**86%**	

(34) In order to make the data more meaningful, we have included a comparator to our portfolios against similar external portfolios, using a comparable index fund; (35) Data values for the representative comparators are sourced from index funds tracking the specific indices listed above.

Carbon emissions analysis

Carbon emissions analysis provides a view on the relative exposure of portfolios, sectors, and issuers to climate-related transition risks such as policy, market, and technology risks. It also provides a view on the absolute and relative contribution of a portfolio, sector, or issuer to global emissions and, by extension, to climate change.

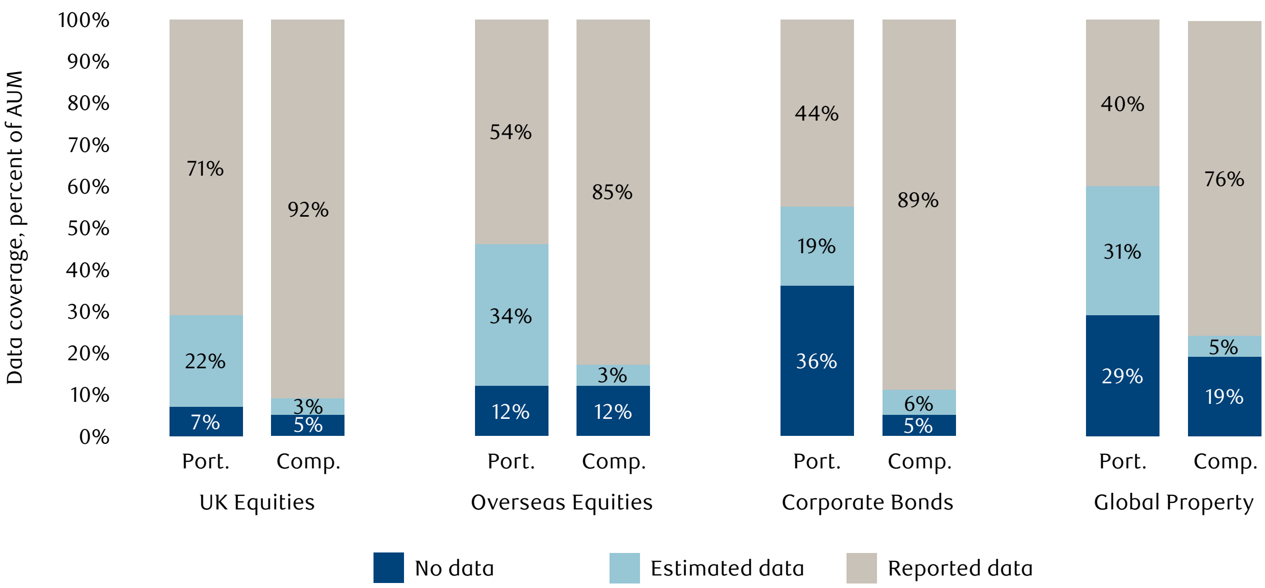
We believe that carbon emissions analysis is an important foundational element for assessing climate-related risks and opportunities and serves as an input to forward-looking analysis. Carbon emissions analysis is, however, a static and backwards-looking metric in that it provides a view on what an issuer's 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 capitalise upon opportunities.

Carbon emissions analysis in this report is inclusive of issuers' Scope 1 and 2 emissions. As there continue to be challenges in the quality and consistency of Scope 3 emissions estimation methodologies, and concerns regarding double-counting of emissions when aggregating emissions at a portfolio level, we do not include issuers' Scope 3 emissions in the carbon emissions analysis provided here. We continue to evaluate and assess data quality and availability to address this.

Carbon emissions data coverage tends to be higher for equities than for corporate bonds, which typically have a lower proportion of reported or estimated emissions data (see Figure 10).

Figure 10: Carbon emissions data coverage, by asset class

As at December 31, 2023



The WACI of a portfolio indicates how efficient it is at using carbon emissions to generate a unit of output (e.g., sales), and provides a view of the exposure to carbon intensive issuers for the related portfolio.

The WACI (by sales) of our equities is less than their representative comparator. Both UK and Overseas Equities portfolios, as of the calculation date, have a lower WACI (by sales), resulting from lower exposure to higher carbon-intensive issuers. For Corporate Bond portfolios, WACI (by sales) is also significantly lower than the comparator, again primarily due to lower exposure to higher carbon-intensive issuers. Note: there is lower data coverage in our corporate bond holdings compared to the comparator (see Figure 11 and Table 3).

Figure 11: Weighted Average Carbon Intensity (WACI), by sales (inclusive of scope 1 and 2 emissions) by asset class

