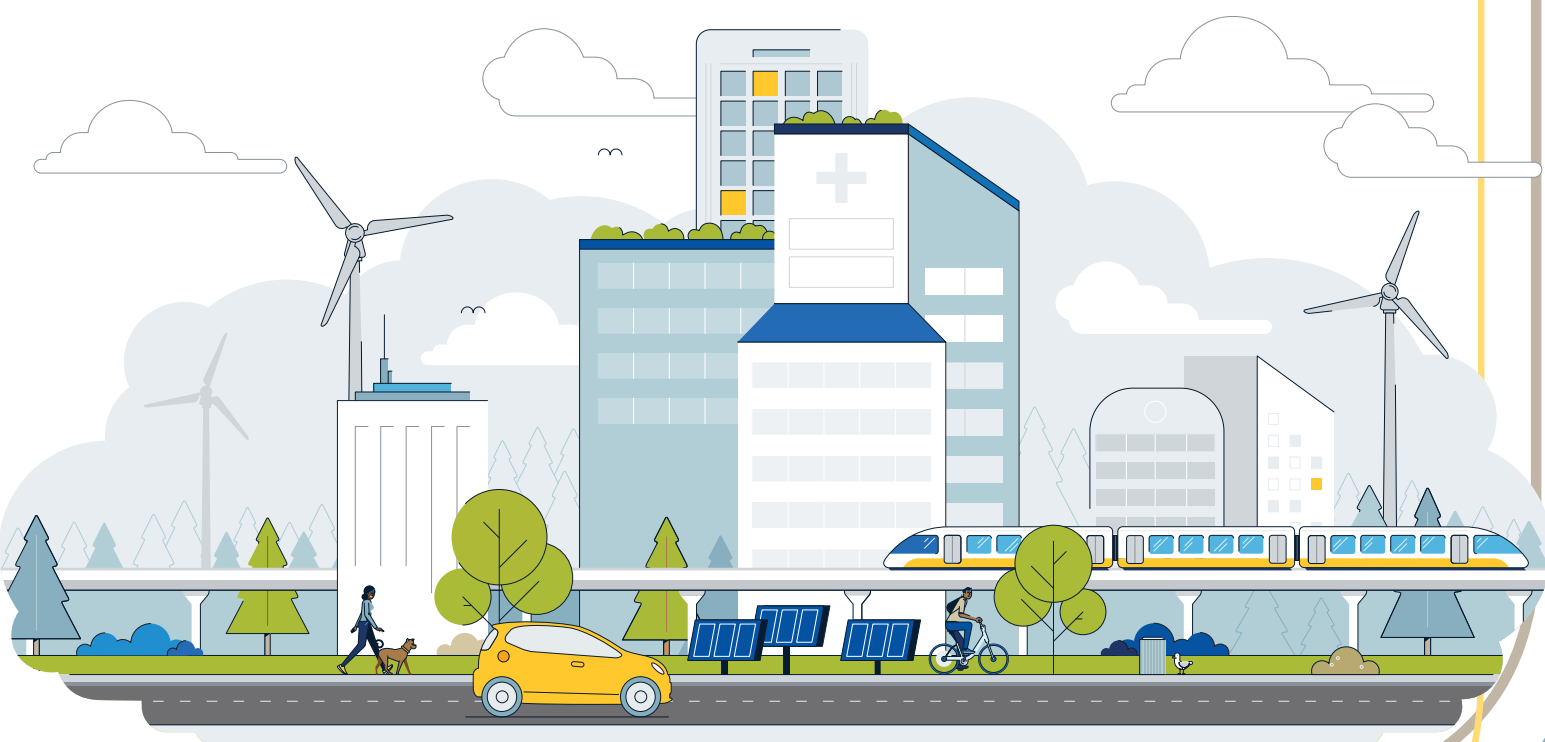


Royal Bank of Canada

RBC Sustainable Bond Framework



June 2020¹



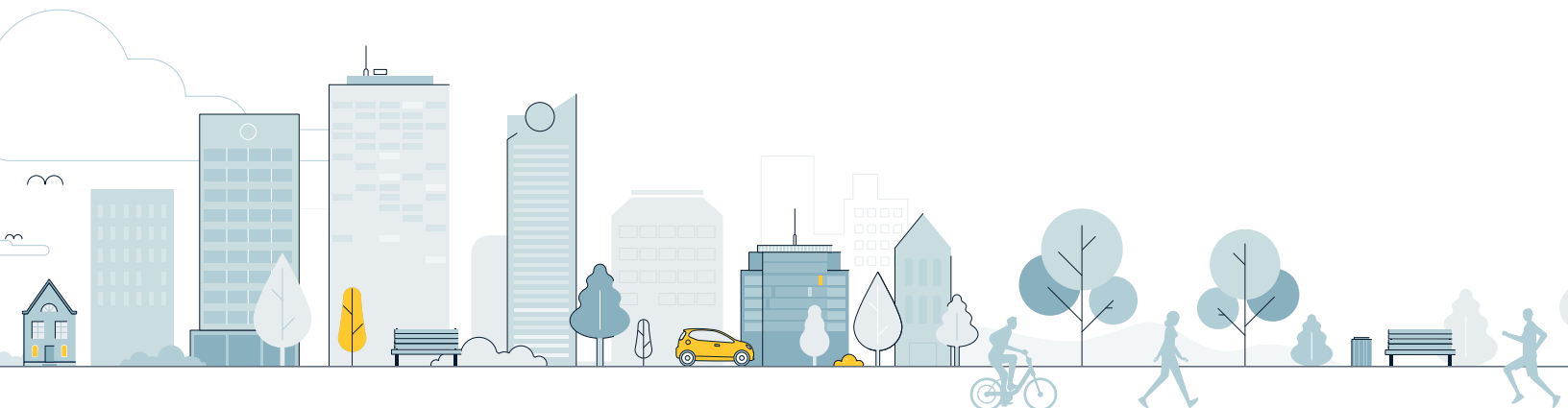
About RBC

Royal Bank of Canada (RY on TSX and NYSE) is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. Our success comes from the 98,000+ employees who bring our vision, values and strategy to life so we can help our clients thrive and communities prosper. As Canada's biggest bank, and one of the largest in the world based on market capitalization, we have a diversified business model with a focus on innovation and providing exceptional experiences to our more than 19 million clients in Canada, the U.S. and 27 other countries. We strive to have a positive economic, environmental and social impact, and to provide responsible leadership wherever we operate.

Our approach to sustainability is central to our business and to our stated Purpose: to help clients thrive and communities prosper. We believe in an inclusive, sustainable path and that capital can be a force for positive change.

The issuance of Green, Social and/or Sustainability Bonds is one way that we are looking to advance sustainable finance and support our ability to finance projects and organizations that are also contributing to a sustainable future.

For more information on Sustainability at RBC, please visit our [website](#).



¹ The section titled "About RBC" on page 2 of this Framework was amended as of April 29, 2025 to align with RBC's approach to sustainability as reflected in our 2024 Sustainability Report available at [rbc.com/sustainabilityreporting](https://www.rbc.com/sustainabilityreporting). No other amendments were made to this Framework.

Our Framework

RBC has developed a Sustainable Bond Framework (“Framework”) under which it can issue three types of bonds (“Sustainable Bonds”):

