

RBC Capital Markets (Europe) GmbH

2025 ESG Mid-Year Disclosure

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STRICTLY PRIVATE AND CONFIDENTIAL

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1.0 ESG Risk Summary

Organisation

As an investment firm, RBC Capital Markets (Europe) GmbH ("RBC EG") is subject to the Investment Firm Regulation ("IFR") Article 53, requiring the disclosure of information on environmental, social and governance (ESG) risks, including climate-related physical and transitional risks.

Requirements are supplemented with further detail where relevant through the European Banking Authority ("EBA") Regulatory Technical Standards ("RTS") and Implementing Technical Standards ("ITS").

ESG Risk Summary

- Global Investment Banking (GIB): The GIB business is as described in the Business Profile section of the 2025 IFR disclosure. ESG risks for the GIB business are monitored and are determined to be low.
- Global Markets: The Global Markets business is as described in the Business Profile section of the 2025 IFR disclosure. ESG risks for the Global Markets business are monitored and are determined to be low.

The detail of this assessment is presented in the subsequent sections.

Basis and Frequency of Disclosure

This document provides information on RBC EG's ESG risks. The information will be disclosed on a biannual basis, as at its mid-year end of April and financial year end of October.

This disclosure has been reviewed and approved by the Company's Management Board and published on the Company's public website: <https://www.rbc.com/regulatory-information/basel-disclosures.html#basel-iii-content>

2.0 Governance

The RBC Group Board oversees how RBC Group manages environmental and social ("E&S") risks, the enterprise approach to E&S risks, and how RBC Group conducts business to meet high standards of E&S responsibility. For further details on the RBC Group risk governance, refer to the Enterprise risk management – Risk governance section of the RBC Group Annual Report.

As a wholly owned subsidiary of RBC Group, RBC EG adopts RBC Group's risk management approach and has established local governance to oversee the management of Environmental, Social, and Governance (ESG) risks.

RBC EG's current governance framework has embedded the identification and management of risks to RBC EG's business at the Management Board, executive and management levels, including:

ESG Risk Reporting and Oversight	
RBC EG Management Board	<p>The Management Board has the overall responsibility for the supervision, governance, performance, and strategic direction of RBC EG. It holds responsibility for the oversight and management of risk within RBC EG.</p> <p>The Management Board receives quarterly information on financial and non-financial ESG risks.</p>
RBC EG Supervisory Board	<p>The RBC EG Supervisory Board has delegated responsibility from the shareholders of RBC EG to supervise and advise the Managing Directors of the entity.</p>
RBC EG Risk Management	<p>The RMC is an executive management governance committee to enable the effective oversight and management of Risk and is established under the specific authority of the MD, Head of Functions (who is also Member of the Management Board).</p>

Committee ("RMC")	The RMC receives quarterly information on financial and non-financial ESG related risks.
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3.0 Sustainability Strategy

As a wholly owned subsidiary of RBC Group, RBC EG falls within scope of RBC Group's Sustainability strategy. Each year, the RBC Group reports on its sustainability performance, providing detail on how RBC Group is creating value for its stakeholders and managing its climate risks and opportunities. This annual Sustainability Report and other related information are available on RBC Group's Sustainability Reporting website at <https://www.rbc.com/our-impact/sustainability-reporting/index.html>.

4.0 Risk Management

As a wholly owned subsidiary of RBC Group, RBC EG falls within scope of RBC Group's risk management approach.

RBC Group's approach to managing E&S risk seeks to integrate E&S risk considerations into its risk management approach by leveraging existing policies and processes which govern RBC Group's principal risks¹. RBC Group's Enterprise Policy on Environmental and Social Risk (E&S Risk Policy)² supports these policies and processes by outlining its principles for E&S risk management and setting out standards for how E&S risks arising from its activities are identified, assessed, measured, managed, mitigated, monitored, and reported. RBC Group continues to evolve the approach to E&S risk by leveraging existing risk management capabilities, and building new capabilities where required, including for purposes of incorporating regulatory guidance, industry best practices and improved data analytics to identify, assess, measure, manage, monitor, and report on potential E&S impacts on clients, portfolios, and our operations. The integration and maturity of E&S risk management capabilities will continue to evolve and achieving a mature level of E&S risk management will be iterative and take time.

RBC EG uses the governance structure described in section 2 to consider ESG-related matters which have been identified within RBC EG as potentially relevant to RBC EG's decision-making processes and strategic planning.

Please see page 111 of the Royal Bank of Canada: [Annual Report 2024](#) for an overview of environmental and social risk management by RBC Group.

Environmental, Social, and Governance (ESG) Risks

Definitions

Environmental and social (E&S) risk is the potential for an E&S issue associated with us, a client, transaction, product, supplier, or activity, to have a negative impact on us, including our financial position, operations, legal and regulatory compliance, or reputation. It refers to the risk that we face as a result of the manner in which we, a supplier or a client manage E&S issues or relationships with stakeholders and communities. Because different stakeholders and communities may have divergent views on E&S issues, any actual or perceived action or inaction by us in the management of an E&S issue may be perceived negatively by at least some stakeholders and, as a result, may increase our E&S risks.

