RBC Environmental & Social Finance Methodology

Our approach to financing green, decarbonization, enabling and social activities

October 2026

Table of contents

1. Introduction 3

2. Eligibility Criteria 6

3. Reporting 15

Introduction

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

Our success comes from the 105,000+ employees who leverage their imaginations and insights to 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.

Providing advice and financing to our clients and communities is central to RBC's purpose: helping clients thrive and communities prosper. For more information on Sustainability at RBC, please visit our website.

1.1 Purpose

This Environmental & Social Finance Methodology ("the Methodology") defines our approach for both environmental and social finance. It is intended to serve as the basis for classifying, tracking and disclosing our environmental and social finance activities. The term 'environmental' is referenced in this Methodology to include green, decarbonization and enabling activities.

The Methodology outlines components of our environmental and social finance methodology:

- Eligibility Criteria used to classify environmental and social finance transactions
- Metrics for reporting on our environmental and social finance activities

This version of the Methodology, dated October 2026, updates and replaces the Sustainable Finance Framework previously released in March 2024. We have refined the Methodology to help reflect emerging business opportunities and evolving industry guidelines and market practices.

This Methodology is applicable from our 2024 fiscal year (November 1, 2023 – October 31, 2024) onwards, including comparative figures where appropriate. We will evaluate the need for updates from time to time as business opportunities emerge and industry guidelines and market practices evolve.

1.2 Scope and classification pathway

The Methodology covers RBC-provided financing, including lending and facilitation activity. RBC's own bond holdings, M&A advisory services, and investments held by RBC clients are not in scope. The Methodology applies enterprise-wide with some exceptions,[1] and subject to compliance with applicable local laws, regulations and supervisory guidance and expectations.

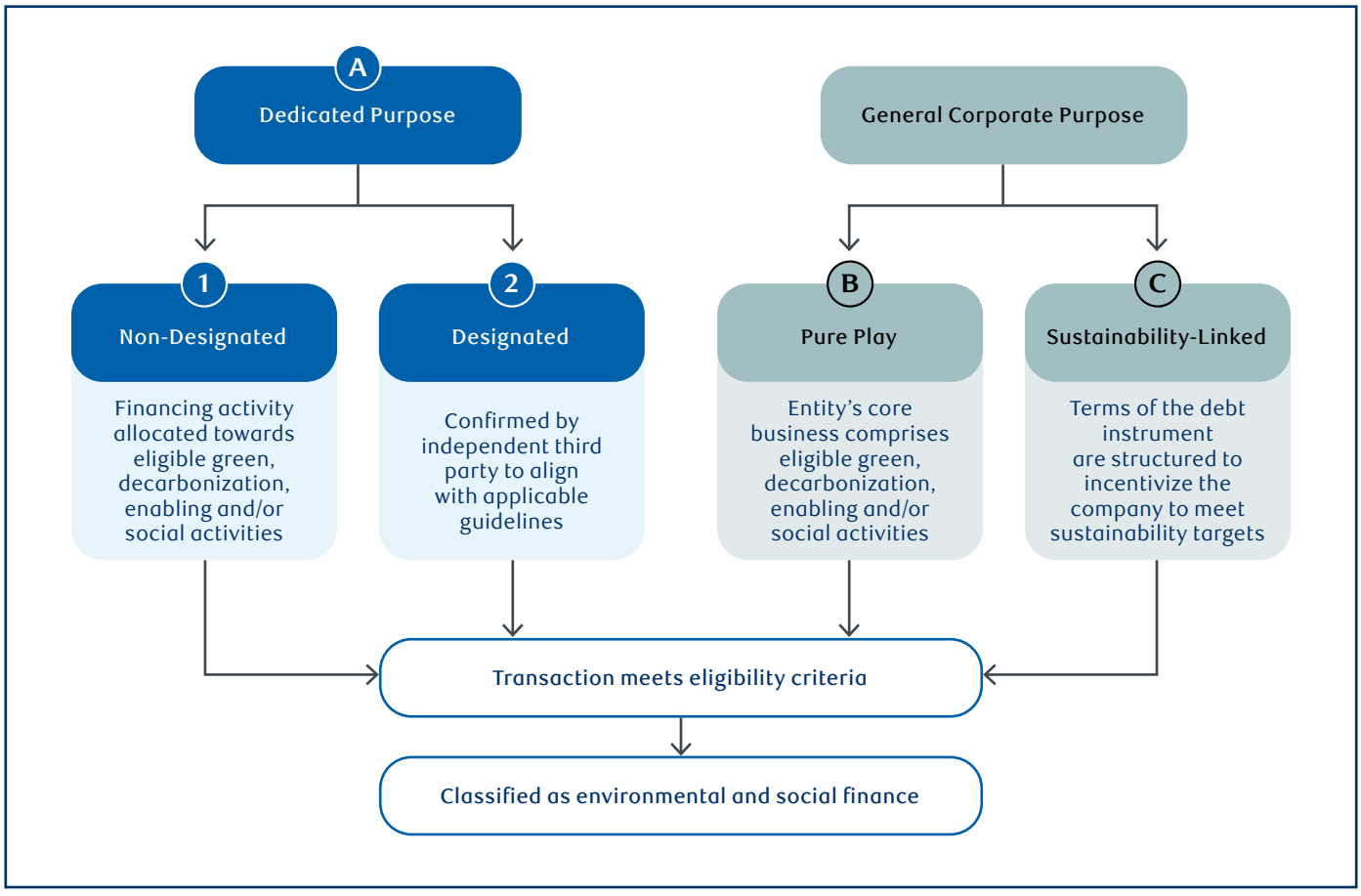
[1] The Methodology is not inclusive of the investment advisory or broker-dealer activities, or the assets under management or administration, of RBC Global Asset Management® (RBC GAM) or RBC Wealth Management® (RBC WM). RBC GAM operates through indirectly wholly owned subsidiaries of the bank including, 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.

