



# ENVIRONMENTAL. SOCIAL. GOVERNANCE. IMPACT.

A close-up photograph of a person's hands, wearing a white shirt, gently cupping a small green seedling with dark soil. The background is a soft-focus green field.

## A Commitment to Responsible Investing

It is increasingly recognized that being active and engaged asset owners empowers investors to enhance the long-term, sustainable performance of their portfolios. Many institutions now recognize that the rights they have as large, global investors include the opportunity to actively use those rights in a responsible way.

Responsible investing has many different interpretations. One approach to responsible investing includes the evaluation of **environmental, social and governance (ESG)** risks and opportunities taken by the companies or countries in which institutions invest. Many asset managers integrate ESG factors into their investment process as it is recognized that doing so may have a material impact on investment risk and/or return.

**Impact investing** is another approach to responsible investing. Impact investing offers investors the ability to earn a return while also targeting social causes and directing their investments towards those select causes. Investments may be made in areas such as community development, healthcare, education and small business creation.

ESG integration and impact investing are just two approaches to the ever widening universe of responsible investment; both are comprehensive and thoughtful approaches that have their own merits.

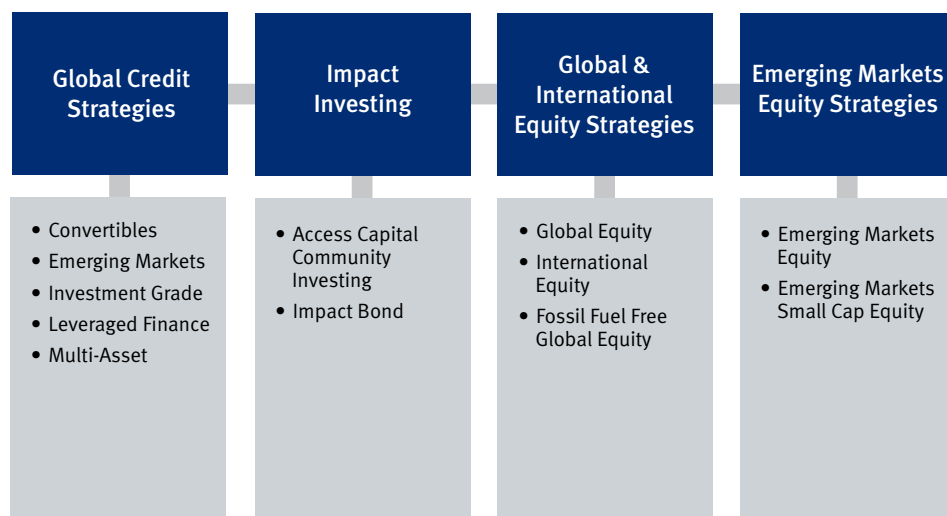
An **ESG** approach can be integrated into the investment process as a way to highlight factors that may positively impact shareholder value.

**Impact** investing can be viewed as part of the latest iteration of a long-standing belief among some investors that they can and should use their capital to do more than maximize returns.

# Environmental. Social. Governance. Impact.

RBC GAM is committed to responsible investing; consideration of ESG factors and analysis of the impact investment landscape are important to both our management team and like-minded investors. Responsible investing can take many different forms, including integration of ESG factors in the investment process, and impact investing, where both financial and social returns are sought. These are two very different investment approaches that fall under the umbrella of responsible investing and each appeals to different groups of investors. This is why our diverse investment platform includes options that incorporate ESG and impact considerations into the investment decision making process. As the methods for incorporating these considerations vary widely across our platform, it is up to the investor to decide which approach is best for them.

Exhibit 1  
ESG & Impact Focused Investment Capabilities\*



\*Available in the US

## ESG Defined

**ESG refers to environmental, social and governance factors that may have a material impact on an investment.**

Environmental analysis looks at how a company performs as a steward of the natural environment. Social analysis examines how a company manages relationships with its employees, suppliers, customers and the communities where it operates. Governance analysis deals with a company's leadership, executive pay, audits and internal controls, and shareholder rights.