As at December 31, 2024

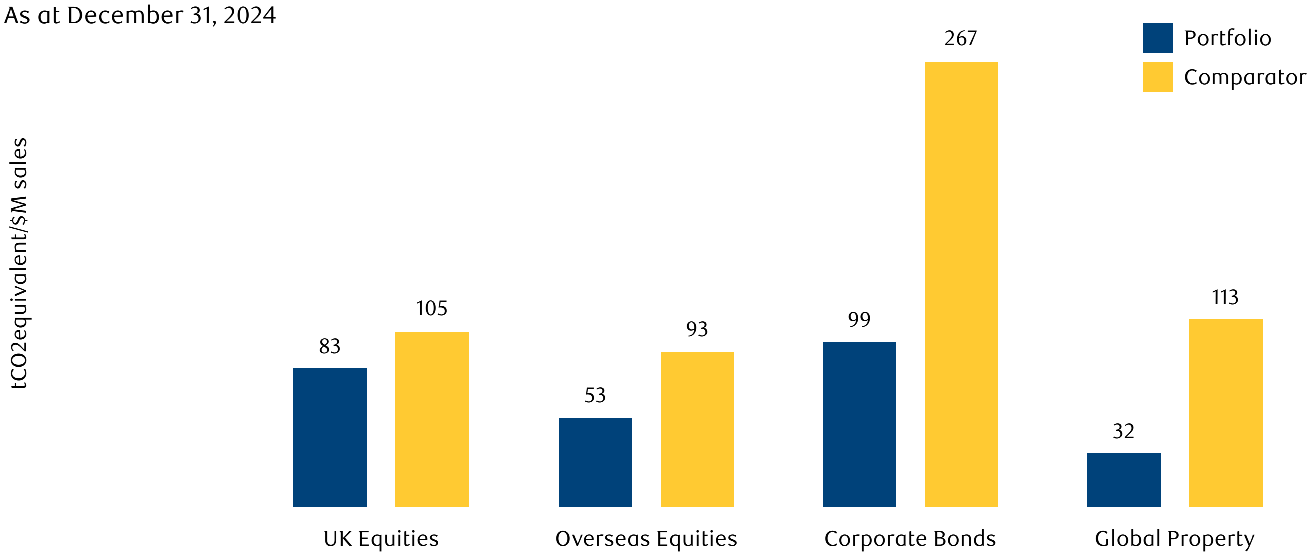


Table 3: Carbon emissions metrics, by asset class

As at December 31, 2024

	UK Equities		Overseas Equities		Corporate Bonds		Global Property	
	Port.	Comp.	Port.	Comp.	Port.	Comp.	Port.	Comp.
Data coverage (%)	**93%**	**95%**	**88%**	**88%**	**64%**	**95%**	**71%**	**81%**
AUM (£GBP Billions)	**£8.4**	**-**	**£25.4**	**-**	**£3.5**	**-**	**£0.8**	**-**
Weighted average carbon intensity (tCO_2eq./£m sales)	83.31	104.97	52.96	92.99	99.30	266.81	31.95	113.47
Financed emissions ($MtCO_2$ eq.)	0.48	-	0.83	-	0.14	-	0.00	-
Carbon emissions/£m invested (tCO_2eq./£m)	60.87	58.16	36.28	35.64	52.63	71.83	7.79	7.94
Carbon Intensity (tCO_2 eq./sales)	127.10	103.95	96.02	106.84	114.78	171.78	72.00	87.03

Investments in issuers with climate targets

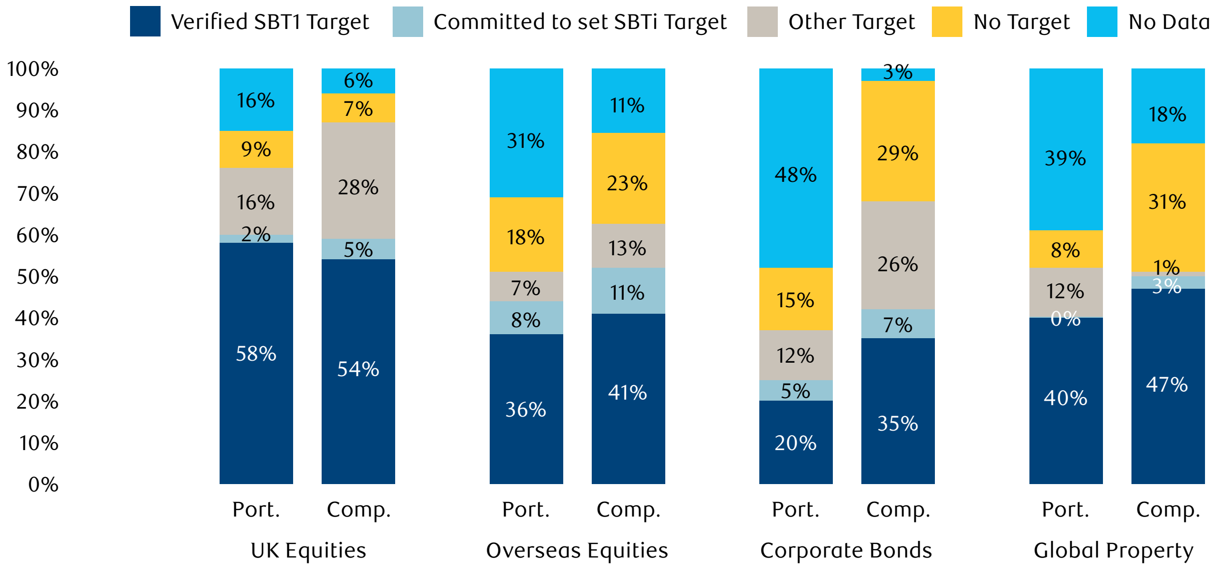
In addition to the carbon emissions of portfolios, we also consider our investment in issuers that have set carbon emissions reduction targets (climate targets). As discussed above, carbon emission analysis provides a current view of potential exposure to climate-related risks, but does not consider the actions companies are taking, or are committed to taking, to reduce emissions over time. Assessing reduction targets allows us to get a forward-looking view of the relative level of commitment and expected trajectory of emissions for portfolio companies.

- 45% of assets are in issuers with verified or committed science-based targets (based on SBTi targets).
- 70% of assets are in issuers with a carbon emissions reduction target (includes SBTi verified and committed targets, and other climate targets).

Carbon emission reduction 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. RBCELWM utilises the work of SBTi (the Science Based Targets initiative) in this respect. SBTi provides a publicly available database of companies that have verified science-based and/or net-zero targets, and of companies that have committed to setting an emissions reduction target within 24 months. RBCELWM also recognises, however, that not all issuers may choose to apply a voluntary standard such as the one established by SBTi. For this reason, we also track and monitor AUM invested in issuers with any carbon emissions reduction targets (other targets). (See Figure 12).

Figure 12: Percent of AUM invested in issuers with a climate target by asset class

As at December 31, 2024



Data coverage (%)	UK Equities	Overseas Equities	Corporate Bonds	Global Property
Port.	84%	69%	52%	61%
Comp.	94%	89%	97%	82%

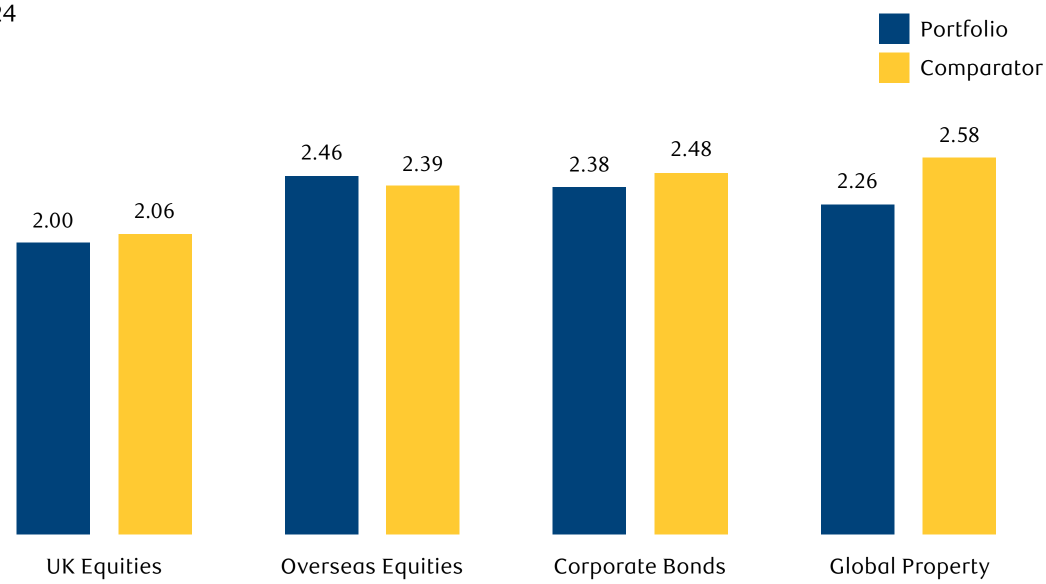
Across categories, equities have a higher percentage of investment in issuers with a verified or committed science-based target (based on SBTi targets) than corporate bonds. Additionally, our UK equities have higher percentage than overseas equities. These results are in line with the SBTi Progress Report, which identifies the UK as a region with higher penetration of SBTi targets.