The Methodology covers three categories:

- **A** **Dedicated purpose:** Financing that is earmarked for green, decarbonization, enabling and/or social activities (e.g. a green bond or project finance where the proceeds are allocated to eligible activities such as the financing of electric vehicles or the provision of public education)
- **B** **General corporate purpose – pure play:** Financing for an entity whose core business comprises eligible green, decarbonization, enabling and/or social activities (e.g. affordable housing provider or renewable energy company) that the entity can use for general corporate purposes
- **C** **General corporate purpose – sustainability-linked:** Financing that ties the terms of the finance agreement to the issuer's or borrower's achievement of pre-determined sustainability targets, but the funds are not earmarked for a specific activity (e.g. a loan where the interest rate changes based on the borrower meeting pre-determined greenhouse gas emissions reduction targets or other environmental or social targets)

The figure below illustrates the pathway RBC uses to classify transactions as eligible environmental and social finance activities.

Pathway for environmental and social finance classification, review and reporting



Eligibility Criteria

RBC assesses transactions to determine whether they meet the criteria for classification as environmental and social finance. Detailed below are the specific criteria used to assess each of the three categories of environmental and social finance transactions.

A 2.1 Dedicated purpose

Dedicated purpose financing is eligible for classification as environmental and social finance if:

2.1.1 **The authorized credit amount in a credit agreement or RBC's share of the bond underwritten (including municipal bonds) is allocated towards eligible green, decarbonization, enabling and/or social activities** listed in Tables 1 to 4 in Section 2.4; or

2.1.2 The instrument is a **designated green, social, transition**[1] **or sustainability bond or loan** that meets the criteria of, or confirmed by an independent third party to align with, applicable guidelines such as:

- International Capital Market Association (ICMA) Green & Social Bond Principles (together, the ICMA Principles); or
- ICMA Sustainability Bond Guidelines; or
- ICMA Climate Transition Bond Guidelines; or
- Asia Pacific Loan Market Association (APLMA), Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) Green & Social Loan Principles; or
- APLMA, LMA, LSTA Transition Loans Guide

B 2.2 General corporate purpose – pure play

Transactions (e.g. credit extended or capital raised) are eligible for classification as environmental and social finance **if the entity being financed derives 90% or more of its revenue from eligible green, decarbonization, enabling and/or social activities** listed in Tables 1 to 4 in Section 2.4, and does not, to RBC's knowledge, derive any of its revenues from activities excluded under the Climate Bonds Initiative (CBI) Green Bond Dataset Methodology.

C 2.3 General corporate purpose – sustainability-linked

Sustainability-linked transactions are those where the terms of the finance agreement are tied to the issuer's or borrower's achievement of pre-determined sustainability targets as measured through Key Performance Indicators (KPIs) and assessed against Sustainability Performance Targets (SPTs).

[1] Transition is defined as 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.

Sustainability-linked transactions are eligible for classification as environmental and social finance if the debt instrument aligns with applicable guidelines such as the ICMA Sustainability-linked Bond Principles (SLBP) or the APLMA/LMA/LSTA Sustainability-linked Loan Principles (SLLP).

2.4 Eligible green, decarbonization, enabling and social activities

Eligible activities for dedicated and general corporate financing across four categories in Tables 1 to 4: green, decarbonization, enabling, and social. These tables align with industry standards such as ICMA Green, Transition, & Social Bond Principles, and taxonomies like the Climate Bond Taxonomy, and additional guidance documents where appropriate.

