RBC Energy Supply Ratios Methodology

September 2026

About Royal Bank of Canada

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About this document

The RBC Energy Supply Ratios Methodology (the Document) describes our approach and methodology to calculate our Energy Supply Ratios (ESR). Our ESR estimates our financing for *low-carbon energy and enabling activities, decarbonization activities* and *renewable energy tax credit (RETC) activities* compared to *high-carbon energy activities*, providing insight into the evolution of our energy supply financing over time. These metrics are measured and reported internally to our Group Executive, alongside other key metrics aligned with our climate strategy.

As more financial institutions have disclosed or committed to disclose their ESR or methodologies, RBC reviewed our Methodology in 2026 to, among other things, consider alignment of our ESR with our business strategy and our other climate-related metrics, as well as to assess comparability across the industry. Following this review, we have maintained our key design decisions including measuring our lending exposures using authorized exposures as at the reporting date (referred to as stocks basis) and measuring our facilitation volumes and RETC activity for the fiscal period (referred to as flows basis). However, given the difference in measurement approach for lending and facilitation, and that lending and facilitation are different business activities with different risk profiles and regulatory capital implications, we are disclosing two energy supply ratios – one for lending and one for facilitation and RETCs.

We recognize that transparency on our ESR and our methodology is important to certain investors and other stakeholders. We were one of the first banks to develop an ESR methodology and we believe that providing transparency on our design choices will help inform the advancement and adoption of this metric by other banks. In this document, we have provided the details in a manner consistent with the approach outlined in the White Paper on an ESR for Bank Disclosures, published by the Institute for International Finance (IIF). See Table 1 on page 8 for the design choice details.

Approach

Our climate strategy,[1] as outlined in The RBC® Climate Blueprint, is anchored in our goal to be the bank of choice for the *transition* to a *low-carbon* and *resilient* economy.

Aligned with our role as a bank, our climate strategy is focused on advising and financing client actions that support the transition to a low-carbon and resilient economy through:

- **Engaging and supporting clients** – we are working to understand clients' plans for the transition and developing capabilities to advise and finance our clients' actions; and
- **Taking portfolio actions** – we are working to increase our lending to entities involved in activities and technologies that support a low-carbon and resilient economy as a proportion of our portfolio mix over time. We also measure and manage our financing to high-carbon energy.

We have initially focused on sectors that we believe present the greatest opportunities to support and engage with our clients through the transition, including but not limited to the oil and gas and power generation sectors (referred to collectively as the energy sector in this Document). RBC is playing its role in helping our clients in the transition to a low-carbon economy, including supporting clients in high-emitting, hard-to-abate sectors in their efforts to decarbonize. RBC does not have a specific target for our ESR. To support and measure the progress of our actions in the energy sector, we produce various metrics including our ESR. Our ESR provide insight into the evolution of energy supply financing over time.

(1) 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). Certain of RBC's sustainability-related policies, commitments, targets and goals are not inclusive of the investment advisory or broker-dealer activities, or the assets under management or administration, of RBC Global Asset Management® (RBC GAM) or RBC Wealth Management® (RBC WM). RBC GAM operates through indirectly wholly owned subsidiaries of the bank including, but not limited to: RBC Global Asset Management Inc. (including Phillips, Hager & North Investment Management), RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited, BlueBay Funds Management Company S.A., RBC Global Asset Management (Asia) Limited, and BlueBay Asset Management International Limited, Japanese Branch. RBC WM operates through indirectly wholly owned subsidiaries of the bank including, but not limited to: RBC Dominion Securities Inc. (Member–Canadian Investor Protection Fund), RBC Direct Investing Inc. (Member–Canadian Investor Protection Fund), Royal Mutual Funds Inc. (Member–Canadian Investor Protection Fund), RBC InvestEase Inc., RBC Phillips, Hager & North Investment Counsel Inc., RBC Capital Markets, LLC, RBC Private Counsel (USA) Inc., RBC Dominion Securities Global Limited, RBC Wealth Management Financial Services Inc., Royal Trust Corporation of Canada and The Royal Trust Company, City National Bank and its subsidiaries, and RBC Europe Limited.

