

RESPONSIBLE INVESTMENT QUESTIONNAIRE

FOR INVESTMENT MANAGERS



University
of Manitoba

UMANITOBA.CA

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Institutional Mandate: Canadian Equity

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PREAMBLE

The University of Manitoba has made commitments to consider social and environmental issues to advance sustainability and climate action, and to advance reconciliation by respecting and promoting the rights of Indigenous peoples. As such, the University approved a Responsible Investment Policy in March 2023. In accordance with the policy, we require all our external Investment Managers to have an ESG policy and to have rigorous ESG processes in place when evaluating investments. We also require Managers use their (proxy) votes to promote best practices in responsible investing. Managers will be asked to report on their ESG activities on an annual basis. Please note that responses may be posted in full on the University of Manitoba website.

If a question does not apply to you or your mandate, please indicate not applicable.

RESPONSIBLE INVESTMENT QUESTIONS

1. POLICY AND GOVERNANCE

1.1 Does your organization have a responsible investment policy?

If it does, provide a copy. State whether the policy is publicly available, specify the proportion of organizational assets it applies to and describe the process for reviewing and updating it. If your organization does not have a policy, explain why not.

RBC GAM's [Approach to Responsible Investment](#) is our firm-wide policy which sets out our overall approach to responsible investment, including how we integrate environmental, social, and governance (ESG) issues into our investment process and how we will work as active, engaged owners^{1,2}. The culture at RBC GAM revolves around innovation, continuous learning, and harnessing the power of human and machine. Each year, we document the ESG integration tools and processes used by investment teams and evaluate their alignment with RBC GAM's overall beliefs and strategy. As part of this process, areas for improvement may be identified in order to enhance teams' ESG integration approaches, as required. We believe this review and continuous improvement enables effective stewardship, and ultimately adds value to our portfolios and clients.

1.2 What international standards, industry (association) guidelines, reporting frameworks, or initiatives that promote responsible investment practices has your organization committed to?

Examples include publicly supporting the Paris Agreement, being a PRI signatory, endorsing the TCFD recommendations and participating in the United Nations Global Compact.

RBC GAM prides itself on being an engaged asset manager and is a participant in a number of global initiatives including the following:

- In 2018, became a signatory to the **30% Club Canadian Investor Group**, which is a coalition of Canada's largest institutional investors with calling on publicly-traded companies to take prompt and considered action to achieve and exceed the 30% gender diversity target and to enhance the presence of other underrepresented groups on their boards and at the executive management level.
- In 2003, became a founding member of the **Canadian Coalition for Good Governance (CCGG)**. The CCGG promotes good governance practices in Canadian public companies and works to improve the regulatory environment to best align the interests of boards and management with their shareholders. Members of RBC GAM's Responsible Investment (RI) team serve on the Public Policy and Environmental & Social committees.

¹ Certain investment strategies or asset classes do not integrate ESG factors, including but not limited to money market, passive and certain third-party sub-advised strategies.

² In some instances involving certain fixed income investments, quantitative investment, buy-and-maintain, passive and certain third-party sub-advised strategies, there is no engagement with issuers by RBC GAM.

- In 2006, became an investor member to the **CDP**, which runs the global disclosure system that enables entities to measure and manage their environmental impacts and strives to advance environmental disclosure.
- In 2020, became a signatory to the **Climate Action 100+**, this investor collaboration focuses on active engagement with the world's largest publicly traded and systemically important carbon emitters, or companies with significant opportunity to drive the transition to a low-carbon economy.
- In 2021, became a founding participant of **Climate Engagement Canada (CEC)**, which is a finance-led initiative that drives dialogue between the financial community and corporate issuers to promote a just transition to a net zero economy. This is a national engagement program, akin to Climate Action 100+.
- In 2013, became a member of the **International Corporate Governance Network (ICGN)**, which aims to promote effective standards of corporate governance and investor stewardship to advance efficient markets and sustainable economies worldwide. The Head of RBC GAM's RI team is a member of the ICGN Global Governance Committee.
- In 2019, became a founding member of the **Investor Stewardship Group (ISG)**, which is a collective of institutional investors brought together to establish a framework of basic standards of investment stewardship for institutional investors and corporate governance principles for U.S. listed companies. A member of the RBC GAM's RI team is a member of the ISG board.
- In 2015, became a signatory to the **UN Principles for Responsible Investment (PRI)**. The PRI is a leading global network for investors committed to integrating ESG considerations into their investment practices and ownership policies. We are committed to putting the PRI's six Principles of Responsible Investment into practice and believe that they are aligned with our existing approach to responsible investment. A member of RBC GAM's Responsible Investment team sits on the Policy Committee. We are also a signatory to the PRI [Statement on ESG in Credit Ratings](#), which encourages credit rating agencies to proactively take ESG factors into consideration for relevant issuers.
- As of 2003, a Sustaining Member of the **Responsible Investment Association (RIA)**, Canada's membership association for responsible investment. A member of RBC GAM's RI team is the Vice-Chair of the RIA board. RBC GAM is a proud signatory to the Canadian Investor Statement on Diversity and Inclusion (read the [full statement](#)) and the Canadian Investor Statement on Climate Change (read the [full statement](#))
- In 2019, became a participant Alliance Member of the **Sustainability Accounting Standards Board (SASB)**, whose mission is to help businesses around the world identify, manage and report on the sustainability topics that matter most to their investors. The Head of RBC GAM's RI team sits on the Investor Advisory Group.

- In 2013, became a member of the **Council of Institutional Investors (CII)**. The CII aims to promote effective corporate governance, strong shareowner rights and vibrant, transparent and fair capital markets.
- In 2013, became an institutional member of **US SIF**. US SIF is the leading voice advancing sustainable, responsible and impact investing across all asset classes. Its mission is to rapidly shift investment practices toward sustainability, focusing on long-term investment and the generation of positive social and environmental impacts
- In 2018, became a member of the **Global Impact Investing Network (GIIN)**. The GIIN is the global champion of impact investing, dedicated to increasing the scale and effectiveness of impact investing around the world.
- In 2014, became a member of the **Mission Investors Exchange**, the leading impact investing network for foundations dedicated to deploying capital for social and environmental change.