Temperature alignment

The Implied Temperature Rise (ITR) is a modelled, forward-looking metric that indicates what the global average temperature increase would be in 2100 if the global economy looked like that issuer or portfolio[36]. As this metric takes into consideration both the carbon emissions of issuers, and their expected reduction in emissions due to their published emissions reduction targets, it may provide an indication of the alignment of an issuer or portfolio to a particular temperature pathway. (see Figure 13).

Figure 13: Implied Temperature Rise by asset class (degrees C)

As at December 31, 2024



Data coverage (%)	UK Equities	Overseas Equities	Corporate Bonds	Global Property
Portfolio	94%	90%	72%	71%
Comparator	96%	88%	97%	81%

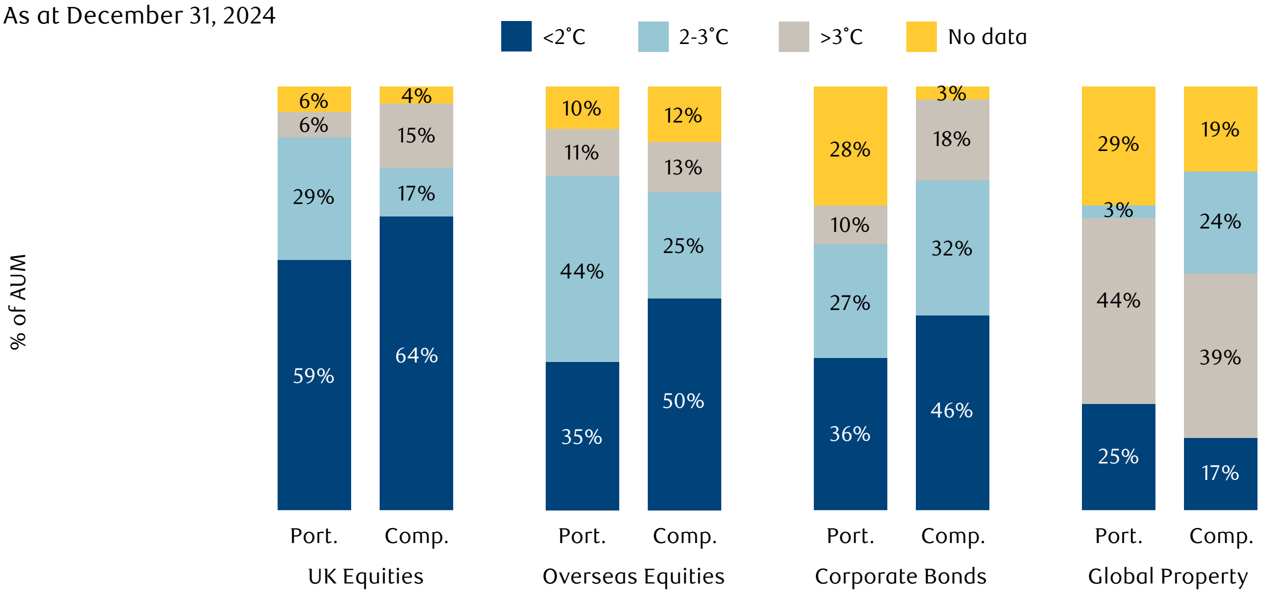
We also assess the distribution of ITR across asset classes. We are especially interested in a temperature alignment of below 2°C, which is consistent with the upper limit of the goal set by the Paris Agreement. This goal aims to keep the global temperature rise this century well below 2 °C above pre-industrial levels, while also pursuing efforts to limit the increase to 1.5°C. Across equity portfolios, between 35% and 59% of AUM is invested in issuers with an ITR below 2°C. Across corporate bonds, 36% of AUM is invested in issuers with an ITR below 2°C (see Figure 14).

We intend to develop this analysis further by improving our technology capabilities. Currently, we only have access to an aggregated ITR value for third-party funds. Without look-through data, we assume that all the fund's AUM has the aggregated ITR.

(36) Implied Temperature Rise Methodology, MSCI® ESG Research. The methodology applied to calculate ITR can be founded in Appendix 2: Climate metrics and methodologies.

Figure 14: Percent of AUM invested in issuers, by temperature range by asset class

As at December 31, 2024



Data coverage (%)	UK Equities	Overseas Equities	Corporate Bonds	Global Property
Port.	94%	90%	72%	71%
Comp.	96%	88%	97%	81%

Climate opportunities

RBC Brewin Dolphin considers the exposure of investments to climate opportunities on a case-by-case basis as part of the research process, for applicable types of investments. We evaluate climate opportunities by assessing the percentage of environmental impact solutions revenue[37] earned by issuers and the identification of issuers that provide climate solutions[38].

5% (£1.8 billion) is invested in issuers that provide climate solutions.

8% (£3.1 billion) is invested in issuers with more than 10% environmental impact solutions revenue, or funds where the aggregated environmental impact solutions revenue is more than 10%. 24% (£9.1 billion) is invested in issuers with some environmental impact solutions revenue (more than 0%), or funds where the aggregated environmental impact solutions revenue is more than 0%.

(37) Revenue from climate-related opportunities is based on MSCI® ESG Sustainable Impact Metrics methodology, 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 six for the following environmental impact themes: alternative energy, energy efficiency, green building, pollution prevention, sustainable water, or sustainable agriculture. Analysis based on MSCI ESG Research. MSCI®; (38) 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. Analysis based on MSCI ESG Research. MSCI®.

4.2 Nature-related metrics[39]

This is the first time that RBCELWM has reported on nature-related metrics of our assets under management. We endeavour to provide key metrics that align with established and emerging best practices.

RBCELWM's assessment of exposure to nature-related factors

In 2024, we assessed the exposure of our equity and corporate bond investments to nature-related dependencies and impacts for priority sectors, which is a core metric for asset managers recommended by the TNFD[40]. We conducted this analysis on 59% (£22.3 billion) of our assets in scope of reporting[41], covering equity and corporate fixed income asset classes. Priority sectors are industries which may face significant impacts and/or dependencies from nature, for example: agriculture, forestry and fisheries, energy, mining, transportation, food and beverages, apparel, utilities, chemicals, manufacturing, and construction[42].

This analysis shows that 27% (£6.05 billion) of RBCELWM's equity and corporate bonds holdings are in TNFD priority sectors[43]. However, exposure to a TNFD priority sector does not indicate the potential risk that issuers may face. As a result, we also assessed the location of issuer operations and found that 70% (£15.85 billion) have some operations in sensitive locations[44].

