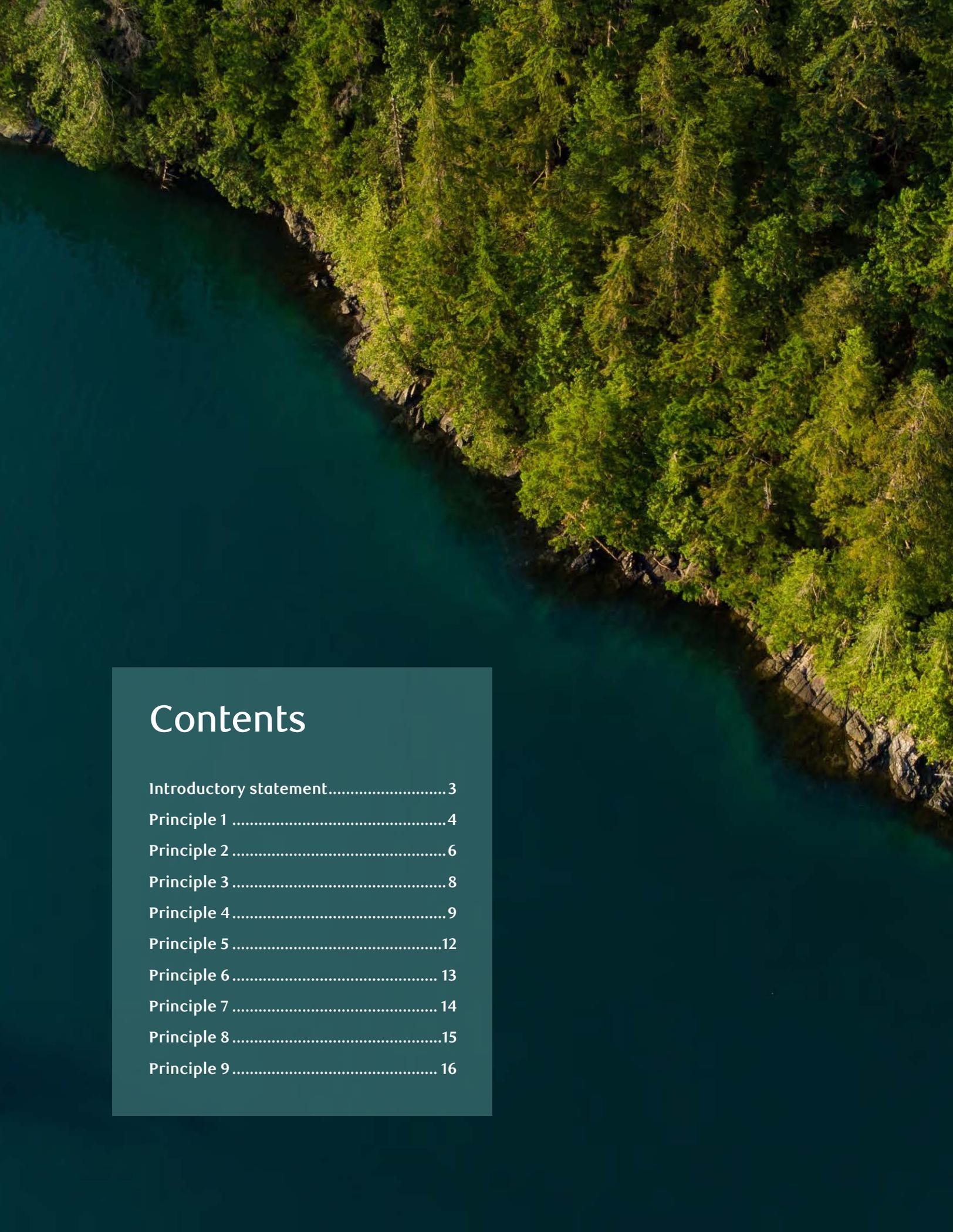




Impact operating principles

August 2023

An aerial photograph of a lush green forest bordering a body of water. The water is a deep teal color, and the forest is dense with various shades of green. A semi-transparent teal rectangle is overlaid on the bottom left of the image, containing the table of contents.

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Introductory statement

RBC Global Asset Management (“RBC GAM”) is pleased to have adopted the Operating Principles for Impact Measurement (“Impact Principles”²) for two of our impact investment funds. The Impact Principles are a framework for the design and implementation of investors’ impact management systems, ensuring that impact considerations are integrated throughout the investment lifecycle.

The assets that will align with the Impact Principles are RBC GAM’s “impact funds”, which consist of the RBC BlueBay Access Community Investment Fund* and the RBC BlueBay Impact Bond Fund[†].

RBC BlueBay Access Capital Community Investment Fund	RBC BlueBay Impact Bond Fund
<p>The RBC BlueBay Access Capital Community Investment Fund has US\$684.7M in AUM as at December 31, 2022. The fund’s investment objective is to provide current income consistent with the preservation of capital by investing primarily in high quality debt securities and other debt instruments supporting community development, including investments deemed to be qualified under the Community Reinvestment Act of 1977, as amended (the “CRA”). As part of this, the fund invests in the following social impact themes: affordable homeownership, quality affordable rental housing, and small businesses. The fund aims to improve livability in low- and moderate-income (“LMI”) communities and underserved areas of the United States.</p>	<p>The RBC BlueBay Impact Bond Fund has US\$219.4M in AUM as at December 31, 2022. The fund’s investment objective is to achieve a high level of current income consistent with the preservation of capital. The fund seeks to generate returns while simultaneously meeting the Fund’s impact objective, which is to make investments that seek to achieve positive aggregate social and environmental impact outcomes. As part of this, the fund invests in the following social and environmental impact themes aligned to several of the United Nations Sustainable Development Goals (SDGs): affordable homeownership, multi-family housing, education, health and wellness, small business, energy and climate change, and water and sanitation. The SDGs are the blueprint to achieve a better and more sustainable future for all addressing global challenges including those related to poverty, inequality, climate change, environmental degradation, peace and justice.³</p>

In line with our commitment as a signatory to the Impact Principles, we have published the enclosed disclosure statement that describes the alignment of our impact management processes with each of the Impact Principles, as well as an independent limited assurance report on our impact management systems’ alignment with the Impact Principles.

Best regards,

Daniel E. Chornous, CFA
 Chief Investment Officer
 RBC Global Asset Management

[†]RBC GAM is the asset management division of Royal Bank of Canada (RBC) which includes the following affiliates: RBC Global Asset Management Inc. (RBC GAM Inc.), RBC Global Asset Management (U.S) Inc. (RBC GAM-US), RBC Global Asset Management (UK) Limited (RBC GAM-UK), and RBC Global Asset Management (Asia) Limited (RBC GAM Asia), which are separate but affiliated subsidiaries of RBC. As at Dec 31, 2022 RBC GAM managed US\$389.9 billion in Assets under Management (AUM) and had more than 1,600 employees located across Canada, the United States, Europe, and Asia.

