

## **RBC Financial Group Global Approach to Anti-Money Laundering**

RBC Financial Group (“RBC”) has an enterprise-wide compliance program to deter, detect and report suspected money laundering and terrorist financing activities. The program applies appropriate risk-based scrutiny and monitoring measures to clients, particularly those whose business activities are known to be susceptible to criminal activity or who have been designated as high-risk for money laundering or terrorist activity financing.

Our Global Anti-Money Laundering Compliance Group is dedicated to the continuous development and maintenance of robust policies, guidelines, training and risk-assessment tools and models, consistent with national requirements and international best practices, to help our employees deal with ever-evolving money laundering and terrorism financing risks. To enhance our anti-money laundering and terrorist activity financing detection capabilities, the company has implemented a combination of automated systems and analytical processes to detect, track and assess transactions for suspicious activities as well as to identify transactions that meet prescribed thresholds for reporting to regulators.

As part of RBC’s enterprise-wide compliance program, in addition to Anti-Money Laundering and Anti-Terrorist Financing, RBC has also implemented policies in respect of Client Due Diligence and Economic Sanctions that establish minimum enterprise standards. These policies are designed to guide RBC’s various businesses in developing their own policies, guidelines and processes, to be consistent with RBC Group policies and standards, as well as to ensure compliance with Canada’s laws and regulations and with various other such laws and regulations to which RBC operations are subject in other jurisdictions in which they operate. While Canada’s laws are designed to be consistent with FATF Recommendations and other international standards, units operating in jurisdictions outside of Canada must also ensure local requirements are reflected in local policies and procedures in addition to the enterprise requirements. Where local laws set higher standards than those contained in the global policies, units must comply with the higher local standards.

Canadian regulatory obligations cover the ascertainment and risk-based verification of client identity, client and transaction record keeping and retention, reporting of attempted and completed suspicious transactions, large cash transaction reporting, international electronic funds transfer reporting, reporting of cross border movements of cash and monetary instruments, as well as terrorist property reporting requirements. Business units are also required to assess their operations to identify potential money laundering risks and establish policies, procedures, guidelines and risk mitigation strategies to address these risks. Annual anti-money laundering training is mandatory for all employees, including senior executives, and reinforces these key obligations.

RBC defines money laundering as any act or attempt to disguise the source of money or assets derived from criminal activity. Money laundering is a criminal offence in Canada and many other jurisdictions in which RBC does business. RBC is committed to preventing the use of its financial services for money-laundering purposes, by establishing policies and processes to ensure that:

- RBC does business only with those whose identities, activities and funds can reasonably be established to be legitimate and who have been screened against applicable government and regulators’ lists of designated people, entities or countries
- RBC’s directors, officers, and employees do not knowingly enter into transactions with or provide or assist in providing, directly or indirectly, financial services to, or for the benefit of, states, entities, and individuals targeted by applicable Economic Sanctions, Canadian and other anti-terrorism measures
- staff and others required by legislation are trained to recognize and react appropriately to unusual or potential money-laundering activity, unusual or potential terrorist financing activity, or activity that is potentially in violation of applicable Economic Sanctions and understand their legal obligations to block or report activity and transactions/attempted transactions as applicable and required by law
- required regulatory reporting is completed
- RBC has effective oversight and controls to reasonably ensure ongoing compliance with regulatory requirements

- appropriate records are retained for at least 5 years after the account in question is closed or after a transaction is completed, as required.

With respect to the identification of unusual activities and transactions, RBC's Policies require that our businesses establish processes to identify unusual activities and transactions in each jurisdiction in which they operate, to ensure timely reporting of activities deemed to be reasonably suspicious of money laundering or terrorist activity financing is completed as required in accordance with applicable legislation. RBC Compliance has established anti-money laundering/anti-terrorist financing Financial Intelligence Units that review and investigate reports submitted by staff as well as transactions and activity identified as unusual through monitoring and analytical processes, with the objective of ensuring that reports are filed with relevant authorities and client relationships that represent an unacceptable risk to RBC are exited.

### **Audit**

RBC Internal Audit Services (IAS) conduct regular, independent testing of the effectiveness of RBC's AML Program, including testing of execution activities using a risk-based approach. IAS reviews business units' Anti-Money Laundering, Anti-Terrorism, Economic Sanctions and Client Due Diligence Programs for compliance with the relevant policies, procedures and regulations as a component of regular audits it conducts across the enterprise, and also by conducting audits focused just on the AML/ATF Program.

### **Technological Tools**

In order to meet all relevant requirements, regulations and internal policies, RBC has implemented a number of automated systems and other processes for ongoing scanning of client names and payment information against applicable terrorist, sanctions, and other control lists. RBC has similarly developed and implemented various solutions and mechanisms to assist in complying with the transaction monitoring and reporting obligations.

### **Oversight**

RBC is committed to preventing the use of our financial services for money laundering, terrorist activity financing, or in violation of applicable economic sanctions. RBC's Board of Directors has ultimate responsibility for ensuring that RBC maintains an AML Program that both meets regulatory expectations and effectively manages RBC's AML risk. The Board fulfils this responsibility by ensuring sufficient and appropriately qualified resources to enable RBC to implement and maintain robust and effective AML regulatory risk management and compliance controls, and through effective monitoring and oversight.

To this end, RBC has established a senior-level management position and a Global AML Compliance team dedicated to the task of overseeing its global policies, practices and procedures with regard to anti-money laundering and anti-terrorist financing enterprise-wide. Senior Management is accountable to implement unit-level AML programs across RBC businesses, while the Global AML Compliance team supports and oversees the development of appropriate AML controls and compliance procedures within the various businesses. Global AML Compliance provides regular reporting to Senior Management and the RBC Board with respect to the effectiveness of the AML Program.

For further information, please contact

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