

Absolute Greenhouse Gas Reduction Goals

Resolved: Shareholders request Royal Bank of Canada (“Company”) issue a report within a year, at reasonable expense and excluding confidential information, that discloses 2030 absolute greenhouse gas emissions reduction targets covering its lending and underwriting activities for two high emitting sectors: Oil and Gas and Power Generation. These targets should be aligned with a science-based net zero pathway and in addition to any emission intensity targets for these sectors that the Company has or will set.

Supporting Statement:

The Intergovernmental Panel on Climate Change has advised that greenhouse gas emissions must be halved by 2030 and reach net zero by 2050 to limit global warming to 1.5°C.¹ Every incremental increase in temperature above 1.5°C will entail increasingly severe physical, transition, and systemic risks to companies, investors, the markets, and the economy as a whole.

According to the International Energy Agency, transformation of the Oil and Gas and Power Generation sectors are critical to keeping temperature rise below 1.5°C and therefore significant to RBC’s climate-risk mitigation strategy. The Company defines the Oil and Gas sector to include upstream, downstream, and integrated sub-sectors, and Power Generation to include electricity generation.

Though the Company has a commitment to reach net zero emissions by 2050 and a target to reduce greenhouse gas emissions intensity of the Oil and Gas and Power Generation sectors by 2030, it does not yet have a science-based 2030 target to reduce these emissions on an absolute basis. Intensity targets will measure the reduction in emissions per unit or per dollar, however, they will not capture whether the Company’s total financed emissions have decreased in the real world.

We believe the Company should adopt absolute emissions targets in these sectors and consider target-setting approaches used by advisory groups such as the Science Based Targets initiative. Such absolute reduction targets aligned with a science-based net zero emissions pathway are important for the Company to achieve its net-zero commitment, more fully address its climate risks and protect long-term investors.

The Company has acknowledged that “[a]chieving net-zero emissions in [its] lending will require absolute [greenhouse gas] emissions reductions across a number of key sectors that are both high-emitting and critical to the Canadian economy.”² Nonetheless it trails peers in setting absolute emissions reduction targets.

Citigroup has committed to reducing its absolute emissions for the energy sector by 29% by 2030 and Wells Fargo has set a target to reduce absolute emissions for the oil and gas sector by 26% by 2030. Other banks setting absolute reduction goals for the oil and gas sector include HSBC (34%), Société Générale (30%), BBVA (30%), and Deutsche Bank (23%).

The Company should ensure that it is moving toward its stated commitments, real-economy emissions reductions, and long-term value creation.

¹ <https://www.ipcc.ch/assessment-report/ar6/>

² <https://www.rbc.com/community-social-impact/assets-custom/pdf/2021-ESG-Report.PDF>

We urge you to vote FOR this proposal.