²For more information on the Operating Principles for Impact Management see the website: www.impactprinciples.org/9-principles

³For information on the Sustainable Development Goals see the website: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

Principle 1

Define strategic impact objective(s), consistent with the investment strategy.

RBC GAM's impact funds are made up of the RBC BlueBay Access Capital Community Investment Fund (the Access Fund) and RBC BlueBay Impact Bond Fund. Both funds employ a bottom-up security selection process in which in-scope securities must demonstrate alignment with impact objectives in order to be considered for investment. Eligible securities are then evaluated on their financial merit and, to be included in either fund, must generate competitive fixed income returns with similar risk characteristics to comparable securities in the overall U.S. fixed income market.

The social and environmental impact themes in which the funds invest are tracked based on their alignment with the UN SDGs. Exhibit 1 describes the targeted impact themes, the instruments invested in each, and how these themes align with one or more of the UN SDGs.

The funds may invest in a variety of fixed income instruments including corporate bonds, government bonds, money market securities, municipal bonds, and securitized loans. The use of proceeds or project purpose of each security is linked specifically to the funds' impact objectives. For example, in the theme of affordable homeownership, the impact funds invest in mortgage-backed securities comprised of mortgage loans to low-income borrowers. In the small business theme, the impact funds invest in small business administration-backed loans (securitized pools and certificates), which directly provide loans to small business owners in LMI communities. In our view, this direct link between the proceeds of the fixed income securities and impact objectives represents a credible basis for achieving the funds' impact objectives.

More information on how impact is measured at the project level is provided in Principle 4. Additional information on how impact is measured at the portfolio level is provided in Principle 2. Additional information on how fund management assesses potential negative social and environmental impacts is provided in Principle 5.



Case study: Lyons Pharmacy

RBC GAM works with a variety of originators to create custom securities where the underlying loans are aligned with the funds' impact objectives. One example is a loan to Lyons Pharmacy in San Diego, CA, which is included in our Access Capital Community Investment strategy, the strategy that includes the Access Fund vehicle. The loan was originated by CDC Small Business Finance, a mission-based lender focused on providing access to affordable capital to small business owners. The owner of Lyons Pharmacy had opened his small business in the predominantly Latin American Chula Vista neighborhood because its residents lacked a local pharmacy that could provide services to meet their health care needs. As a result of the COVID-19 pandemic, Lyons Pharmacy was running low on savings and at risk of closing.

The loan that Lyons Pharmacy was able to secure through CDC Small Business Finance provided the capital needed to continue providing essential services through the COVID-19 pandemic. This investment aligned with the social impact theme of "health and wellness," generated positive impacts for a BIPOC and LMI community, and aligned with the UN SDG goal to "ensure healthy lives and promote well-being for all at all ages" (SDG 3).

The Case Studies within this Disclosure Statement were not subject to the limited assurance engagement. The conclusion and scope of work of the limited assurance engagement can be found in the Independent practitioner's Limited Assurance Report on page 17.

Exhibit 1: Social and environmental impact themes and their alignment to the UN SDGs

	Impact theme	Description	UN SDG alignment
Social	Affordable homeownership	Single-family mortgages to borrowers who qualify either as an LMI individual with income generally <80% of the area’s median income, and/or are located in a census tract that is considered LMI.	  
	Multi-family housing	Multi-family mortgages supporting quality affordable rental housing (multi-family housing) where: 1. More than 50% of units are rent subsidized and reserved for LMI tenants (i.e., tenant income is <80% of median income); or 2. Mixed income housing is located in an underserved community or supporting underserved families (e.g., women-headed households, BIPOC families). BIPOC is an acronym that stands for Black, Indigenous, and People of Color.	  
	Education	Bonds financing access to education and/or education facilities in low-income areas for all levels of education (e.g., early childhood, primary, secondary), or with other evidencable stakeholder alignment such as free and reduced lunch or Pell grant recipients.	   
	Small businesses	Small Business Administration-backed loans (securitized pools and certificates) creating jobs and providing services in LMI communities and/or loans to stakeholder-owned businesses or with a particular impact theme (e.g., recycling business).	    
	Health and wellness	Bonds financing projects or issued by pharmaceutical, bio-tech, medical device, health care facility or other companies that provide preventative care or illness treatment and support healthy living and well-being for all as well as bonds financing hospitals, clinics, and rehabilitation services facilities that cater to LMI populations.	
Environmental	Energy and climate change	Bonds financing projects that seek to address the climate crisis, and that support climate change action through the reduction of greenhouse gas (GHG) emissions and the provision of climate solutions.	      
	Water and sanitation	Bonds for facilities that provide access to clean drinking water and proper sanitation, improve in water quality, and increase water use efficiency.	  



Principle 2

Manage strategic impact on portfolio basis.

Our impact funds are managed with a goal of generating competitive fixed income returns while also generating positive social and environmental impact across a variety of themes. To measure impact at a portfolio level, the security-level impacts (detailed in Principle 4) are aggregated and used to monitor the funds' overall achievement of their impact objectives.

At the portfolio level, we use two primary types of metrics to measure and monitor impact to ensure the funds are seeking to achieve their impact objectives:

1. Portfolio alignment with determined social and environmental impact themes
2. Alignment to one or more of the UN SDGs

Portfolio alignment with social and environmental impact themes is measured at the security level and aggregated across the portfolio. Consistent with the funds' investment objectives and principal investment strategies, RBC GAM seeks to align the funds' assets with one or more of the social and environmental impact themes, as determined by compliance with defined metrics. Examples of metrics used to measure portfolio alignment with social and environmental impact themes are outlined in Exhibit 2. The metrics in Exhibit 2 are tracked on a regular basis and we may report on additional metrics to the ones outlined below from time to time and when available.

