



Client Engagement Approach on Climate



Energy Sector



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Overview

Engaging with clients on climate is an important element of RBC’s climate strategy. The bank has begun formalizing this engagement, starting with the energy sector. This document provides insight into RBC Capital Markets® (“RBC CM” or “the business”)¹ Client Engagement Approach on Climate for the oil & gas and power generation sectors² (referred to collectively as the “energy sector” in this document). The Client Engagement Approach formalizes the business’ engagement with its energy sector clients on their plans for the energy transition. This document is intended to provide greater transparency for clients and stakeholders as to how RBC CM intends to assess client transition plans³ and how it plans to respond based on this assessment. The contextual considerations that guide the business’ approach are included on the following pages. These include the shifts that could be required to achieve the 1.5°C goal of the Paris Agreement^{4,5} as well as the key operational, market and public policy realities that are shaping the transition journeys of clients.

Focus on energy sector

Royal Bank of Canada’s (“RBC” or “the bank”) approach under its climate strategy has been to start with the highest-emitting sectors where the bank can have the greatest impact in supporting clients to reduce emissions. This was an important part of the rationale for prioritizing setting initial 2030 interim emissions reduction targets (“2030 interim targets”) for the oil & gas and power generation sectors (in addition to the automotive sector); and is also why the Client Engagement Approach has initially been formalized within RBC CM, which serves the largest clients in these sectors.

The bank recognizes the importance of engaging clients on climate in other sectors beyond energy and in other lines of business. RBC will develop formal client engagement approaches on climate for other sectors (including automotive) and in other lines of business where the bank sets emissions reduction targets, and where relevant and meaningful to do so.

Scope

The clients in scope for the Client Engagement Approach described in this document are the RBC CM clients that fall within RBC’s 2030 interim targets for the oil & gas and power generation sectors. RBC’s 2030 interim target for the oil & gas sector covers the upstream, downstream and integrated sub-sectors and excludes midstream and services. RBC’s 2030 interim target for the power generation sector covers electricity generation and excludes



clients exclusively involved in the transmission and distribution of power, and non-generation companies in the broader power & utilities sector. The Client Engagement Approach described in this document excludes clients whose business is exclusively in renewable or nuclear energy even though they are within scope of the interim target for the power generation sector. This is because these clients have businesses that are assumed to already be significantly aligned with a net-zero future and do not require engagement regarding their transition plans.

Details on RBC’s 2030 interim targets, climate strategy, plans and progress can be found at [rbc.com/climate](https://www.rbc.com/climate).





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Plans for the transition

The world is changing rapidly as communities, businesses and governments respond to the urgency of climate change and seize the opportunity to build a more resilient, net-zero economy. RBC shares this urgency, and that’s why the bank is accelerating plans to help clients reduce their emissions by 2030, as part of RBC’s path to achieving net-zero in its own lending by 2050.⁶

The transition to net-zero will be one of the most significant economic transformations of our time: companies across sectors will see impacts on their business model, growth strategy and operations. Many are already acting to reduce emissions, develop low-carbon solutions and increase energy efficiency. As increasing numbers of companies set time-bound targets to reduce their emissions, the focus now is on delivering robust transition plans⁷ required to achieve these targets. As this transition gathers pace, regulators and investors want to know how companies will navigate emerging risks, capture new prospects for growth and meet their commitments.⁸ Transition plans articulate a company’s overall approach to the transition to net-zero, including their objectives, targets, actions, progress and accountability mechanisms.⁹

RBC’s continued success as a bank depends on its clients succeeding commercially over the long term, including through the transition to a low-carbon economy. Engaging with clients to understand their transition plans enables RBC to deepen its support, including by allocating capital and providing financial advice. Starting with clients in the energy sector, the bank believes this is the most impactful contribution RBC can make to help clients build strategic resilience and accelerate the shift to a low-carbon economy.

RBC’s role

The need for robust transition plans is clearest in the energy sector. The energy transition is accelerating in many economies, spurred by growing demand for low-emissions products such as electric vehicles, rapid growth in renewable energy, improving technologies for energy efficiency and storage, and public policies to reduce emissions from the sector. The energy sector is changing rapidly, but much more needs to be done, and faster, by all stakeholders, to achieve the 1.5°C goal of the Paris Agreement.

Energy companies can help build the low-carbon energy system of the future while being at the heart of efforts to reduce emissions from conventional sources of energy today.

