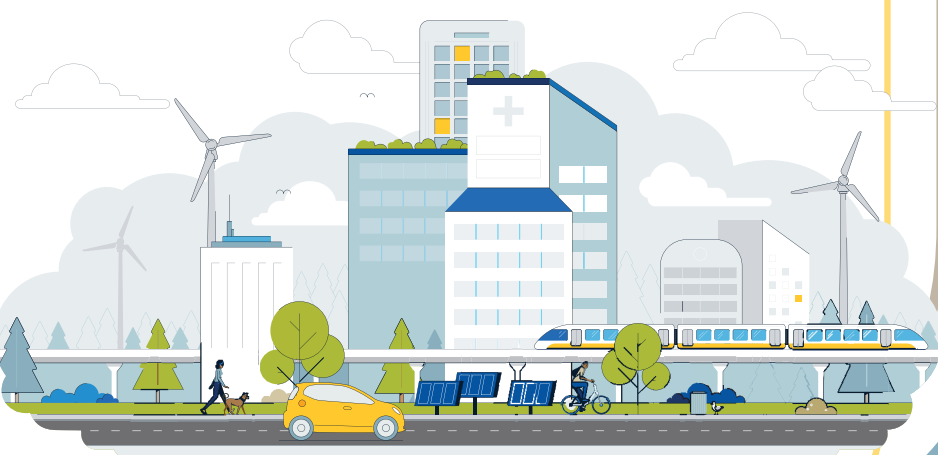


Royal Bank of Canada

RBC Sustainable Commercial Paper Report



April 2024

Introduction

Royal Bank of Canada (RY on TSX and NYSE) (“RBC”, “we”, “us”, or “our”) is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. Our success comes from the 94,000+ employees who bring our vision, values and strategy to life so we can help our clients thrive and communities prosper. As Canada’s biggest bank, and one of the largest in the world based on market capitalization, we have a diversified business model with a focus on innovation and providing exceptional experiences to our more than 17 million clients in Canada, the U.S. and 27 other countries¹.

We believe sustainable finance² represents a growth opportunity for our business and our clients. We also believe there is tremendous potential for financial markets to contribute to solving some of the biggest social and environmental challenges that we collectively face.

Our commitment to sustainable finance builds on our longstanding support for the growth of the sustainable bond market. RBC Capital Markets is active in the global sustainable bond market, leading transactions across multiple currencies and in the U.S. municipal finance market. Since 2014, RBC Capital Markets has hosted an annual Sustainable Debt Conference (formerly Green Bond Conference) and published several global sustainable bond market reports. Further, we are a member of the International Capital Market Association (“ICMA”) Green Bond Principles, and a member of the London Stock Exchange Sustainable Bond Market Advisory Group.

In alignment with the [RBC Sustainable Commercial Paper Framework](#) (the “Framework”), we launched our inaugural sustainable commercial paper (“Sustainable Commercial Paper”) offering in the amount of US\$250 million in December 2022. Since launching the program, RBC has issued US\$771 million in Sustainable Commercial Paper³.

This Sustainable Commercial Paper Report provides investors with details regarding our Sustainable Commercial Paper Portfolio (the “Portfolio”), the allocation of proceeds to the Portfolio and the estimated impacts. This is our first report and intended to be renewed annually to reflect any changes to the Portfolio. We recommend this report be read in conjunction with the Framework.

¹ Information as of February 28, 2024.

² Sustainable finance refers to financial activities that take into account environmental, social and governance (“ESG”) factors.

³ RBC Capital Markets; Data as of October 31, 2023.



Sustainable Commercial Paper Framework

The Framework was developed in accordance with the ICMA Sustainability Bond Guidelines 2021 and provides transparency in our commercial paper issuance and reporting processes. An overview of the Eligible Categories for the use of proceeds and the key processes described in the Framework are summarized below.

Use of proceeds		
Eligible Green Categories		Alignment with Sustainable Development Goals
	Renewable energy	
	Energy efficiency	 
	Pollution prevention and control	
	Sustainable land use ¹	
	Clean transportation	
	Sustainable water and wastewater management	
	Terrestrial and aquatic biodiversity	
	Green buildings	
	Climate adaptation and resilience	
	Circular economy ²	
Eligible Social Categories		Alignment with Sustainable Development Goals
	Access to essential services	 
	Affordable basic infrastructure	  
	Affordable housing	



¹ Full category name is Environmentally sustainable management of living natural resources and land use.

² Full category name is Circular economy adapted products, production technologies and processes.