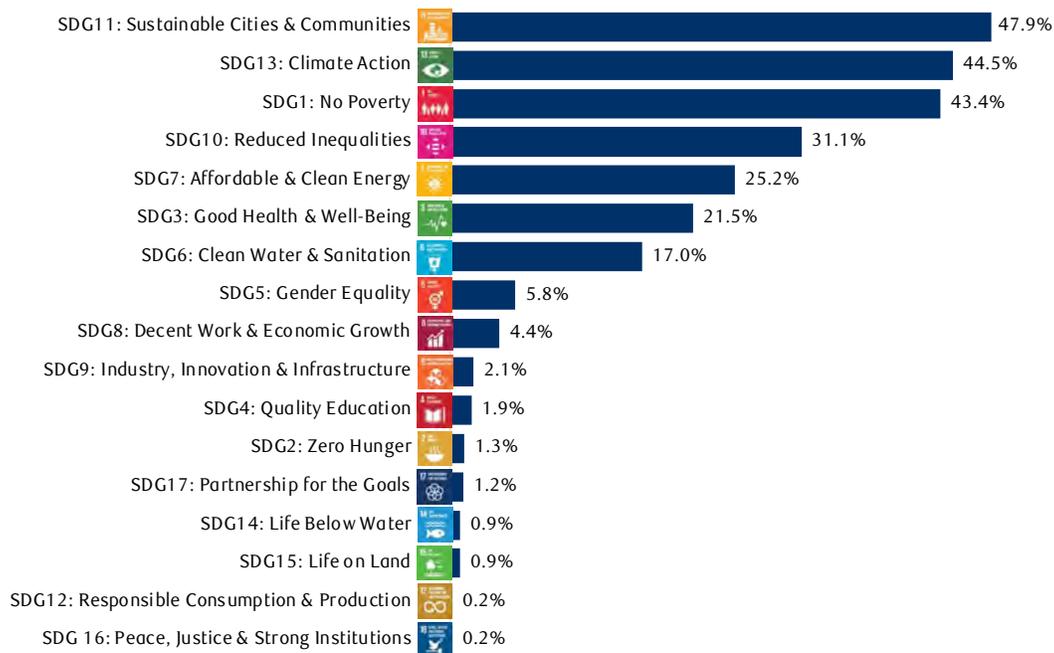
Exhibit 2: Social and environmental impacts by theme

	RBC GAM impact theme	Metrics
Social	Affordable homeownership	<ul style="list-style-type: none"> • Number and value of affordable mortgages to LMI households/stakeholder borrowers
	Multi-family affordable housing	<ul style="list-style-type: none"> • Number of units of affordable rental housing provided to LMI and/or other stakeholder tenants • Percentage of rental units classified as "affordable" and where rent is subsidized
	Education	<ul style="list-style-type: none"> • Amount invested in educational facilities where more than 50% of students are considered LMI or there is some other stakeholder alignment
	Small businesses	<ul style="list-style-type: none"> • Amount invested in qualified U.S. Small Business Administration (SBA) backed Loans • Number of small businesses financed • Number of jobs created and jobs retained, where available • Percentage of the small business allocation split by various owner demographics like race, ethnicity, gender, and veteran status • Amount invested in BIPOC and LMI neighborhoods
	Health and wellness	<ul style="list-style-type: none"> • Number of hospitals, clinics, and rehabilitation services facilities financed that cater to LMI populations • Amount invested in companies offering preventative care and disease treatment
Environmental	Energy and climate change	<ul style="list-style-type: none"> • Net greenhouse gas emissions (Tons of CO2 equivalent produced, minus tons of CO2 equivalent avoided for securities in carbon intensive sectors)* • Amount invested in climate change solutions
	Water and sanitation	<ul style="list-style-type: none"> • Gallons of water treated/influenced per \$1M invested • Amount invested in clean water solutions • Gallons of water used per \$1M invested relative to a similar investment in the general fixed income market

*We define net carbon negative as occurring when the fund's avoided GHG emissions exceed the fund's GHG emissions produced, calculated per million dollars invested (unit = t CO2 equivalent/\$M invested). Calculations are inclusive of all fund assets, excluding treasury. GHG emissions (t CO2 eq.) are inclusive of Scope 1 and 2 emissions and may consider Scope 3 emissions when applicable and available. Scope 1 emissions occur directly from sources owned or controlled by the reporting company. Scope 2 emissions are not tied directly to a company's operations. Rather, they result from the generation of electricity, steam, heating, and cooling that's purchased and consumed by the reporting company. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of a company, including both upstream and downstream emissions. Multiple data sources are used for GHG emissions data and include: reported data from issuers, reported and estimated data from third party vendors, and sector- and industry-level data from government and academic entities. Gaps in data may exist as climate data and disclosures continue to evolve. Our calculation methodology considers relevant standards and practices and is proprietary to the Impact Investment team.

Alignment to the UN SDGs is measured by aggregating each security’s alignment to each impact theme and associated UN SDGs to provide a total fund view. For corporate issuers, alignment is linked to revenue, while for other securities, it is linked to use of proceeds. We link to revenue for corporate issuers because corporate bonds are not project-specific and tend to be used to finance a company’s general operations that generate revenue for all segments. Other securities, like pools of mortgages or small business loans or municipal bonds, are legally linked to specific purposes indicating where the bond proceeds are being used. For instance, as of December 31, 2022, the UN SDG portfolio alignment of the RBC BlueBay Impact Bond Fund was as follows:

Exhibit 3: RBC BlueBay Impact Bond Fund - portfolio alignment with UN SDGs, as at 12.31.22



Note: As most investments in the funds influence or support multiple SDGs, the percentages above will exceed 100%.

The Portfolio alignment with UN SDGs is not subject to the limited assurance engagement. The conclusion and scope of work of the limited assurance engagement can be found in the Independent practitioner’s Limited Assurance Report on page 17.

The investments are chosen specifically for their alignment with the funds’ impact objectives and impact themes so we would not expect to see deviation from the impact objectives at the portfolio level. For example, per the investment prospectus, the RBC BlueBay Impact Bond Fund will invest at least 80% of its assets in fixed income securities meeting the fund’s impact criteria, as determined by the impact methodology (described in Principle 4). As at Dec. 31, 2022, the fund’s alignment to impact themes was more than 99%.

The RBC BlueBay Access Capital Community Investment Fund uses the same impact measurement methodology described in Principle 4. Further, per the investment prospectus, the fund expects that substantially all or most of its investments will be considered eligible for regulatory credit under the Community Reinvestment Act of 1977 (“CRA”). The requirements of the CRA align directly with the social impact themes in which the fund invests. As at Dec. 31, 2022, the fund’s alignment to impact themes was estimated at more than 99%.

Compensation for the impact investing team is primarily based on portfolio performance and the long-term risk-adjusted returns of the strategies that they manage. Achieving the impact funds’ impact objectives – alignment with the impact themes and the SDGs – is considered as part of variable compensation. Specifically, compensation would be negatively affected if the funds did not meet the quantitative requirements for alignment to the impact criteria and the CRA described above and specified in the funds’ investment prospectuses. Conversely, compensation would be positively affected on a qualitative basis to the extent that the impact outcomes are viewed positively by the investor base, partners and direct beneficiaries of the impact funds.