As a leading bank headquartered in a major energy producing and exporting economy, RBC can play an important role in supporting clients to achieve their objectives for the energy transition. Energy companies can help build the low-carbon energy system of the future while being at the heart of efforts to reduce emissions from conventional sources of energy today. RBC is committed to supporting clients to seize this opportunity as they continue to provide the energy the world requires to maintain energy security.

That is why RBC CM has prioritized and accelerated formalization of the Client Engagement Approach on Climate for the oil & gas and power generation sectors. This approach includes a transition readiness framework (“Framework”) – a tool to assess energy sector client transition plans – coupled with support for clients on their transition journeys. RBC CM’s objective is to help clients accelerate their transition plans and progress their standing within the transition readiness framework.

RBC CM is committed to disclosing portfolio-level progress and will make tough business decisions – including being prepared to step away if a client, after repeated engagement, does not demonstrate sufficient planning for the energy transition.





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Cross-sector approach

Engaging with clients on climate is an important element of RBC’s climate strategy. Through the process for assessing environmental and social risks¹⁰ within RBC CM, the business gathers information about clients’ transition plans based on three dimensions: ambition (e.g., net-zero commitment, targets); action (e.g., actions to reduce emissions); and implementation & accountability (e.g., emissions reporting).

This information is used to identify opportunities to deepen engagement with clients on their transition plans, where appropriate, and inform business decision-making.

Energy sector approach

The Client Engagement Approach for the energy sector builds on the cross-sector approach and formalizes the business’ engagement with oil & gas and power generation sector clients. It represents a further evolution and strengthening of RBC’s climate action and support for clients to succeed in transitioning towards a low-carbon economy.

The objective of this energy sector-specific approach is to identify opportunities to deepen the business’ support for client transition plans. This is core to how the business is supporting the success of clients into the future. The insights gained through this engagement also supports progress towards RBC’s 2030 interim targets and the management of climate-related risks.

The Client Engagement Approach for the energy sector consists of two steps:



The following sections describe the Client Engagement Approach for the energy sector in greater detail.



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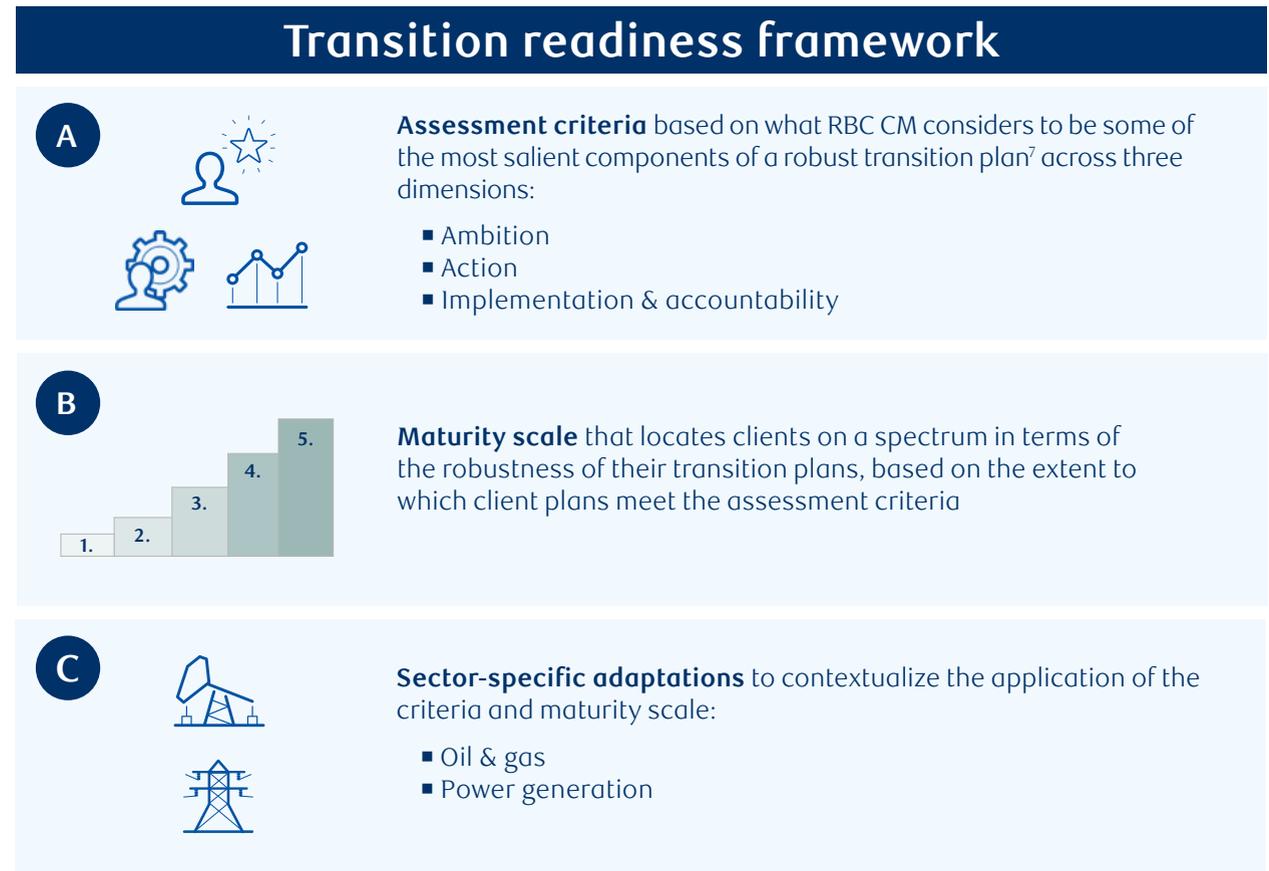
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The transition readiness framework assesses energy sector client transition plans and consists of three components:



The Framework was developed by considering what could be required to achieve the 1.5°C goal of the Paris Agreement; and by drawing on industry guidance on transition planning and adapting this to RBC CM’s energy portfolio and business (see Framework design principles on the right).

The Framework is expected to evolve as the business engages with clients over time and as sectoral realities continue to evolve.

Framework design principles

- ✓ **Based on guidance and methodologies** from the Glasgow Financial Alliance for Net Zero (GFANZ)¹¹ and Climate Action 100+¹² on transition planning. The business consulted with civil society partners with expertise in climate transition planning when adapting this guidance for the Framework.¹³
- ✓ **Informed by client realities** such that the criteria for each band of the maturity scale reflect the regional, business, technological, regulatory and public policy environment that clients operate in.
- ✓ **Simple and transparent** to enable client understanding and practical to implement for RBC CM’s frontline business teams.
- ✓ **Informed by the shifts that could be required** to achieve the 1.5°C goal of the Paris Agreement, based on the IEA NZE scenario – which is a scenario commonly used by the financial sector to assess alignment with the 1.5°C goal of the Paris Agreement and is referenced in the Net Zero Banking Alliance Guidelines for Climate Target Setting.
- ✓ **Dynamic with the intention to increase ambition over time.** As the energy transition advances, the business expects the robustness of clients’ transition plans to increase over time.¹⁴
- ✓ **Decision-useful** and intended to yield actionable insights by focusing on how clients are managing climate-related risk and opportunity.



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A. Assessment criteria

The assessment criteria for the energy sector focuses on the same three dimensions described under the [cross-sector approach](#) but goes further by using more extensive criteria that provide insight into several key components of a transition plan:

 <p>Ambition Indicates the client's intention to reduce emissions and achieve net-zero. Includes setting interim and long-term emissions reduction targets for relevant scopes.</p>	 <p>Action Demonstrates the client is instituting a plan to achieve their ambition. Includes criteria such as operational targets, capital allocation and approach to use of offsets that help demonstrate robustness of the plan.</p>	 <p>Implementation & accountability Provides transparency to progress towards achieving ambition through reporting on implementation and on emissions over time. Includes criteria related to the governance of the plan (e.g., oversight by the Board), which help further increase robustness.</p>
<p>Commitments</p> <ul style="list-style-type: none"> Commitment to reduce emissions Net-zero commitment 	<p>Actions to reduce emissions</p> <ul style="list-style-type: none"> Actions to reduce real economy emissions¹⁵ Timeline for the actions to reduce real economy emissions Capital allocation towards emission reduction actions Contribution of each action towards achieving emissions reduction target(s) 	<p>Governance</p> <ul style="list-style-type: none"> Board oversight of transition plan Executive compensation aligned with emissions reduction targets
<p>Emissions targets</p> <ul style="list-style-type: none"> Targets for relevant scopes Interim and long-term targets 	<p>Operational targets</p> <ul style="list-style-type: none"> Target for emissions reduction actions (e.g., reducing methane emissions, electrification) Target for capital allocation towards emissions reduction actions 	<p>Emissions reporting</p> <ul style="list-style-type: none"> Intensity & absolute emissions reporting Progress against emissions reduction targets Third-party assurance of emissions reporting and/or progress against targets
	<p>Offsets (if used)</p> <ul style="list-style-type: none"> Policy for evaluating offset projects (e.g., quality indicators such as additionality and permanence, scalability, and verification) Commitment to limit dependence on offsets to no more than 10% of residual emissions and using carbon removals 	<p>Implementation reporting</p> <ul style="list-style-type: none"> Progress against operational targets aligned with actions¹⁶ Offset projects used (if any) per the policy for evaluating offset projects Reporting aligned with a recognized sustainability reporting framework (e.g., TCFD¹⁷) – public disclosure by publicly listed clients Capital towards emissions reduction actions relative to other capital expenditure
	<p>Environmental and social factors</p> <ul style="list-style-type: none"> Measures to reduce negative ecological impacts (e.g., land conversion, deforestation, biodiversity loss, pollution) Commitment to engage with local or Indigenous communities impacted by new projects 	
	<p>Public policy and industry engagement</p> <ul style="list-style-type: none"> Commitment to conduct public policy engagement activities in accordance with the goals of the Paris Agreement Disclosure of trade association memberships and their alignment with the goals of the Paris Agreement 	