- A. **Green Bonds** – bond instruments where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing Green Assets (as defined in “Use of Proceeds” below) and which are aligned with the four core components of this Framework.
- B. **Social Bonds** – bond instruments where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing Social Assets (as defined in “Use of Proceeds” below) and which are aligned with the four core components of this Framework.
- C. **Sustainability Bonds** – bond instruments where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing Green Assets and Social Assets (as both terms are defined in “Use of Proceeds” below) and which are aligned with the four core components of this Framework.

Following the International Capital Market Association Green Bond Principles 2018, Social Bond Principles 2020 and Sustainability Bond Guidelines 2018, the Framework is based on four core components:



- 1. Use of proceeds
- 2. Process for evaluation and selection
- 3. Management of proceeds
- 4. Reporting

The Framework also describes the manner in which RBC Green, Social and Sustainability Bonds support and contribute towards meeting the United Nations Sustainable Development Goals (SDGs). Upon issuance, additional details regarding the objective of the Bond, intended benefits and Eligible Categories of the assets may be disclosed.

Use of Proceeds

The proceeds of RBC Sustainable Bonds will be allocated exclusively to finance or refinance, in part or in full, Eligible Assets. Eligible Assets may include, but are not limited to, loans to organizations, businesses and projects that meet the criteria in the Eligible Categories as described below. Where an organization derives 90% or more of its revenues from activities in the Eligible Categories, it will be considered as eligible for financing from an RBC Green, Social or Sustainability Bond.² See the Process for Asset Evaluation and Selection for further details.