Principle 3

Establish the manager's contribution to the achievement of impact.

Our impact funds are designed to produce measurable outcomes for people and the planet, consistent with their investment objectives and principal investment strategies, and in line with a variety of impact themes and the UN SDGs. The main drivers of our contributions to impact themes are the following:

- **Capital contribution:** The impact funds provide capital for the growth and development of underserved communities, defined as low- and moderate-income (LMI) individuals and communities, which are disproportionately affected by social and environmental impacts. The total amount of funds is driven by assets under management by each strategy.
- **Capital allocation:** The impact funds ensure that capital is directed to entities (e.g., individuals, households, small businesses, and companies) that provide improved access to goods, services, and wealth creation for underserved communities and other stakeholder groups (as described in Principle 4). The allocation to each theme is dependent upon both investment strategy decisions and the available, eligible, investment types.
- **Capital additionality:** The impact funds use existing government subsidies and loan guarantee programs, as well as private capital, to add to the pool of capital available to underserved communities and other stakeholder groups.
- **Engagement:** As the impact funds invest primarily in individual loans, such as home mortgages, multi-family affordable housing, and climate solutions, it is often not feasible to engage directly with the recipients or beneficiaries of these loans to scale our impact. Instead, the impact funds may use direct engagement with originators of these types of loans as a way to scale lending to underserved borrowers and motivate change. One example of this is provided in the case study below.
- **Collaboration:** RBC GAM works collaboratively through industry initiatives to advance impact investment opportunities and to harmonize quality impact data, metrics, and indicators. For example, RBC GAM is a member of the Global Impact Investment Network (GIIN), an initiative dedicated to increasing the scale and effectiveness of impact investing around the world. We are also an institutional member of the Forum for Sustainable and Responsible Investment (US SIF), which advances sustainable, responsible, and impact investing across all asset classes in order to shift investment practices towards sustainability by focusing on long-term investment and the generation of positive social and environmental impacts.

Case study: Capital additionality

A strategic component of our ability to contribute to impact is partnering with lenders that share similar impact objectives. One such example is Community Development Financial Institutions (CDFIs), whose mission is to deliver increased access to capital to underserved communities. CDFI originated loans are a natural fit for the impact funds given they are often made to lower-income and underserved borrowers. The impact funds also work with originators like CDC Small Business Finance to purchase high-quality, government-guaranteed loans backed by the Small Business Administration (SBA). These loans are sold to generate additional capital for underserved areas at affordable rates.

Case study: Engagement

RBC GAM's impact funds may develop partnerships with philanthropic organizations to encourage impact investing within their communities. An example is the partnership with Groundworks New Mexico (formerly New Mexico Association of Grant Makers) and the New Mexico Impact Investment Collaborative (NMIIC), started in May of 2021, to create Local Impact Fixed Income Targeted Investment New Mexico (LIFT NM). LIFT NM is an impact investing initiative that supports development in the state of New Mexico. Through this partnership, LIFT NM participants can invest in our RBC BlueBay Access Capital Community Investment Fund, providing them with a high-quality, liquid fixed income vehicle intended to create positive social and environmental impacts, while also seeking a competitive financial return. The collaborative has supported six counties, with two foundations, a medical centre, and one corporation among its investors. Examples of LIFT NM investments include:

- Supporting a family-owned small business dedicated to providing child care and creating jobs in a low-income area. This is one of the partnership's six small business loan investments as at Dec. 31, 2022.
- Providing affordable, subsidized rental housing on the Navajo Reservation in San Juan County, where 39% of the population falls below the poverty line and 97% of the town's population is of Native American ancestry, among others. In total, the initiative was invested in 52 single family mortgages for LME families and one multi family affordable rental property (212 units), as at Dec. 31, 2022.

The Case Studies within this Disclosure Statement were not subject to the limited assurance engagement. The conclusion and scope of work of the limited assurance engagement can be found in the Independent practitioner's Limited Assurance Report on page 17.

Principle 4

Assess the expected impact of each investment, based on a systematic approach.

Our impact funds apply an Impact Measurement and Monitoring process to establish and monitor impact performance at the security and portfolio levels (see Exhibit 4). This process has been developed and is implemented to ensure that impact management across the strategies is:

- **Credible:** We apply industry-leading frameworks⁴, standards, and guidelines where possible, and seek to continually review and improve our approach, as necessary.
- **Consistent:** We believe that a systematic, repeatable, and verifiable process supports consistent delivery of impact objectives.
- **Transparent:** We believe that providing transparent and decision-useful information to investors is essential to establishing and demonstrating accountability.
- **Auditable:** We believe that establishing clear, auditable processes is an important component of ensuring credibility of impact and meeting impact objectives for our clients.

The impact funds' impact assessment methodology is applied and documented to assess a) the expected impact of investments before the investment is made, and b) the actual impact achieved after the investment has been

made. The impact funds' methodology is based on the following fundamental considerations:

- **What** impact the funds seek to achieve, in line with the impact funds' environmental and social impact themes (see Principle 1).
- **Who** beneficiaries of the impact are, and whether the impacts are being directed to those most in need. Examples of stakeholders that the impact funds seek to benefit include the environment/planet, LMI individuals/families, BIPOC individuals, and women.⁵
- **How much** impact is being achieved, and to what degree this is attributable to the funds' investments.
- **Alignment** with UN SDGs.
- **Longevity of impact** beyond the lifespan of the impact funds. Most social and environmental investments provide additionality that is felt well beyond the investment period. Refer to Principle 7 for consideration over the longevity of impact.

The team evaluates the likelihood of the investment achieving its intended impact and any risk factors identified that could prevent such intended impacts from being achieved. To mitigate against risk of not achieving desired impact outcomes, we focus on impact areas that have inherently a high likelihood of success over the long-term, based on our research and analysis.

Exhibit 4: Impact measurement and monitoring process



⁴This includes direct alignment to the U.N. Sustainable Development Goals and compliance with regulations such as the Community Reinvestment Act, where applicable. More information on the impact funds' alignment to these frameworks is provided in Principle 2.

⁵Depending on the investment type, other beneficiaries may include people experiencing homelessness, people with disabilities, children and foster youth, LGBTQ+ community, domestic violence survivors, senior citizens, natural disaster survivors, rural populations, veterans, immigrants/migrants and people who are ill or infirm.