Sustainable Commercial Paper Portfolio

All data presented is as of October 31, 2023 and in U.S. dollars.

Program Summary Information	Amount (\$)	Percentage
Total Face Amount of Sustainable Commercial Paper Notes ¹	771,300,000	
Total Designated Eligible Assets	1,690,472,588	
Asset to Liability Ratio		219%

Outstanding Sustainable Notes	Amount (\$)	Percentage
Face amount of Fixed Rate Notes	351,300,000	46%
Face amount of Floating Rate Notes	420,000,000	54%
Total Outstanding Sustainable Notes	771,300,000	100%

Original Weighted Average Maturity (WAM) in years	0.993
Current Weighted Average Maturity (WAM) in years	0.362
Pending 30-day Maturities	-

Designated Sustainable Assets	Weighted Average Kestrel ESG Impact Score ²	Amount (\$)	Percentage
Green	4.3	468,872,000	28%
Social	4.1	796,850,588	47%
Green & Social	3.8	424,750,000	25%
Total Designated Sustainable Assets	4.1	1,690,472,588	100%

Compliance Information	
1. Asset to liability ratio < 125%?	No
2. Occurrence of an Event of Default with respect to the Bank?	No

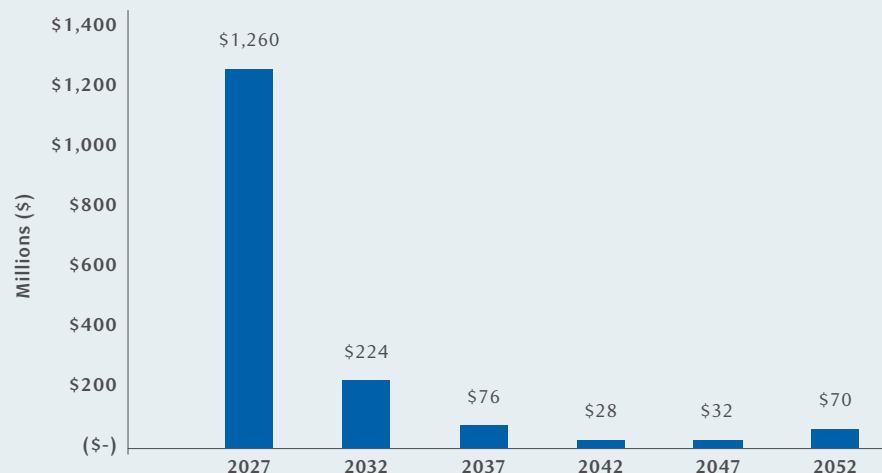
¹ 100% of RBC Sustainable Commercial Paper proceeds were allocated. 

² Scores are summarized by Kestrel ESG on a scale of 1 to 5, where high scores reflect assets with positive environmental and social impacts. Refer to the Framework for further information.