Figure 15: RBCELWM equities and corporate bond investments in TNFD priority sectors

As at December 31, 2024

Exposure to issuers in TNFD high priority sectors

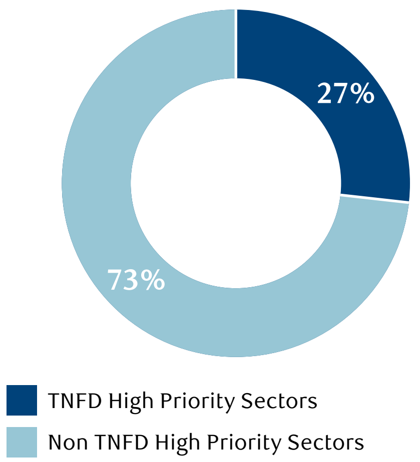
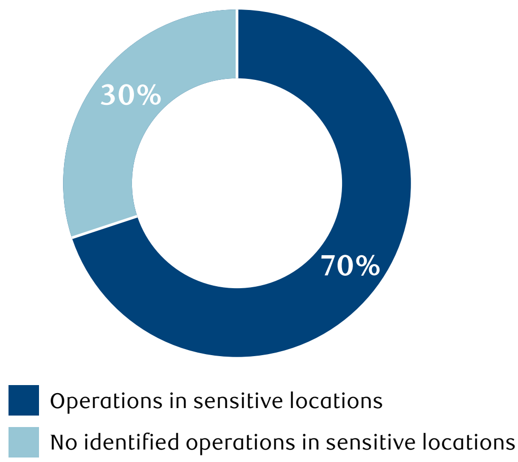


Figure 16: RBCELWM equities and corporate bond investments with operations in sensitive locations

As at December 31, 2024

Exposure to issuers with operations in sensitive locations

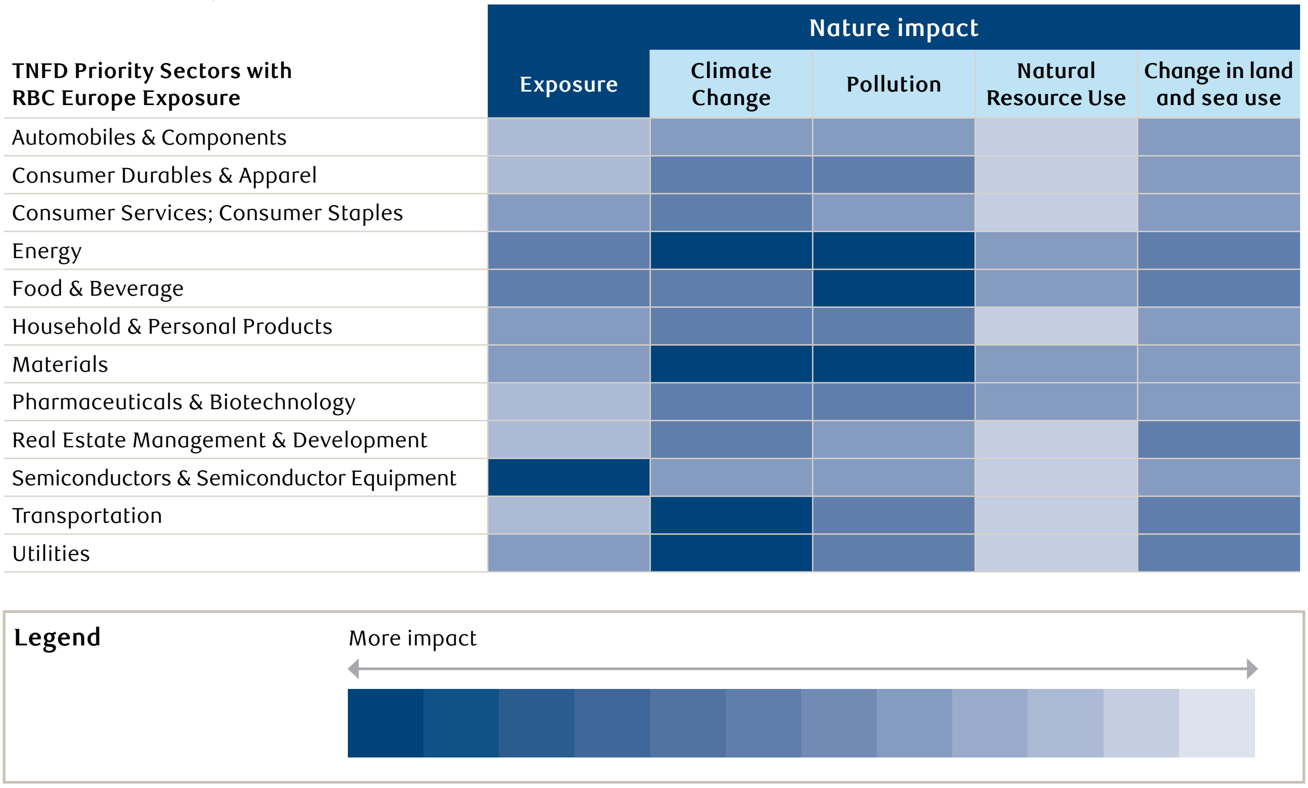


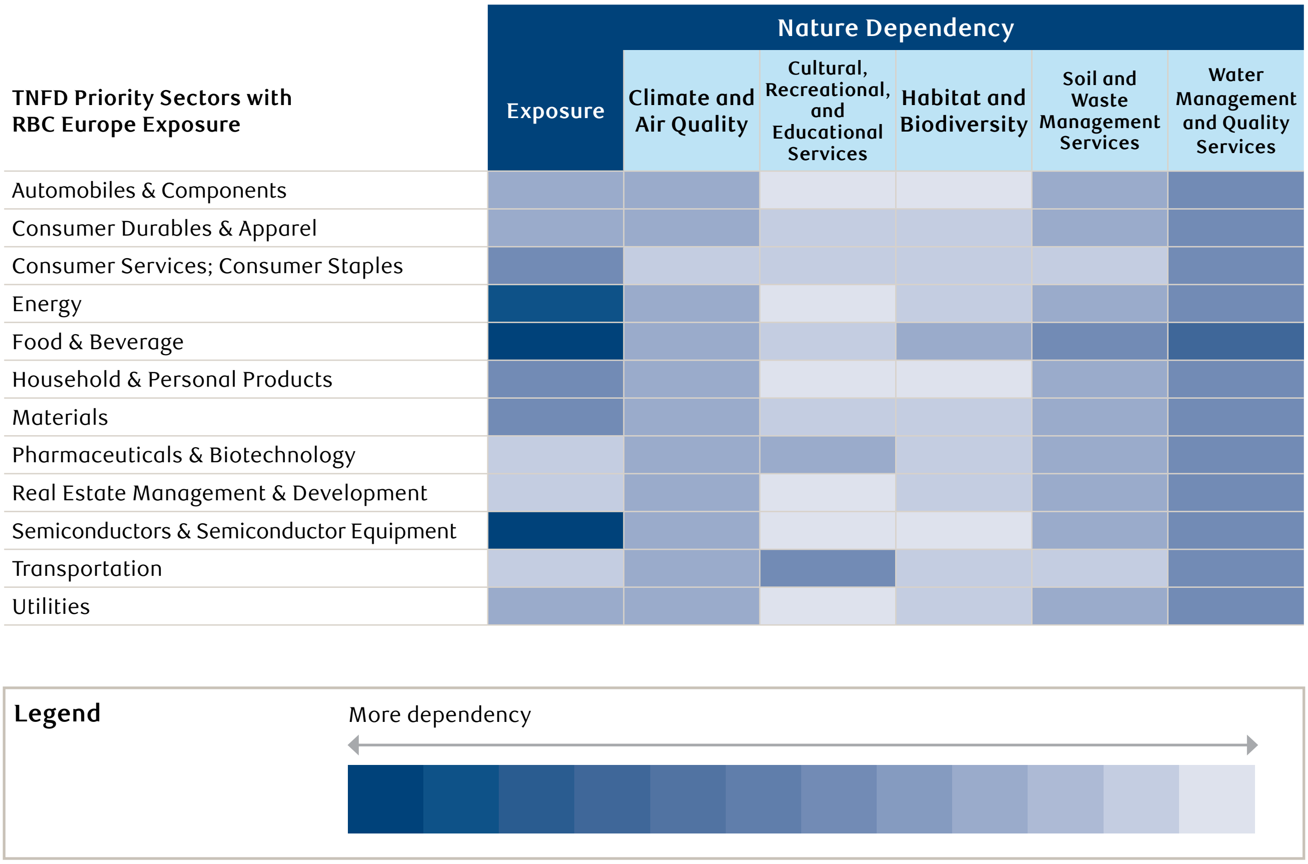
To better understand the materiality of nature-related dependencies and impacts for investments in priority sectors we used the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) tool[45]. Based on this analysis (see Figure 17), the most significant nature-related impact of these investments across all sectors is related to pollution, and the most significant dependency is on water quality and availability. The materiality of any risks related to this exposure is influenced by the actions taken by issuers to mitigate the risk and if, or how, this affects the valuation or price of securities.