Table 1: Eligible Green Assets

Eligible Categories	Description	UN SDGs Alignment
Renewable energy	<p>Proceeds may be allocated to the construction, development, operation, acquisition, maintenance, connection, transmission and distribution of the following renewable energy generation sources:</p> <ul style="list-style-type: none"> • Wind • Solar • Geothermal • Waste biomass • Tidal • Run of river and small scale hydroelectricity <25 MW • Refurbishment of existing hydroelectricity facilities 	
Energy efficiency	<p>Proceeds may be allocated to products and systems that reduce energy consumption or mitigate greenhouse gas (GHG) emissions, including:</p> <ul style="list-style-type: none"> • Energy efficient heating and cooling systems • Energy efficient lighting and appliances • Centralized energy control systems • Energy storage systems • Smart grid investments for more efficient transmission and distribution of energy 	
Pollution prevention and control	<p>Proceeds may be allocated to the construction, development, operation, acquisition and maintenance of land, facilities, systems or equipment used for:</p> <ul style="list-style-type: none"> • Collection, treatment/remediation, recycling or reuse of emissions, waste, hazardous waste or contaminated soil • Facilities, systems and equipment that are used to divert waste from landfills or reduce emissions 	
Sustainable land use	<p>Proceeds may be allocated to sustainably managed forests and forest products certified by credible third-party forest certification systems, including:</p> <ul style="list-style-type: none"> • Forest Stewardship Council (FSC) • Programme for the Endorsement of Forest Certification (PEFC) and Sustainable Forestry Initiative (SFI) 	
Clean transportation	<p>Proceeds may be allocated to the construction, development, operation, acquisition and maintenance of low carbon transportation assets, including:</p> <ul style="list-style-type: none"> • Electric, fuel cell and non-motorized vehicles and supporting infrastructure • Infrastructure and rolling stock for mass transit 	

² In these instances, the use of proceeds can be used by the organization for general purposes, so long as this financing does not fund activities that contravene the Eligible Categories for the applicable type of bond.

Table 1: Eligible Green Assets (continued)







Eligible Categories	Description	UN SDGs Alignment
Sustainable water and wastewater management	<p>Proceeds may be allocated to the construction, development, operation, acquisition and maintenance of infrastructure for:</p> <ul style="list-style-type: none"> Collection, treatment, recycling or reuse of water, rainwater or wastewater Flood prevention, flood defense or storm water management 	
Green buildings	<p>Proceeds may be allocated to the construction, development, operation, acquisition and maintenance of residential and commercial buildings that have:</p> <ul style="list-style-type: none"> Received, or expect to receive based on their design, construction and operation plans, certification according to third party verified building standards, including LEED Gold or Platinum or equivalent levels in other certification schemes such as BOMA BEST, BREEAM or ENERGY STAR; or Achieved, based on third party assessment, greenhouse gas emission performance in the top 15% of their city, province/state or country; or Achieved, based on third party assessment, energy savings of at least 20% over baseline energy consumption from retrofits. 	
Climate adaptation and resilience	<p>Proceeds may be allocated to adaptation measures that contribute to reducing vulnerability to climate change impacts.</p>	







Table 2: Eligible Social Assets

Eligible Categories	Description	UN SDGs Alignment
Access to essential services	<p>Proceeds may be allocated to the construction, development, operation, acquisition and maintenance of publicly available, free or subsidized essential services, including:</p> <ul style="list-style-type: none"> Education (including public universities, schools and training centres) Healthcare (public hospitals, medical equipment, mental health facilities and programs, homes or health facilities for aged or people with disabilities) Care Centres (childcare centres, community centres, eldercare centres) Rehabilitation of parks and other public spaces 	 
Affordable housing	<p>Proceeds may be allocated to the construction, development, operation, acquisition, refurbishment and maintenance of housing that meets accredited or registered affordable housing definitions within the jurisdiction it is built³, or that contributes to access for low-income residents⁴.</p>	

³ Based on applicable definitions within the jurisdiction in which it is built, such as through the Canadian Mortgage and Housing Corporation's Investment in Affordable Housing program or other regional equivalents.