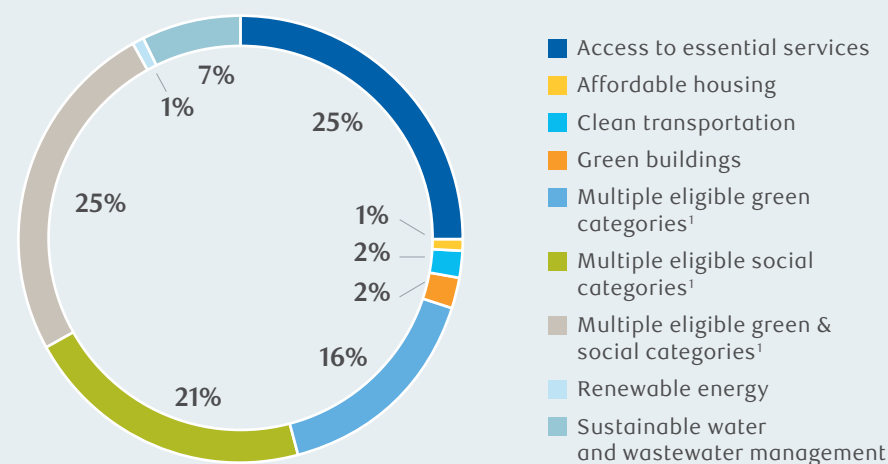
Sustainable Commercial Paper Portfolio

Continued

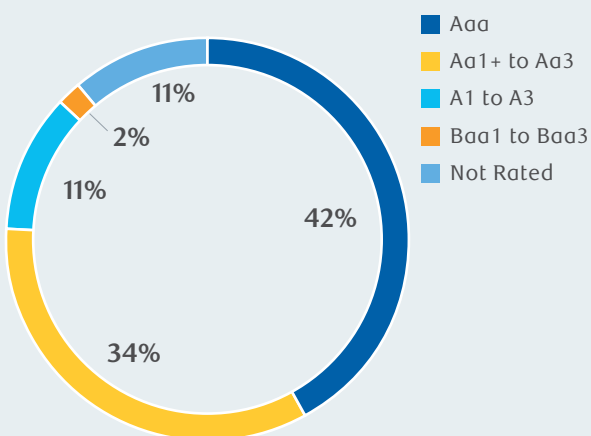
Eligible Asset Maturity Profile



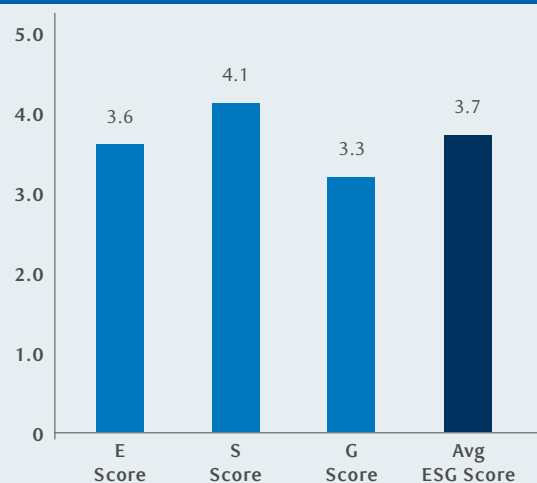
Allocation of Eligible Assets by Eligible Category ^a



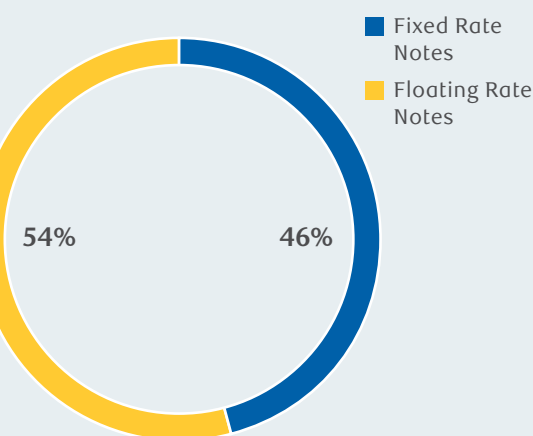
External Credit Ratings of Eligible Assets²