(39) These metrics are used for disclosure purposes and are not used in every individual investment decision. For more details on how we integrate ESG factors into investment decisions, refer to the 'Our approach to Responsible Investment' section above; (40) TNFD Recommendations; (41) Asset in scope of reporting is £38.1bn. This is made up of corporate investments, which are equity and corporate fixed income (bonds). Climate scenario analysis was conducted on equities and corporate bonds assets only. This does not include sovereign fixed income assets; (42) 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; (43) We categorized our corporate holdings into sixteen TNFD priority sectors, based on the corporate entity's Nomenclature of Economic Activities (NACE) Class Code for the highest revenue earning activity; (44) Identification of sensitive locations is based on MSCI Biodiversity-Sensitive Areas and Deforestation Screening Metrics, which identify companies with operations in ecologically sensitive areas or with exposure to potential direct and indirect involvement in deforestation, using location-based data. Link; (45) The ENCORE tool is maintained and updated by Global Canopy, UNEP FI and UNEP-WCMC. Link

Figure 17: RBCELWM equities and corporate bond investments in TNFD priority sectors, and nature-related impacts and dependencies

As at December 31, 2024





Going forward, RBCELWM will focus on:

- Continuing to build knowledge and understanding of the potential material risks that nature loss, and biodiversity loss specifically, may pose.
- Identifying and assessing the materiality of nature-related risks to investments from the perspective of both impacts and dependencies, as defined by the TNFD.

Continuing to work collaboratively with other investors on nature-related issues through industry initiatives and to engage with issuers on this topic, where relevant.

4.3 Operational emissions

Recommendation 10: Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.

In March 2025, RBC published updates to its climate strategy, referred to as the RBC Climate Blueprint[46], which includes a strategic priority to integrate climate considerations into its business and operations. As part of this priority, RBC aims to reduce emissions in its operations and supply chain. RBC's strategy related to reducing emissions in operations focuses on the emissions associated with the real estate it occupies, where RBC has the greatest control and influence. Across our branch network, we look to work with landlords and implement energy efficiency measures, where feasible.

Greenhouse gas emissions

RBCELWM's operational greenhouse gas emissions and energy usage data is below. Emissions data is split into the following categories based on the source of their emission:

- Scope 1 (Direct): Emissions from sources that the company owns or controls, e.g. from the combustion of fuels.
- Scope 2 (Energy Indirect): Indirect emissions from the consumption of purchased energy (electricity, heat, steam and cooling) consumed by the Company's operations.

The data is calculated in accordance with the Greenhouse Gas Protocol (GHG Protocol).

Table 4: RBCELWM's global greenhouse gas emissions data

Category	2024
Scope 1 (tonnes of CO_2e)	405
Scope 2 (tonnes of CO_2e)	1,146
Energy use (Fuels – Scope 1) ekWh	1,358,493
Energy use (Electricity – Scope 2) kWh	5,538,411

See section 4.1 for disclosure of the scope 3 emissions associated with RBCELWM's assets under management, referred to as scope 3, category 15 (investments).

Due to the business acquisition, as described in the About this report section, we have not been able to provide historical data comparisons for any of the data points.

(46) Please refer to footnote 9 above.

4.4 Climate-related targets[47]

Recommendation 11: Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

As a wealth manager, we have a duty to manage client's assets in line with their investment objectives and mandates. We do not set climate-related targets that apply across assets under management. Instead, we consider material climate-related risks and opportunities by integrating relevant factors into our investment processes and through active ownership[48].

The Approach to Climate Change section above describes RBC Brewin Dolphin's commitments and actions related to climate change. The performance, goals, and reporting of emissions associated with our global operations is established as part of the climate strategy of RBC described above and reported on a consolidated basis. This information can be found in the 2024 RBC Sustainability Report.

(47) This section describes the RBC Brewin Dolphin approach, which accounts for over 95% of AUM in scope of this disclosure. The appendix contains a supplement indicating where RBC Private Wealth processes differs; (48) For applicable types of investments – as described in Section 3.2 Management of Climate-related Risks.

Appendix 1: Climate risks, investment risk management and climate change

As outlined in the 'About this report' section, since 4 November, the wealth management business activities of Royal Bank of Canada in Europe have been conducted under a single entity, operating through two platforms in the UK and Channel Islands: RBC Brewin Dolphin and RBC Private Wealth. The content below is intended to provide additional detail on the RBC Private Wealth approach to ESG, and climate-related risks and opportunities. RBC Private Wealth accounts for less than 5% of the AUM in scope of this disclosure. Specifically, it aims to highlight areas where RBC Private Wealth's approach may differ from RBC Brewin Dolphin. We continue to take steps towards integrating our processes across RBC Brewin Dolphin and RBC Private Wealth.

As this section refers only to RBC Private Wealth, 'we', 'our', 'us' only refers to RBC Private Wealth.

1. Governance

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

RBC Private Wealth follows the governance structure described in the body of the report.

2. Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

RBC Private Wealth is exposed to the same primary sources of climate risks and opportunities and RBC Brewin Dolphin and follows the climate strategy described in section 2 of this report.

3. Risk Management

Disclose how the organisation identifies, assesses, and manages climate-related risks, and how these are integrated into the organisation's overall risk management.

3.1 Identification and assessment of climate risks

Recommendation 6: Describe the organisation's processes for identifying and assessing climate-related risks.

RBC Private Wealth also assesses that the investments we manage on behalf of our clients are our primary source of climate-related risks and opportunities. The processes employed by RBC Private Wealth to identify and assess climate risks and opportunities are not materially different from RBC Brewin Dolphin's, with the determination of materiality of climate-related risks left to individual analysts in the investment team. While the specific forums may differ, RBC Private wealth also promotes building knowledge and expertise on climate through internal and external education sessions. Over time, a centralised RBCELWM approach to climate data and technology will be leveraged across both business platforms, and we will consider emerging regulations as one business.

3.2 Management of climate risks

Recommendation 7: Describe the organisation's processes for managing climate-related risks.

While integration of the RBC Brewin Dolphin Research team and RBC Private Wealth Investment processes is underway, existing RBC Private Wealth processes for managing climate related risks will continue to apply. These differ from the RBC Brewin Dolphin processes detailed in the main section of this report in the following ways:

RBC Private Wealth does not have a network of investment managers throughout branches, instead the discretionary investment offering at RBC Private Wealth is centralised, and investments are managed by a single investment team. Climate-related risks and opportunities are thus managed through the British Isles Investment Committee (BIIC), the governance structure with overall responsibility for the investment offering.

British Isles (BI) Investment Committee

The BIIC is responsible for governance of all aspects of the Discretionary and Advisory solutions. This includes:

- Seeking to ensure that the BI "House View" is reflective of the market and RBC's global investment positioning.
- Aiming to ensure the views expressed by the Committee are relevant and can be reflected in client portfolios.
- Governance of the BI Investment decision making process
- Reviewing of Investment Performance on a continuous basis.
- Reviewing of BI Investment Solutions Set including compliance of Discretionary model portfolios with House View.

Product specialists and the Global manager research team are responsible for analysing issuer and fund-level climate risks and opportunities as part of a wider ESG integration process. The BIIC oversees these activities, along with reviewing portfolio level investment decisions.

RBC Private Wealth generally does not exclude any particular investment or industry based on climate-related factors alone. However, we do offer specific strategies that apply exclusions, such as our ESG Discretionary Model Portfolio.

ESG Integration

Product specialists and the Global manager research team integrate financially material ESG risks, where relevant, into their analysis. As a systemic issue, climate change is a key consideration in this process.

Direct equities & fixed income

For direct equity and fixed income, our analysts form a qualitative assessment of the ESG profile of each company under their coverage, supported by company climate data from our external providers and internal proprietary data. Additionally, portfolio level exposures are reviewed by the BIIC, where applicable.

Global Manager Research

The global manager research team will evaluate the ESG approach and credentials of external fund managers along three margins:

1. Firm and product. Typical topics include the culture of ESG at the firm, the amount and type of assets managed with ESG considerations, the number of products incorporating responsible investment approaches.
2. Investment professionals. Discussions in this area focus on the size of the ESG team, team members' relevant backgrounds and ESG credentials, and whether the team demonstrates a strong commitment to ESG investing.
3. Investment process. Investigation into the tools and systems used to incorporate ESG analysis into investment management, as well as the firm's overall process and philosophy around responsible investment.

All funds covered by the central research team will be evaluated from an ESG perspective to varying degrees, dependent on how relevant it is to the type of strategy (e.g. an emerging markets high active share fund versus a passive index tracking fund). Every fund utilised in the ESG Discretionary Model portfolio will have a section dedicated to ESG in the Due Diligence report.

Stewardship

Stewardship has not historically been part of the Private Wealth process for managing climate-related risks and opportunities. As part of the integration of the two legacy businesses, RBC Private Wealth assets will be covered by a joint RBCEL WM stewardship process.

Industry collaboration

The various initiatives of each platform are now conducted at a RBC Europe Limited wealth management level and detailed in the main body of the report. For further information on these collaborations, please refer to our Stewardship Report.

3.3 Investment risk management and climate change

Recommendation 8: Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

The investment team has primary responsibility for identifying, assessing, and managing climate-related risks for applicable types of investments. The team's work in this area is overseen by British Isles Investment Committee (BIIC).

4. Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

RBC Private Wealth assets are included in the metrics and targets section of the main report and are not reported separately here.

Appendix 2: Climate metrics and methodologies

The following content applies to climate-related metrics reported in Section 2.3 and Section 4.1.

RBCELWM selects and calculates climate metrics by considering the methodologies recommended by the TCFD, including weighted average carbon intensity, total carbon emissions (also referred to as financed emissions), carbon footprint (also referred to as emissions per million pounds invested), carbon intensity, exposure to transition risks (based on Climate VaR for transition scenarios), and exposure to physical risks (based on Climate VaR for physical scenarios). RBCELWM also considers climate-related metrics such as portfolio coverage (also referred to as binary target measurement) and portfolio temperature alignment (Implied Temperature Rise) metrics.

Metric	Unit	Calculation	Methodology reference	Data source
Equity and corporate bonds				
Carbon emissions				
Financed emissions (total carbon emissions)	$MtCO_2eq.$	$\sum_i^n \frac{\text{current value of investment}_i}{\text{enterprise value including cash}_i} \times \text{Issuer emissions}_i$ Note: The same denominator is used for listed equities and corporate bonds to allow for aggregation across portfolios.	PCAF (2022) and TCFD (2022)	MSCI® ESG climate change metrics
Weighted average carbon intensity (by sales)	$MtCO_2eq.$/ £m sales	$\sum_i^n \left(\frac{\text{current value of investment}_i}{\text{current portfolio value}_i} * \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{issuer's £M sales}_i} \right)$	TCFD (2022)	MSCI® ESG climate change metrics
Carbon intensity	$MtCO_2eq.$/ sales	$\frac{\sum_i^n \left(\frac{\text{current value of investment}_i}{\text{issuer's enterprise value including cash}} * \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)}{\sum_i^n \left(\frac{\text{current value of investment}_i}{\text{issuer's enterprise value including cash}_i} * \text{issuer's £M sales}_i \right)}$	TCFD (2022)	MSCI® ESG climate change metrics
Emissions/$m invested (carbon footprint)	$MtCO_2eq.$/ £m invested	$\frac{\sum_i^n \left(\frac{\text{current value of investment}_i}{\text{enterprise value including cash}} * \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)}{\text{current portfolio value (£M)}}$	TCFD (2022)	MSCI® ESG climate change metrics
Investments in issuers with climate targets				
% AUM with SBTi-verified and/ or committed targets	% (£)	Percentage of AUM invested in issuers with a verified (validated) and/or committed SBTi target	SBTi (2022)	MSCI® ESG climate change metrics and Science-based targets initiative (SBTi)
% AUM with any climate target	% (£)	Percentage of AUM invested in issuers with any emissions reduction target (inclusive of SBTi verified, SBTi committed, and any other target)	RBCELWM	MSCI® ESG climate change metrics
Temperature alignment				
Temperature alignment (Implied Temperature Rise)	°C	$\sum_{i=0}^n \frac{\text{current value of investment}_i}{\text{current portfolio value}} * (\text{Fund ITR+ITR})$	SBTi (2022) and (TCFD) (2021)	MSCI® ESG climate change metrics
% AUM with Implied Temperature Rise below 2°C	% (£)	Percentage of AUM by Implied Temperature Rise range (less than 2°C, 2°C to 3°C, and over 3°C)	SBTi (2022) and (TCFD) (2021)	MSCI® ESG climate change metrics

