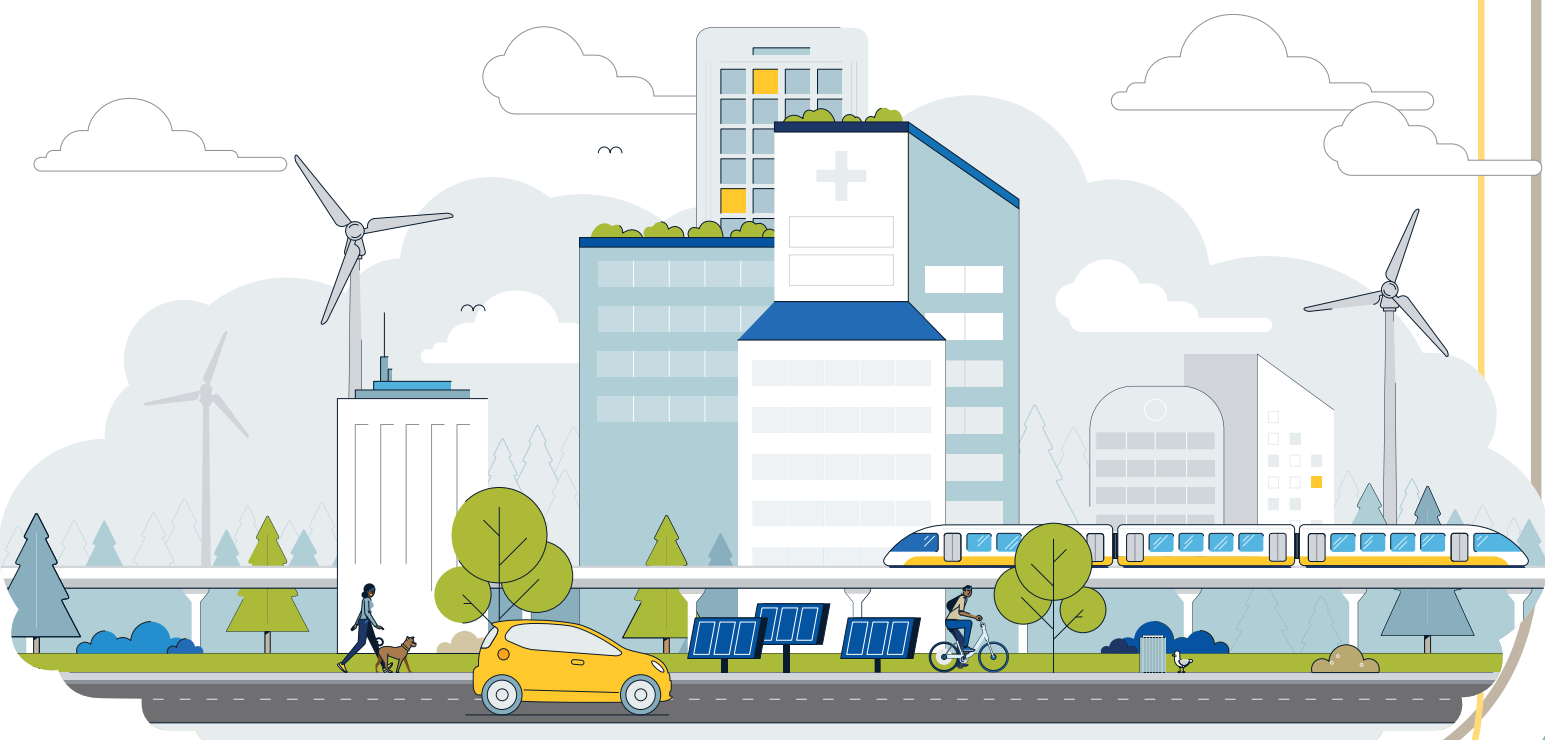


Royal Bank of Canada

RBC Sustainable Commercial Paper Framework



December 1, 2022*



2024 RBC Sustainability Commercial Paper Report

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

This RBC Sustainable Commercial Paper 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 Sustainable Commercial Paper 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 from Kestrel ESG described on page 7 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.

* The important notice above and the section titled “About RBC” on page 2 of this Framework were 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.

About RBC

Royal Bank of Canada is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance.

RBC is committed to helping build a more inclusive, sustainable and prosperous future. We do so by harnessing the power of our Purpose: to help clients thrive and communities prosper.