Table 1: Eligible green activities

Eligible green activities under this Methodology are those that support key environmental objectives including but not limited to climate change mitigation, climate change adaptation, biodiversity and ecosystem protection, environmentally sustainable use and protection of water and marine resources, pollution prevention and control, and circular economy.

Eligible Categories	Eligible Activities
Low-carbon energy	▪ **Renewable energy:** Construction, development, manufacturing, operation, acquisition, maintenance and connection of the following renewable energy generation sources: – Offshore and onshore wind – Solar – Geothermal with direct emissions less than 100g CO_2e/kWh[1] – Waste biomass and renewable biofuels with life-cycle emissions less than 100g of CO_2e/kWh; sourced from sustainable agriculture and forestry residues or from non-recyclable organic municipal waste[2] – Tidal – Hydroelectricity[3] ▪ **Other low-carbon energy:** Construction, development, operation, acquisition, maintenance and connection of the following energy generation sources: – Nuclear[4] – Hydrogen produced via electrolysis powered by low-carbon energy or nuclear energy sources, including discharged energy from batteries or other energy storage devices and systems, as defined in this Methodology or has lifecycle emissions lower than 3t CO_2e/tH_2 ▪ **Transmission, distribution and storage:** Construction, development, operation, acquisition and maintenance of: – Electricity transmission and distribution infrastructure and equipment that complies with at least one of the following criteria: – Average system grid emissions factor is below the threshold value of 100 g CO2e/kWh, over a rolling five-year period, or; – Over 67% of newly enabled generation capacity is below the generation threshold value of 100g CO2e/kWh, over a rolling five-year period – Development or improvement of existing or new transmission and distribution systems dedicated to connecting renewable energy generation capacity to the grid

[1] RBC clients may not report direct emissions data for certain advanced geothermal plants where emissions are expected to be low. In such cases, RBC may assess eligibility by mapping the underlying technology to emissions factors published by recognized industry 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 >25MW must have a power density of over 10 W/m^2 or operate with lifecycle emissions below a threshold of 50g 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. Must be within jurisdictions that have adequate regulations governing nuclear safety and that adhere to standards defined by the International Atomic Energy Agency addressing site selection, operational safety, waste management and responsible materials sourcing.

Table 1: Eligible green activities (continued)

Eligible Categories	Eligible Activities
Energy efficiency	▪ Projects, products and systems that increase energy efficiency and/or reduce energy consumption or mitigate greenhouse gas (GHG) emissions by 30% or more over the baseline, including: – Energy-efficient heating and cooling systems, lighting, and appliances – Centralized energy control systems
Pollution prevention and control	▪ Construction[1], development, manufacturing, operation, acquisition and maintenance of land, facilities, systems or equipment used for: – Collection, treatment/ remediation, recycling[2] or reuse of emissions[3] (e.g. direct air capture), waste[4], hazardous waste or contaminated soil – Facilities, systems and equipment that are used to divert waste from landfills or reduce emissions
Environmentally sustainable management of living natural resources and land use	▪ Activities that contribute to the environmentally sustainable management of living natural resources, land use and natural ecosystem protection, including: – **Sustainable agriculture:** • Agriculture production activities (including necessary infrastructure, equipment and inputs) that contribute to reducing GHG emissions, improve carbon sequestration and/or reduce water use, including: - Land-use related techniques and technologies that reduce fertilizer use, promote nitrogen management, enhance soil organic carbon, improve carbon sequestration, prevent land conversion, promote the collection and use of agricultural waste, enable low tillage techniques, introduce high-efficiency irrigation technologies, facilitate the rehabilitation of degraded lands, etc. - Livestock-related activities that reduce methane or other GHG emissions such as manure management, techniques to reduce enteric emissions, etc. - Machinery or equipment required for the adoption of sustainable agriculture practices, such as variable rate technology, autonomous machinery, remote sensing, etc. • Climate smart farm inputs, animal husbandry, fisheries and aquaculture, certified by a recognized third-party certification such as Canada Organic, USDA Organic, Rainforest Alliance, Marine Stewardship Council, Aquaculture Stewardship Council, Global G.A.P. for Aquaculture, or Best Aquaculture Practices (2 stars or more) – **Sustainable forestry:** • Sustainably managed forests and forest products certified by credible third-party certification systems such as Forest Stewardship Council, Programme for the Endorsement of Forest certification and the Sustainable Forestry Initiative • Afforestation efforts such as planting, seeding or deliberate natural regeneration on non-forest lands

[1] Collection of waste should support segregation at source. In addition, vehicles should be low-carbon i.e. below the threshold of 25g CO_2/t-km
[2] Allocation for chemical recycling of plastic only in cases where: mechanical recycling is not feasible, the life cycle emissions of the recycled plastic are lower than virgin plastic production, the projects are not intended for single-use consumer products; and projects are not intended for plastic to fuel conversion.
[3] Landfill GHG emission capture that utilizes municipal or industrial solid waste is eligible only when the landfill is no longer operational and the emission capture rate is greater than 75%.
[4] Including waste management companies that incorporate recycling and sustainable waste collection into their operations.