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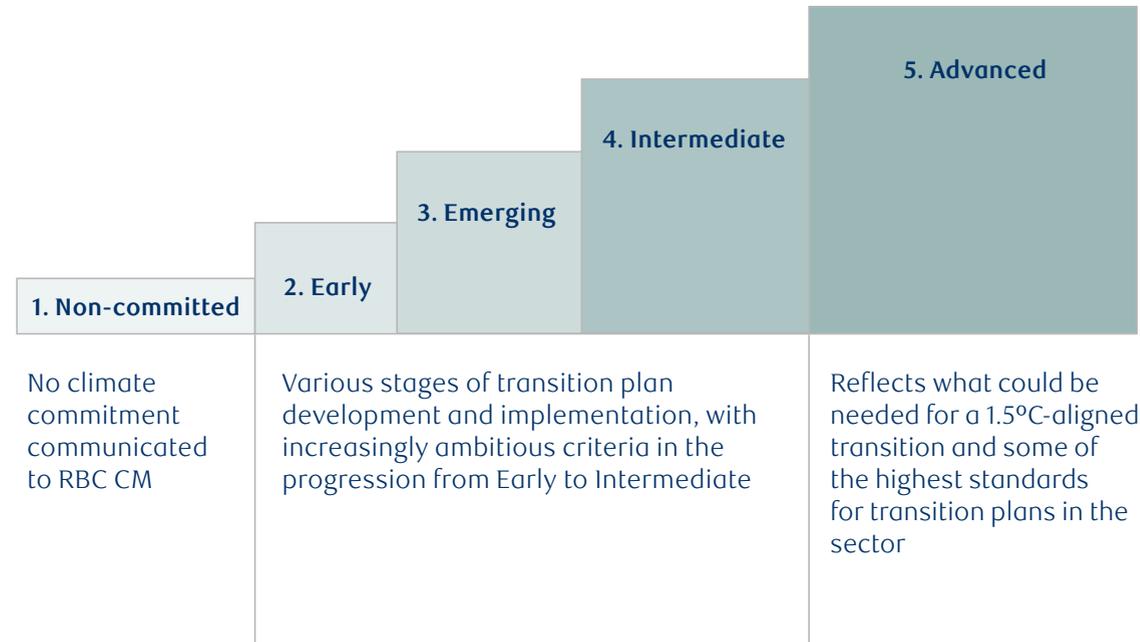
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B. Maturity scale

The development and implementation of robust transition plans is a journey, and some clients will be further along than others. The Framework is designed to reflect this and help the business locate clients across a spectrum in terms of the robustness of their transition plans. This allows the business to better support clients to accelerate their transition plans and progress along the Framework’s maturity scale.



While the bands that compose the maturity scale are consistent for the oil & gas and power generation sectors, the criteria for each band are adapted to reflect the context for the sector. For example, Advanced clients in the power generation sector are committed to achieving net-zero by 2035, while Advanced oil & gas clients are committed to net-zero by 2050. Clients’ transition plans are expected to accelerate and become more robust over time.

The sector-specific adaptations for the oil & gas and power generation sectors, including the contextual factors informing them, are described on the following pages.



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C. Sector-specific adaptations: oil & gas

Sector context

RBC CM is encouraged by the emission reduction actions of many of its oil & gas clients. Through collaborative discussions with these clients, the business understands that many clients share RBC’s view on the need to reduce global emissions and interest in working together to help achieve this. There is much more to do to partner with clients in preparing for the low-carbon economy of the future.

