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 85,000+ 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 17 million clients in Canada, the U.S. and 34 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. This is underpinned by our commitments to:

- Provide **$500 billion in sustainable financing** by 2025.
- Accelerate clean economic growth and support our clients in the net-zero transition using our strengths in finance, investment, risk management, innovation, economic research and community investments as stated in our [RBC Climate Blueprint](#).
- Actively drive diversity and encourage inclusion to generate fresh perspectives, inspire and empower our people to deliver their best, and ensure our workforce reflects the diversity of the clients and communities we serve as outlined in our approach to [Diversity & Inclusion](#).
- Through an inclusive approach to the way we do business, provide access to employment and education, select suppliers and support communities, we are unwavering in our determination to progress as a bank that stands for [Indigenous inclusion and prosperity](#).

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](#).
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.1 See the Process for Asset Evaluation and Selection for further details.

**Table 1: Eligible Green Assets**

<table>
<thead>
<tr>
<th>Eligible Categories</th>
<th>Description</th>
<th>UN SDGs Alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Renewable energy</strong></td>
<td>Proceeds may be allocated to the construction, development, operation, acquisition, maintenance, connection, transmission and distribution of the following renewable energy generation sources:</td>
<td></td>
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<tr>
<td></td>
<td>• Wind</td>
<td><img src="SDG_7.png" alt="SDG 7" /></td>
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<tr>
<td></td>
<td>• Solar</td>
<td></td>
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<tr>
<td></td>
<td>• Geothermal</td>
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<tr>
<td></td>
<td>• Waste biomass</td>
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<tr>
<td></td>
<td>• Tidal</td>
<td></td>
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<tr>
<td></td>
<td>• Run of river and small scale hydroelectricity &lt;25 MW</td>
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<tr>
<td></td>
<td>• Refurbishment of existing hydroelectricity facilities</td>
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<tr>
<td><strong>Energy efficiency</strong></td>
<td>Proceeds may be allocated to products and systems that reduce energy consumption or mitigate greenhouse gas (GHG) emissions, including:</td>
<td><img src="SDG_7.png" alt="SDG 7" /></td>
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<tr>
<td></td>
<td>• Energy efficient heating and cooling systems</td>
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<tr>
<td></td>
<td>• Energy efficient lighting and appliances</td>
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</tr>
<tr>
<td></td>
<td>• Centralized energy control systems</td>
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<tr>
<td></td>
<td>• Energy storage systems</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Smart grid investments for more efficient transmission and distribution of energy</td>
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<tr>
<td><strong>Pollution prevention and control</strong></td>
<td>Proceeds may be allocated to the construction, development, operation, acquisition and maintenance of land, facilities, systems or equipment used for:</td>
<td><img src="SDG_12.png" alt="SDG 12" /></td>
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<tr>
<td></td>
<td>• Collection, treatment/remediation, recycling or reuse of emissions, waste, hazardous waste or contaminated soil</td>
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<td></td>
<td>• Facilities, systems and equipment that are used to divert waste from landfills or reduce emissions</td>
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<tr>
<td><strong>Sustainable land use</strong></td>
<td>Proceeds may be allocated to sustainably managed forests and forest products certified by credible third-party forest certification systems, including:</td>
<td><img src="SDG_15.png" alt="SDG 15" /></td>
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<td></td>
<td>• Forest Stewardship Council (FSC)</td>
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<td></td>
<td>• Programme for the Endorsement of Forest Certification (PEFC) and Sustainable Forestry Initiative (SFI)</td>
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<tr>
<td><strong>Clean transportation</strong></td>
<td>Proceeds may be allocated to the construction, development, operation, acquisition and maintenance of low carbon transportation assets, including:</td>
<td><img src="SDG_9.png" alt="SDG 9" /></td>
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<td></td>
<td>• Electric, fuel cell and non-motorized vehicles and supporting infrastructure</td>
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<td></td>
<td>• Infrastructure and rolling stock for mass transit</td>
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</table>

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1 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)

<table>
<thead>
<tr>
<th>Eligible Categories</th>
<th>Description</th>
<th>UN SDGs Alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sustainable water and wastewater management</strong></td>
<td>Proceeds may be allocated to the construction, development, operation, acquisition and maintenance of infrastructure for: • Collection, treatment, recycling or reuse of water, rainwater or wastewater • Flood prevention, flood defense or storm water management</td>
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</tr>
<tr>
<td><strong>Green buildings</strong></td>
<td>Proceeds may be allocated to the construction, development, operation, acquisition and maintenance of residential and commercial buildings that have: • 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.</td>
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<tr>
<td><strong>Climate adaptation and resilience</strong></td>
<td>Proceeds may be allocated to adaptation measures that contribute to reducing vulnerability to climate change impacts.</td>
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</tbody>
</table>

### Table 2: Eligible Social Assets

<table>
<thead>
<tr>
<th>Eligible Categories</th>
<th>Description</th>
<th>UN SDGs Alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Access to essential services</strong></td>
<td>Proceeds may be allocated to the construction, development, operation, acquisition and maintenance of publicly available, free or subsidized essential services, including: • 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</td>
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</tr>
<tr>
<td><strong>Affordable housing</strong></td>
<td>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 built; or that contributes to access for low-income residents.</td>
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</tbody>
</table>

2 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.

3 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)

<table>
<thead>
<tr>
<th>Eligible Categories</th>
<th>Description</th>
<th>UN SDGs Alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indigenous communities &amp; businesses</td>
<td>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. Proceeds may be allocated to the development or purchase of housing.</td>
<td>10. Reduced Inequality, 8. Decent Work and Economic Growth.</td>
</tr>
<tr>
<td>Women-owned businesses</td>
<td>Proceeds may be allocated to businesses that are at least 51% owned and operated by women.</td>
<td>5. Gender Equality, 8. Decent Work and Economic Growth.</td>
</tr>
<tr>
<td>Leadership in diversity &amp; inclusion</td>
<td>Proceeds may be allocated to businesses demonstrating meaningful advancements in diversity and inclusion as identified and quantified through third party assessments or certifications.</td>
<td>10. Reduced Inequality, 8. Decent Work and Economic Growth.</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Eligible Categories</th>
<th>Potential Quantitative Performance Measures</th>
</tr>
</thead>
</table>
| 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  
|                                             | Average performance of businesses on key diversity & inclusion metrics (e.g. % of women executives, % of visible minority executives)  
|                                             | Number of businesses supported  
|                                             | Number of communities supported  |
Disclaimer

This Sustainable Bond Framework is provided for informational purposes only and is subject to change without notice. After the date of this document, Royal Bank of Canada (“RBC”) does not assume any responsibility or obligation to update or revise any statements in this document, regardless of whether those statements are affected by the results of new information, future events or otherwise. 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. No liability whatsoever is or will be accepted by RBC for any loss or damage howsoever arising out of or in connection with the use of, or reliance upon, the information contained in this document.

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By their very nature, forward-looking statements require certain assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that predictions, forecasts, projections, expectations or conclusions will not prove to be accurate and that such assumptions may not be correct. Readers are cautioned not to place undue reliance on these statements as a number of risk factors could cause actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond RBC’s control and the effects of which can be difficult to predict – include: credit, market, liquidity and funding, insurance, operational, regulatory compliance, strategic, reputation, legal and regulatory environment, competitive and systemic risks and other risks discussed in RBC’s most recent Annual Report. Readers are cautioned that these risk factors are not exhaustive and other factors could also adversely affect RBC’s results. When relying on the forward-looking statements contained in this document to make decisions with respect to RBC, investors and others should carefully consider the foregoing factors and other uncertainties and potential events.

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