This impact assessment process involves:

- 1. Preliminary assessment:** Each in-scope security is analyzed to verify eligibility and fit with the impact objectives and themes. The Impact Measurement Framework (see examples in Exhibits 4 and 5) confirms that the intended impact and the beneficiary/ies of that intended impact align with the impact objectives discussed in Principle 1.
- 2. Research:** Each eligible, in-scope security undergoes review and analysis to determine its level of expected impact. The impact data are generally sourced directly from the originator of the projects such as governments, lenders and other issuers. The data, sources, and impact measurements/metrics are documented in the impact funds' research database, and this information is updated throughout the product lifecycle where applicable. The type of data varies by theme as described in Exhibit 2. Impact performance at the security level is measured based on best available information. Gaps in data may exist as data and disclosures continue to evolve. We regularly review and enhance our data inputs and calculation methodology to reflect improvements in data availability and quality, and advancements in the measurement of impact.
- 3. Investment decision:** If a security meets both the impact and return objectives of the impact funds, it will be recommended for inclusion in one or more of the impact funds. Our impact funds seek to invest in securities whose social and environmental impacts themes are significantly net positive. When comparing securities with the same expected investment risk and return characteristics, the impact funds may favor investment in the security with a greater degree of and/or more transparent expected positive impacts. This may also include consideration of the geographical context of the investment and expected impact. For example, given equal investment characteristics between two securities, the impact funds may favor investment in the security located in a community that is more in need or underserved, as demonstrated by metrics like median household income.
- 4. Monitoring:** Securities are monitored for any changes to financial and/or impact data that would impact the investment thesis, and updates are recorded in the research database accordingly. Impact data from the research database is aggregated at the portfolio level, per the metrics described in Principle 2. Portfolio data is monitored on an ongoing basis to compare the actual impact of the impact funds to their expected impact and impact objectives. When monitoring indicates that an investment is no longer expected to achieve its intended impact or no longer aligns with the funds' impact objectives, the impact funds will seek an appropriate course of action that may include engaging with the issuer and/or exiting the investment. The impact funds may also strive to increase the overall scale of impact by working with responsible originators to expand on particular programs and/or specific loan types that have exhibited strong actual impact through monitoring. One example of this is provided in Principle 3.
- 5. Reporting:** Aggregated impact results are published in an Impact Investing Annual Report on the RBC GAM website. The Annual Report includes both portfolio-level reporting and disclosures on the impact measurement process.

Case study: Small business impact theme

One of the impact themes in which the impact funds invest is Small Business. Per our impact assessment process, security-level impact data are stored and monitored in the impact funds' research database (Figure 5), while portfolio-level metrics are aggregated for monitoring and reporting (Figure 6).

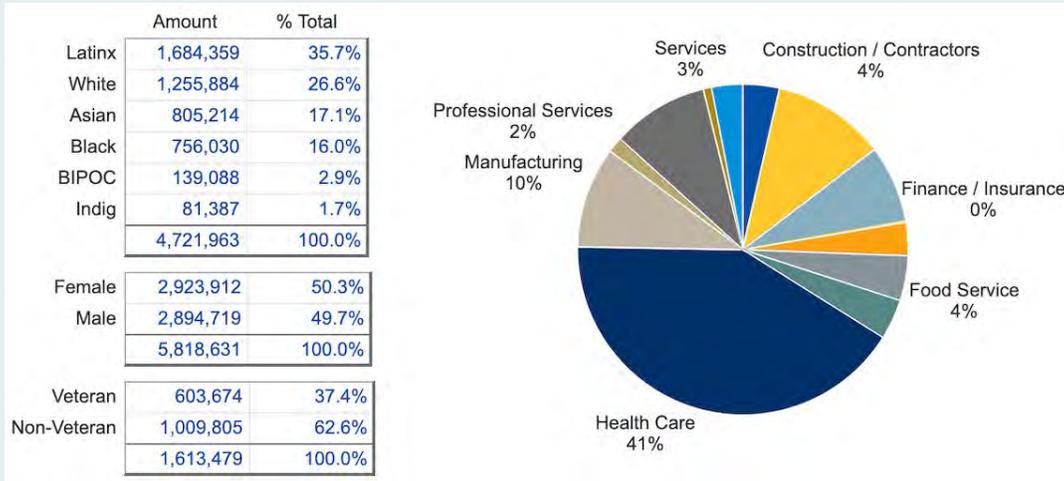
Exhibit 5: Example of data in impact measurement framework - small business

Industry	Business Type	Gender	Race	Tract	BIPOC	Black	Latinx	Inc Lvl	State	SBA Category	Business Name	Amount	% Total
Environmental	Recycling Services	Male		BIPOC	94%	41%	47%	Low	TX	Recycling company in 94% BIPOC low income tract	Issuer 1	16,301	0.3%
				Latinx	69%	24%	40%	Mod	FL	Latinx owned technology recycling business in 69% BIPOC moderate income tract	Issuer 2	215,857	3.4%
	Rubber Recycling	Female	White	BIPOC	85%	38%	44%	Low	IL	Female owned rubber recycling in 85% BIPOC low income tract	Issuer 3	172,564	2.7%
	Environmental Consulting	Female	Indig	White	10%	3%	4%	Mid	AK	Indigenous female owned environment focused business	Issuer 4	56,706	0.9%
	Fire Prevention	Male		White	40%	1%	30%	Mid	CA	CDFI originated fire prevention company	Issuer 5	12,202	0.2%
	Clothing Recycling	Male		BIPOC	Latinx	98%	0%	96%	Low	CA	Clothing recycling and donations in partnership with the American Red Cross. Located in 98% BIPOC	Issuer 6	8,631

As of 12.31.22

Case study: Small business impact theme (cont.)

Exhibit 6: Small business aggregate data summary - RBC BlueBay Impact Bond Fund as at December 31, 2022



The Case Studies within this Disclosure Statement were not subject to the limited assurance engagement. The conclusion and scope of work of the limited assurance engagement can be found in the Independent practitioner's Limited Assurance Report on page 17.



Principle 5

Assess, address, monitor, and manage potential negative impacts of each investment.

Our impact funds seek to invest in securities whose social and environmental impacts themes are significantly net positive. As such, the funds seek to assess potential negative social and environmental impacts of each in-scope security at the research stage of the investment process, prior to investment. Examples of potential negative impacts considered include predatory lending (small business theme), undesirable living conditions (affordable housing theme), and carbon emissions (all themes), among others.

Along with the impact assessment, the impact funds also implement a systematic assessment process to identify and document the ESG (Environmental, Social, and Governance) risk profile of each in-scope issuer, as well as an assessment of the expected materiality of ESG risk factors to each in-scope investment.⁶ As at Dec 31, 2022, approximately 20% of the Impact Bond Fund's holdings were covered as a part of this process, while virtually all of the Access Fund's holdings were out of scope. Over time, the holdings included in this process are expected to increase.