As clients in the sector continue to build strategic resilience, the business expects many of its clients to continue to invest in reducing their operational (scopes 1 and 2) emissions and to evaluate new growth opportunities in areas such as low-emissions energy sources¹⁸ (e.g., green hydrogen and renewable natural gas). It will be important for RBC CM and its clients to work together to help mitigate emerging future risks such as the potential for asset stranding.

Reducing operational emissions in the oil & gas sector will require a continued focus on reducing fugitive methane emissions

(through actions including reduced venting and increased use of vapor recovery units), electrification of operations and scaling the deployment of CCUS (carbon capture, utilization and storage). The business expects clients to continue to make meaningful investments in these areas, and RBC CM can play a role in helping finance these investments. Clients’ ability to successfully reduce operational emissions will depend in part on advances in key technologies such as small modular nuclear reactors, as well as on regulatory decisions on issues such as permitting for CCUS.

The ability to reduce end-use scope 3 emissions from the oil & gas sector depends on a shift in energy usage in the economy towards low-emissions energy sources, and some clients’ transition plans are based on diversifying their business to meet this demand. Other clients are aiming to meet continuing demand for oil & gas while in parallel reducing their emissions intensity. The business will continue engaging with its clients and support the acceleration of their transition plans.

RBC CM expects many of its clients to continue to invest in reducing their operational (scopes 1 and 2) emissions and to evaluate new growth opportunities in areas such as low-emissions energy sources.





Assess: Framework adapted for oil & gas sector

Clients assessed in a band meet all criteria for that band.¹⁹ The Frameworks are expected to evolve over time.

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		1.	2. Early	3. Emerging	4. Intermediate	5. Advanced	
Ambition	Commitments	No climate commitment communicated	Commitment to reduce emissions				
	Emissions targets				Net-zero by 2050 (scopes 1 & 2)	Net-zero in all scopes by 2050	
Action	Actions to reduce emissions		Actions to reduce real economy emissions ¹⁵				
	Operational targets		Timeline for the actions to reduce real economy emissions				
			Capital allocation towards emissions reduction actions				Contribution of each action towards target(s)
			Target for emissions reduction actions				
			Target for methane emissions from operations aligned with an industry initiative ²²				Target for capital allocation towards emissions reduction actions
	Offsets (if used)		Policy for evaluating offset projects				Commitment to limit dependence on offsets
	Additional environmental and social factors		Measures to reduce negative ecological impacts				
			Commitment to engage with local or Indigenous communities impacted by new projects				
Public policy and industry engagement					Policy engagement in accordance with the goals of the Paris Agreement		
Implementation & accountability	Governance	Board oversight					
		Business sensitivity analysis to demonstrate strategic resilience to shifts in product demand & price, and carbon price if applicable ²²					
		Executive compensation aligned with emissions reduction targets					
	Emissions reporting	Intensity & absolute scopes 1 & 2 emissions					
		Progress against emissions reduction targets				Absolute scope 3 emissions	
	Implementation reporting					Third-party assurance	
Progress against operational targets							
Reporting aligned with a recognized framework (e.g., TCFD ¹⁷)							
				Offset projects used (if any)			
				Capital towards emissions reduction vs. other capital expenditure			



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C. Sector-specific adaptations: power generation

Sector context

While fossil fuels continue to play an important role in power generation today, the sector is in a state of transition and many clients are releasing net-zero goals and interim emission reduction targets with a strategy to transition their businesses towards low-emissions energy sources, including renewables.

To meet growing demand for electricity, many clients are building additional generation capacity while evolving their generation mix towards low-emissions energy sources. This requires significant investment by clients, and RBC CM has a role to play in helping finance these investments.

Ensuring reliable and affordable electricity supply is an imperative that will need to be considered throughout this transition. The business is encouraged that some independent power producer and regulated

utility clients already have plans and are acting to decrease unabated fossil fuel powered generation. However, some regulated utility clients operate under regulatory restrictions where reliability and affordability considerations may limit the client's ability to move at a faster pace to reduce emissions.

The scale-up of electricity from low-emissions sources to meet demand reliably and affordably will require shifts in the broader power sector beyond what our clients can deliver on their own. This includes policy action (e.g., to enable the rapid scale-up of transmission capacity), technological advances (e.g., utility scale energy storage) and changes in market dynamics (e.g., demand-side responses that help match demand with supply, such as a shift in usage away from peak demand timing).

To meet growing demand for electricity, many clients are building additional generation capacity while evolving their generation mix towards low-emissions energy sources.