Energy Supply Ratios Methodology

This section describes the methodology that we have developed to calculate our ESR, which estimates our financing for low-carbon energy and enabling activities, decarbonization activities and RETC activities compared to high-carbon energy activities.

ESR formulas

Lending ratio[1]

$$\frac{\text{Low-carbon energy and enabling activities lending + decarbonization lending}^{(2)}}{\text{High-carbon energy lending}}$$

(1) Refer to the *Glossary* for definitions of *low-carbon energy and enabling activities*, *decarbonization* and *high-carbon energy*.
(2) Only includes activities undertaken by clients in the energy sector; refer to *Decision category 1: Energy sector scope and definition* for further information.

Facilitation ratio[1]

$$\frac{\text{Low-carbon energy and enabling activities facilitation + decarbonization facilitation}^{(2)}\text{ + RETC activity}}{\text{High-carbon energy facilitation}}$$

(1) Refer to the *Glossary* for definitions of *low-carbon energy and enabling activities*, *decarbonization, RETCs* and *high-carbon energy*.
(2) Only includes activities undertaken by clients in the energy sector; refer to *Decision category 1: Energy sector scope and definition* for further information.

To develop our ESR, we used a decisioning approach that aligns with the approach outlined in the White Paper on an ESR for Bank Disclosures published by the IIF, anchored to three guiding principles:

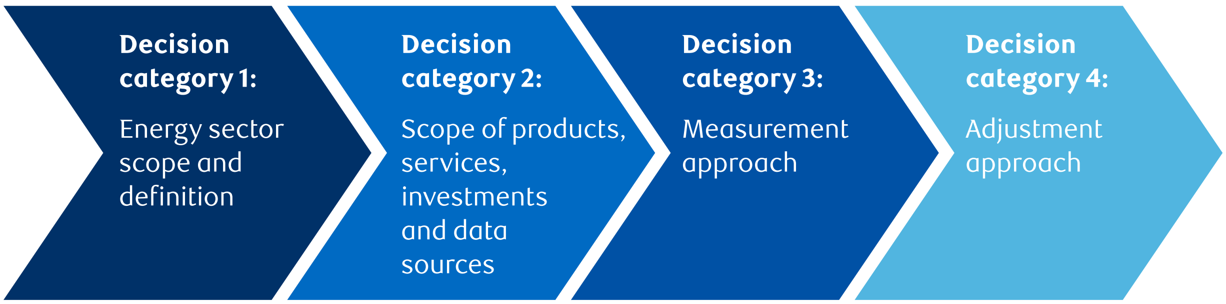
1. **Strive for consistency** with definitions and methodologies used across our existing climate-related disclosures, frameworks, and commitments;
2. **Maintain credibility and transparency** in key design decisions by considering applicable external frameworks, standards, or guidelines published by credible industry and legislative bodies where available; and
3. **Continue to refine** as data sources and methodologies improve over time.

As a result of our design decisions, our ESR are not directly comparable to other banks' or third-party's ratios and may differ in certain key areas, as outlined below:

- We use **authorized lending exposures** as at the reporting date (stocks basis), instead of newly originated/refinanced exposures during the reporting period (flows basis), reflecting the total authorized lending exposures rather than the amount drawn. We have maintained this choice because it is a more stable measure and because it is consistent with our existing measurement approaches for certain other reported climate-related metrics.
- We take into account **all client financing activity** across lending, facilitation and RETCs, with the exceptions noted in our methodology.

- For clients that engage in low carbon energy and enabling activities, decarbonization activities and high-carbon energy activities, **we use RBC's standard industrial classification codes (SIC codes) to allocate our lending and facilitation between low-carbon energy and enabling activities, decarbonization activities and high-carbon energy activities**. See *Decision category 4: Adjustment approach* on page 6 of this document for more information.

The following provides a detailed description of our ESR design decisions grouped into four categories: (1) Energy sector scope and definition, (2) Scope of products, services, investments, and data sources, (3) Measurement approach, and (4) Adjustment approach.