Table 1: Eligible green activities (continued)

Eligible Categories	Eligible Activities
Clean transportation	▪ Construction, development, manufacturing, operation, acquisition and maintenance of zero or low tailpipe emissions transportation assets[1], including: – Private transport, including: • Electric or hydrogen vehicles • Hydrogen fuel or electric charging stations – Public transport, including: • Electrified rails and trams[2] • Electric or hydrogen buses • Hydrogen fuel or electric charging stations
Sustainable water and wastewater management	▪ Construction, development, manufacturing, 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[3] – Water metering activities to support conservation initiatives – Water distribution systems with improved efficiency – Water desalination plants that are powered by low-carbon energy sources[4]
Terrestrial and aquatic biodiversity	▪ Activities that contribute to the enhancement or conservation of terrestrial or aquatic biodiversity, such as protection of coastal, marine and watershed environments ecosystem-based fisheries management plans, integration of bycatch exclusion devices in fishing fleets, fishing gear modification programmes, policies, and plans to reduce ghost fishing provided they are certified by the Marine Stewardship Council (MSC) ▪ Wildlife habitat management, rehabilitation, restoration and conservation of ecosystems from a degraded state
Green buildings	▪ Construction, development, operation, acquisition and maintenance of residential or commercial buildings (including homes) that have: – Received, or expect to receive based on their design, construction and operation plans, certification according to third-party verified building standards, including, but not limited to, LEED Gold or Platinum or equivalent levels in other certification schemes such as BOMA BEST (Gold or Platinum), BREEAM (Excellent or Outstanding), ENERGY STAR (score >85), ENERGY STAR for New Homes (v12.6+), Toronto Green Standard (v4) (Tier 2 or higher), Passive House Institute – EnerPHit, BC Energy Step Code (Part 3: Step 3 or above, Part 9: Step 4 or above), UK Energy Performance Certificate score A or B; BC Zero Carbon Step Code (EL-3 and above), Passive House (Classic, Plus, Premium), Zero Carbon Building Standard (Version 2 or later), BUILT GREEN (Gold & Platinum), Efficiency Manitoba Performance Path (Tier 4 or higher), CHBA Net-Zero and Net-Zero Ready Home, CMHC MLI Select Energy Efficient Category (New Construction Levels I, II and III and Existing Building Level III), or – Achieved, based on third-party assessment, GHG emission performance in the top 15% of their city, province/state or country ▪ Refurbishments or retrofits of residential or commercial buildings that help reduce GHG emissions including projects or activities that achieve, or are expected to achieve, based on a third-party assessment, energy savings of at least 30% over the baseline energy consumption

[1] Including infrastructure and rolling stock for mass transit
[2] No more than 25% of freight transported (in tonne-kilometre) will be fossil fuel cargo.
[3] Supported by a vulnerability assessment and adaptation plan.
[4] Low-carbon energy as defined in this Methodology. The plant must have established waste management plans for brine disposal.

Table 1: Eligible green activities (continued)

Eligible Categories	Eligible Activities
Climate change adaptation and resilience	▪ Adaptation measures that contribute to reducing vulnerability to climate change impacts, including projects that: – 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 businesses that facilitate or carry out circular economy activities and/or products including: – Substituting virgin raw materials with 100% secondary (recycled or reused waste) materials (e.g. fabrics, metals, fibers, wood and mechanically recycled plastics) in manufacturing and industrial processes – Producing products that can be recycled or composted where the input feedstock is from recycled/reused waste – Minerals-based materials recovery or recycling in mining and industrial materials processes post-production – Increasing the capacity utilisation of a product or asset during its useful life (e.g. through sharing and/or predictive maintenance)

Table 2: Eligible decarbonization activities

RBC provides financing to support the growth of low-carbon energy, while also providing financing to meet current energy needs, including traditional sources of energy such as oil & gas. RBC is playing its role in helping our clients in the transition[1] to a low-carbon economy, including supporting clients in high-emitting, hard-to-abate sectors in their efforts to decarbonize.

Decarbonization activities that are eligible under this Methodology are listed below. RBC also considers transition labeled instruments in accordance with relevant industry guidelines[2] as eligible decarbonization activities[3].