Solar panels at Yellow Lake & Burdett Solar Facility, developed to fulfill BluEarth Renewables' Power Purchase Agreement with RBC. For more details, please click [here](#).





Assess: Framework adapted for power generation sector

Clients assessed in a band meet all criteria for that band.¹⁹ The Frameworks are expected to evolve over time.

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		1.	2. Early	3. Emerging	4. Intermediate	5. Advanced	
Ambition	Commitments	No climate commitment communicated	Commitment to reduce emissions			Net-zero by 2050 (scopes 1 & 2)	Net-zero by 2035 (scopes 1 & 2)
	Emissions targets		Scopes 1 & 2 targets based on a credible 1.5°C pathway ²³				
Action	Actions to reduce emissions		Actions to reduce real economy emissions ¹⁵			Timeline for the actions to reduce real economy emissions	
	Operational targets		Capital allocation towards emissions reduction actions			Contribution of each action towards target(s)	
			Target for emissions reduction actions			Target for capital allocation towards emissions reduction actions	
			Unabated coal phase-out by 2035²⁴			Unabated coal phase-out by 2030²⁴	
	Offsets (if used)		Policy for evaluating offset projects			Unabated natural gas phase-out by 2035²⁴	
	Additional environmental and social factors		Measures to reduce negative ecological impacts			Commitment to limit dependence on offsets	
	Public policy and industry engagement		Commitment to engage with local or Indigenous communities impacted by new projects			Policy engagement in accordance with the goals of the Paris Agreement	
Implementation & accountability	Governance		Board oversight			Disclosure of trade association memberships	
	Emissions reporting	Executive compensation aligned with emissions reduction targets					
		Intensity & absolute scopes 1 & 2 emissions					
	Implementation reporting	Progress against emissions reduction targets			Third-party assurance		
		Progress against operational targets					
Reporting aligned with a recognized framework (e.g., TCFD ¹⁷)			Offset projects used (if any)				
					Capital towards renewables and low-emissions vs. other capital expenditure		





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Leverage insights from assessment

RBC CM recognizes the role it can play in supporting clients to reduce their emissions and accelerate their transition plans. The insights gained by engaging with clients help the business understand where it can provide the most effective support to clients. This includes directing capital towards clients where there is greatest potential to reduce emissions and support their future success. Insights from the assessment and subsequent engagement also enables the business to lean-in with advice and insights, leveraging the expertise the business has developed that can help accelerate the energy transition.

To succeed, clients will require new and emerging solutions that need additional investment to mature and scale. This includes, for example, new technologies to reduce methane emissions, greater electrification of industrial processes, green hydrogen, commercially viable adoption of CCUS, other low-emissions fuels, utility scale battery storage and the build out of electricity transmission and distribution networks.

Deepen support

RBC CM will prioritize supporting clients who are actively engaged in the energy transition and executing or working towards robust transition plans that will help them remain resilient and competitive. Opportunities to support clients include providing debt, equity and advisory services to support the energy transition; and financing energy transition

projects, such as renewable energy. This includes support through dedicated teams such as the RBC CM Sustainable Finance Group which helps the business in delivering advice and solutions to clients, including structuring green, social, sustainability and sustainability-linked financial products and advising on best practices in ESG²⁵ integration in corporate strategy and investment management.

In addition, RBC will support the scale-up of new and emerging solutions clients will require on their transition journeys – including through venture capital and growth equity funds, RBC Tech for Nature™ and RBC’s national cleantech practice through RBCx.

RBC CM believes that clients who are proactively planning for the energy transition are better positioned to respond to associated emerging risks and opportunities. This is why client transition plans are an important consideration in RBC CM’s business decision-making. The business considers clients in the “non-committed” band of the maturity scale to be at particular risk of facing significant challenges in making appropriate adjustments to their operations and ultimately maintaining or improving their financial performance. RBC CM is prepared to make difficult business decisions and ultimately step away if a client, after repeated engagement, does not demonstrate sufficient planning for the energy transition. On a case-by-case basis, and considered alongside other financial and non-financial factors, this could include reducing or eliminating available credit and other products and services.²⁶

RBC CM will prioritize supporting clients who are actively engaged in the energy transition and executing or working towards robust transition plans that will help them remain resilient and competitive.



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As a major lender to the energy sector, RBC has a role to play in helping accelerate the energy transition and supporting the resilience and competitiveness of its clients. This is key to delivering on RBC's climate commitments.