Climate opportunities				
Green revenue exposure	% (£)	Percentage of AUM invested in issuers with revenue (at stated threshold levels, e.g., 10% revenue) from the following sources: alternative energy + energy efficiency + green buildings + pollution prevention + sustainable water + sustainable agriculture.	RBCELWM	MSCI® ESG climate change metrics
Climate solutions	% (£)	Percentage of AUM with issuers classified as providing climate solutions as per MSCI® low carbon transition methodology	RBCELWM	MSCI® ESG climate change metrics
Climate Scenario analysis				
Climate VaR	%	Aggregated Climate VaR = Policy risk Climate VaR + Technology opportunity Climate VaR + Physical risk and opportunity Climate VaR.	NGFS Scenarios (2021) and TCFD (2020)	MSCI® ESG climate change metrics

Normalising portfolios

We calculate weighted average climate metrics using a normalised approach where we scale up to 100% ('normalise') portfolio weights when the corresponding data coverage is less than 100%. This impacts the following metrics: Weighted Average Carbon Intensity by sales, Implied Temperature Rise (ITR) and Climate Value at Risk (VaR). Our decision to use a normalised weighted average calculation is in line with evolving market and regulatory trends but may result in an overestimation of values. We have chosen to publish data coverage values and normalise climate-related metrics to provide transparency, and as this is the approach increasingly recommended by regulators.

Carbon emissions

There are seven GHGs mandated under the Kyoto Protocol that significantly contribute to climate change. Each of these gases has a different global warming potential (GWP) – the amount of heat they hold. Carbon dioxide (CO2) is the most abundant GHG, which is why it is used as the unit of measure for GHG emissions analysis. All other GHGs are converted into carbon dioxide equivalents (CO2 eq.) based on their GWP. In this report, references to carbon emissions, or the use of tons of CO2 equivalent, is inclusive of all GHG emissions.

Data source, type, and quality

Carbon emissions data is purchased from MSCI® ESG Research.[49] Carbon emissions are classified as Scope 1 and 2 as per the GHG Protocol.[50] This data is collected by MSCI® once per year from the most recently available sources, including annual reports, corporate sustainability reports or websites. Carbon emissions data reported through CDP (formerly the Carbon Disclosure Project) is also used, when reported data is not available through direct corporate disclosure. When companies do not disclose emissions data, estimations based on MSCI® ESG Research methodologies are used. In this report, carbon emissions data is categorised as reported, estimated, or not available, based on the above description.

Calculation time period

All climate metrics are calculated as at December 31, 2024, with holdings data, look-through data,[51] financial data, emissions-related data and other climate-related data current as at this date, unless otherwise indicated. Discrepancies and lags in data may exist due to a temporal mismatch between when data is reported by issuers and when it is available by third-party vendors. As both issuers and vendors update most metrics on an annual basis, this may result in temporal discrepancies. For example:

- Carbon emissions data for calendar year 2024 is not yet available as at December 31, 2024, due to the reporting time lag for issuers. As carbon emissions data is generally reported by companies on an annual basis and collected by the third-party vendor on a rolling annual basis, carbon emissions data may reflect emissions from previous years (e.g. 2023, 2022 or 2021).
- Financed emissions and carbon-intensity values for corporate equity and corporate fixed income (bonds) may use financial values (e.g., sales) that reflect a time period earlier than December 31 2024. Due to the rolling annual disclosure of carbon emissions data by issuers, it can be challenging to align the date of emissions data with reported financial data. All carbon emissions intensity

(49) Methodology details published in MSCI ESG Climate Change Metrics, November 28 2022, MSCI® ESG Research; (50) Greenhouse Gas Protocol; (51) Look-through data is sourced from Morningstar to improve our holdings coverage for funds with significant market values.

values for corporate equity and fixed income are sourced directly from MSCI® ESG Research and use the emissions and financial values provided by the vendor. As such, metrics may not be an exact reflection of financial values as at December 31 2024.

Calculation time period – Operational emissions

RBCELWM uses the RBC reporting cycle for operational emissions of 1 November to 31 October. The reporting cycle for our Scope 1 and Scope 2 energy data for buildings is 1 August to 31 July to allow sufficient time for data collection, review, and approval. Data are reflective of a complete year, but due to variations in billing cycles, the reporting months may not reflect the RBC fiscal year of 1 November to 31 October. For further information on the methodology used to calculate greenhouse gas emissions, please refer to the RBC 2024 Sustainability Report.

Data Coverage

For climate metrics disclosed in this report (in Section 2.3 and Section 4.1), the climate-related data coverage for each metric is provided. Data coverage is the percentage of the portfolio for which there is climate data. For carbon emissions data, the breakdown of the percentage of reported vs estimated (we assume fund data from MSCI® are estimated to be prudent with our reporting coverage) data is also provided for greater transparency. Variations in data coverage by metric may be due to the coverage universe for that metric available from third-party vendors or other data sources. We have chosen to publish data coverage values and normalise climate-related metrics, to provide transparency and as this is the approach increasingly recommended by regulators.[52]

Double counting of emissions

Double counting arises when emissions are aggregated across sectors or a portfolio and refers to counting the same emissions more than once. This occurs due to the fact that one company's Scope 1 and 2 emissions are another company's Scope 3 emissions. For example, the Scope 3 emissions for 'use of products' from a vehicle manufacturer (e.g., burning of gasoline) are the Scope 1 emissions for a delivery company that uses the vehicles from the manufacturer. The GHG Protocol provides guidance on reducing double-counting for company-level reporting,[53] which indicates that while assessing a company's total Scope 1, 2 and 3 emissions may be informative, for investors, any analysis of Scope 3 emissions that involves more than one issuer at the same time raises issues of double counting. Double counting of Scope 3 emissions can occur for multiple reasons within a portfolio, but generally occurs due to overlapping emissions scopes, overlapping value chains, overlapping asset classes, matters of organisational boundaries, and corporate actions.[54]

As there continue to be challenges in the quality and consistency of Scope 3 emissions estimation methodologies, and concerns regarding double counting of emissions when aggregating emissions at a portfolio level, the portfolio carbon emissions disclosures in this report focus exclusively on Scope 1 and 2 emissions.