Eligible Categories	Eligible Activities
Carbon capture	▪ Construction, development, manufacturing, operation, acquisition and maintenance of assets for carbon capture, utilization and storage (CCUS) in industrial facilities in high-emitting, hard-to-abate sectors. This includes, for example, CCUS use in: – Bio-energy plants – Chemical production – Cement factories – Oil & gas facilities[4]
Electrification of industrial operations	▪ Construction, development, manufacturing, operation, acquisition and maintenance of assets for the electrification of conventional (non-electric) industrial operations in high-emitting, hard-to-abate sectors. This includes, for example: – Electric arc furnaces for steel production – Electric kilns for cement production – Electrification of industrial heating or cooling processes
Lower-emissions intensity fuels	▪ Development, production or distribution of low-carbon intensity fuels[5] – Non-aviation liquid biofuels: ≤35g CO_2e/MJ – Sustainable aviation fuel: ≤40g CO_2e/MJ – Gaseous (excluding hydrogen): ≤31g CO_2e/MJ – Hydrogen: ≤35g CO_2e/MJ Examples of eligible fuel types include: ethanol, renewable diesel, co-processing of biocrude, 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.[6] This includes, for example: – Methane leak detection and repair – Installation of emissions control devices

[1] Refers to 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.
[2] Such as ICMA's Climate Transition Bond Guidelines and LMA's Transition Loans Guide
[3] Applies to lending and facilitation involving decarbonization activities where the transaction qualifies as Dedicated Purpose (as defined in Section 2.1) or General Corporate Purpose – Pure Play (as defined in Section 2.2).
[4] CCUS for the purpose of upstream enhanced oil recovery is excluded.
[5] Biogas production from landfill gas capture must be from closed or decommissioned landfill with a gas-capture efficiency of greater than 75%. Waste biomass sourced from sustainable agriculture and forestry residues or from non-recyclable municipal solid waste.
[6] 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 eligibility of the activity, RBC will only count decarbonization finance transactions towards its environmental and social finance activities if either:

1. **The client has a transition plan that either:**

   a) **Meets the following criteria:**

   - 2ºC aligned emissions reduction targets for all relevant scopes, based on a credible pathway[1]; and
   - Time-bound actions to reduce emissions; and
   - Board oversight of the transition plan; and
   - Emissions reporting for all relevant scopes on both an absolute and intensity basis; and
   - Progress reporting towards emissions reduction targets; and
   - Reporting aligned with a recognized framework (e.g., International Sustainability Standards Board (ISSB)); **or**

   b) **Is assessed as "Emerging" or higher** in sectors where RBC has established a transition readiness framework for the energy and commercial real estate sectors (see Appendix 5 of the 2025 Sustainability Report).

2. The instrument is a **designated transition bond or loan** that aligns the use of proceeds with relevant guidelines such as:

   - ICMA Climate Transition Bond Guidelines
   - APLMA, LMA, LSTA Transition Loans Guide

The exception to the requirement to meet either of the criteria set 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).

[1] Interim and long-term targets for all relevant scopes based on a credible 2ºC pathway, where "interim" refers to short-term and/or medium-term.

Table 3: Eligible enabling activities

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, distribution systems, and storage solutions that connect to carbon intensive energy sources, but RBC recognizes that they are part of the infrastructure to enable low-carbon energy in future. In this context, enabling activities[1] that are eligible under this Methodology are detailed below:

Eligible Categories	Eligible Activities
Enabling activities	▪ Construction, development, operation, acquisition and maintenance of: – Electricity transmission and distribution systems[2] – Batteries and other energy storage devices and systems – Efficiency improvements for transmission and distribution of energy such as smart grids

Table 4: Eligible social activities

Eligible social activities under this Methodology are those that provide benefits to people, and help contribute to more inclusive and strengthened communities. Eligible activities focus on target populations as defined in the ICMA Social Bond and Loan Principles. The target population can vary depending on local contexts, and in some cases, such target population(s) may also be served by addressing the general public.

Eligible Categories	Eligible Activities
Access to essential services	▪ Construction, development, operation, acquisition, refurbishment and maintenance of publicly available, free or subsidized essential services, including: – Education (including public and government-subsidized universities, colleges, schools and training centres) – Healthcare (including public hospitals, health-care centers, medical equipment and services, women's health facilities, mental health facilities, public health systems such as emergency response and disease control services and programs, homes or health facilities for seniors or persons with disabilities) – Care centres (including childcare centres, community centres, senior care centres, refugee centres, safe houses and organizations that provide similar services to target populations such as people who are homeless and survivors of domestic abuse) – Disaster relief and preparedness services (including hazardous materials response, search and rescue, evacuation centres, high-capacity pumping, emergency power systems, flood containment) – Rehabilitation of parks and other public spaces
Affordable housing	▪ Construction, development, maintenance, operation or refurbishment of housing that meets accredited or registered affordable housing definitions[1], or contributes to access to low- and moderate-income residents[2]