In addition to our collaborative initiatives, RBC GAM is committed to the following international frameworks:

- Accepted the **Japan Stewardship Code** in 2018 and detail how we comply with the code in our [Commitment to the Japan Stewardship Code](#) publication on the RBC GAM website.
- Became a supporter of the **Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD)** in 2020 and committed to reporting on our alignment to the recommendations of the TCFD annually.
- In 2011, became a signatory to the **UK Stewardship Code**, which aims to enhance the quality of engagement between asset managers and companies to help improve long-term risk-adjusted returns to shareholders. [Our response](#) to the UK Stewardship Code has met the expected standard of reporting of the Financial Reporting Council (FRC).

1.3 How is responsible investment overseen and implemented within your organization?

List the roles and/or committees involved in responsible investment activities, including stewardship.

Describe how these roles and/or committees are positioned and describe any external resources used to support these activities.

RBC GAM’s dedicated RI team consolidates and leads our efforts in corporate governance and responsible investment. The RI team, established in 2013, provides extensive assistance to our investment teams in understanding and integrating ESG issues into the investment process.¹ The RI team’s responsibilities include:

- Responsibly exercising RBC GAM’s rights as owners by voting proxies in accordance with RBC GAM’s custom Proxy Voting Guidelines
- Providing RBC GAM’s portfolio managers with ESG research and information

- Providing updates on evolving trends and best practices regarding ESG issues
- Providing inputs on company specific and broader thematic research
- Designing a program to engage more with our investee companies on ESG issues²
- Providing more comprehensive reporting on RBC GAM's responsible investment activities

The RI team is led by Melanie Adams, who is also a member of the RBC GAM Leadership Committee. The other members are listed in the table below. The creation of the team demonstrates RBC GAM's commitment in this area and is also an important response to recent demand and regulatory changes. The RI team is accountable to our Chief Investment Officer (CIO), who oversees performance of investment strategies and oversees and approves responsible investment and ESG initiatives.

Name & Title	Investment Function	Credentials	Date Joined RBC GAM	Date Joined Industry
Responsible Investment Team				
Melanie Adams Vice President & Head, Responsible Investment	Responsible Investment	JD (2005), University of Toronto; BSc (2002), University of Waterloo	2014	2006
Maia Becker Senior Director, Research and Policy	Responsible Investment	MBA (2014), University of Toronto - Rotman School of Management; MS (Forest Conservation), University of Toronto (2004); BSc (1999), Queen's University.	2019	2016
My-Linh Ngo Senior Director & Impact Aligned Strategist	Responsible Investment	CFA UK Level 4 Certificate in Investment Management (IMC), CFA UK; MProf (Leadership for Sustainable Development) (2000), Middlesex University/Forum for the Future, U.K; MSc (EIA, EMS, and Auditing) (1999), University of East Anglia, U.K.; BSc (Environmental Sciences) (1998; Hons.), University of East Anglia, U.K.	2014	2000

Name & Title	Investment Function	Credentials	Date Joined RBC GAM	Date Joined Industry
Derek Butcher Senior ESG Manager, Equities	Responsible Investment	CFA (2019); MBA (2014), Odette School of Business, University of Windsor; MES (2012), University of Western Ontario; BSc (Hons) (2010), University of Windsor	2015	2014
Lucy Byrne Senior ESG Manager, Fixed Income	Responsible Investment	MSc (Environmental Technology) (2012), Imperial College London, U.K.; MSc (Environmental Geoscience) (2007), Imperial College London, U.K.	2018	2018
Mark Tang Manager, ESG Data & Analysis	Responsible Investment	CFA (2016); MBA (2019), University of Western Ontario; BComm (2010), University of Toronto	2021	2011
Matt Carthy Senior Analyst	Responsible Investment	CFA (2017); BComm (Public Management) (2009), University of Guelph, Canada.	2018	2010
Nureen Nagra Senior Analyst	Responsible Investment	CFA (2018); BComm (2013), University of British Columbia	2015	2014
Ian Clarke Senior Analyst	Responsible Investment	Business and Climate Change Certification, University of Cambridge (CISL); Chartered Management Accountant (CIMA); BA (Hons, Accounting and Finance) (2003), De Monfort University, U.K.	2023	2006
Younes Hassar Senior Analyst	Responsible Investment	Master (International Business Management), SEKMA Business School, France; BSc (Economics), SEKMA Business School, France.	2022	2008

Name & Title	Investment Function	Credentials	Date Joined RBC GAM	Date Joined Industry
Yousef Abushanab Analyst	Responsible Investment	MSc (International Business - Finance) (2016), Maastricht University; BSc (Hons) (2013), York University	2017	2016
Sanja Vicentijevic Analyst	Responsible Investment	CFA (2019); BComm (2014), McGill University	2019	2014
Emir Beganovic Analyst	Responsible Investment	CFA (2016); MBA (General Management) (2022), Northwestern University, U.S.; BA (Economics and German Studies) (2009) Macalester College, U.S.	2022	2010
Vibha Lad Analyst	Responsible Investment	CFA UK Certificate in ESG Investing (2021); CIMA Diploma (Management Accounting) (2016); CFA UK Level 4 Certificate in Investment Management (IMC) (2015); BSc (Economics) (2013; Hons.), Brunel University London, U.K.	2015	2014
Andrew Hakes Analyst	Responsible Investment	Master of Global Affairs (Global Capital Markets) (2018), University of Toronto; B.A. (Honours) (2016), University of Western Ontario.	2022	2020
Alan Weider Analyst	Responsible Investment	CFA (2018); MEng (Chemical Engineering) (2012), University of Birmingham, UK.	2021	2012

In addition to the internal data resources described above, RBC GAM's portfolio managers and analysts have access to a wide array of external ESG resources. RBC GAM has engaged a number of external research firms to provide specialized ESG research that we use in conjunction with other forms of analysis. This research includes ESG risks and opportunities relevant to specific issues, country- and industry-specific information, and broad-based thematic data relevant to general ESG themes.

The providers we use for ESG-related tools and research include:

- MSCI ESG
- Sustainalytics
- Institutional Shareholder Services (ISS)
- Glass Lewis & Co.
- CDP, formerly known as the Carbon Disclosure Project
- Bloomberg
- RepRisk
- Verisk Maplecroft
- Eurasia Group
- Urgentum
- Nasdaq

Individual investment teams also utilize additional third-party data sources to support their own unique ESG integration efforts¹. Examples include the use of content from the Sustainability Accounting Standards Board, Glassdoor, and country-level data on topics including human rights, corruption, and climate change.

