Resolved: Shareholders request that The Royal Bank of Canada ("RBC" or the "Company") adopt company-wide, quantitative, time-bound targets for reducing greenhouse gas (GHG) emissions associated with the Company's underwriting and lending activities and issue an annual report, at reasonable cost and omitting proprietary information, discussing its plans and progress towards achieving these targets.

Supporting Statement:

In the CEO message introducing RBC's Climate Blueprint report, CEO Dave McCay says: "Climate change is one of the most pressing issues of our age – and the financial system needs to be leading efforts to support clean economic growth and the transition to the low-carbon economy." Climate change is also highlighted as a "pressing issue" in the Company's annual report.

RBC has responded by announcing a financing target of C$100 billion in sustainable financing by 2025 and has committed to reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures. Yet these steps do not address the much greater risks arising from exposure to high carbon projects in its lending portfolio and underwriting.

In a recent report that ranked banks on their exposure to carbon intensive industries, RBC ranked 5th globally and first in Canada. RBC ranked 6th globally and second in Canada among companies financing the top 100 companies expanding fossil fuels.

The Intergovernmental Panel on Climate Change recently underscored the harm of climate change, announcing that "rapid, far-reaching" changes are necessary to avoid disastrous levels of global warming; net emissions of carbon dioxide must fall 45 percent by 2030, reaching "net zero" by 2050.

Recently a U.S. government entity, the Commodity Futures Trading Commission, issued a report that concludes: "U.S. financial regulators must recognize that climate change poses serious emerging risks to the U.S. financial system, and they should move urgently and decisively to measure, understand, and address these risks."[1]

The bank's exposure to high carbon industries and projects, including oil sands development, put it on a collision course with the coming transition to a low carbon economy called for in the Paris Agreement.

Shareholders need transparency from the bank on the carbon footprint of its portfolio. The industry-led Partnership for Carbon Accounting Financials (PCAF), has issued the Global Carbon Accounting Standard[2], which measures the carbon emissions arising from loans and underwriting, including Scope 3. Reporting against this standard would enable the company to establish targets aligned with science such as those described by the Science Based Targets Initiative.

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[1] https://www.cftc.gov/PressRoom/PressReleases/8234-20

[2] https://carbonaccountingfinancials.com/

Peers, including Bank of America, Morgan Stanley, and Citibank, are already taking action. PCAF reports that 78 financial institutions with $13.8 trillion USD in financial assets have committed to disclosing the GHG emissions associated with their portfolios.[3]

Proponents believe establishing time-bound, science-based, quantitative targets for reducing GHG emissions, including scope 3, associated with the bank's lending and underwriting activities would serve to align new and existing initiatives, mitigate risk, and enhance shareholder value.

[3] https://carbonaccountingfinancials.com/financial-institutions-taking-action