[1] Applies to lending and facilitation involving enabling activities where the transaction qualifies as Dedicated Purpose (as defined in Section 2.1) or General Corporate Purpose - Pure Play (as defined in Section 2.2), and where the amount used specifically for the enabling activity can be determined and the transaction does not qualify as an eligible green activity.
[2] Where grid emission thresholds are readily available, refer to the Low-Carbon Energy category in Table 1

Table 4: Eligible social activities (continued)

Eligible Categories	Eligible Activities
Affordable basic infrastructure	▪ Construction, development, operation, acquisition, refurbishment and maintenance of basic infrastructure for underserved and/or remote communities that have limited or no access to services including but not limited to clean drinking water, sewers, sanitation and electricity transmission
Socioeconomic advancement & empowerment and employment generation	▪ Support for organizations including registered charities and not-for-profit organizations that aim to promote socioeconomic advancement. This includes activities that: – Expand access to financial education, capability building and services (e.g. free financial services for specific target populations) and the development or purchase of housing – Support access to education, skills development, job placement supports and other economic empowerment initiatives – Support micro-, small- and medium-sized enterprises where at least one of the owners are individuals from under-served communities[3] and has at least a 51% share of ownership – Support for micro-, small- and medium-sized enterprises in regions that economically underperform or suffer from multiple deprivations as measured in the local context[4] – Programs designed for an emergency response to a crisis (for example, economic, health or natural disaster) to alleviate unemployment and/or provide support for individuals and businesses
Charities and not-for-profit organizations	▪ Financing for registered charities and not-for-profit organizations whose specific purpose is to advance activities that are eligible under this Methodology

2.5 Exclusionary criteria

RBC will not knowingly consider a transaction as eligible under the Methodology with an entity who, to RBC's knowledge, derives any of its revenues from certain excluded activities, as determined internally by RBC from time to time. Environmental and social finance activity will be reported in line with Section 3.2.

[1] Meets applicable definitions within the jurisdiction in which it is built, including through programs such as the MLI Select product of the Canadian Mortgage and Housing Corporation (CMHC), provincial and municipal equivalents, and the Community Reinvestment Act (CRA) in the U.S. May also include affordable and low-income housing financed through Government Sponsored Enterprise (GSE) or affordable and low income housing provided through Registered Social Landlords (UK) and lending to housing associations involved in the construction and management of shared-ownership properties

[2] Low-to-moderate income (LMI) as defined by the U.S. Department of Housing and Urban Development (HUD) and/or Federal Housing Finance Agency (FHFA)

[3] Groups who have been denied a full opportunity to participate in aspects of economic, social and civic life. These groups may include, but are not limited to, people who are socio-economically disadvantaged, geographically isolated, educationally disenfranchised, or those who have been historically excluded due to race, gender, sexual orientation, disability status or other identity-based factors

[4] Support for micro-, small- and medium-sized enterprises in regions that economically underperform or suffer from multiple deprivations as measured in the local context is based on applicable definitions within the jurisdiction in which it is built, such as for Canada, in alignment with the Statistics Canada definition of the Canadian Index of Multiple Deprivation.

Reporting

3.1 Metrics and reporting basis

The below metrics and reporting basis is used to report RBC's environmental and social finance activity. RBC follows widely accepted industry practices when apportioning RBC's share of a transaction, and these are summarized in the table below. We include both new financing and refinancing.

Metric	Category	Description	Reporting Basis
Lending			
Value of credit extended to eligible clients and projects	A Dedicated purpose	Designated green, decarbonization, enabling, and/or social loans, or non-designated loans or other credit facilities (e.g. letters of credit), where proceeds are earmarked for environmental and/or social activities	Total authorized loan amount[1] as at the reporting date
	B General corporate purpose – pure play	Non-designated loans or other credit facilities (e.g. letters of credit) extended to entities whose core business comprises eligible green, decarbonization, enabling and/or social activities	Total authorized loan amount[1] as at the reporting date
	C General corporate purpose – sustainability-linked	Designated loans where the terms of the loan are tied to the borrower's achievement of pre-determined sustainability targets	Total authorized loan amount[1] as at the reporting date

[1] The authorized amount includes refinancing activities where either the facility amount or term increased.