Supporting clients in reducing emissions from conventional sources today, and in parallel helping build the low-carbon energy system of the future will remain a primary focus of RBC's climate strategy. Transparency to how the bank is supporting clients, the actions it is taking and the progress being made will remain a key element of this strategy. To this end, the bank intends to:

- Assess RBC CM's oil & gas and power generation clients using the transition readiness framework and disclose portfolio-level results of this assessment in annual climate reporting
- Review the Framework at least every two years to reflect evolving sectoral realities, market factors and regulations; and improve the effectiveness of the Framework based on experience and feedback from RBC CM's clients and other stakeholders
- Develop client engagement approaches on climate for other sectors where the bank sets emissions reduction targets, where relevant and meaningful to do so
- Disclose details on additional components of RBC's transition plan in the 2023 Climate Report

Climate change is already impacting people and communities around the world. RBC believes that it is imperative to take action now and is encouraged that many clients have put in place plans, teams and capital to help support the energy transition. It will take resources and resolve to build the strategic resilience needed for clients to thrive and communities to prosper in what will be a very different world. Through the Client Engagement Approach on Climate and RBC's climate strategy, the bank will do its part and looks forward to working with its clients on this journey.





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1. RBC Capital Markets® is a premier global investment bank providing expertise in advisory & origination, sales & trading, and lending & financing to corporations, institutional clients, asset managers, private equity firms and governments globally.
2. Referred to herein as Client Engagement Approach.
3. Plans that articulate the client's overall approach to the transition to net-zero, including objectives, targets, actions, progress and accountability mechanisms.
4. Article 2 of the Paris Agreement reaffirms the goal of limiting the global average temperature increase to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. Referred to in this document as the "1.5°C goal of the Paris Agreement".
5. The bank was guided by the International Energy Agency's Net Zero Emissions by 2050 scenario (IEA NZE), which is a scenario commonly used by the financial sector to assess alignment with the 1.5°C goal of the Paris Agreement and is referenced in the Net Zero Banking Alliance Guidelines for Climate Target Setting.
6. The goals, targets and Client Engagement Approach described in this document exclude the practices of: (a) RBC Global Asset Management (RBC GAM), the asset management division of Royal Bank of Canada (the "Bank"), and RBC Wealth Management (RBC WM). RBC GAM includes the following wholly owned indirect subsidiaries of the Bank: RBC Global Asset Management Inc. (including Phillips, Hager & North Investment Management), RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited, and RBC Global Asset Management (Asia) Limited. RBC WM includes the following affiliates: RBC Dominion Securities Inc. (Member–Canadian Investor Protection Fund), RBC Direct Investing Inc. (Member–Canadian Investor Protection Fund), Royal Mutual Funds Inc., RBC Wealth Management Financial Services Inc., Royal Trust Corporation of Canada and The Royal Trust Company, which are separate but affiliated subsidiaries of the Bank; and (b) Brewin Dolphin Holdings PLC and its subsidiaries.
7. See the box on Framework design principles on page 6 for details on how the bank developed its views on what it considers the most salient components of a robust transition plan.
8. Examples include the inclusion of transition plans in climate risk management guidelines from the Office of the Superintendent of Financial Institutions Canada and the launch of a transition plan disclosure framework by the UK's Transition Plan Taskforce.
9. Description of transition plan adapted from Expectations for Real Economy Transition Plans, Glasgow Financial Alliance for Net Zero.
10. Through the Environmental & Social Review Process. Details available at [rbc.com/climate](https://www.rbc.com/climate).
11. Expectations for Real-economy Transition Plans, GFANZ.
12. Net Zero Company Benchmark, CA100+.
13. This adaptation included determining the bank's views on what it considers the most salient aspects of a credible transition plan. A consideration during adaptation was to aim to include criteria from across the broad categories of criteria available in the GFANZ and CA100+ guidance.
14. For example, what is considered "Intermediate" in this iteration may be considered "Emerging" in future iterations of the Framework.
15. Real economy emissions reduction refers to reductions in the emissions being released into the atmosphere, which is distinct from actions such as the sale of high-emitting assets to buyers who may continue emitting or increase emissions from the assets.
16. For example, percentage change in flaring intensity in the oil & gas sector or annual change in generation mix in the power generation sector.
17. Taskforce on Climate-Related Financial Disclosures.
18. Low-emissions energy sources include: renewables (e.g., solar, wind) and other low-emissions energy sources such as nuclear and hydrogen.
19. If a client meets most of the criteria for a band but not all, they would be assessed to be in the lower band for which they meet all criteria.
20. Scopes 1 & 2 intensity and/or absolute interim targets not yet based on a credible 1.5°C pathway, where interim refers to short-term and/or medium-term.
21. Absolute interim and long-term targets for all scopes based on a credible 1.5°C pathway, where interim refers to short-term and/or medium-term.
22. Specific to the oil & gas sector. Does not apply to the power generation sector.
23. Scopes 1 & 2 intensity and/or absolute interim targets based on a credible 1.5°C pathway, where interim refers to short-term and/or medium-term.
24. Specific to the power generation sector. Does not apply to the oil & gas sector.
25. Environmental, social and governance.
26. At the time of credit origination, renewal or requests for increases in credit. The bank will not renege on legally binding credit agreements.