Finally, as part of portfolio monitoring, the impact funds assess and document the potential negative climate impacts of every investment using carbon footprint analysis. Specifically, the funds monitor the greenhouse gas emissions of each investment directly in the impact funds' research database. Changes in the carbon footprint of the funds and in their investments are investigated, and investments may be flagged for further due diligence or engagement where they exhibit increased carbon emissions intensity. Possible material negative social impacts are also monitored at the security level, as part of regular investment monitoring described in the Monitoring step of the impact assessment process in Principle 4.

Engagement with the funds' investees may be limited due to the nature of the securities in which the funds are invested. However, engagement may occur either during the research phase, as part of information gathering and due diligence, or during investment monitoring, where new data is released or where a risk event occurs. The aim of such engagement may be to clarify questions surrounding the security being evaluated, change in data, or risk event, or to encourage the investee to adopt best practices in addressing potential risks or impacts.

Case study: Impact assessment of 'social' asset-backed security

Prior to investment, the impact funds assess the expected environmental and social impacts of the security and compare them with the impact and financial objectives of the impact funds. In 2022, the Impact Investing team undertook due diligence on an asset-backed security, made up of unsecured consumer loans and labeled as a 'social instrument', for potential inclusion in the fund.

Impact analysis: The investment team was initially interested in the potential positive impacts that access to capital could afford to low income individuals, a key beneficiary of the impact funds. While reviewing the security, however, the team became concerned by the high average interest rates being charged to these borrowers and resulting high default rates. Ultimately, the team noted high social risk and potential material negative impacts to a core beneficiary of the funds. Despite the 'social instrument' label, the security was not found to be suitable for investment in the impact funds' social themes due to its potential negative impacts.

Case study: Carbon emissions analysis for water utility holding

All eligible, in-scope securities in the impact funds undergo fundamental analysis, which is summarized in a security holdings report that details environmental and social impact data alongside material financial information. In 2022, the Impact Investing team identified the following for a U.S based water utility company they were considering for potential investment in the clean water theme.

Impact analysis: While reviewing a new debt issue of an existing holding, the Impact Investing team noticed that the issuer's carbon footprint had increased materially. The company was previously solely focused on water distribution and infrastructure but had a growing natural gas delivery segment. The amount of financed emissions had grown substantially and caused an increase in the overall fund's carbon footprint. As a result, the investment team did not invest in the new debt issue, and the company was flagged for engagement and potential exit if the emissions trend continues.

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⁶Certain issuers and investment types, including but not limited to U.S. municipalities and structured credit instruments (asset-backed securities, mortgage-backed securities, and collateral loan obligations), were not in scope of the ESG risk assessment process during the reporting period.

Principle 6

Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

As discussed in Principle 4, RBC GAM's impact funds use an internal research database to collect and store security-level data, sources, and impact metrics. Impact data from the research database is aggregated at the portfolio level and monitored on an ongoing basis to compare the actual impact of the funds to their expected impact, and impact objectives. A summary of the data collection and governance practice is provided below, in Exhibit 7.

Exhibit 7: Impact funds' data collection practices

Data practice	Description
Collection	Security-level data is first collected and stored within the impact funds' research database upon initiation of investment research. The data point, unit of measurement, and data source are recorded for each metric. Once invested, data is updated as it becomes available, usually quarterly or annually depending on the data source.
Sources	<p>Due to challenges in impact data availability and quality, the impact funds generally source data directly from government and issuer sources, where available. Data sources are selected based on whether they are current, complete, and relevant for measuring impact objectives, and sources are subject to change as new or expanded data sources, methodologies, or tools become available.</p> <p>The impact funds employ both open source and purchased data. As at December 31, 2022, data sources include Bloomberg, census data, Climate Data Explorer, MSCI ESG, Sustainalytics, Housing and Urban Development HUD resources, and the U.S. Small Business Administration loan program database, among others. The impact funds do not engage with investees on data collection.</p> <p>In the case of carbon footprint data referenced in Principle 5, the impact funds may also use estimated data, using sector-based proxies and physical activity-based emissions and economic activity-based emissions metrics, where reported emissions data is not available from the issuer itself or third-party data providers.</p>
Governance	<p>The Impact Investing team, which manages the impact funds, is responsible for maintaining the research database and ensuring that data sources continue to be current, complete, and relevant.</p> <p>Data purchased from third-party vendors is coordinated by RBC GAM's centralized Corporate Governance and Responsible Investment (CGRI) team.</p>

The management team of the impact funds uses the data stored in the research database to build automated and digital tools that assess security and portfolio alignment with the impact funds' impact objectives and themes, quantify securities' expected impact, and provide ongoing monitoring of what impact was achieved and overall portfolio performance. Principle 2 describes specific portfolio-level impact metrics that are monitored through this process. On a quarterly basis, the metric reporting is compared with the previous assessments (i.e. the original assessment at the time of investment or the previous year's impact reporting and review processes) where available. They include both portfolio alignment metrics and impacts achieved within each social and environmental impact theme.

When portfolio-level monitoring indicates that an investment is no longer expected to achieve its intended impact or no longer aligns with the funds' impact objectives, the investment team will seek an appropriate course of action that may include engaging with the issuer and/or exiting the investment. Principle 7 provides more context on the impact funds' exit decision processes. Portfolio-level monitoring includes a quantitative and qualitative component and is undertaken by both analysts and portfolio managers. It is described in more detail in the preceding paragraph.

Finally, portfolio impact metrics are reported to the impact funds' shareholders and published on the RBC GAM website via an Annual Impact Report detailing the aggregate impact performance of the Access Capital Community Investment and Impact Bond strategies.