⁴ Based on relevant definitions within the jurisdiction in which its built, such as Statistics Canada's low income measure, which is defined as 50 percent of median adjusted household income; where adjusted indicates that household size and associated needs are taken into account.

Table 2: Eligible Social Assets (continued)

Eligible Categories	Description	UN SDGs Alignment
Indigenous communities & businesses	<p>Proceeds may be allocated to Indigenous Peoples' bands, councils, governments and/or businesses that are at least 51% owned and operated by such an organization or individual.</p> <p>Proceeds may be allocated to the development or purchase of housing⁵.</p>	 
Women-owned businesses	<p>Proceeds may be allocated to businesses that are at least 51% owned and operated by women.</p>	 
Leadership in diversity & inclusion	<p>Proceeds may be allocated to businesses demonstrating meaningful advancements in diversity⁶ and inclusion as identified and quantified through third party assessments or certifications.</p>	 

Exclusionary Criteria

Proceeds will not knowingly be allocated to finance or refinance any entity whose current principal industry or primary activity has been assessed by RBC as being any of the following:

- Weapons
- Tobacco
- Gambling
- Adult entertainment
- Predatory lending

⁵ Identified based on financing programs for Indigenous communities including the On-Reserve Housing Loan Program.

⁶ Diversity can include gender, ethnicity, visible minorities, sexual orientation and able-bodiedness, among other types.

Process for Asset Evaluation and Selection

A Sustainable Bond Working Group (“Working Group”) will oversee the implementation of the RBC Sustainable Bond Framework. The Working Group will be composed of representatives from Corporate Treasury, Capital Markets, Personal & Commercial Banking (if applicable), and Sustainability. The Working Group will draw on support from Group Risk Management as required.

RBC will maintain a register of Eligible Assets, which will include separate portfolios of assets: Green, Social and Sustainability (“Sustainable Bond Asset Portfolios”). Representatives from Capital Markets, Personal & Commercial Banking (if applicable) and Sustainability are responsible for evaluating potential Eligible Assets against the applicable Eligible Categories. RBC’s Sustainability Group completes the final evaluation of all Eligible Assets. The net environmental and/or social benefits of each potential Eligible Asset are considered in the evaluation.

The Sustainable Bond Asset Portfolios will be reviewed by the Working Group on a quarterly basis to ensure that all Eligible Assets continue to meet the Eligible Categories. Assets that have been terminated or no longer comply will be removed from the Sustainable Bond Asset Portfolios.

RBC has a suite of environmental and social risk policies that are applied to all of our financing relationships. In addition, RBC applies the Equator Principles to all projects that are financed. All Eligible Assets are subject to consistency with RBC’s applicable environmental and social risk policies.

Management of Proceeds

All Eligible Assets in our Sustainable Bond Asset Portfolios will be tagged as Eligible Assets in RBC’s information management systems. As such, Sustainable Bond Asset Portfolios will be dynamic with Eligible Assets maturing and new Eligible Assets being added.

Proceeds will be managed in a portfolio approach. Green, Social and Sustainability portfolios will be managed separately. The Working Group will monitor the aggregate amount of assets in each of the Sustainable Bond Asset Portfolios on a quarterly basis to ensure the total Eligible Assets in each portfolio is equal to or greater than the aggregate amount of proceeds raised by each of the applicable Bonds.

If for any reason the total amount of Eligible Assets in one of the Sustainable Bond Asset Portfolios is less than the total outstanding amount of the applicable Bonds issued, RBC will hold the unallocated amount in cash or liquid securities in accordance with RBC’s normal liquidity management policy until the amount can be allocated to the Eligible Assets.

Reporting

RBC intends to make and keep readily available Green, Social and/or Sustainability Bond reporting within a year from issuance, to be renewed annually until full allocation and in case of any material changes. RBC Green, Social and Sustainability Bond reporting will be made publicly available on rbc.com and may include, but will not be limited to:

Allocation Reporting

- Funds raised from each RBC Green, Social and Sustainability Bond;
- Aggregate amounts of funds allocated to each of the Eligible Categories (as listed in Tables 1 and 2);
- The balance of unallocated proceeds at the reporting period end.

Impact Reporting

Where feasible, RBC will provide further information and examples of eligible businesses and projects financed or refinanced by RBC Green, Social and Sustainability Bonds, including quantitative performance measures. Disclosure of information related to Use of Proceeds, Impact Reporting, and businesses and projects financed or refinanced will be made subject to RBC's confidentiality obligations and the availability of information. See the Appendix for details.