Decision category 1: Energy sector scope and definition

The numerator of our ratios estimates the sum of *low-carbon energy and enabling activities financing* and *decarbonization financing* (associated with energy supply financing; refer to the *Appendix* for details on decarbonization financing) and *RETC activity* as appropriate.

The denominator of our ratios estimates RBC's oil and gas and high-carbon power generation financing, and the sub-sector boundaries are aligned with those used for our Partnership for Carbon Accounting Financials (PCAF) financed emissions metrics. For oil and gas, this includes the upstream, downstream, midstream and integrated sub-sectors. For power generation, this includes coal-fired, oil and natural gas generation.

The ESR encompass energy supply activities only and are not intended to include energy demand sectors such as automotive.

(2) Refer to our description of decarbonization financing in the *Appendix*.

Decision category 2: Scope of products, services, investments, and data sources

For the purpose of our energy supply ratios, we define lending, facilitation and RETC activities as follows:

Lending	Authorized loan exposures for Capital Markets, Commercial Banking, and City National Bank clients in relevant sectors, including syndicated and bilateral lending, and project finance, as at the reporting date. • Certain product types that do not represent incremental lending exposure, such as letter of credit fronting and swing lines are not included. Lease receivables, credit cards and bullion loans are also not included as they do not represent energy supply lending activities. • Capital Markets bridge loans that are unfunded are not included as they are non-permanent additions to companies' capital structures and often convert to facilitation activity (which is counted) over time. • We do not include any lending exposure held by RBC Insurance®. **Data Source:** Data for lending activity is sourced internally.
Facilitation	Capital Markets' share of facilitation activity, specifically debt capital markets (DCM) and equity capital markets (ECM) transactions where Capital Markets held a bookrunner role, for the reporting period. • Certain facilitation activities are not included: securitized products (such as asset-backed securities and utility securitizations), covered bonds, derivatives, advisory services including M&A, and secondary ECM issuances where the issuer does not receive any of the proceeds. • For syndicated lending RBC counts only the credit extended in lending products above, and not the facilitation volume. The sole exception is when RBC facilitates a syndicated loan without holding a commitment, in which case the facilitation volume is included. • Debt and equity placement activity for private companies is included to the extent that these transactions are captured in the data sets sourced from third-party data providers. • Where feasible, data is sourced from multiple third-party sources, and various data attributes are compared to validate data for accuracy and completeness. **Data Source:** Data for facilitation is sourced externally from various third-party data providers.
RETC activity	Investment in, and capital raised for RETCs for the reporting period. **Data Source:** Data for RETC activity is sourced internally.

Decision category 3: Measurement approach

Lending	Authorized lending exposures at the reporting date (stocks basis).
Facilitation	RBC's share of ECM and DCM deal credit for a given reporting period (flows basis), which is determined by dividing the total deal size by the total number of bookrunners on the deal (commonly referred to as "league table credit").
RETCs	Total amount directly invested by RBC in the reporting period plus the value of RETC activities facilitated for clients in the reporting period. See Table 1 for more details.

Decision category 4: Adjustment approach

All low-carbon energy and enabling activities financing, decarbonization financing and high-carbon energy financing is treated as general corporate purpose, including labelled issuances (e.g., green bonds) and known use of proceeds transactions.

Most of our lending and facilitation to mixed energy entities is for general corporate purposes, which means that the client may use the funds as needed without limiting this to a specific activity. In these cases, it is not possible to directly measure the proportion of funds used towards the client's low-carbon versus high-carbon activities. We understand this to be a challenge common to the financial services industry. As a result, we use an adjustment factor based on RBC's SIC codes to allocate our lending and facilitation between low-carbon energy and enabling activities, decarbonization financing[2] and high-carbon energy activities. For example, we have distinct SIC codes for solar, offshore and onshore wind and natural gas and these SIC codes are mapped to low-carbon energy and enabling activities, decarbonization and high-carbon as appropriate (as described above under

(2) Refer to our description of decarbonization finance in the *Appendix*.