1.4 What responsible investment training does your organization provide to staff?

Describe what the training covers, which staff receive it, and how frequently it takes place.

As part of the RI team’s continued efforts to expand internal subject matter expertise on material ESG topics, the RI team publishes and develops ESG guidance, research, and tools for investment teams. Research topics in 2022 focused on climate-related topics including: understanding carbon markets, why climate-related financial disclosures matter, and a guide to portfolio carbon emissions. In addition, the RI team continued to host its ESG Education Series, with a broadened scope. Previously, the series focused on climate change, and has since expanded to cover ESG topics more broadly. For example, in 2022, the RI team held education sessions on energy security in the global energy transition, and cybersecurity as an ESG issue. The ESG Education Series brings in external experts to share their insights and perspectives with investment and distribution teams across RBC GAM. The RI team also distributes an internal monthly newsletter highlighting key developments in the areas of responsible investment and active stewardship. As of 2022, the newsletter is distributed to all employees across RBC GAM.

2. INVESTMENT PROCESS

2.1 How is ESG materiality analyzed for this strategy?

Mention the ESG factors that are analyzed (e.g. climate change, diversity, human rights) and how their financial materiality is determined, including any tools, standards or data that are used.

The extent to which an ESG factor is considered material depends on the issuer, the industries and geographies in which it operates, and the nature of the investment vehicle for which it is purchased. The RBC Quantitative Investments Team may draw from tools like the SASB materiality matrix, internal research and resources, speaking with industry experts, and sell-side and external research to determine materiality of an ESG factor. In general, equity investments tend to prioritize ESG factors that could impact companies' long-term value by impacting revenue growth, operating costs, and/or companies' reputation among customers and suppliers.

Although any ESG factor may be material depending on the issuer, corporate governance and climate change are of particular importance to RBC GAM on a global scale. We believe that issuers with good corporate governance practices are better able to focus on long-term, sustainable growth; pose less risk for equity investors due to proper alignment of management and shareholder interests; are more likely to issue fixed income instruments with higher credit quality and lower credit risk; and are more likely to effectively manage the issuer's exposure to material environmental and social factors.

Additionally, we recognize that the impacts of climate change are systemic, unprecedented, and already apparent. Although climate change has the potential to affect the global economy, the economic impacts on specific markets, regions, and investments are complex, varied, and uncertain. Therefore, we believe that it is important to consider climate-related risks and opportunities in our investment analysis and decisions, and have developed [Our Approach to Climate Change](#) to address these risks and opportunities.

2.2 How are financially material ESG factors incorporated into this strategy?

Mention how material ESG factors influence portfolio construction and security selection. For quantitative strategies, mention the use of any back-testing or simulations that are applied to the strategy, and how ESG factors are positioned alongside traditional factors or incorporated into them. Disclose the roles/committees that are responsible for incorporating ESG factors into this strategy. Provide any examples from the past 12 months of how ESG factors have influenced security selection and/or portfolio construction for this strategy.

The RBC Quantitative Investments Team believes that ESG considerations matter when making investment decisions, and that the increasing importance of ESG in the market has the potential to elevate the risk of investments with poor ESG characteristics, and provide tailwinds to investments with strong ESG characteristics. Research into ESG considerations has been a particular point of emphasis for the team over the past several years, and they remain committed to conducting ongoing research and development of their factors and models to enhance the investment process.

The team takes a risk-mitigation approach to ESG integration that uses third-party scores to 1) exclude securities with E, S, and G scores that don't meet a minimum threshold, and 2) control each portfolio's overall ESG score to achieve an improved score relative to its benchmark. Their decision to use a risk-mitigation approach rather than constructing alpha-seeking factors was predicated on the fact that while their research showed brief periods of time when E, S, or G scores generated positive returns, they did

not find enough evidence to generalize this conclusion across time and regions. Overall, the team’s goal with this risk-mitigation approach is to reduce the exposure of their portfolios to ESG-related risks, while ensuring that they do not negatively impact their existing investment performance or proposition. The team intends to build on this approach over time, and are currently focused on measuring climate change risks and opportunities and the improvement this data may provide to their risk-adjusted returns.

Our approach to ESG		
RBC Quantitative Equity Team’s ESG investment belief	The team expects that the increasing importance of ESG will elevate risks to investments with poor ESG characteristics and could provide tailwinds to investments with positive ESG characteristics	
Goal for ESG integration	Reduce ESG risk exposures in portfolios while ensuring a minimal impact on the value proposition of quantitative strategies	
Integration approach	<ol style="list-style-type: none"> Security constraint: Filter out companies with the poorest MSCI Environment (E), Social (S), and Governance (G) scores Portfolio constraint: Ensure the portfolio’s E, S and G exposures are equal to or better than those of its underlying index 	
	1. Security constraint	2. Portfolio constraint
QUBE Low Volatility Canadian equity strategy	Screen out securities with an E, S, or G score that is ≤ 1	Aggregate portfolio E, S and G scores must be equal to or greater than its respective benchmark’s exposure (S&P/TSX Capped Composite Index)

2.3 How are ESG screens applied to this strategy?

Mention any positive, norms-based or exclusionary screens that are applied, including why and how they are used in combination with other responsible investment activities (such as stewardship). Specify whether your organization can apply client-directed screens to the strategy.

The RBC QUBE Low Volatility Canadian Equity Fund applies a screen to filter out companies with the poorest MSCI ESG scores. For details, please see question 2.2 above.

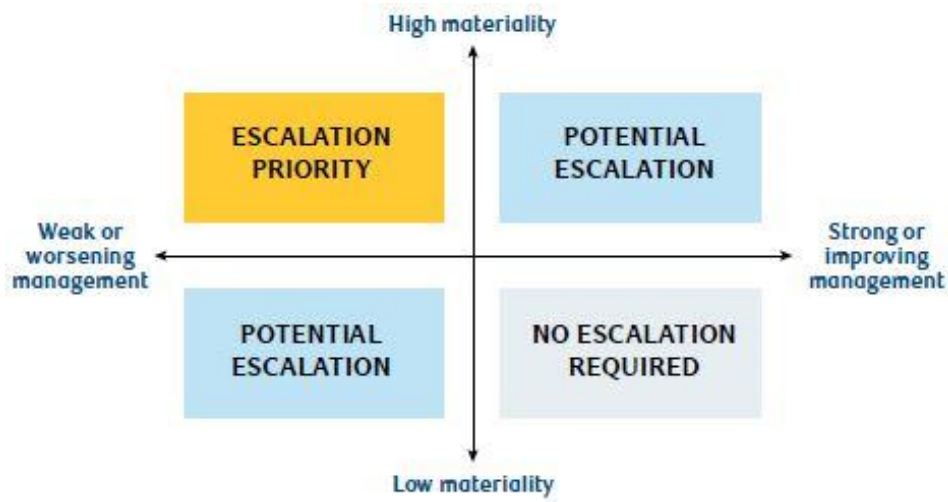
2.4 How are ESG incidents involving investee companies managed?