Average Kestrel ESG Impact Score³



Outstanding Sustainable Notes by Type



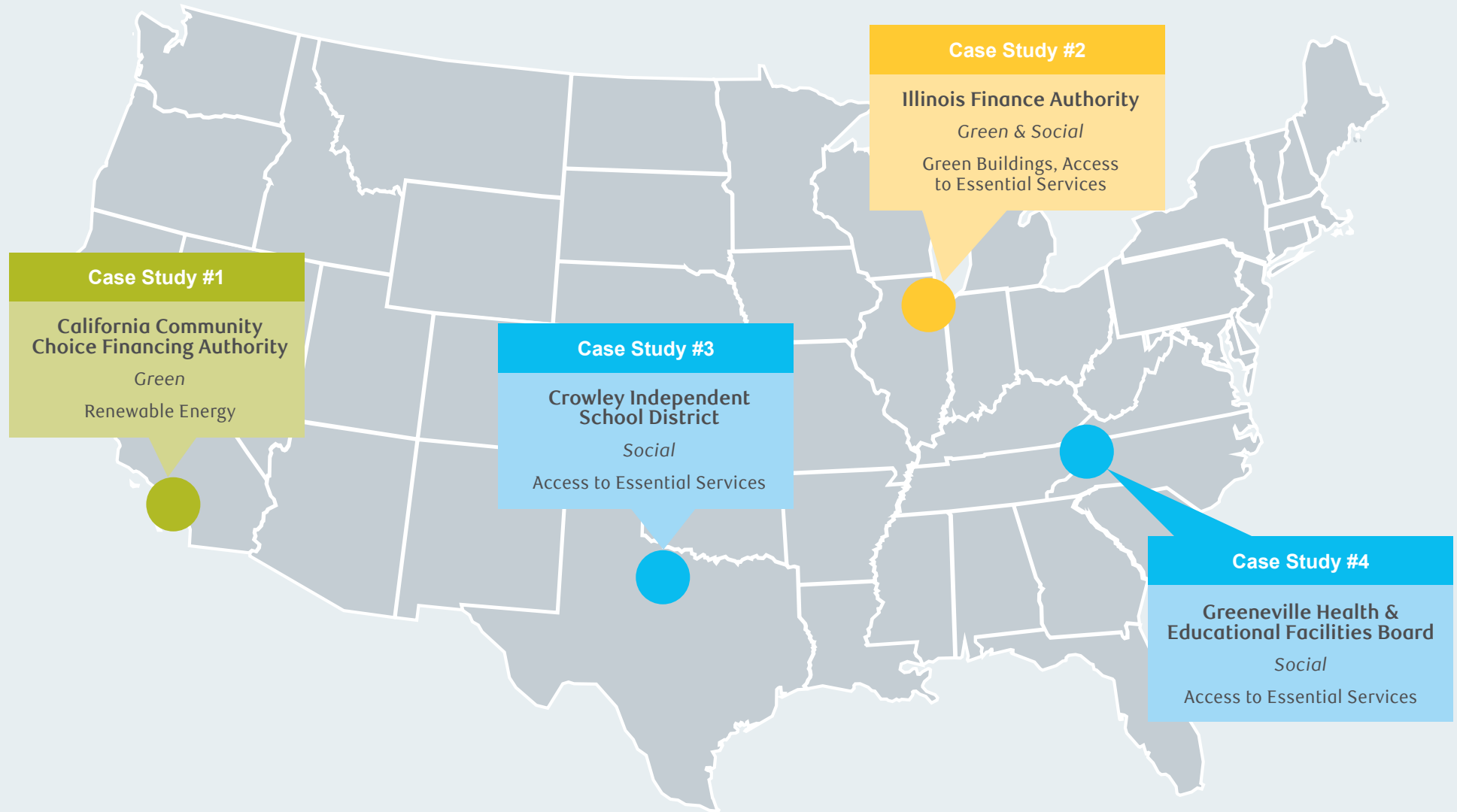
¹ Multiple eligible green categories and Multiple eligible social categories includes transactions that fall under more than one eligible green category and more than one eligible social category under the Framework, respectively. Multiple eligible green & social categories includes transactions that are a mix of eligible green and eligible social categories under the Framework.

² Rated by Moody's.

³ Scores are summarized by Kestrel ESG on a scale of 1 to 5, where high scores reflect assets with positive environmental and social impacts. Refer to the Framework for further information; Chart data represents simple averages of E, S, and G Scores for all Eligible Assets in the Portfolio.

Case Studies on Portfolio Assets

Sustainable Commercial Paper proceeds are allocated to a portfolio of Eligible Assets aligned to the Eligible Categories as outlined in the Framework and on page 2 of this report. The following case studies are examples of assets in our Portfolio.



Case Studies on Portfolio Assets

Continued



California Community Choice Financing Authority – Renewable Energy

The bonds finance the prepayment of electricity derived exclusively from renewable energy sources to be delivered over approximately 30 years through the Clean Power Alliance of Southern California (“CPA”), including wind and solar power generation facilities. The CPA is a community choice aggregator, which allows local governments to work together to bid for electricity, serving over three million residents and businesses in Los Angeles and Ventura counties. Facilities include a wind farm located in Arizona with total capacity of 500 megawatts (“MW”) and solar farms located in San Bernardino County, with a total capacity of 482 MW and 275 MW of battery storage.



Illinois Finance Authority – Green Buildings, Access to Essential Services

The bonds refund outstanding bonds that financed the construction of Ann & Robert H. Lurie Children’s Hospital of Chicago (“Children’s Hospital”). The Children’s Hospital doubled the square footage of the previously existing facility, but only increased energy costs by 20%. This resulted in the new facility achieving LEED Gold certification. The Children’s Hospital has 288 licensed beds, operates a Level 1 Pediatric Trauma Center, operates 12 outpatient satellites in Illinois, and serves as a clinical training site for the Department of Pediatrics of Northwestern University’s Feinberg School of Medicine.



Case Studies on Portfolio Assets

Continued



Crowley Independent School District – Access to Essential Services

The bonds finance capital improvements for Crowley Independent School District (“Crowley ISD”), serving more than 16,500 students in the Southwest Fort Worth area of Texas. Projects include, but are not limited to, the construction of seven schools, an outdoor learning center designated for children with special needs, and district-wide LED lighting upgrades. Proceeds from the bonds will also be used to renovate the Bill R. Johnson Career and Technical Education Center, which offers opportunities for students to earn industry credentials to support entry into the workforce after graduation in fields such as construction and culinary arts. A relatively high proportion of students in Crowley ISD come from families that are economically disadvantaged.