Decision category 1: Energy sector scope and definition). The SIC codes are used in RBC's normal course of business and are not used uniquely for climate reporting purposes.

We assign SIC codes to entities in line with RBC's enterprise standards for the allocation of SIC codes to clients using the following information, as appropriate and available: revenue, power generation by fuel source (i.e., MWh), capacity and/or another available proxy. For example, if the SIC code allocation for a mixed-energy entity is 40% to renewable energy, 40% of the loan is allocated to renewable energy.

Where an entity is involved in both power generation, and transmission, distribution and storage, it may not be possible to allocate the revenues associated with these activities, and a proxy that most closely aligns with a revenue-based split may be used. SIC codes generally are assigned using backward-looking information and do not predict the future mix of activities for a client; however, in certain circumstances such as in the case of project financing, future revenue forecasts may be the most appropriate proxy to represent the business activities of the client. Allocations to low-carbon energy and enabling activities and high-carbon energy activities are regardless of how the company uses funds in practice and it may be possible that the proceeds of a loan used for high-carbon energy activities are higher than our estimate. SIC codes are allocated at loan origination and are reviewed periodically through scheduled reviews or following material events that may impact the allocations.

Table 1: ESR Disclosure (IIF) Template

We have developed our methodology and measurement framework informed by the IIF's White Paper on an ESR for Bank Disclosures. Going forward, we will continue to review our ESR calculation approaches, and may make changes to our methodology, approaches and/or data sources.

The IIF has provided an illustrative disclosure approach in its White Paper to summarize design choices made by individual banks and promote transparency for investors and other stakeholders. The table below includes RBC's information against this template.

Category	Design decision	ESR selection
Sector scoping	Determine whether the ratio will encompass energy supply only, or both supply and demand.	✓ Energy supply only
	Define the numerator and denominator of the ratio.	**Numerators:** Measures the sum of low-carbon energy and enabling activities financing, decarbonization financing and for the facilitation ratio only, RETC activity **Denominators:** Measures RBC's oil and gas and high-carbon power generation financing; sub-sector boundaries are aligned with those used for our PCAF financed emissions
	Decide how to treat conglomerates and holding companies with subsidiaries engaged in energy supply.	✓ Energy-focused companies and conglomerates (for energy conglomerates and holding companies with subsidiaries, we assign SIC codes based on the business activity of the counterparty to the transaction; i.e. if the counterparty is a subsidiary, we allocate SIC codes based on the business activities of the subsidiary)
Scope of products, services, investments, and data sources	Select lending products for inclusion (e.g., syndicated lending, bilateral lending, project finance, etc.).	✓ Syndicated lending (authorized exposures) ✓ Bilateral lending (authorized exposures) ✓ Project finance (authorized exposures) x Not included: Bridge loans in Capital Markets (unfunded & non-countersigned)
	Select facilitation activities for inclusion (e.g., debt underwriting, equity underwriting, M&A advisory, etc.).	✓ ECM activity (public and private where available via third-party) ✓ DCM activity (public and private where available via third-party) x Not included: securitized products (such as asset-backed securities and utility securitizations), covered bonds, derivatives, advisory services including M&A, and secondary ECM issuances where the issuer does not receive any of the proceeds. For syndicated lending, we include facilitation volume only when we facilitate a syndicated loan without holding a commitment, as set out under *Decision category 2* above
	Select direct investment types for inclusion (e.g., RETCs).	✓ Investment in, and facilitation of RETCs x Not included: climate fund and direct investments; investments made, managed or administered by RBC Insurance®, Corporate Treasury, and RBC GAM
	Decide on data sources to be used for measurement of lending, facilitation, and investment.	• Internal data is used for lending and RETCs • External data is used for facilitation

Category	Design decision	ESR selection
Measurement approach	For lending, determine the measurement approach required based on the data source.	Authorized lending exposures (stocks basis)
	For facilitation (including syndicated lending), determine the attribution method to calculate bank credit (league table credit vs. fee wallet methods).	Annual flows using league table credit method (deal size divided by number of bookrunners)
	For investment, determine any measurement considerations as required.	Investment in, and facilitation of RETCs for the reporting period
Adjustment approach	Allocate all in-scope lending, facilitation, and investments with known use of proceeds into the numerator or denominator.	Split financing between numerator and denominator using company-level SIC code allocation (based on share of total revenue or other available proxy), as further described above in *Decision category 4: Adjustment approach*
	For all other in-scope lending, facilitation, and investments (e.g., general corporate purpose), determine adjustment approach (i.e., whether bank credit will be allocated using a binary approach or an adjustment factor – split and apportionment of business activities).	