External Review

Second-Party Opinion

RBC has obtained a Second-Party Opinion to confirm the alignment of our framework with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines. The Second-Party Opinion will be published on rbc.com.

Post-Issuance Verification

For Bonds issued under the RBC Sustainable Bond Framework, RBC may request on an annual basis a limited assurance report of the allocation of Bond proceeds to Eligible Assets, provided by its external auditor.

Appendix: Impact Measurement

Eligible Categories	Potential Quantitative Performance Measures
Renewable energy	Total installed capacity (MW) GHG emissions avoided per year (tCO2e)
Energy efficiency	Expected energy savings per year (MWh) GHG emissions avoided per year (tCO2e)
Pollution prevention and control	Emissions or pollutants reduced/avoided Waste diverted from landfill (tonnes)
Sustainable land use	Total surface financed (hectares)
Clean transportation	Annual ridership of each transit system supported New clean transportation infrastructure built (km)
Sustainable water and wastewater management	Total population served by the system Volume of water saved/reduced/treated (m3)
Green buildings	GHG emissions avoided per year (tCO2e) Floor space of green real estate (m2)
Climate adaptation and resilience	Area protected (m3) Number of adaptation and resilience measures installed Types of adaptation and resilience measures installed
Access to basic and essential services	Buildings/infrastructure/units built or upgraded Students supported Healthcare beds provided People reached with improved health care – Patients served
Affordable Housing	Units built or refurbished Number of people with access to safe, affordable and sustainable housing
Indigenous communities & businesses	Number of loans provided Value of loans provided Number of businesses supported Number of jobs supported Number of communities supported
Women-owned businesses	Number of loans provided Value of loans provided Number of businesses supported Number of jobs supported Number of communities supported
Leadership in diversity & inclusion	Number of loans provided Number of businesses supported Average performance of businesses on key diversity & inclusion metrics (e.g. % of women executives, % of visible minority executives)

Caution Regarding Forward-Looking Statements and Important Notice Regarding this Framework

This RBC Sustainable Bond Framework (the “Framework”) is provided for informational purposes only and is subject to change at any time in our sole discretion without notice.

From time to time, Royal Bank of Canada and its subsidiaries (RBC, we, us or our) make written or oral 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. We may make forward-looking statements in this Framework and in other filings with Canadian regulators or the U.S. Securities and Exchange Commission, in other reports to shareholders and in other communications. In addition, our representatives may communicate forward looking statements orally to analysts, investors, the media and others. Forward-looking statements contained in this Framework may include, but are not limited to, statements relating to our sustainable finance vision, commitments, goals, metrics and targets. The forward-looking information contained in this Framework is presented for the purpose of assisting our stakeholders in understanding our vision, commitments, goals, metrics and targets, as well as our economic and sustainability-related impacts and objectives, and may not be appropriate for other purposes.

Forward-looking statements are typically identified by words such as “believe”, “expect”, “expectation”, “aim”, “achieve”, “suggest”, “seek”, “foresee”, “forecast”, “schedule”, “anticipate”, “intend”, “estimate”, “commit”, “goal”, “plan”, “strive”, “objective”, “target”, “outlook”, “timeline” and “project”, and similar expressions of future or conditional verbs such as “will”, “may”, “might”, “should”, “could”, “can” or “would” or negative or grammatical variations thereof.

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct, that our sustainability-related or other objectives, visions and strategic goals will not be achieved and that our actual results may differ materially from such predictions, forecasts, projections, expectations or conclusions. Moreover, many of the assumptions, estimates, standards, methodologies, metrics, measurements, results and commitments described in this Framework continue to evolve and are based on assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees.

We caution readers not to place undue reliance on our forward-looking statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include: difficulty in identifying transactions, products and services that meet the eligible green asset and eligible social asset classification criteria, the need for more and better sustainability-related data and standardization of sustainability-related measurement methodologies, climate-related conditions and weather events, 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, evolving social views on sustainability-related topics, 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, our ability to gather, analyze and verify data, our 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 outcomes as originally expected or anticipated by RBC, the compliance of various third parties with agreements, our policies and procedures and their commitments to us, financial market conditions, our business operations, our financial results, condition and objectives, regulatory compliance (which could lead to us being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, penalties and fines), and cyber, strategic, reputation, legal and regulatory environment, competitive, model and systemic risks and other risks discussed in the risk sections of our most recent Annual Report, as updated by subsequent quarterly reports to shareholders.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events, as well as the inherent uncertainty of forward-looking statements. 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 us or on our behalf.