Greeneville Health & Educational Facilities Board – Access to Essential Services

The bonds finance and refinance capital improvements for Ballad Health, a healthcare system serving 29 counties across Tennessee, Virginia, North Carolina and Kentucky. Projects include, but are not limited to, the cost of replacement for a facility for Unicoi County Memorial Hospital in Erwin, Tennessee, which includes a ten-bed inpatient unit, diagnostic imaging services, and an emergency department. Ballad Health has programs specifically targeted to rural communities and also offers a range of free and subsidized services targeted to low-income and underinsured women.



Appendix: PwC Limited Assurance Report



Independent practitioner's limited assurance report on select performance metrics as presented within Royal Bank of Canada's 2023 Sustainable Commercial Paper Report

To the Management of Royal Bank of Canada (RBC)

We have undertaken a limited assurance engagement on the following select performance indicators detailed below (the select performance metrics) as at October 31, 2023 as presented within RBC's 2023 Sustainable Commercial Paper Report.

Performance indicator	Report page(s)
Allocation of the Sustainable Commercial Paper Portfolio to each of the eligible categories	4
Allocated proceeds at the reporting period-end	3

Management's responsibility

Management is responsible for the preparation of the select performance metrics in accordance with the criteria established in RBC's Sustainable Commercial Paper Framework, established December 2022 and available on RBC's website (the applicable criteria). Management is also responsible for such internal control as management determines necessary to enable the preparation of the select performance metrics that is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the select performance metrics based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*, the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. These standards require that we plan and perform this engagement to obtain limited assurance about whether the select performance metrics are free from material misstatement.

A limited assurance engagement involves performing procedures (primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures) and evaluating the evidence obtained. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. The procedures are selected based on our professional judgment, which includes identifying areas where the risks of material misstatement, whether due to fraud or error, in preparing the select performance metrics in accordance with the applicable criteria are likely to arise.

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*PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Our engagement included, among others, the following procedures performed:

- Making inquiries of management to obtain an understanding of the overall governance and internal control environment relevant to the management, aggregation and reporting of the select performance metrics;
- Agreeing and testing the underlying data related to the select performance metrics on a sample basis; and
- Reviewing the select performance metrics disclosures in the 2023 Sustainable Commercial Paper Report to ensure consistency with our understanding and procedures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality management

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that RBC's select performance metrics as at October 31, 2023, are not prepared, in all material respects, in accordance with the applicable criteria.

Purpose and restriction of use

The select performance metrics have been prepared in accordance with the applicable criteria prepared by RBC's management to report to the Board of Directors. As a result, the select performance metrics may not be suitable for another purpose. Our report is intended solely for RBC. We acknowledge the disclosure of our report, in full only, by RBC at its discretion, without assuming or accepting any responsibility or liability to any other third party in respect of this report.


PricewaterhouseCoopers LLP

Chartered Professional Accountants

Toronto, Ontario
April 25, 2024

Disclaimer

This Sustainable Commercial Paper Report (the Report) is provided for informational purposes only and is subject to change without notice. This Report 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. Nothing in this Report 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 Report, 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 damage arising from the use of this Report by the recipient.

This Report and the information contained within it is unaudited. PricewaterhouseCoopers LLP (“PwC”) has performed a limited assurance engagement for a select number of RBC performance indicators, which have been identified with a  symbol throughout this Report. Other than these select number of identified RBC performance indicators, the remainder of the information contained within this Report was not subject to the limited assurance engagement. You can read more about the scope of PwC’s work, including the metrics and data in scope of the assurance, on page 7 of this Report.