Principle 7

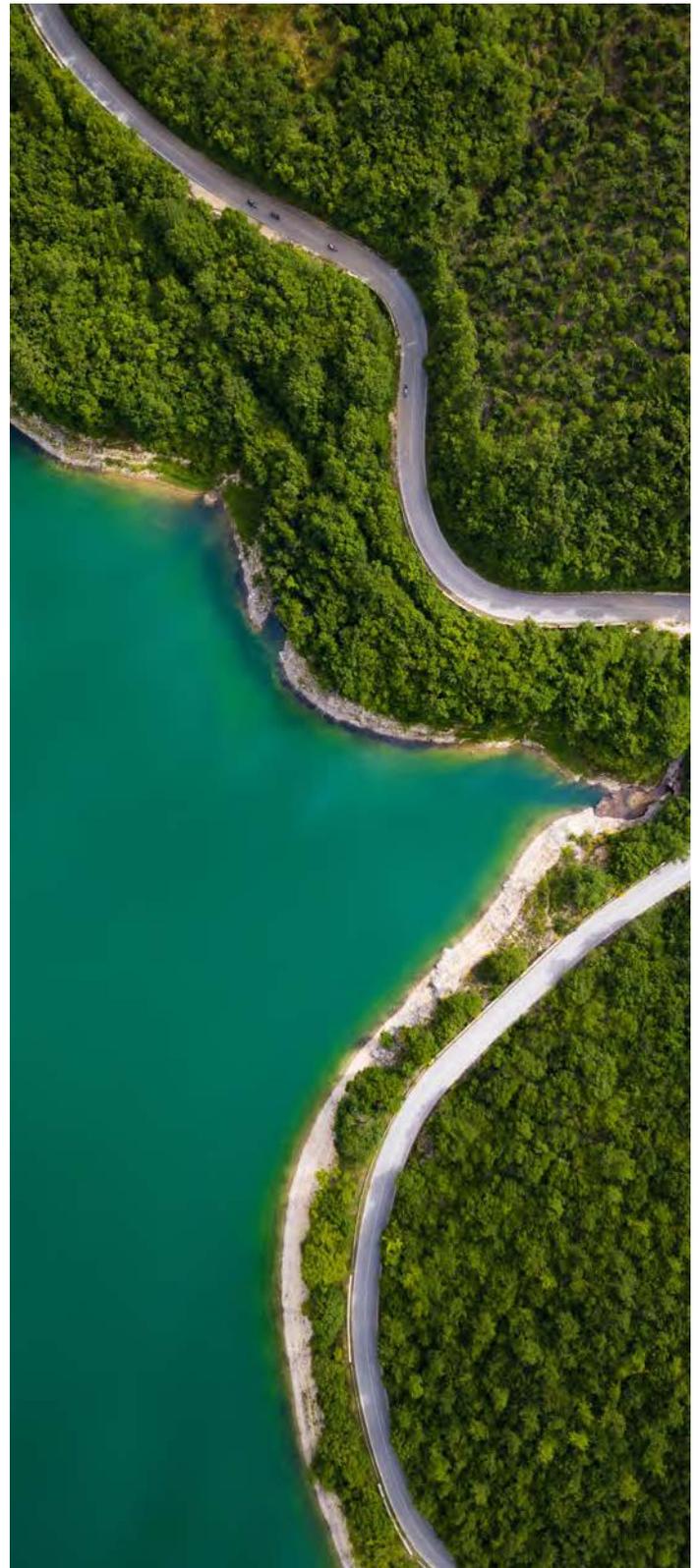
Conduct exits considering the effect on sustained impact.

Exit decisions in the impact funds are generally rare, as the team's investment research process aims to generate investments in only high conviction securities, which the team believes are less likely to deviate from the investment and impact theses over time.

Often, exiting an investment is by default, upon the expiration of the life-cycle of the investment. Generally, as long as the proceeds of the fixed income security have been used to generate their intended impact throughout the lifetime of the investment, these impacts would continue to be felt beyond the security's maturity date. For example, a mortgage to a low income borrower creates the opportunity for that borrower to build wealth through homeownership, the impact of which can be felt throughout the lifetimes of that borrower's children and future generations. Similarly, a bond financing an education-related project in an underserved community creates direct positive impacts on members of that community today through the provision of these services; however, these short term benefits can also lead to long term impacts on future generations within the community due to the positive relationship of education level with both financial and health and wellbeing outcomes.

In some instances, an issuer may choose to refinance, at which point the impact funds would evaluate the new fixed income security to determine its continued eligibility in the impact funds.

Occasionally, an investment may no longer be expected to achieve its intended impact or may no longer align with the impact funds' impact or investment objectives, and exit may be considered. Exit considerations are dependent on impact, nature of debt instrument, relative size of positions, and fiduciary duty. Since the securities covered by the impact investing strategies are generally liquid with other lenders available, there are typically minimal to no negative impacts to the borrower when an exit decision is made.



Principle 8

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

The management team of the impact funds strives to continuously improve decisions and processes. Some examples of that include:

- **Security monitoring:** Security-level data is updated on an ongoing basis, and the financial and impact performance of the holdings are monitored via the impact funds' research database. As investments mature and/or unexpected events arise, the impact funds may update the security eligibility criteria and/or internal research to reflect learnings for similar future investments.
- **Portfolio monitoring:** While portfolios are monitored on an ongoing basis, there is a formal quarterly review of portfolio impact metrics to ensure alignment with the impact objectives. These quarterly reviews may lead to strategically pursuing investments in a specific geographic location or impact theme with an aim to improve the overall impact and/or financial performance of the funds.
- **Data:** The impact funds often review new data sources to ensure that the sources of data used within the impact measurement and management system are current, complete and aligned to best practice. Data and data sources are updated in the research database, as appropriate.
- **Technology:** The impact funds periodically test new technologies for database management, financial and impact results reporting, and risk assessment and visualization to identify potential opportunities for operational improvements.
- **Engagement:** In cases where new information is gained through engagement, the impact funds' internal research and assessments are updated.
- **Industry initiatives and frameworks:** As discussed in Principle 3, RBC GAM is part of a number of industry impact investment initiatives with a goal to enhance impact measurement and management and continue to grow the impact investing market in the U.S. The impact funds monitor the latest updates from initiatives such as GIIN and U.S. SIF, as well as frameworks such as the Impact Principles, to ensure that the funds' processes for impact measurement and management continue to be aligned with best practices.
- **Training and education:** Portfolio managers and analysts responsible for the impact funds regularly attend impact investing conferences and circulate new research on impact investment topics. Knowledge attained from such activities may be used to update the impact measurement and management processes of the impact funds themselves.

Principle 9

Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.

A robust impact management process is a core element of the RBC GAM impact funds. As a signatory of the Impact Principles, RBC GAM is committed to publishing annual disclosures of the alignment of our impact funds' impact management systems with the Impact Principles and to providing periodic independent verification reports to affirm this alignment.

The impact management processes as described in this Operating Principles for Impact Management Disclosure Statement alignment with the Operating Principles for Impact Management is subject to a limited assurance engagement.⁷ The conclusion of the limited assurance engagement can be found in the Independent Limited Assurance Report on page 17. We plan to conduct an independent verification every three years or more frequently if significant changes warrant it.

⁷Case studies provided throughout the disclosure statement are not subject to the limited assurance engagement.





Independent practitioner's limited assurance report on RBC Global Asset Management (U.S.) Inc. (RBC)'s impact management processes as described in RBC's Operating Principles for Impact Management Disclosure Statement alignment with the Operating Principles for Impact Management

To the Board of Directors of RBC Global Asset Management (U.S.) Inc.