Mention how ESG incidents/controversies are monitored for investee involvement, any actions taken in response to their involvement (e.g. reducing exposure to the company) and how their involvement is communicated to clients.

The RBC Quantitative Investments Team does not directly engage with investee companies. However, the RI Team, as well as other investment teams, engage with issuers on behalf of RBC GAM². However, in determining the appropriate method and extent of escalation in our stewardship efforts with a particular holding for other teams, the primary framework RBC GAM uses to prioritize engagement efforts are



materiality and the issuer’s performance in managing or mitigating the issue, as demonstrated in the following graphic:



- 1) **High Materiality | Weak or Worsening Management:** An escalation priority typically arises when an issuer is exposed to a highly material ESG factor and is not employing adequate measures to manage and address the risks and/ or opportunities related to that factor. In this case, our investment teams may employ the escalation methods they deem most appropriate for conveying their views on the material ESG matter. Engagement and/or escalation objectives may be established, using the team’s direct investment and ESG research on the topic and drawing on established best practice frameworks. Investment teams may also collaborate with the RI team and /or other like-minded investors in escalating the matter.
- 2) **High Materiality | Strong or Improving Management:** Where an issuer is exposed to a high materiality ESG factor, our investment teams monitor the company’s management of, and exposure to, that factor as part of their regular ESG integration and investment monitoring processes. When an issuer is employing best practices and managing its exposure to the issue effectively, there is typically no need to escalate our stewardship activities. Rather, investment teams continue to monitor the issuer’s management of the factor for any material changes, and any potential engagement activities tend to focus on information gathering rather than escalation objectives.
- 3) **Low Materiality | Strong or Improving Management:** Where an issuer is not materially exposed to specific ESG risks and the issuer has appropriate ESG policies and strategies in place, there is typically no need to escalate our stewardship activities with that issuer. Instead, our investment teams may monitor the issuer for any controversies, events, or changes that might raise the materiality of a specific ESG factor and warrant further investigation.
- 4) **Low Materiality | Weak or Worsening Management:** Where an issuer is not materially exposed to specific ESG risks and the issuer does not have appropriate ESG policies and strategies in place, there is typically no need to escalate our stewardship activities. Rather, investment teams

might monitor the issuer's exposure to ESG factors for any potential changes in materiality. They may also encourage the issuer to implement sector best practices over the long term to ensure proper policies are in effect and help avoid creating a potential future material ESG-related risk or controversy.

3. STEWARDSHIP

3.1 Does your organization have a stewardship/engagement policy?

If so, provide a copy. State whether the policy is publicly available and specify the proportion of assets it applies to. Specify whether your organization is willing to vote in line with a client's voting policy, as opposed to its own, upon request.

RBC GAM's engagement policy can be found within our [Approach to Responsible Investment](#).

As well, voting responsibly at the general meetings of our public equity holdings is an important way we act in the best interest of our clients. RBC GAM makes each voting decision independently, in accordance with our [Proxy Voting Guidelines](#).

As an asset manager, RBC GAM has an obligation to act in the best interests of our clients. Voting responsibly is part of our fiduciary duty, and it is our policy to exercise the voting rights of the funds we manage in the best interests of our clients. We vote all our shares independently and in accordance with our custom Proxy Voting Guidelines. RBC GAM votes consistently across all our portfolios, as such, if a client prefers to vote in line with their own policy, we ask them to retain their voting rights.

Some institutional clients in segregated accounts may wish to implement more customized proxy voting policies or use the proxy voting policy of a third party. In such instances, we generally recommend that clients manage their own voting, but will evaluate such agreements on a case-by-case basis.

3.2 How does your organization determine its stewardship priorities?

Mention how your organization approaches selecting ESG issues and entities to engage with.

RBC GAM engages with issuers, regulatory bodies, lawmakers and other stakeholders with a view to the best interests of our clients.² The specific ESG factors we engage on differ based on sector, asset class, and geography, as engagement cases are prioritized based on the materiality of the ESG issue to the specific investment. Teams may also prioritize their engagement efforts based on the size of the investment and/or the level of ESG risk within the portfolio. As a firm, we recognize that corporate governance and climate change are of particular importance to us. We seek to understand each issuer individually and through the lens of local norms and the laws and regulations of the market(s) in which it operates.

Typically, the purpose of our engagements includes:

- 1) Information gathering on ESG risks and opportunities and the steps the issuer is taking to address them. This may result in continued monitoring of an existing or emerging ESG risk or opportunity, or an update to the analysis and assessment of an issuer.
- 2) Seeking better public disclosure of material ESG risks and opportunities and the steps the issuer is taking to address them.
- 3) Encouraging more effective management of material ESG factors when we believe they may impact the value of an investment.
- 4) Where an issuer is lagging its peers on a material ESG issue, requesting a commitment for change, monitoring any changes, and encouraging continued improvements that are expected to positively impact the long-term value of an investment.

Further discussion about our engagement methods and prioritization can be found in Principle 9 (beginning on page 62) of our response to the [UK Stewardship Code 2022](#).

3.3 What stewardship methods does your organization use?

Mention if/how your organization escalates stewardship activities when initial efforts are deemed unsuccessful (e.g. publicly engaging with the entity via open letters), the approach taken to collaborative stewardship initiatives (such as collaborative engagements) and how often/to what extent specific escalation methods have been used over the past twelve months.

Please refer to question 2.4.

3.4 What is your organization's approach to (proxy) voting?

Mention i) how responsibility for (proxy) voting decision making is structured (e.g. are voting principles decided at an organization level? Is decision making delegated to portfolio managers?) ii) whether and in what circumstances voting is delegated to service providers iii) how your organization assesses whether to support ESG resolutions iv) whether your organization publishes voting decisions and vote justifications pre and/or post AGMs/EGMs.