Investment in issuers with climate targets

RBCELWM identifies and assesses the percentage of AUM invested in issuers that have themselves set carbon emissions targets as a way of identifying assets that are currently covered by emissions reduction targets. This 'portfolio coverage' approach is referenced by SBTi in its Financial Sector Science-based Targets Guidance (Version 1.1, August 2022).

For this report, RBCELWM considers targets to be science-based (also called Paris-aligned) or net-zero aligned if they have been verified by SBTi as meeting the related target-setting criteria. SBTi provides a publicly available database of companies that have verified science-based and/or net-zero targets, and of companies that have committed to set a target within 24 months. However, not all issuers may choose to apply a voluntary standard such as SBTi, and SBTi is currently unable to accept commitments or validate targets for companies in certain industries, such as the oil and gas and fossil fuel sectors.[55] For this reason, we also track and monitor AUM invested in issuers with any carbon emissions reduction targets.

Temperature alignment

The calculation of temperature alignment is based on the calculation of an issuer- or portfolio-level Implied Temperature Rise (ITR). ITR is a modelled, forward-looking metric that provides an indication of what temperature pathway an issuer or portfolio aligns with.[56] This metric indicates what the global average temperature increase would be in 2100 if the global economy looked like that issuer or portfolio. ITR is generated by scaling up to 100% ('normalise') portfolio weights when the corresponding data coverage is less than 100% of the portfolio and then

(52) Questions and answers (Q&A) on the SFDR Delegated Regulation (Commission Delegated Regulation (EU) 2022/1288), European Securities and Markets Authority (ESMA), November 17 2022; (53) Ranganathan, J. et al. "Chapter 4: Setting Operational Boundaries" in The Greenhouse Gas Protocol. A Corporate Accounting and Reporting Standard. World Resources Institute and World Business Council, March 2004; (54) Overcoming double counting in Scope 3 emissions, MSCI®, March 2021; (55) Guidance for the oil and gas sector, SBTi, accessed January 18 2023; (56) Implied Temperature Rise Methodology, MSCI ESG Research, September 2021.

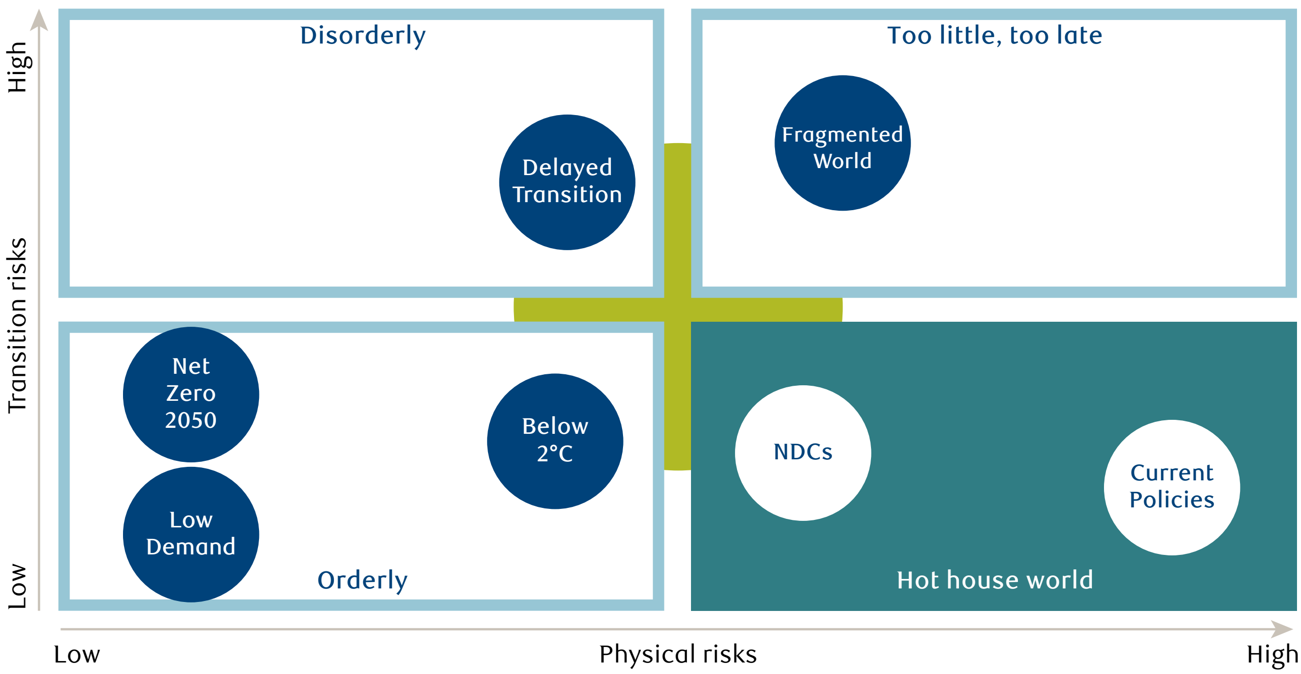
multiplying the weight by the sum of the fund or issuer Implied Temperature Rise, and translating that into a representative global temperature, in degrees Celsius. As a reference, individual issuers' and funds' ITR values, as provided by MSCI®, are available publicly here.

The ITR analysis is inclusive of Scope 1, 2 and 3 emissions. All Scope 3 emissions are estimated, based on MSCI® ESG Research methodology, which uses an industry segment-specific intensity model. Concerns regarding double counting exist for modelled metrics such as ITR, as they do when calculating carbon emission metrics. As a modelled metric that by its nature is based on assumptions and estimates, we consider this an indicative measure of the temperature alignment, vs an absolute or definitive value.

Climate Scenarios

RBCELWM climate scenario analysis includes the transition scenarios recommended by the Network for Greening the Financial System (NGFS). The NGFS scenarios provide alternative views on long-term temperature targets, net-zero emissions targets, energy supply and demand, climate policy, and technology availability. The scenarios also vary in terms of whether the transition occurs in an orderly or disorderly manner.

In our analysis, we use the NGFS scenarios modelled by the REMIND-MAgPIE integrated assessment model (IAM), and all NGFS scenarios are currently based on the Shared Socio-economic Pathways (SSP) SSP2 ("Middle of the Road") socioeconomic assumptions.[57] We do not use the current policies scenario in our analysis. This scenario assumes all government policies (as of December 2019) are implemented, and as such, the costs of those policies are assumed to be already priced into markets.



(57) The Shared Socio-economic Pathways (SSPs) were developed to complement the Representative Concentration Pathways (RCPs) by varying socioeconomic futures. The combination of SSP-based socioeconomic scenarios and RCP-based climate projections provides an integrative frame for climate impact and policy analysis. (O'Neill et al., 2017; Riahi, Vuuren, et al., 2017).

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