Appendix

Low-carbon energy and enabling activities financing

The low-carbon energy and enabling activities that are eligible for inclusion in our lending and facilitation and RETC ratios are summarized in the table below.

Activity category	Types of activities
Renewable energy Construction, development, manufacturing, operation, acquisition, maintenance and connection of the following renewable energy generation sources:	Offshore and onshore wind
	Solar
	Tidal
	Geothermal with direct emissions of less than 100 g CO_2e/kWh[1]
	Waste biomass and renewable biofuels with life-cycle emissions less than 100 g of CO_2e/kWh; sourced from sustainable agriculture and forestry residues or from non-recyclable municipal solid waste[2]
	Hydroelectricity[3]
Other low-carbon energy Construction, development, manufacturing, operation, acquisition, maintenance and connection of the following energy generation sources:	Nuclear[4]
	Hydrogen produced via electrolysis powered by low-carbon energy sources
Enabling activities Construction, development, manufacturing, operation, acquisition and maintenance of:	Electricity transmissions and distribution systems
	Batteries and other energy storage devices
	Efficiency improvements for transmission and distribution of energy such as smart grids

(1) RBC clients may not report direct emissions data for certain advanced geothermal plants where emissions are expected to be less than 100 g CO_2e/kWh. In such cases, RBC will assess eligibility by mapping the underlying technology to estimated emissions factors published by recognized organizations such as the Climate Bonds Initiative.
(2) Including upstream supply of feedstock, used for power generation, sourced from sustainable agriculture and forestry, and meeting the lifecycle emissions threshold.
(3) New hydroelectricity development projects >25 MW must have a power density of over 10 W/m^2 or operate with lifecycle emissions below a threshold of 50 g CO_2e/kWh. Includes refurbishment of existing hydroelectricity facilities, provided the size of the dam or reservoir is not increased.
(4) Includes research and development related expenditures. Must be in accordance with applicable laws and within jurisdictions that have adequate regulations governing nuclear safety which adhere to standards defined by the International Atomic Energy Agency addressing site selection, operational safety, waste management and responsible materials sourcing.

Decarbonization financing

The decarbonization financing activities that are eligible for inclusion in our lending and facilitation and RETC ratios are summarized in the table below. Decarbonization activities are those that help reduce emissions from high-emitting hard-to-abate sectors, such as energy; however, the categories detailed below pertain to energy supply.

Activity category	Types of activities
Carbon capture	Construction, development, manufacturing, operation, acquisition and maintenance of assets for carbon capture and storage (CCS) in industrial facilities in high-emitting hard-to-abate sectors. This includes, for example, CCS used in: • Bio-energy plants • Oil and gas facilities(1)
Lower emissions intensity fuels	Development, production or distribution of low-carbon intensity fuels(2), including liquid fuels with a carbon intensity ≤ 50 g CO_2e/MJ or gaseous fuels with a carbon intensity ≤ 36 g CO_2e/MJ. Examples of eligible fuel types include hydrogen, ethanol, renewable diesel, co-processing of biocrude, sustainable aviation fuel, synthetic fuel and renewable natural gas (either synthetic natural gas from biomass or derived from processing biogas).
Methane emissions reduction	Activities that help reduce methane emissions from operations towards a specified reduction target(3). This includes, for example: • Methane leak detection and repair • Installation of emissions control devices

(1) CCS for the purpose of upstream enhanced oil recovery is excluded.
(2) Biogas production from landfill gas capture must be from closed or decommissioned landfill with a gas-capture efficiency of greater than 75%. Waste biomass must be sourced from sustainable agriculture and forestry residues or from non-recyclable municipal solid waste.
(3) Client's target must be aligned with an industry initiative or recognized standard such as the Global Methane Pledge, the Government of Canada's Methane Strategy or the World Bank's Zero Routine Flaring by 2030 Initiative.