Our custom Proxy Voting Guidelines provide an overview of the principles we support and how we will vote on particular issues. They are updated yearly to reflect our views on emerging trends in corporate governance and responsible investment. Our process is as follows:

- 1) We implement our custom Proxy Voting Guidelines and engage a proxy advisor to recommend a voting position for each individual ballot item, based on our guidelines.
- 2) Our RI team reviews each ballot item and draws on the expertise of the investment teams and analysis from leading research firms, where appropriate. For additional context, our RI team works closely with our investment teams escalating contentious votes for additional review by the portfolio managers and analysts covering the issuer. After engagements with our investee companies², our investment teams will also provide the RI team additional details on specific voting items outside of what is provided by our proxy voting research providers. Lastly, all votes

on mergers or acquisitions are referred directly to portfolio managers and evaluated on a case-by-case basis.

- 3) Exceptional votes are addressed by our internal Proxy Voting Committee. This committee also implements processes to manage conflicts of interest and protect the independence of our voting decisions. Barring exceptional circumstances, we do not disclose how we intend to vote or provide rationales for our votes on specific issues ahead of time.
- 4) We make our [proxy voting records](#) publicly available on the RBC GAM website in accordance with applicable regulations. We also provide commentary on our proxy voting activities in our semi-annual responsible investment reports, and provide additional reporting to clients.

3.5 What is your organization’s (proxy) voting record?

What proportion of time do you vote with or against management on shareholder resolutions, board appointments, and auditor appointments? What proportion of time do you vote with or against management on ESG issues? How does this break down for climate, diversity, and remuneration issues?

A breakdown of our proxy voting record from the prior calendar year can be found in [RBC GAM’s RI Report](#), released annually. The table below summarizes how we voted against management’s recommendations across markets in 2022, but a more detailed breakdown can be found in the report.

	Canada	U.S.	Overseas	Total
Proposals	3,444	11,510	20,871	35,825
Votes WITH management	3,028	9,080	18,807	30,915
Votes AGAINST management	416	2,430	2,064	4,910
% of votes AGAINST management	12.1%	21.1%	9.9%	13.7%

3.6 How does your organization assess the effectiveness of its stewardship activities?

Mention any key performance indicators used to measure the effectiveness of engagement efforts and whether any of these relate to real-world outcomes (such as SDGs). Provide any examples of engagements your organization has conducted in the past 12 months and provide an assessment of the effectiveness of these engagements to date.

While we do not yet systematically measure or define the success of our engagements, we are working towards all teams being able to systematically track and define the outcomes achieved in the future. The RBC Quantitative Investments Team does not actively engage with the companies held in their portfolios.

4. CLIMATE CHANGE

4.1 Does your organization have a process to identify, assess, and manage climate related risks as they relate to the investment portfolio?

If so, please describe the process and how it is managed.

Climate change is a systemic risk that has the potential to affect the global economy. It is also a cross-cutting risk that may both impact and amplify other principal risk types, such as investment risk and operational risk. The impacts of climate change on specific markets, regions, and investments are complex, varied, and uncertain. RBC GAM's investment teams prioritize those ESG factors¹, including climate-related factors that are considered to be most material to each investment decision. The extent to which an ESG factor is considered material depends on the issuer, the industries and geographies in which it operates, and the nature of the investment strategy for which it is purchased. Risks are deemed material if they have the potential to impact the risk-adjusted returns of our investments.

In order to assess the impact of climate-related risks and opportunities on individual issuers, securities, and portfolios, the RI team and investment teams seek to understand climate-related risks and opportunities. An integrated approach to building climate knowledge and expertise is supported by our:

- **ESG Education Series**, which brings together investment and distribution teams across RBC GAM to learn from external experts about current and emerging research, insights, and best practices on climate-related topics. In 2022, topics included climate change and finance, and the role of energy security in the energy transition.
- **Monthly RI newsletter**, which provides high-level ESG insights and news items related to corporate governance and responsible investment.
- **ESG Champions network**, which enables knowledge sharing on ESG and climate-related topics across investment teams. In 2022, ESG Champions met on approximately a bi-monthly basis.
- **ESG briefing notes** and guided discussions on climate-related topics.
- **Participation in 2022 in the UN PRI Net Zero Equity Practitioners Group**, which focused on sharing experiences and building knowledge. As part of this initiative, RBC GAM published a case study highlighting our efforts to measure the net-zero alignment of portfolios. View [here](#).

Investment teams assess and monitor climate-related risks and opportunities on an ongoing basis through the Climate Dashboard (Dashboard), which includes a suite of climate metrics provided at the portfolio level, with detailed breakdowns by sector and top holdings. The Dashboard is produced for a number of equity and fixed income portfolios and updated on a quarterly basis.³

As outlined in the figure below, the Dashboards provide a view on portfolio, sector and issuer-level carbon emissions, transition risks and opportunities, net-zero alignment, and climate scenario analysis. This

³ The number of strategies for which a Climate Dashboard is produced may vary quarter-to-quarter and does not include all investment strategies across RBC GAM. In 2021 and 2022, the Climate Dashboards did not include sovereign fixed income, and only included a small number of BlueBay investment strategies.

includes both current and forward-looking analysis, as well as data that is reported, estimated, and modeled. The Dashboards focus on what we consider to be the most material data factors and aim to reflect current climate science, standards, and best practices. As new data becomes available, additional metrics and insights may be included in the Dashboard.

CARBON EMISSIONS	TRANSITION ANALYSIS	NET-ZERO ALIGNMENT	CLIMATE SCENARIO ANALYSIS
<ul style="list-style-type: none"> Financed emissions Weighted average carbon intensity Emissions/\$M invested Sector contribution Top holdings <p><i>Metrics inclusive of: Scope 1, scope 2, and scope 3 emissions</i></p>	<ul style="list-style-type: none"> Low carbon transition risks and opportunities Fossil fuel exposure Green revenue exposure Low-carbon patents Power generation exposure Top holdings 	<ul style="list-style-type: none"> Climate targets of issuers Temperature alignment Top holdings 	<p>Climate Value at Risk (VaR), by scenario:</p> <ul style="list-style-type: none"> Net Zero by 2050 (orderly, 1.5°C) Divergent Net Zero (disorderly, 1.5°C) Below 2°C (orderly, 2°C) Delayed Transition (disorderly, 2°C) Nationally Determined Contributions (Hot house world, 3°C).