This Framework does not constitute an offer or a solicitation to buy or sell any security, product or service in any jurisdiction; nor is it intended to provide investment, financial legal, accounting, tax or other advice, and such information should not be relied or acted upon for providing such advice. This Framework is not intended for distribution to, or use by, any person or entity in any jurisdiction where such distribution or use would be contrary to law or regulation. Nothing in this Framework shall form the basis of or be relied upon in connection with any contract, commitment, or investment decision whatsoever. The recipient is solely liable for any use of the information contained in this Framework and neither RBC nor any of its affiliates nor any of their respective directors, officers, employees or agents shall be held responsible for any direct or indirect damages arising from the use of this Framework by the recipient.

RBC's activities, ambitions, strategies and approaches described in this Framework, including sustainability-related metrics, data and other information relevant to such activities, ambitions, strategies and approaches (e.g., our Green Bond metrics and measurement methodologies), are or may be based on assumptions, estimates and judgments. Given their inherent uncertainty and complexity, and the significant issues with some of the underlying data, assumptions, estimates and judgements believed to be reasonable at the time of the preparation of this Framework may subsequently turn out to be inaccurate, and our sustainability-related commitments, goals, and targets may need to be changed or withdrawn. In addition, many of the assumptions, estimates, standards, methodologies, scenarios, metrics and measurements used in preparing this Framework continue to evolve and may differ significantly from those used by other companies and those that may be used by us in the future. Legislative and regulatory changes, market developments and/or changes in data availability and reliability could also materially affect these assumptions, estimates, standards, methodologies, scenarios, metrics and measurements used by us and/or other companies, and could therefore materially affect the comparability of the information and data across industries or companies and from one reporting period to a subsequent reporting period, as well as our ability to achieve our commitments, goals and targets. Any commitments, goals and targets discussed in this Framework are aspirational and have been established based on the climate scenarios and pathways, data and methodologies that are reasonably available to us at the time, and certain other assumptions that we believe are reasonable and appropriate for the purposes of setting these commitments, goals and targets, including ordinary rates of growth and development of our businesses, continued progress towards stated climate ambitions by both our clients and government entities, and corresponding changes in the end-use of our clients' products. Our sustainability-related commitments, goals, and targets, as well as the disclosures of our progress against such commitments,

goals and targets, have been, and in the future may need to be, restated, changed, recalibrated or withdrawn as our businesses grow, develop or change (including through mergers, acquisitions or dispositions), as legal and regulatory requirements of the jurisdictions in which we operate continue to develop, as available data improve, and as climate science, transition pathways and market practices regarding standards, methodologies, metrics and measurements evolve, which may result in us withdrawing from or modifying our membership in certain frameworks, principles and initiatives. In setting our sustainability-related commitments, goals and targets, we recognize that there are significant gaps between our baselines and our commitments, goals and targets. The achievement of our commitments, goals, and targets will depend on the collective efforts and actions across a wide range of stakeholders outside of our control, and there can be no assurance that they will be achieved.

Other than the external review described on page 8 of this Framework, the information contained in this Framework has not been independently reviewed or verified and no representation or warranty, express or implied, is or will be made in relation to the accuracy, reliability or completeness of the information contained herein.

This Framework 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 Framework may be of interest and importance to our 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. Any references to "sustainability," "sustainable finance," "green assets," "social assets," or similar terms in this Framework are intended as references to the internally defined criteria of RBC and not to any jurisdiction-specific regulatory definition that may exist. This Framework reflects our sustainability-related strategies, positions, approaches, policies, procedures, criteria, objectives, visions, commitments and goals as of the date of this Framework, which are subject to change at any time in our sole discretion without notice. We have no obligation to update the information or data in this Report.

All references to websites are for your information only. The content of any websites referred to in this Framework, including via website link, and any other websites they refer to are not incorporated by reference in, and do not form part of, this Framework. This Framework is also not intended to make representations as to the sustainability-related initiatives of any third parties, whether named herein or otherwise, which may involve information and events that are beyond our control.