We have undertaken a limited assurance engagement on RBC's impact management processes (the subject matter), as described in RBC's Operating Principles for Impact Management Disclosure Statement (the Disclosure Statement) for year-ended December 31, 2022, alignment with the Operating Principles for Impact Management dated February 2019 (the applicable criteria) established in Exhibit 1.

Management's responsibility

Management is responsible for the preparation of the Disclosure Statement in accordance with the applicable criteria. Management is also responsible for such internal control as management determines necessary to enable the preparation of the Disclosure Statement 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 Disclosure Statement 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* and 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 Disclosure Statement is 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 Disclosure Statement in accordance with the applicable criteria are likely to arise.

The scope of our procedures does not include an assessment of the suitability of design of RBC's impact management processes to achieve alignment with the applicable criteria nor their operating effectiveness and therefore our procedures provide no assurance over the design and operating effectiveness of the impact management processes, nor of the resulting impacts achieved.

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



Our engagement included, among others, the following procedures:

- Assessment of the alignment of the Disclosure Statement with the applicable criteria;
- Interviews with management to understand the impact management strategy, processes, systems, measurement and reporting framework;
- Interviews with the portfolio managers and inspecting impact management documentation on a sample basis to assess the application of the subject matter;
- Consider the appropriateness of the presentation of the Disclosure Statement;
- Read the Disclosure Statement to evaluate whether key assumptions and judgments have been clearly disclosed and the presentation is consistent with our understanding of RBC's impact management processes;
- With regards to the total AUM, obtain a breakdown of the investments within the funds as at December 31, 2022, and assess whether the investments included are those identified by management as ones to which the processes in the Disclosure Statement had been applied, which does not include assessing the accuracy of the amounts of the investment;
- Where there are no investments applicable for certain processes as at December 31, 2022, confirm through inquiry how management would monitor and report on activities should they occur, or obtain limited samples from the prior period, where applicable, to assess the application of the processes described; and
- Due to the nature of the investments that RBC holds, there could be limitations with the application of the subject matter; for such instances, assess whether the limitations have been clearly disclosed.

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 and 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.

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities over time.



The Operating Principles for Impact Management are principles-based, allowing for the possibility that different organizations will implement a variety of policies and processes to demonstrate their alignment. How management determines that they should respond to those recommendations remains to some extent a matter for their judgment. For that reason, our conclusion does not extend to the adequacy of the company's policies, processes or activities to achieve alignment with the Operating Principles for Impact Management.

The Disclosure Statement is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of RBC's impact management system and process that each individual user may consider important. Further, the projection of the current alignment systematic to the future states of the impact management processes in alignment with the Operating Principles for Impact Management is subject to the risk that the impact management processes may change.

Other information

There is certain information presented by management to provide additional context to the description of the processes, which comprises the Introductory Statement, the Case Studies and Figures in the Disclosure Statement. Our conclusion on the description of the processes does not cover such information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the information and, in doing so, consider whether the information is materially inconsistent with our knowledge obtained in the course of our work. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 impact management processes, as described in the Disclosure Statement for year-ended December 31, 2022, are not, in all material respects, aligned with the applicable criteria.

Purpose of statement and restriction on use of our report

The Disclosure Statement has been prepared in accordance with the applicable criteria by management of RBC to report to the Board of Directors of RBC Global Asset Management (U.S.) Inc. As a result, the Disclosure Statement 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
August 24, 2023



Exhibit 1

Disclosure statement and criteria

Applicable Criteria - Operating principles for impact management

Principle 1: Define strategic impact objective(s), consistent with the investment strategy.

Principle 2: Manage strategic impact on a portfolio basis.

Principle 3: Establish the Manager's contribution to the achievement of impact.

Principle 4: Assess the expected impact of each investment, based on a systematic approach.

Principle 5: Assess, address, monitor, and manage potential negative impacts of each investment.

Principle 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

Principle 7: Conduct exits considering the effect on sustained impact.

Principle 8: Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

Principle 9: Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.

Criteria: The Operating Principles for Impact Management, published February 2019 and available at <https://www.impactprinciples.org/9-principles>

RBC Global Asset Management

Before investing, you should consider carefully a fund's investment objectives, risks, charges, and expenses. This and other information is in the prospectus, which you can view by visiting <http://dfinview.com/usrbcgam> or request by calling 800.422.2766. Please read the prospectus carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities.

*The name of the fund was changed from Access Capital Community Investment Fund to RBC BlueBay Access Capital Community Investment Fund on 7/26/2023.

†The name of the fund was changed from RBC Impact Bond Fund to RBC BlueBay Impact Bond Fund on 7/26/2023.

The RBC BlueBay Access Capital Community Investment Fund is non-diversified, which means it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual security volatility than a diversified fund. Investing in the Fund involves other risks including but not limited to concentration in the affordable housing industry, competition for investments, the effects of leveraging the Fund's portfolio, and investments in illiquid securities.

The RBC BlueBay Impact Bond Fund's impact investing criteria could cause it to perform differently compared to funds that do not apply such criteria. The application of these criteria may result in the Fund's forgoing opportunities to buy certain securities when it might otherwise be advantageous to do so, or selling securities for impact investing reasons when it might be otherwise disadvantageous for it to do so. The Fund invests in mortgage-related securities including pass-throughs and collateralized mortgage obligations, which include additional risks that an investor should be aware of such as credit risk, prepayment risk, possible illiquidity and default, and increased susceptibility to adverse economic developments. The Fund may invest in derivatives, including futures contracts, which involve risks different from and, in certain cases, greater than risks presented by more traditional investments.

The Funds' consideration of ESG factors could cause them to perform differently compared to funds that do not take ESG factors into account.

These risks are described more fully in the prospectus.

Fund holdings and/or sector allocations are subject to change and should not be considered a recommendation to buy or sell any security. Current and future holdings are subject to risk.

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network ("the GIIN") or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

RBC Global Asset Management (U.S.) Inc. is the Adviser for the RBC Funds Trust. The Funds are distributed by Quasar Distributors, LLC. Securities are offered through RBC Wealth Management, a division of RBC Capital Markets, LLC, member NYSE/FINRA/SIPC.

Not FDIC Insured. No Bank Guarantee. May Lose Value.

RBC Global Asset Management (RBC GAM) is the asset management division of Royal Bank of Canada (RBC) which includes RBC Global Asset Management Inc., RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited, and RBC Global Asset Management (Asia) Limited, which are separate, but affiliated subsidiaries of RBC.

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