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Caution regarding forward-looking statements

Important notice regarding this document

This document titled “Client Engagement Approach on Climate” (document) may contain forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements contained in this document may include, but are not limited to, statements relating to RBC’s net-zero related vision, commitments, goals, metrics and targets, its plans to disclose certain information in its annual Climate Report, its plan to assess clients using the transition readiness framework described in this document and potential future actions RBC may take based on the results of such assessments, and its intention to take the actions described in the “Path ahead” section of this document. Forward-looking statements are typically identified by words such as “believe”, “expect”, “expectation”, “aim”, “foresee”, “forecast”, “anticipate”, “predict”, “intend”, “estimate”, “commit”, “goal”, “plan”, “strive”, “objective”, “target” and “project” and similar expressions of future or conditional verbs such as “will”, “may”, “might”, “should”, “could” or “would”.

By their very nature, forward-looking statements require RBC to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that its predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that its assumptions may not be correct and that its objectives, vision, commitments, goals, targets, and strategies and its economic, environmental (including climate), social and governance-related impacts and objectives, including its ability to support its clients in their transition to net-zero, will not be achieved. Moreover, many of the assumptions, estimates, standards, methodologies, metrics and measurements relevant to its Client Engagement Approach described in this document continue to evolve and are based on assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees.

RBC cautions readers not to place undue reliance on these statements as a number of risk factors could cause its actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond its control

and the effects of which can be difficult to predict – include, but are not limited to: its ability to adequately assess its clients using the transition readiness framework described in this document, the need for more and better climate data and standardization of climate-related measurement methodologies, its ability to gather and verify data regarding environmental impacts, its ability to successfully implement various initiatives throughout RBC under expected time frames, the risk that initiatives will not be completed within a specified period or at all or with the results or outcome as originally expected or anticipated by RBC, the compliance of various third parties with its policies and procedures and their commitments to RBC, the need for active and continuing participation and action of various stakeholders (including governmental and non-governmental organizations, other financial institutions, businesses and individuals), technological advancements, the evolution of consumer behaviour, varying decarbonization efforts across economies, the need for thoughtful climate policies around the world, the challenges of balancing emission reduction targets with an orderly, and inclusive transition and geopolitical factors that impact global energy needs, the legal and regulatory environment, and regulatory compliance considerations (which could lead to RBC being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, penalties and/or fines), strategic, reputation, competitive, and systemic risks and other risks. Additional factors that could cause actual results to differ materially from the expectations in such forward-looking statements can be found in the Risk sections of RBC’s most recent Annual Report and the Risk management section of RBC’s Quarterly Report to Shareholders thereafter.

RBC cautions that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect its results. Except as required by law, none of RBC or its affiliates undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by RBC or on its behalf.





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RBC's Client Engagement Approach on Climate described in this document, and climate metrics, data and other information relevant to its transition readiness framework contained in this document are or may be based on assumptions, estimates and judgements. Any commitments, goals and targets discussed in this document are aspirational and may need to be changed or recalibrated as available data improve and as climate science, transition pathways and market practices regarding standards, methodologies, metrics and measurements evolve. The achievement of RBC's interim targets discussed in this document,

any of its future emission reduction targets and its ultimate goal of achieving net-zero in its lending by 2050 will depend on the collective efforts and actions across a wide range of stakeholders outside of its control, and there can be no assurance that they will be achieved. For further cautionary statements relating to climate metrics, data and other information in this document, refer to the "Important notice regarding this Report" section in RBC's most recent Climate Report.

This document is intended to provide information from a different perspective and in more detail than is required to be included in mandatory securities filings and other regulatory reports, including filings with Canadian securities regulators and the U.S. Securities and Exchange Commission. While certain matters discussed in this document may be of interest and importance to RBC's stakeholders, the use of the terms "material", "significant", "important" or similar words or phrases should not be read as necessarily rising to the level of materiality used for the purposes of securities or other laws and regulations.

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Providing feedback

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