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Integrating ESG factors within your portfolio

At RBC Global Asset Management (“RBC GAM”), our principal duty is to maximize investment returns for our clients without undue risk of loss, within the investment limits described in the relevant investment mandate. RBC GAM believes that by acting as an active, engaged and responsible owner we are better able to enhance the long-term, sustainable performance of our portfolios. We believe that the proper disclosure and consideration of ESG risks and opportunities by the companies or countries in which we are invested will enhance the long term, sustainable performance of those investments. Accordingly, we seek to integrate ESG factors into our investment process when doing so may have a material impact on our investment risk or return. As a general rule, we will not exclude any particular investment or industry based on ESG factors alone. We believe it is important to consider those factors within our overall investment process rather than unduly narrowing the universe of potential investments. Our definition of ESG factors is included in the attachment entitled ‘RBC GAM Approach to Responsible Investment’.

As a reminder our Corporate Governance & Responsible Investment group (CGRI) at RBC GAM is an important and integral part of our business and has added personnel, research capacity, and tools throughout 2015. The CGRI is responsible for managing and coordinating responsible investment activities and continues to provide resources to investment teams to ensure they are fully equipped to integrate ESG into their investment process. We have made ESG-focused research from three different research providers available to all of our investment teams, each of which is developing a process to more formally integrate that material into their investment process. While some teams are further along the integration path than others, all are making ESG-related research more relevant and accessible to our investment teams. More details on the activities and responsibilities of the CGRI can be found at the RBC GAM website: <http://www.rbcgam.com/corporate-governance-and-responsible-investment/index.html>