## Impact Defined

**Impact investing is the process by which funds are allocated not only to earn a financial return but also to advance social goals.** Impact investing encompasses a vast range of investments, from alternative energy projects to micro-finance and from affordable housing to organic farming.



# Incorporating **ESG FACTORS** into the **INVESTMENT PROCESS**



### Assets Under Management

\$7,344 million as of 12.31.17

### Team Size and Experience

12 investment professionals with an average of 18 years industry experience

### Strategy Implementation Date

September 1, 2006

### Team Capability

Global and International Equities  
Fossil Fuel Free Global Equity

### Assets Under Management

\$6,594 million as of 12.31.17

### Team Size and Experience

8 investment professionals with an average of 14 years industry experience

### Strategy Implementation Date

April 1, 2010

### Team Capability

Emerging Markets Equity  
Emerging Markets Small Cap

### Assets Under Management

\$59,681 million as of 12.31.17

### Team Size and Experience

116 investment professionals with an average of 15 years industry experience

### Strategy Implementation Date

September 1, 2002

### Team Capability

Global Convertible Bonds  
Emerging Market Debt  
Global Leveraged Finance  
Global Investment Grade Credit  
Multi-Asset

## Global/International Equity

- Team makes an explicit judgment on management and ESG as part of its assessment of each portfolio holding.
- Industry specialists measure ESG factors as part of their research process. Specialists use multiple sources of ESG-related data.
- Negative assessment on a company's ESG policies would preclude that company from potential investment.
- Approach facilitates engagement and ensures ESG risks and opportunities can be incorporated into the fundamental and valuation process rather than an overlay.
- Every proxy voting proposal is examined in line with the team's ownership mind-set and fiduciary duty.

## Emerging Markets Equity

- Team integrates ESG factors into fundamental and bottom-up stock selection process.
- Team reviews how companies deal with ESG factors and integrates that assessment into the investment process.
- Key data source is their proprietary checklist, which includes questions on franchise strength and sustainability, management quality and corporate governance.
- Checklist is integral in eliminating potential mistakes, determining whether a company will be included in the portfolio and establishing our conviction level and weighting in the company.

## Global Credit

- BlueBay Asset Management believes that ESG factors can potentially have a material impact on an issuer's long-term financial performance.
- BlueBay employs an ESG investment risk management overlay across all of their fixed income investment strategies.
- The primary approach of ESG integration involves the identification and assessment of material ESG risk factors.
- Team complements traditional financial analysis by reviewing credit relevant ESG risk factors such as corporate governance and ethical conduct.

### Assets Under Management

\$1,239 million as of 12.31.17

### Team Size and Experience

7 investment professionals with an average of 30 years industry experience

### Strategy Implementation Date

July 1, 1998

### Team Capability

Impact Investing (US Fixed Income)  
- Access Capital Community Investing  
- Impact Bond

## Access Capital Impact Investing

- Strategies aim to deliver the “double bottom line” outcomes of competitive risk-adjusted returns and social betterment.
- Impact investments focused on high grade economically-targeted fixed income securities.
- Strategies offer investors the ability to invest in underserved communities in geographically targeted locations that hold special meaning to investors.\*
- Team seeks competitive risk-adjusted returns by investing in high quality, highly liquid securities backed by various US government agencies or municipalities.

\*Subject to minimum investment and availability of investments



## Responsible Investment Commitments

RBC GAM is a signatory to the **UN Principles of Responsible Investing** (UN PRI). We are committed to putting the UN PRI’s six principles of responsible investment into practice and believe that they are aligned with our existing approach to responsible investment.

Additionally, RBC GAM is 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. We update our Stewardship Code Statement annually.

We are also a signatory to:

- **Carbon Disclosure Project**, which incentivizes companies and cities to measure and disclose their environmental information by putting this information at the heart of business, investment and policy decision making.
- **UN PRI Statement on ESG in credit ratings**, an effort for credit rating agencies to consider ESG factors as part of their analysis of issuers’ credit worthiness.
- **Ceres’ Statement of Investor Expectations for the Green Bond Market**, which supports consistency in standards and procedures that serve to produce a common framework for investors, issuers and underwriters of green bonds.