Certain metrics, data and other information contained in this Report, including but not limited to information relating to our ESG-related commitments, goals, and targets, and our Sustainable Commercial Paper impact metrics and measurement methodologies, are or may be based on assumptions, estimates and judgements. Any commitments, goals and targets discussed in this Report are aspirational. In addition, as discussed herein, some of the information provided, including regarding our Sustainable Commercial Paper impact metrics, is based on estimated data with very limited supporting documentation or proxy data. For example, we have not independently verified or assessed the assumptions underlying the data we have obtained from our clients and other third parties that we use to determine estimated impact values. Moreover, the data needed to determine estimated impact values may be limited in quality, coverage, unavailable or inconsistent across the sectors we choose to focus on, and the process of collecting, aggregating and reporting data is protracted and highly dependent on the data our clients and other third parties make available at any given time. 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 Report may subsequently turn out to be inaccurate. In addition, many of the assumptions, estimates, standards, methodologies, scenarios, metrics and measurements used in preparing this Report 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 and goals. RBC’s ESG-related commitments, goals, and targets as well as the disclosures of its progress against such commitments, goals, and targets, have been, and in the future may need to be, restated, changed or recalibrated as available data improve and as science, transition pathways and market practices regarding standards, methodologies, metrics and measurements evolve. The achievement of RBC’s commitments discussed in this document will depend on the collective efforts and actions across a wide range of stakeholders outside of its control, and there can be no assurance that they will be achieved. For further cautionary statements relating to ESG-related metrics, data and other information in this document, refer to the “Important notice regarding this Report” section in RBC’s most recent ESG Progress Report.

This document is intended to provide information from a different perspective and in more detail than is required to be included in mandatory securities filings and other regulatory reports, including filings with Canadian securities regulators and the U.S. Securities and Exchange Commission. While certain matters discussed in this document may be of interest and importance to RBC’s 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 “ESG,” “sustainable finance,” “sustainable commercial paper” or similar terms in this document are intended as references to the internally defined criteria of RBC and not to any jurisdiction-specific regulatory definition that may exist.

We have no obligation to update the information or data in this document.

All references to websites are for your information only. The content of any websites referred to in this Report, including via website link, and any other websites they refer to are not incorporated by reference in, and do not form part of, this Report. This Report is also not intended to make representations as to the environmental and

sustainability initiatives of any third parties, whether named herein or otherwise, which may involve information and events that are beyond our control.

This Report contains 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. Forward-looking statements in this document include, but are not limited to, statements regarding our commitment to providing \$500 billion in sustainable finance by 2025; our intention to update our Sustainable Commercial Paper Report annually to reflect changes to our Sustainable Commercial Paper Asset Portfolio; our economic, environmental and social impact, including the estimated impacts associated with the projects or assets financed or refinanced with our Sustainable Commercial Paper proceeds. 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”, “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 and that our objectives, vision, commitments, goals, targets, and strategies and our environmental, social and governance (ESG)-related impacts and objectives, including our sustainable finance commitment, or other objectives, vision, ambitions, commitments, goals, targets and metrics, and strategic goals will not be achieved, that our actual results may differ materially from such predictions, forecasts, projections, expectations or conclusions. Moreover, many of the assumptions, standards, metrics and measurements used in preparing this Report continue to evolve and are based on assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees.

We caution readers not to place undue reliance on our forward-looking statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include: the need for more and better ESG data and standardization of ESG-related measurement methodologies, our ability to gather, analyze and verify data, our ability to identify and report on assets that meet the Sustainable Commercial Paper criteria, our ability to track and report on transactions as performance against our commitment to provide \$500 billion in sustainable finance by 2025, the risk that despite our intention to allocate the net proceeds from sale of the Sustainable Commercial Paper to businesses or projects that meet the Sustainable Commercial Paper criteria there is no assurance RBC will be able to do so, the risk that a project or business labelled “green” or “social” may no longer be “green” or “social” during the term of the Sustainable Commercial Paper due to the ongoing evolution of the definitions of the terms “green” and “social”, the risk that any report, assessment, opinion or certification of any third party with respect to Sustainable Commercial Paper or any of the businesses and projects funded with the proceeds of Sustainable Commercial Paper may be withdrawn or that RBC may not be in compliance with such report, assessment, opinion or certification, our ability to successfully implement various initiatives throughout RBC under expected time frames, the risk that initiatives will not be completed within a specified period or at all or with the results or outcome as originally expected or anticipated by RBC, the need for active and continuing participation and action of various stakeholders (including governmental and non-governmental organizations, other financial institutions, businesses and individuals), the compliance of various third parties with our policies and procedures and their commitment to us, the legal and regulatory environment, and regulatory compliance (which could lead us to being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, penalties and fines), technological advancements, the evolution of consumer behaviour, evolving social views on ESG-related topics, strategic, reputation, competitive, model, and systemic risks and other risks. Additional factors that could cause actual results to differ materially from the expectations in such forward-looking statements can be found in the risk sections of our latest Annual Report and the Risk management section of our latest Quarterly Report.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events, as well as the inherent uncertainty of forward-looking statements.

Except as required by law, none of RBC nor its affiliates undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