E&S issues include, but are not limited to, climate change, site contamination, waste management, land and resource use, biodiversity, water quality and availability, environmental regulation, human rights (including, but not limited to social and racial inequality and Indigenous Peoples' rights), inclusion, and community engagement. E&S risks, including climate risk, are each unique and transverse risks and impact

¹For further details on RBC's Principal risk management, refer to the Principal risks section of the RBC Group Annual Report available at [rbc.com/investor-relations](https://www.rbc.com/investor-relations).

²Certain of RBC's sustainability-related policies, commitments, targets and goals are not inclusive of the investment advisory or broker-dealer activities, or the assets under management by, RBC Global Asset Management (RBC GAM) or RBC Wealth Management..

all our principal risk types in different ways and to varying degrees, including but not limited to strategic, operational, credit, reputation, and compliance risks.

RBC Group defines **climate-related risk** as the potential negative impacts of climate change on our financial results, financial and operational resilience, reputation, business model or strategy.

Climate risk is categorized into transition risk and physical risk. Transition risks are those related to the process of adjustment towards a low-carbon economy. These risks can emerge from current or future government policies, legislation, and regulation to limit carbon emissions, as well as technological advancements, and changes in market and customer sentiment towards a low-carbon economy. Physical risks arise from the increasing severity and frequency of climate-related extremes and events (i.e., acute physical risks), longer-term gradual shifts of the climate (i.e., chronic physical risks), and indirect effects of climate change such as public health implications (e.g., morbidity and mortality impacts).

Governance risk: For this report only, RBC EG has adopted the EBA's definition of governance risks being the "risks of any negative financial impact on the institution stemming from the current or prospective impacts of governance factors on its counterparties or invested assets" (EBA/REP/2021/18, section 88 page 49).

High Climate-Sensitive Sectors

RBC EG has developed a climate risk approach to identify sectors that have a high sensitivity to climate risk. RBC EG has drawn on guidance from the Task Force for Climate Related Financial Disclosures (TCFD) and the Net Zero Banking Alliance (NZBA) to develop its climate risk framework. RBC EG maps its investment exposure and client revenue to high climate-sensitive sectors to monitor for high climate-sensitive exposure concentration.

Risk Identification & Assessment

RBC EG has defined a structured, qualitative and quantitative risk identification ("Risk ID") programme as outlined in the RBC EG Policy on Risk Identification. During the 2025 Risk ID exercise, RBC EG identified ESG Risk as a low risk.

ESG financial risks are assessed through the quarterly review of both RBC EG client flow and the entity risk taking holdings.

Risk Profile

RBC EG has identified potential ESG risk as set out below. In all instances the relevant risks have been determined to be low.

Risk	Function/ Business	Risk Description	Metrics and Mitigants	Determined Risk
Environmental (including Climate) Risk	All RBC EG Businesses	Climate risks may lead to reduced corporate profitability for RBC EG's clients which may adversely affect their demand for business with RBC EG.	Concentration of RBC EG clients in businesses in high climate-sensitive sectors is reviewed quarterly.	Low
	RBC EG Global Markets	Climate risk may lead to issuer default where RBC EG and/or its clients hold climate-sensitive publicly traded securities.	Exposure to climate-sensitive securities is reviewed quarterly. A market decline scenario is performed and reviewed annually.	Low
	RBC EG Reputation	RBC Group's brand and reputation are fundamental to earning the trust of clients, and a vital driver of success. RBC EG is exposed to reputational risk due to any perceived contribution by RBC Group to	RBC Group continues to monitor trends in climate-related litigation and regulatory enforcement actions, including those involving claims of "greenwashing", which generally refer to claims that false or misleading information about an organization's products or services or	Low

		climate change and/or a lack of action to mitigate climate change.	operations has been conveyed to suggest that the organization is doing more to protect the environment than it is, and to assess the impact on our litigation and regulatory compliance risks.	
	RBC EG Premises	RBC EG's offices are exposed to physical risk. Business Continuity risk exists where due to an extreme weather event, RBC EG is unable to continue essential business operations.	A business continuity plan is in place in the event of an operations disruption.	Low
Social & Governance Risks	All RBC EG Businesses	Third-party social and governance risks could pose potential reputational and/or litigation risk to RBC EG.	RBC EG monitors for social and governance risks through third-party onboarding and ongoing due diligence processes.	Low

As regulatory frameworks and internal processes advance, RBC EG will continue to work to better understand how ESG risk could materialize across its businesses.

RBC EG has a regulatory scanning process in place for ESG financial risk with a standing agenda item for ESG for both its Risk Management Committee and the Management Board.