In addition to considering the activity, RBC classifies transactions as decarbonization financing only if the client has a sufficiently robust transition plan that either:

1. Meets all of the following criteria:
   - 1.5°C-aligned emissions reduction targets for all relevant scopes, based on a credible pathway;
   - Time-bound actions to reduce emissions;
   - Board oversight of the transition plan;
   - Emissions reporting for all relevant scopes on both an absolute and intensity basis;
   - Progress reporting towards emissions reduction targets; and
   - Reporting aligned with a recognized framework (e.g., Task Force on Climate-related Financial Disclosures (TCFD)); or
2. In sectors where RBC has established a transition readiness framework, the transition plan is assessed as Emerging or higher under the framework for the sector. Refer to RBC's Client Engagement Approach on Climate for details on the transition readiness frameworks for RBC Capital Markets clients.

The exception to the requirement to meet either of the criteria set out above is for general corporate purpose transactions with entities that engage primarily in decarbonization activities ("pure play", e.g. a company whose only business is developing methane emissions reduction technology).

High-carbon energy activities financing

The high-carbon energy activities that are included in our lending and facilitation ratios are summarized in the table below.

Activity category	Types of activities
Oil and gas **Exploration, production, processing, transportation, storage, refining and distribution for the oil & gas industry:**	Oil and gas upstream[(1)]
	Oil and gas downstream[(2)]
	Oil and gas midstream[(3)]
	Oil and gas integrated subsectors[(4)]
Power generation **Construction, development, manufacturing, operation, acquisition, maintenance and connection of the following high-carbon energy power generation sources:**	Coal-fired power generation
	Gas-fired generation
	Oil-fired generation

(1) Upstream oil and gas companies are involved primarily in exploration and production.
(2) Downstream oil and gas companies deal with refining and delivery.
(3) Midstream oil and gas company activities are made up of storage, processing and transportation.
(4) Integrated oil and gas companies operate in multiple streams.

Glossary

Decarbonization financing

Decarbonization financing includes two elements: 1) the decarbonization activity and 2) the client having a sufficiently robust transition plan. For general corporate purpose transactions with entities that engage primarily in decarbonization activities ("pure play", e.g. a company whose only business is developing methane emissions reduction technology) we do not apply 2) above. Decarbonization activities, as listed in the *Appendix*, include activities related to carbon capture and storage, lower emissions intensity fuels, and methane emissions reductions.

High-carbon energy

High-carbon energy measures RBC's oil and gas and high-carbon power generation financing, and the sub-sector boundaries are aligned with those used for our PCAF financed emissions. For oil and gas, this includes the upstream, downstream, midstream and integrated sub-sectors. For power generation, this includes coal-fired, oil and natural gas generation.

Low-carbon economy

An economy with minimal output of GHG emissions.

Low-carbon energy activities

Low-carbon energy activities include the construction, development, manufacturing, operation, acquisition, maintenance and connection of: renewable energy sources (e.g., solar, offshore and onshore wind, tidal, geothermal, waste biomass and renewable biofuels and hydroelectricity) and other low-carbon energy sources (e.g., nuclear and green hydrogen). Refer to the definition of renewable energy for further information.

Low-carbon energy enabling activities or enabling activities

Enabling activities include the construction, development, manufacturing, operation, acquisition, maintenance and connection of: electricity transmission and distribution systems, batteries and other energy storage devices and systems (e.g., battery technology) and efficiency improvements (e.g., smart grids). Overall grid infrastructure modernization is critical to support rising electricity demand from electrification and shifting the power generation mix towards renewable energy. This infrastructure can include transmission lines and distribution systems that connect to carbon intensive energy sources, but are part of the infrastructure to enable low-carbon energy in the future.