For more information on how RBC Global Asset Management can serve you, please contact us:

**Catherine Banat**

**Institutional Portfolio Manager**

1211 Avenue of the Americas,  
29th Floor  
New York, NY 10036  
Tel: 212-703-6229  
catherine.banat@rbc.com

**Taham Mahimwalla**

**Institutional Portfolio Manager**

227 W. Monroe Street, Suite 2850  
Chicago, IL 60606  
Tel: 312-857-9535  
taham.mahimwalla@rbc.com

**Ronald A. Homer**

**Institutional Portfolio Manager**

225 Franklin Street, Suite 2700  
Boston, MA 02110  
Tel: 617-236-7314  
ron.homer@rbc.com

**Mike Refojo**

**US Distribution**

225 Franklin Street, Suite 2700  
Boston, MA 02110  
Tel: 617-722-4740  
mike.refojo@rbc.com

**Tom Heflin**

**Institutional Sales, West**

225 Franklin Street, Suite 2700  
Boston, MA 02110  
Tel: 206-949-3437  
tom.heflin@rbc.com

**Janet Quarberg**

**Institutional Sales, Midwest**

50 South Sixth Street, Suite 2350  
Minneapolis, MN 55402  
Tel: 612-376-7156  
janet.quarberg@rbc.com

**Brian Fairhurst, CIMA®**

**Director, West  
Advisory Solutions Group**

225 Franklin Street, Suite 2700  
Boston, MA 02110  
Tel: 650-274-9659  
brian.fairhurst@rbc.com

**Linh Pham DiPippa**

**Institutional Sales, West**

225 Franklin Street, Suite 2700  
Boston, MA 02110  
Tel: 617-722-4761  
linhpham.dipippa@rbc.com

**Tim Maul**

**Institutional Sales, Northeast**

225 Franklin Street, Suite 2700  
Boston, MA 02110  
Tel: 617-722-4727  
tim.maul@rbc.com

**Christopher Powers, CFA**

**Institutional Sales, Northeast**

225 Franklin Street, Suite 2700  
Boston, MA 02110  
Tel: 617-722-4713  
christopher.powers@rbc.com

**Donald Sanya, CFA**

**Institutional Sales, Southeast**

225 Franklin Street, Suite 2700  
Boston, MA 02110  
Tel: 617-722-4725  
donald.sanya@rbc.com

**Mike Poremba**

**Sr. Consultant Relations Manager**

225 Franklin Street, Suite 2700  
Boston, MA 02110  
Tel: 617-722-4762  
michael.poremba@rbc.com

**Kimberly Jackson**

**Consultant Relations Manager**

225 Franklin Street, Suite 2700  
Boston, MA 02110  
Tel: 617-722-4748  
kimberly.jackson@rbc.com

This document is intended for distribution only to institutional investors and financial professionals based in the US and is not for distribution to retail clients or the public. All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. Investment advisory services provided by RBC Global Asset Management (U.S.) Inc. (RBC GAM-US), a federally registered investment adviser founded in 1983. This is not to be construed as an offer to buy or sell any financial instruments. It is not our intention to state, indicate or imply in any manner that the current or past results are indicative of future profitability or expectations. The views expressed herein reflect the RBC GAM-US as of 12.31.17. Views are subject to change at any time based on market or other conditions.

RBC Global Asset Management (U.S.) Inc. ("RBC Global Asset Management - US" or "RBC GAM-US") is a federally registered investment adviser founded in 1983. RBC Global Asset Management (RBC GAM) is the asset management division of Royal Bank of Canada (RBC) and comprises the following affiliates, all of which are indirect wholly owned subsidiaries of RBC: RBC Global Asset Management (U.S.) Inc. (RBC GAM-US), RBC Global Asset Management Inc., RBC Global Asset Management (UK) Limited (RBC GAM-UK), BlueBay Asset Management LLP, BlueBay Asset Management USA LLC and the asset management division of RBC Investment Management (Asia) Limited. ®/™ Trademark(s) of Royal Bank of Canada. Used under license. © 2017 RBC Global Asset Management (U.S.) Inc.



**Global Asset  
Management**

[us.rbcgam.com](http://us.rbcgam.com)