Metric	Category	Description	Reporting Basis
Facilitation			
Value of green/ transition/ enabling/ social/ sustainability bonds underwritten[1,2]	A Dedicated purpose	Designated green, transition[3], enabling, social, and/or sustainability bonds where proceeds are earmarked for environmental and/or social activities	League table credit is allocated to each bookrunner per the portion assigned to them in third-party league tables. For private placements and non-public transactions, the value is apportioned equally between bookrunners.
Value of sustainability-linked bonds underwritten	C General corporate purpose – sustainability-linked	Designated bonds where the terms of the bond are tied to the issuer's achievement of pre-determined sustainability targets	League table credit is allocated to each bookrunner per the portion assigned to them in third-party league tables. For private placements and non-public transactions, the value is apportioned equally between bookrunners.
Value of U.S. municipal bonds underwritten	A Dedicated purpose	U.S. municipal bonds where proceeds are intended primarily for the public provision of social and/or environmental services	League table credit is allocated to each bookrunner or credit manager per the portion assigned to them in third-party league tables.
Capital raised	B General corporate purpose – pure play	Capital raised through debt capital markets, equity capital markets, securitizations, project finance, and leveraged finance for issuers and projects whose core business comprises eligible green, decarbonization, enabling and/or social activities	League table credit is allocated to each bookrunner per the portion assigned to them in third-party league tables. For private placements and non-public transactions, the value is apportioned equally between bookrunners.
Tax credit investments closed	A Dedicated purpose	Low Income Housing Tax Credit (LIHTC) equity investments and Renewable Energy Tax Credit (RETC) equity investments	Aggregate capital amount contributed by third-party investors for RBC-syndicated projects (excludes direct investments in line with section 1.2 above).

[1] Proceeds raised from RBC's own issuances of green, social or sustainability bonds are not within scope.
[2] Includes perpetual debt and asset-backed securities.
[3] Transition bonds are reported under Decarbonization (Section 2.4) in our reporting on environmental and social finance activities.

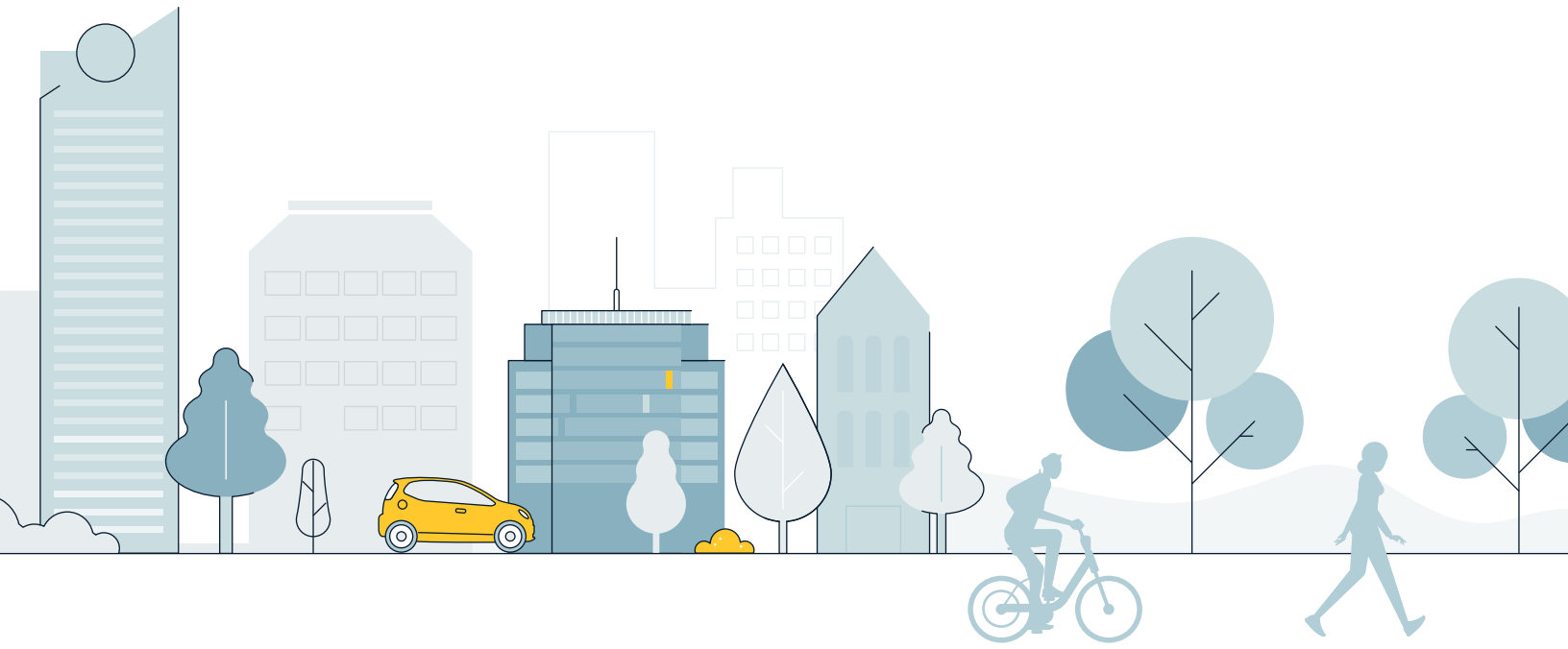
3.2 Reporting and Risk Management

We assess transactions identified as environmental and social finance under this Methodology, using our own judgment and in our sole discretion, against the eligibility criteria in **Section 2**.