Sustainable finance¹ is key to how we help our clients thrive and communities prosper. We also see sustainable finance as a significant growth opportunity for our clients and our business. The issuance of short-term Sustainable Commercial Paper is one way that we are supporting the development of the sustainable finance

market by offering a new and innovative product to investors while supporting our ability to finance organizations and projects that are contributing to a sustainable future. RBC will continue to use its Sustainable Bond Framework to govern the issuance of longer-term Green, Social and/or Sustainability Bonds. For more information about our strategy to support our clients in sectors across the economy in a socially inclusive transition to net-zero, and the risks and opportunities we face, please visit rbc.com/climate.

You can learn more about our purpose-driven approach to ESG and sustainable finance in annual sustainability reporting available at rbc.com/sustainabilityreporting

Our Framework

RBC's Sustainable Commercial Paper Framework ("Framework") has been developed in accordance with the International Capital Market Association ("ICMA") Sustainability Bond Guidelines 2021 ("SBG") and is based on four core components:

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

Under this Framework, RBC can issue commercial paper where the proceeds will be exclusively applied to fund, 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 is aligned with the four core components of this Framework.

The Framework also describes the manner in which RBC Sustainable Commercial Paper ("SCP") supports and contributes towards meeting the United Nations Sustainable Development Goals ("UN SDG"). Upon issuance, additional details regarding the objective of the SCP, intended benefits and Eligible Categories of the assets may be disclosed.






1. Sustainable finance refers to financial activities that take into account environmental, social and governance (ESG) factors

Use of Proceeds

The proceeds of RBC SCP will be allocated exclusively to fund, in part or in full, Eligible Assets. Eligible Assets may include, but are not limited to, USD denominated public finance assets funded and held directly by us or our affiliate, RBC Capital Markets LLC, as well as high-quality liquid assets (“HQLA”) held to satisfy RBC’s regulatory-required liquidity buffer obligations imposed for RBC’s commitments to clients’ public finance transactions that meet the criteria in the Eligible Categories in Table 1 and Table 2 below.

Table 1: Eligible Green Assets

Eligible Green Assets under this Framework are those that support key environmental objectives including climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control.

Eligible Categories	Description	UN SDG Alignment
Renewable energy	<p>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 direct emissions <100g CO₂/kWh • Waste biomass and renewable biofuels sourced from sustainable agriculture and forestry residues with direct emissions <100g CO₂/kWh • Tidal • Run of river and small scale hydroelectricity <25 MW. Hydroelectricity projects >25 MW must meet power density or lifecycle emissions thresholds² • Refurbishment of existing hydroelectricity facilities, provided the size of the dam or reservoir are not increased <p>Construction, development, operation, acquisition, and maintenance of electricity transmission and distribution systems that:</p> <ul style="list-style-type: none"> • Enable generation capacity where 67% or more of newly enabled capacity has an emissions threshold <100g CO₂/kWh; or • Have an average systems grid emissions threshold <100g CO₂/kWh 	
Energy efficiency	<p>Projects, products and systems that increase energy efficiency and/or reduce energy consumption or mitigate greenhouse gas (“GHG”) emissions by 20% or more over the baseline, including:</p> <ul style="list-style-type: none"> • Energy efficient heating and cooling systems, lighting, and appliances • Centralized energy control systems • Energy storage systems • Efficiency improvements for transmission and distribution of energy such as smart grids 	 
Pollution prevention and control	<p>Construction, development, operation, acquisition and maintenance of land, facilities, systems or equipment used for collection, treatment/remediation, recycling or reuse of emissions (e.g., carbon capture storage and sequestration), waste, hazardous waste or contaminated soil</p>	
Environmentally sustainable management of living natural resources and land use	<p>Activities that contribute to the sustainable management of living natural resources, land use and natural ecosystem protection, including:</p> <ul style="list-style-type: none"> • Conservation, restoration and ongoing management of forests, wetlands, watercourses and other natural habitats and landscapes • Preservation of open spaces and natural resources to improve land for parks and other natural areas used for recreation purposes 	







2. Hydropower projects (>25MW) in operation before 2020 must have a power density of over 5 W/m² or operate with lifecycle emissions below a threshold of 100g CO₂e/kWh; hydropower projects in operation in 2020 or after must have a power density of over 10 W/m² or operate with lifecycle emissions below a threshold of 50g CO₂e/kWh.