RBC GAM manages climate-related risks and opportunities by:

- Integrating material climate-related risks and opportunities into our investment decisions, for applicable types of investments¹. This may include each stage of our investment management process, including investment selection and portfolio management.
- Using active stewardship, including engagement and proxy voting, to encourage effective governance oversight and management of climate-related risks, for applicable types of investments.⁴
- Collaborating with industry peers and organizations to inform and advance Our Approach to Climate Change and address key areas of opportunity or need.

4.2 Does your organization prepare climate change disclosure statement or report in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)?

Please provide a copy or link to the most recent report.

Yes, please see the RBC GAM Climate Report 2022 attached.

4.3 Is your organization a signatory/member of any climate- or biodiversity-related initiatives?

Please describe.

Our collaborative initiatives related to climate change include:

- CDP (formerly, Carbon Disclosure Project)

⁴ In some instances involving certain fixed income investments, quantitative investment, buy-and-maintain, passive and certain third-party sub-advised strategies, there is no engagement with issuers by RBC GAM.

- Climate Action 100+
- Climate Engagement Canada
- Investors Policy Dialogue on Deforestation (IPDD)
- Mission Investors Exchange
- Responsible Investment Association
- Task Force for Climate-related Financial Disclosure
- US SIF – The Forum for Sustainable and Responsible Investment

4.4 Does your organization measure the carbon footprint of its portfolio holdings, and set targets for meaningful reduction?

Describe the methodology, metrics, and data sources used. Please include the current footprint of the portfolio(s) and list the targets and timelines for reductions.

Fund	WACI ⁵
RBC QUBE Low Volatility Canadian Equity Fund	112.98
S&P/TSX Capped Composite Index	286.47

RBC GAM selects and calculates climate metrics by considering the methodologies recommended by the TCFD,⁶ including: weighted average carbon intensity, total carbon emissions (also referred to as financed emissions), carbon footprint (also referred to as emissions per million dollars invested), carbon intensity, exposure to transition risks (based on Climate VaR for transition scenarios), exposure to physical risks (based on Climate VaR for physical scenarios). RBC GAM also considers climate-related metrics such as portfolio coverage (also referred to as binary target measurement) and portfolio temperature alignment (implied temperature rise) metrics referenced in guidance provided by the Science-based Targets Initiative (SBTi).⁷ Additional details about our methodology for measuring carbon emissions are presented in the table below.

⁵ Holdings as at 30/06/2023. Weighted Average Carbon Intensity is calculated tonnes/\$1million USD in Sales. Emissions data year is latest on record from MSCI ESG. Includes Scope 1 + 2 emissions. Where an issuer does not report its own emissions, MSCI ESG provides a proprietary estimate. This report contains information (the "Information") sourced from MSCI Inc., its affiliates or information providers (the "MSCI Parties") and may have been used to calculate scores, ratings or other indicators. The Information is for internal use only, and may not be reproduced/redisseminated in any form, or used as a basis for or a component of any financial instruments or products or indices. The MSCI Parties do not warrant or guarantee the originality, accuracy and/or completeness of any data or Information herein and expressly disclaim all express or implied warranties, including of merchantability and fitness for a particular purpose. The Information is not intended to constitute investment advice or a recommendation to make (or refrain from making) any investment decision and may not be relied on as such, nor should it be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the MSCI Parties shall have any liability for any errors or omissions in connection with any data or Information herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

⁶ [Annex I: Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures](#), TCFD (pg. 52-53). October 2021.

⁷ [Foundations for science-based net-zero target setting in the financial sector](#), SBTi (pg. 38-39). April 2022.

Metric	Unit	Calculation	Methodology reference*	Data source**
EQUITY AND CORPORATE BONDS				
Carbon emissions				
Financed emissions (total carbon emissions)	Mt CO ₂ eq.	$\sum_n \frac{\text{current value of investment}_i}{\text{enterprise value including cash}_i} \times \text{Issuer emissions}_i$ Note: The same denominator is used for listed equities and corporate bonds to allow for aggregation across portfolios.	PCAF (2022) and TCFD (2022)	MSCI® ESG Climate Change Metrics
Weighted Average Carbon Intensity (by sales)	tCO ₂ eq./\$M sales	$\sum_n \left(\frac{\text{current value of investment}_i}{\text{current portfolio value}} * \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{issuer's \$M sales}_i} \right)$	TCFD (2022)	MSCI® ESG Climate Change Metrics
Carbon intensity	Mt CO ₂ eq./sales	$\frac{\sum_n \left(\frac{\text{current value of investment}_i}{\text{issuer's enterprise value including cash}} * \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)}{\sum_n \left(\frac{\text{current value of investment}_i}{\text{issuer's enterprise value including cash}_i} * \text{issuer's \$M sales}_i \right)}$	TCFD (2022)	MSCI® ESG Climate Change Metrics
Emissions/\$M invested (carbon footprint)	tCO ₂ eq./\$M invested	$\frac{\sum_n \left(\frac{\text{current value of investment}_i}{\text{enterprise value including cash}} * \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)}{\text{current portfolio value (\$M)}}$	TCFD (2022)	MSCI® ESG Climate Change Metrics

* In some cases, methodologies have been adapted based on applicability to investment type, data availability, and/or limitations and gaps described herein.

** MSCI® data and methodologies are described [here](#).

PCAF: [Partnership for Carbon Accounting Financials](#).

TCFD: [Task Force on Climate-related Financial Disclosures](#).

Information regarding our methodology for measuring other climate-related metrics can be found on page 55 of the [RBC GAM 2022 Climate Report](#).

5. DIVERSITY, HUMAN RIGHTS AND DECENT WORK

5.1 Please provide the composition of your senior leadership team and board of directors, including women and visible minorities. How do you encourage diversity of perspectives and experience?

The RBC GAM Leadership Committee is our most senior committee whose mandate is to primarily focus on strategic matters that either significantly affect multiple businesses of RBC GAM and/or matters that may be material to RBC GAM's overall business success. As of June 30th, 2020 Women make up 21% of the committee.