Appropriate data governance and controls are in place to ensure we collect data from reliable internal and external sources when assessing and reporting our environmental and social finance activity. Environmental and social finance activity is reviewed and approved on a regular basis by relevant business teams and committees with sustainability expertise, and where additional review is required, activity is escalated through appropriate governance channels. We will report our environmental and social finance activity annually on a disaggregated basis.

We strive for transparency and integrity in our environmental and social finance definition and Methodology. Only activities we are able to measure the financial value and to assess against eligibility criteria in **Section 2** are reported. Where a financing activity no longer meets the eligibility criteria, it will be excluded from progress reporting for the relevant reporting period.

For more information on our approach to managing environmental and social risk, please visit RBC's 2025 Annual Report – Environmental and Social Risk.



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

This document titled "Environmental and Social Finance Methodology" (Methodology) 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 Methodology and in other filings with Canadian regulators or, the U.S. Securities and Exchange Commission or competent authorities in the European Economic Area, 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 Methodology may include, but are not limited to, statements relating to the economic or sustainability-related objectives, vision, ambitions, commitments, goals, metrics and targets of RBC, including those relating to RBC's investments in sustainable finance, what RBC considers as sustainable finance under this Methodology, sustainable finance industry standards, the aims, deployment and implementation of this Methodology, the allocation of sustainable finance proceeds, the sustainable finance market, the risks and estimated impacts associated with sustainable finance transactions, products and services, and RBC's approach to reporting of our sustainable finance transactions. The forward-looking information contained in this Methodology 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, vision, ambitions, commitments, goals, metrics and targets, and strategies 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 and measurements relevant to its activities, results, and commitments described in this Methodology continue to evolve and are based on assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees.

RBC cautions readers not to place undue reliance on our forward-looking statements as a number of risk factors could cause its actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond its control and the effects of which can be difficult to predict – include, but are not limited to: difficulty in identifying transactions, products and services that meet the sustainable finance classification criteria, the risk that eligible transactions or related initiatives will not be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by RBC, the need for more and better sustainability-related data and standardization of sustainability-related measurement methodologies, RBC's ability to gather, analyze and verify data regarding environmental impacts, RBC's ability to track its sustainable finance transactions and report on them , RBC's ability to successfully implement various initiatives throughout RBC under expected time frames, the risk that initiatives will not be completed within a specified period or at all or with the results or outcome as originally expected or anticipated by RBC, the compliance of various third parties with our agreements, policies and procedures and their commitments to RBC, the need for active and continuing participation and action of various stakeholders (including governmental and nongovernmental organizations, other financial institutions, businesses and individuals), technological advancements, the evolution of consumer behaviour, evolving social views on sustainability-related topics, 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 may be updated by subsequent quarterly reports to shareholders.

RBC cautions that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect its 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 RBC or on its behalf. This Methodology 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 Methodology 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 Methodology 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 Methodology 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 Methodology by the recipient.

RBC's activities, ambitions, strategies and approaches described in this Methodology, including sustainability-related metrics, data and other information relevant to such activities, ambitions, strategies and approaches, 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 Methodology 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 Methodology 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 Methodology 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.

The information contained in this Methodology has not been independently reviewed or verified and no representation or warranty, express or implied, is or will be made in relation to the information contained herein.

This Methodology 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 and competent authorities in the European Economic Area. While certain matters discussed in this Methodology 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", "enabling activities", "low-carbon", "decarbonization," "social," or similar terms in this Methodology are intended as references to the internally defined criteria of RBC and not to any jurisdiction-specific regulatory definition that may exist. This Methodology reflects our sustainability-related strategies, positions, approaches, policies, procedures, criteria, objectives, visions, commitments and goals as of the date of this Methodology, 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 Methodology, including via website link, and any other websites they refer to are not incorporated by reference in, and do not form part of, this Methodology. This Methodology 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.

This Methodology and any classification herein is not intended to be relied on for classification under Regulation (EU) 2019/2088 (EU Sustainable Finance Disclosure Regulation (SFDR)), Regulation (EU) 2020/852 (EU Taxonomy), Regulation (EU) 2023/2631 (EU Green Bond Regulation) or similar regimes; users should apply independent judgement and obtain advice as needed. No assurance is given that eligibility under this Methodology will satisfy any present or future investment or reporting criteria or guidelines which an investor must or intends to comply with, in particular with regard to any direct or indirect environmental, sustainability or social impact of any business or project, nor that it will meet investor expectations or requirements regarding such "sustainability," "sustainable finance," "green", "enabling activities", "low-carbon", "decarbonization," "social," or similarly labelled performance objectives.



® / ™ Trademark(s) of Royal Bank of Canada. VPS115549

128068 (10/2026)