Eligible Categories	Description	UN SDG Alignment
Clean transportation	Construction, development, operation, acquisition and maintenance of low carbon transportation assets, including: <ul style="list-style-type: none"> • Electric, hydrogen and non-motorized vehicles and supporting infrastructure • Infrastructure and rolling stock for mass transit³ 	
Sustainable water and wastewater management	Construction, development, operation, acquisition and maintenance of infrastructure for: <ul style="list-style-type: none"> • Collection, treatment, recycling or reuse of water, rainwater or wastewater • Flood prevention, flood defense or storm water management • Water metering activities to support conservation initiatives • Water distribution systems with improved efficiency 	
Terrestrial and aquatic biodiversity	Activities that contribute to the enhancement or conservation of terrestrial or aquatic biodiversity, including: <ul style="list-style-type: none"> • Protection of coastal, marine and watershed environments • Projects that support, protect or restore biological diversity in urban areas such as green roofs, green spaces and other natural infrastructure 	
Green buildings	Construction, development, operation, acquisition and maintenance of residential and commercial buildings that have: <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 schemes⁴; or • Achieved, based on third party assessment, GHG emission performance in the top 15% in the local market; or • Achieved, based on third party assessment, energy savings of at least 30% over baseline energy consumption from retrofits 	
Climate adaptation and resilience	Adaptation measures based on a vulnerability assessment and adaptation plan that contribute to reducing vulnerability to climate change impacts, including projects that: <ul style="list-style-type: none"> • Develop information support systems for monitoring GHG emissions and early warning systems for natural disasters • Increase resilience against physical impacts of climate change, such as sea level change, extreme weather events and natural disasters (e.g., flood mitigation barriers and wildfire mitigation and management) 	
Circular economy adapted products, production technologies and processes	Projects or organizations that facilitate or carry-out circular economy activities, including: <ul style="list-style-type: none"> • Substitution of virgin raw materials with 100% secondary (recycled or reused waste) materials (e.g., fabrics, metals, fibres, wood and mechanically recycled plastics) in manufacturing and industrial processes • Production of products that can be recycled or composted where the input feedstock is from recycled/reused waste • Increasing the capacity utilisation of a product or asset during its useful life (e.g. through sharing and/or predictive maintenance) 	

3. Public transportation inherently delivers environment benefits by reducing the number of people driving single occupancy vehicles, however, where possible RBC will prioritize public bus fleets powered by alternative fuels (e.g., electric/hydrogen fueled buses with no direct emissions). 4. RBC will prioritize LEED Gold or Platinum or equivalent levels in other certification schemes, however, in certain cases LEED Silver projects may be eligible.

Table 2: Eligible Social Assets

Eligible Social Assets under this Framework are those that provide clear benefits to people, and help build more inclusive and strengthened communities. Eligible Social Assets will focus on target populations similar to those defined in the ICMA Social Bond Principles 2021. The target population can vary depending on local contexts and in some cases, such target population(s) may be served by addressing the general public.

Eligible Categories	Description	UN SDG Alignment
Access to essential services	Construction, development, operation, acquisition and maintenance of publicly available, free or subsidized essential services, including: <ul style="list-style-type: none"> • Education (including universities, colleges, schools and training centres) • Healthcare (including hospitals, medical equipment, mental health facilities and programs, homes or health facilities for seniors or persons with disabilities) • Care centres (childcare centres, community centres, senior care centres, refugee centres, safe houses, and organizations that provide similar services to target populations such as the homeless and survivors of domestic abuse) • Rehabilitation of parks and other public spaces 	 
Affordable housing	Construction, development, purchase, operation, and maintenance of new or existing buildings that provide housing that meets national / regional affordable housing definitions in the applicable jurisdiction ⁵ , including: <ul style="list-style-type: none"> • Housing for households or individuals whose income is below 80% of the area median income ("AMI") and where rents are ≤30% of pre-tax income • Social housing at below-market rents to low or moderate income earners <p>No-cost housing solutions such as homeless shelters and transition housing for homeless families and individuals</p>	
Affordable basic infrastructure	Construction, development, operation, acquisition, refurbishment and maintenance of basic infrastructure for underserved and/or remote communities that have limited access or no access to services including, but not limited to, clean drinking water, sewers, sanitation, and electricity transmission	  

Exclusionary Criteria

RBC will not knowingly consider as eligible under the Framework nor allocate SCP proceeds to any public finance asset with Sources of Repayment or Use of Proceeds classified by RBC as being any of the following:

- Weapons
- Tobacco and related products (e.g., vaping / e-cigarette products)
- Gambling
- Adult entertainment
- Predatory lending

5. Based on applicable definitions within the jurisdiction in which it is built, such as housing receiving Low Income Housing Tax Credits ("LIHTC") (<https://www.huduser.gov/portal/datasets/lihtc.html>) that meet our eligibility criteria, or other regional equivalents

Process for Asset Evaluation and Selection

A SCP Working Group (“Working Group”) will oversee the implementation of the Framework. The Working Group will be comprised of representatives from RBC Capital Markets’ Central Funding, Treasury Services, Municipal Finance and Sustainable Finance groups. The Working Group will draw on support from Corporate Citizenship, Risk Management and Law groups as required.