Mixed-energy entities

Mixed-energy entities refer to entities that engage in both low-carbon energy and enabling activities, and high-carbon energy activities (and/or other unrelated activities). For lending to mixed-energy entities, it may not be possible to directly measure the proportion of funds used towards the client's low-carbon energy and enabling activities versus high-carbon energy activities; for example, general corporate purpose lending. As a result, we use RBC's SIC codes to allocate our lending between low-carbon energy and enabling activities and high-carbon energy activities. We assign SIC codes to entities in line with RBC's enterprise standards for the allocation of industry codes to clients as set out in SIC code allocation procedures on pages 6 and 7 of this document. For example, if the SIC code allocation for a mixed-energy entity is 40% to renewable energy, 40% of the loan is allocated to renewable energy. Refer to *Decision category 4: Adjustment approach* of this document for further information on our allocation approach.

Partnership for Carbon Accounting Financials (PCAF)

Partnership for Carbon Accounting Financials is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the GHG emissions associated with their loans and investments.

Pure play entities

Pure play entities refers to entities that engage primarily in low-carbon energy and enabling activities, decarbonization activities or high-carbon energy activities. Industry activities are identified by RBC's SIC codes. We assign SIC codes to entities in line with RBC's enterprise standards for the allocation of industry codes to clients, as set out in *Decision category 4: Adjustment approach* of this document.

Resilient or resilience

The capacity to anticipate, cope with, recover from, or adapt to shock, disruption, stress or changing factors in the external environment. In the context of climate, this refers to the resilience of the economy to the effects of climate change. In the context of skills, this refers to the capacity of an individual to adapt to industry shifts, technological advancements in the workplace, organizational changes, and career pivots. In the context of communities, this refers to communities being resilient to a wide range of risks while maintaining an acceptable level of functioning without compromising long-term prospects of sustainability development, peace and security, human rights, and wellbeing for all.

Renewable energy

Renewable energy is defined as the construction, manufacturing, development, operation, acquisition, maintenance and connection of the following renewable energy generation sources: offshore and onshore wind, solar, geothermal with direct emissions of less than 100 g CO_2e/kWh, waste biomass and renewable biofuels with life-cycle emissions less than 100 g CO_2e/kWh sourced from sustainable agriculture and forestry residues or from non-recyclable municipal solid waste, tidal and hydroelectricity. In the case of waste biomass, this category of renewable energy is only included in instances where emissions thresholds can be verified. For geothermal, RBC clients may not report direct emissions data for certain advanced geothermal plants where emissions are expected to be less than 100 g CO_2e/kWh. In such cases, RBC will assess eligibility by mapping the underlying technology to estimated emissions factors published by recognized organizations such as the Climate Bonds Initiative. New hydroelectricity development projects >25 MW must have a power density of over 10 W/m^2 or operate with lifecycle emissions below a threshold of 50 g CO_2e/kWh (includes refurbishment of existing hydroelectricity facilities, provided the size of the dam or reservoir is not increased).

Renewable Energy Tax Credits (RETCs)

RETCs refer to the total amount directly invested by RBC in the fiscal year plus the value of RETC activities facilitated for clients in the reporting period. RETCs are tax credits that are available to taxpayers with qualifying renewable energy facilities and energy storage technology, and are transferable to unrelated taxpayers in certain situations, contributing to an active facilitation market for these investments.

Transition

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.

Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD developed a framework to help organizations more effectively disclose climate-related risks and opportunities through their existing reporting processes. The recommendations are structured around four thematic areas that represent core elements of how organizations operate: Governance, Strategy, Risk Management, and Metrics and Targets. The TCFD was disbanded in October 2023, and the TCFD recommendations are incorporated into the International Sustainability Standards Board (ISSB) Standards, which are overseen by the IFRS Foundation. For more information, refer to the IFRS Foundation.

Caution regarding forward-looking statements and important notice regarding this document

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This Document reflects our sustainability-related strategies, positions, approaches, policies, procedures, criteria, objectives, visions, and Sustainability-related Objectives as of the date of this Document, which are subject to change at any time in our sole discretion without notice. We have no obligation to update any information in this Document.

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