



Business & Human Rights Resource Centre
Attn: Christen Dobson
110 Wall Street, New York, NY 10005

Via Email

April 14, 2020

Dear Business & Human Rights Resource Centre,

Thank you for notifying us that you plan to include Rainforest Action Network's report "Banking on Climate Change: Fossil Fuel Finance Report Card 2020" in your next Weekly Update and for giving us the opportunity to provide additional information related to the Royal Bank of Canada's (RBC) approach to climate change, environmental and social risk management and our involvement in the energy sector.

Given that we have a duty to respect the privacy and confidentiality of our clients, we are providing general comments related to the issues identified in the Report.

Our approach to climate change is central to our business and to our purpose of helping clients thrive and communities prosper. We believe climate change is one of the most pressing issues of our age, and RBC has responded with a strategy, the [RBC Climate Blueprint](#), aimed at helping clients and communities transition to a low-carbon economy because we believe that capital can be a force for positive change. Details on our climate change governance, strategy, risk management approach and metrics can all be found in our recent publication, the [2019 RBC Task Force on Climate-related Financial Disclosures Report](#).

RBC supports the principles of the Paris Agreement, and we are particularly proud of our work over the last decade to support the transition to a low carbon economy. Recently, RBC:

- Launched [iShares Sustainable Core ETFs](#) in partnership with BlackRock, which is a suite of six ETFs offering investors broad-based ESG solutions and the ability to build diversified, low-cost sustainable portfolios with unprecedented simplicity
- Issued our inaugural [€500 million 5-year green bond](#), which funds a portfolio of assets primarily in the categories of renewable energy and green buildings
- Established the [Sustainable Finance Group in Capital Markets](#) to respond to growing demand for sustainable finance products and from corporate and institutional clients globally who view ESG factors as important considerations in their corporate strategy and investment process
- Announced two new global footprint reduction targets: i) increase our sourcing of electricity from renewable and non-emitting sources to 90% by 2023 and ii) reduce greenhouse gas emissions by 15% by 2023.

As we continue on this journey, we have a clear new business target: [\\$100 billion in sustainable financing by 2025](#). To meet this target, we have been very active in supporting clients in renewable energy, clean transportation, and other low carbon sectors, with \$25.9 billion in financing and advisory transactions in 2019. We are North American leaders in the development of the green bond market, and we have been at the forefront of the carbon trading market since



2008. In addition, we have a long history of managing our own carbon footprint and have made a commitment to achieving net-zero carbon emissions in our global operations, annually.

A balanced approach is needed to tackle climate change, and as we move forward in transitioning to a low-carbon economy, we must be mindful of the fact that the world will rely on natural resources and traditional sources of energy for decades to come. We also recognize the important need to continue to direct capital flows to our natural resource and energy sector clients for innovation and clean technologies that will help reduce emissions and emissions intensity. We believe sustainable resource development will continue to grow and expand concurrently and that RBC has an essential role to play in supporting the shift to an environmentally sustainable future.

To this end, we support the safe and responsible development of energy resources and evaluate projects against international standards and our own enhanced due diligence frameworks. This means that for prospective and existing clients with business activities that may pose environmental or social issues, there is a rigorous process in place to identify and assess any associated risks, and if we pursue or maintain the business relationship, we ensure appropriate steps are taken to mitigate those risks. This is embedded in our risk management policies. For additional details visit the [RBC Responsible Financing webpage](#).

We highly value the relationship we have with Indigenous peoples and clients. We believe that resource development projects need to be done in a transparent and inclusive manner. This includes real, meaningful and lasting consultations with Indigenous peoples and local communities in project development. We respect that these projects are complex and that there is a diversity of perspectives on the development and transportation of energy resources amongst Indigenous and local communities.

We are committed to continuing to review and update our environmental & social risk policies and procedures – including how we assess human rights risks – to address regulatory changes, emerging and evolving issues and international best practices. We are developing a human rights statement informed primarily by the UN Guiding Principles on Business and Human Rights, which we will publish on our website by fiscal year end (October 31, 2020). We remain committed to enhancing our stakeholder engagement on human rights matters.

Thank you again for the opportunity to respond.

Sincerely,

Royal Bank of Canada