As of February 7, 2023, 42% of the Board of Directors are Women and 25% identified as BIPOC. Board of Directors refers to the RBC Enterprise Board of Directors and is reported on annually in [RBC's Management Proxy Circular](#).

RBC GAM is guided by and adheres to the RBC Diversity, Equity, and Inclusion Policy. While RBC GAM independently endeavours to advance Diversity and Inclusion (D&I) in the asset management industry through its own outreach programs and hiring initiatives, on a policy level we feel it is better to align with the Royal Bank of Canada (RBC) which dedicates a significant amount of resources each year into advancing their global D&I efforts. When it comes to advancing RBC's D&I efforts, they recognize this is

an ongoing journey that requires a consistent focus and deep commitment. That's why they've implemented a comprehensive D&I strategy, one that outlines targeted actions and delivers specific and measurable value for RBC colleagues, clients, communities and shareholders. The strategy is focused on three key pillars:

- **Strengthening inclusion**, with a focus on enhancing inclusive leadership capabilities among RBC's people; fostering a listening environment; leading with empathy; ensuring employees feel safe to speak up for inclusion; and driving accountability.
- **Advancing diversity**, by enhancing hiring and recruitment programs; driving equitable opportunities for pay, promotion and development; and improving diversity in leadership at all levels, across all segments.
- **Enabling economic inclusion**, which includes influencing equitable access to financial products and services; supporting products, programs and initiatives that create social impact; and leveraging RBC's purchasing power to influence supplier and client diversity efforts.

The [2021 Enterprise Diversity & Inclusion Report](#) helps bring the pillars of our D&I strategy to life, and honours RBC's ongoing commitment to progress and transparency. The most recent RBC Enterprise D&I performance statistics can be found [here](#).

5.2 Does your organization perform any human rights due diligence processes which: a) identifies actual and potential adverse human rights impacts in pre-investment and post-investment phases; b) seeks to prevent or mitigate adverse human rights impacts through its stewardship practices; and c) track results?

Provide links or attach documents outlining this process.

RBC GAM's investment teams consider material human rights issues as part of their investment approaches and we engage with companies to improve their human rights standards, for applicable types of investments^{1,2}. Our approach to responsible investment and how we engage with companies and issuers held in our portfolios is outlined in [Our Approach to Responsible Investment](#).

5.3 Does your organization have a mechanism to receive, assess, and address complaints about the human rights impacts of its operations and investments?

If so, please discuss.

As described in the [RBC Human Rights Position Statement](#), RBC and its subsidiaries, including RBC GAM, are committed to taking actions to meet the responsibility of businesses like ours to respect human rights, as set out in the United Nations Guiding Principles on Business and Human Rights (the UN Guiding Principles). We endeavour to respect the Universal Declaration on Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social, and Cultural Rights in addition to the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. We also have in place, and will continue to develop, mechanisms by

which anyone, including our employees, contractors, suppliers and clients can raise their concerns with us, including those related to human rights. Human rights-related concerns can be submitted [here](#).

In line with the expectations of the UN Guiding Principles, in 2021 RBC GAM and BlueBay Asset Management LLP⁸ initiated a human rights salience assessment to better understand how our business activities could potentially impact the human rights of our stakeholders. A member of the RI team also participates on the RBC Human Rights Working Group.

6. INDIGENOUS RIGHTS

6.1 Does your organization recognize the articles of the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), and more specifically, how do you ensure the companies in your portfolios follow the principles of free, prior and informed consent?

Indigenous Peoples have specific rights, such as those set out in the United Nations Declaration on the Rights of Indigenous Peoples (UN DRIP), which includes Free, Prior and Informed Consent (FPIC). Within the Royal Bank of Canada's Human Rights Position Statement, which applies to RBC GAM, we formally acknowledge and respect the inherent right of Indigenous peoples to self-determination in accordance with international and domestic law. At RBC GAM, our investment teams may consider Indigenous-related issues as a material ESG factor within their investment-related decisions, for applicable types of investments¹. Teams may also engage with corporate and/or sovereign issuers on this topic to assess the potential risks and opportunities of company operations on Indigenous rights and communities.

6.2 How would your organization react to companies in your portfolio that violate one or more of the principles of UNDRIP? Are these violations reported to investment clients?

As mentioned, at RBC GAM, our investment teams may consider Indigenous-related issues as a material ESG factor within their investment-related decisions, for applicable types of investments¹. In cases where a controversy or incident related to Indigenous rights occurred, investment teams may engage with corporate and/or sovereign issuers on this topic.

Our general approach for material ESG-related engagements and escalation have been discussed in Questions 2.4 and 3.2 above.

⁸ As of April 1, 2023, BlueBay Asset Management LLP consolidated its business and operations into RBC Global Asset Management (UK) Limited.

THE FOLLOWING FOUR QUESTIONS ARE FOR CANADIAN INVESTMENT MANDATES ONLY:

6.3 Does your organization have any investment policies that are specifically related to Indigenous Rights and Reconciliation in Canada?

At RBC GAM, we believe that being an active, engaged, and responsible investor empowers us to enhance the long-term, risk-adjusted performance of our portfolios. Our Approach to Responsible Investment sets out RBC GAM's overall approach to responsible investment. This includes the methods we use in our environmental, social, and governance (ESG) integration, our stewardship activities, and our reporting. Our investment teams may consider Indigenous-related issues as a material ESG factor within their investment-related decisions, for applicable types of investments. While, we do not have a specific investment policy related to Indigenous Rights and Reconciliation in Canada, we do have policies in our Proxy Voting Guidelines that address Indigenous rights.

At an enterprise level, RBC knows Indigenous leadership and knowledge is a critical part of protecting our planet, and meaningful consultation with Indigenous Peoples is fundamental to our country's successful transition to a net-zero future. As a major Canadian company, they take seriously the responsibility to support and partner with Indigenous communities as they cultivate a more inclusive path forward—one that protects the land, water and sky for generations to come. Many examples of RBC's commitments can be found in the pages of the [2023 RBC Indigenous Partnership Report – A Chosen Journey](#).

6.4 How does your organization recognize the principles of the Truth and Reconciliation Commission's Call to Action 92?

Since RBC signed a Memorandum of Understanding with the Assembly of First Nations in 2007 and pledging to honour the Truth and Reconciliation Commission's Call-to-Action 92 in 2015, they've been working in partnership with Indigenous nations on three important priorities: economy, people and community.