RBC will determine whether an asset is eligible for our Sustainable Commercial Paper Portfolio (the “Portfolio”) using our own reasonable judgment and in our sole discretion based on alignment of the financed activities of each asset with the Eligible Categories described above. RBC has engaged Kestrel ESG, a division of Kestrel 360, Inc., to assist us in our identification of Eligible Assets for our Portfolio.

Each Eligible Asset is evaluated by Kestrel ESG based on Kestrel ESG’s independent scoring methodology. Scores are summarized by Kestrel ESG on a scale of 1 to 5, where high scores reflect assets with positive environmental and social impacts. In most but not all cases, a Kestrel ESG Impact Score of greater than 3.0 indicates environmental and/or social benefits greater than business-as-usual.

RBC will only consider an asset with financed activities that align with the Eligible Categories described above and with an individual, minimum Kestrel ESG Impact Score of greater than 3.0 as eligible for the Portfolio. Kestrel’s independent ESG Impact Scores are used by RBC in addition to alignment with RBC’s Eligible Categories in order to increase transparency into the ESG characteristics of each Eligible Asset.

The Portfolio will be reviewed by the Working Group on a regular basis to confirm that all Eligible Assets continue to meet the Eligible Categories and minimum Kestrel ESG Impact Score. Assets that have been sold, pledged, matured, or no longer comply with the criteria will be removed from the Portfolio.

All Eligible Assets are subject to consistency with RBC’s applicable environmental and social risk policies. Our environmental and social risk management (“ESRM”) process is designed to ensure we apply a suitable level of due diligence on a transaction. We maintain ESRM policies and procedures designed to identify, assess and mitigate the environmental and social risks associated with financing our clients. We believe these policies and procedures are reflective of our commitment to a balanced, responsible approach to business. We proactively review and update our ESRM policies and procedures to reflect our ESG commitments as well as address regulatory changes, emerging and evolving issues, and international best practices.

Management of Proceeds

All Eligible Assets in our Sustainable Commercial Paper Portfolio will be identified as Eligible Assets in RBC's information management systems. The Portfolio will be dynamic, with Eligible Assets that have been sold, pledged, matured, or no longer comply being removed and new Eligible Assets being added. Proceeds from SCP offerings will be directed into one or more designated distribution accounts at RBC's New York Branch (an "ESG Transit book") and disbursed to support Eligible Assets. The ESG Transit book will be monitored on a regular basis to confirm that total Eligible Assets is greater than a minimum of 125% of the aggregate amount of proceeds outstanding.

Reporting

Allocation Reporting

RBC will make and keep readily available Sustainable Commercial Paper reporting detailing the proceeds raised from each note and the total amount allocated to Eligible Assets at the reporting period end. Allocation reporting will be distributed to investors on a quarterly basis. Allocation reporting will not include updates on individual Eligible Assets.

Impact Reporting

Sustainable Commercial Paper impact reporting will be prepared by RBC and distributed to investors on an annual basis. Where feasible, RBC will provide information and examples of Eligible Assets funded by RBC SCP. Portfolio-level metrics may include:

- Financed areas by sector based on Kestrel ESG sector assignment;
- Average Kestrel ESG Impact Score and distribution;
- A list of the UN SDGs and targets supported by the Eligible Assets;

RBC's SCP impact reporting will be made publicly available on [rbc.com](https://www.rbc.com).

External Review

RBC has obtained an external review from Kestrel Verifiers to confirm the alignment of our Framework with the ICMA Sustainability Bond Guidelines. Kestrel Verifiers, a division of Kestrel 360, Inc., is a leading verifier of Green, Social, and Sustainability Bonds in U.S. public finance. The external review is published on [rbc.com](https://www.rbc.com).

For Commercial Paper issued under this Framework, RBC may request on an annual basis a limited assurance report of the allocation of SCP proceeds to Eligible Assets, provided by our external auditor.



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