For example, in 2020, RBC was the first Canadian financial institution to partner with First Nations University of Canada to implement 4 Seasons of Reconciliation, a transformative Indigenous cultural awareness program developed by Reconciliation Education and First Nations University of Canada. This online program has been a powerful resource in helping RBC employees understand Indigenous realities and histories in a new light, and to allow RBC to push forward in their commitment to honour the Truth and Reconciliation Commission's call to action #92. Since launching in May 2020, more than 28,000 employees have completed at least one module and over 11,500 employees have completed the full program.

In 2022 RBC published [92 to Zero: How economic reconciliation can power Canada's climate goals](#) as part of their ongoing Economics and Thought Leadership's climate series, detailing how an Indigenous-led approach to Canada's climate transition is essential for economic reconciliation.

6.5 Does your organization recognize the Call for Justice 13 from the National Inquiry into Missing and Murdered Indigenous Women and Girls with respect to investments in the natural resource extraction and development companies, and the implications those projects have on the safety of Indigenous women and girls in neighbouring Indigenous communities? If so, how does your organization seek to mitigate this risk?

At RBC GAM, our investment teams may consider Indigenous-related issues as a material ESG factor within their investment-related decisions, for applicable types of investments¹. Team may also engage with corporate and/or sovereign issuers on this topic to assess the potential risks and opportunities of company operations on Indigenous rights or communities. Consideration of material indigenous-related ESG issues and engagement may include the safety and security of Indigenous women, girls, and 2SLGBTQQIA people, as well as their equitable benefit from development.

6.6 Do you have any proxy voting policies specific to Indigenous Rights and Reconciliation in Canada?

Yes, please refer to page 27 of RBC GAM's [Proxy Voting Guidelines](#).

7. ADDITIONAL INFORMATION

7.1 Does your organization identify and manage the ESG risks, opportunities and impacts connected to its internal operations?

Is so, please provide a brief overview. Examples might include initiatives to reduce its carbon footprint and to enhance the diversity of its investment team.

Two examples of significant firm-wide initiatives on ESG issues are RBC GAM's D&I committee, and RBC's ongoing net-zero ambition.

The RBC GAM D&I Committee, a sub-committee of the RBC GAM Leadership Committee, leads our diversity and inclusion efforts across the firm. The CEO is a member of this committee that also consists of executives from across the organization, including the Head of RI. RBC GAM's goal is to build an organization in which smart, collaborative, curious and ethical people can contribute, thrive, and grow in their careers. We know that an inclusive environment helps us attract and retain talent, enables us to benefit from diverse perspectives and generate more ideas, and drives innovation and growth.

With respect to net-zero, RBC has been carbon neutral⁹ in its global operations since 2017, by reducing emissions and purchasing certified carbon offsets.¹⁰ RBC buys and retires offsets annually to cover all reported Scope 1, 2 and 3 (business travel) emissions in that fiscal year. The carbon offsets purchased are verified by third parties and fulfill the methodologies of the carbon offset registries¹¹ to demonstrate

⁹ RBC defines carbon neutral in its operations as counterbalancing emissions from its operations with purchased carbon offsets in a given reporting year.

¹⁰ See [RBC Climate Report 2022](#)

¹¹ Carbon offset registries develop standardized protocols for project registration in order to issue carbon credits, track credits in the marketplace, and ensure that the environmental benefits associated with the carbon credits are not being allocated to multiple

additionality and permanence. RBC conducts due diligence as part of the procurement process and takes into account location, technology, vintage and additional community/environmental benefits and impacts.

RBC is committed to the goal of achieving net-zero in its operations.¹² To advance toward this ambition, RBC set two short-term goals in 2020 to achieve by 2025: to reduce greenhouse gas (GHG) emissions by 70% with a baseline year of 2018;¹³ and to increase its sourcing of electricity from renewable and non-emitting sources to 100%.¹⁴

7.2 Is there any information on your organization's responsible investment approach, not otherwise covered in this questionnaire, that you would like to share?

You could, for example, choose to expand upon your organization's approach to specific ESG issues, such as human rights or climate change, highlight any responsible investment challenges your organization faces, or provide an overview of your organization's policy engagement activities.

At RBC GAM, we have a number of internal review processes in place to support the proper implementation of our responsible investment and stewardship policies. Examples include:

- Every year, the RI team documents the ESG integration processes of our investment teams¹. This includes teams' overarching approaches, data inputs used, steps taken, and tools used to identify, assess, and consider material ESG factors as part of their investment and portfolio management decisions. Through this process, the RI team verifies that investment teams' activities remain aligned with the commitments set out in Our Approach to Responsible Investment and Our Approach to Climate Change. The Head of RI oversees the review of each team's ESG integration process, and the CIO reviews the results annually.
- Our Investment Policy team conducts periodic audits on investment teams' holdings to verify if investment restrictions included in the firm-wide investment exclusions – including those related to economic sanctions and cluster munitions and anti-personnel land mines – are being consistently and correctly applied.
- Our global Compliance team provides training, regular required certifications, and other tools to employees to ensure that conflicts of interest policies are being adhered to.

We believe that the high level of direct oversight by RBC GAM executives of our responsible investment and stewardship activities and policies provides a strong level of governance related to the content and implementation of these policies. The RBC Internal Audit team also initiates internal audits of our

entities. Carbon registries have their own established standards, verification requirements and monitoring protocols for projects to ensure that carbon credits have been verified and meet requirements.

¹² RBC defines net-zero in its operations as the state where it has taken steps to minimize its emissions from its operations to the extent it is able to do so, and then for any remaining emissions from its operations, removing an equivalent amount of those emissions from the atmosphere.

¹³ The target covers global operations, scope 1, 2 (market-based) and 3 (business travel) reported GHG emissions, and uses a baseline of 2018.

¹⁴ The performance towards RBC's goal to achieve 100% renewable and non-emitting electricity consumption is calculated based on grid mix data and the Renewable Energy Credits it either purchases or receives from its two renewable energy power purchase agreements.

responsible investment and stewardship activities on a rotating schedule. All of our responsible investment and stewardship policies are within scope of internal audit. For example, as part of an internal audit of an investment team's activities, the RBC Internal Audit team may also review the team's ESG integration, engagement, and proxy voting activities. In other cases, the internal audit team may address the entirety of a specific responsible investment or stewardship policy, such as a proxy voting policy.