

Royal Bank of Canada

# About Corporate Citizenship at RBC

Programs, policies and practices



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## Programs, policies and practices

This is part of a series of documents that provide additional information on the programs, policies and practices related to the citizenship priorities of Royal Bank of Canada (RBC®). The series supplements our annual environmental, social and governance (ESG) reporting, which provides an overview of our priorities, key performance indicators and annual highlights on ESG issues relevant to financial services companies in general, and to RBC in particular. It complements the information of the results of our operations and financial condition provided in our Annual Report and governance and executive compensation information disclosed in the Management Proxy Circular (available at [rbc.com](http://rbc.com)).

Our Purpose is “**Helping clients thrive and communities prosper.**” While banks have a significant impact on the economy, they also have an impact on people and the planet. We recognize that our bottom-line success depends on the well-being and prosperity of our clients and employees, and of the communities and environment in which we live and work. As a purpose-driven company, creating a positive social impact, not just an economic one, is absolutely integral to everything that we do. It is fundamental to our business philosophy and is at the very heart of our corporate citizenship approach.

As one of Canada’s leading companies, we have the opportunity to create real and lasting value for society, a responsibility we take very seriously. Our leadership position means we have a critical role to play in addressing societal challenges that will impact our communities over time. We’re addressing this responsibility through a citizenship strategy that is insights-informed, issues-based and impact-driven. It all starts with a commitment to conducting ourselves with integrity, in every action, every transaction and every part of our business, being transparent and accountable, and contributing to the well-being of our stakeholders. This is how we earn the right to be our clients’ first choice, and we believe this is just good business.

## Our approach

RBC is considered one of North America’s leading corporate citizens, based on a longstanding reputation and wide range of programs and policies that reflect our values and are embedded in business segments and functions across the company.

We believe that corporate citizenship is about integrity, business ethics and responsible governance. It’s about solid risk management. It’s about delivering sustainable growth and value for all our stakeholders. It’s about an exceptional client experience and consumer protection. It’s about creating value for employees through leading-edge human resource practices. It’s about driving positive community and social impact. It’s about paying a fair share of taxes and obeying the law. It’s about responsible supply chain management. It’s about environmental sustainability and managing the risks and opportunities of a changing climate. The sum of programs and policies in all of these areas represents our approach to corporate citizenship.

We hold ourselves to the highest standards and know we must conduct our business responsibly to build trust. We define corporate citizenship as an approach to business through which we work to make a positive impact on society, the environment and the economy. We illustrate in the adjacent table how our priority environmental, social and governance (ESG) issues map to our pillars of corporate citizenship. These are underpinned by a foundation of strong governance and integrity. For more information on our Priorities and associated policies, programs and annual performance, please see:

- [RBC's ESG Performance Report and Public Accountability Statement](#)
- [About Governance and Integrity](#)
- [About Value for Clients](#)
- [About Value for Employees](#)
- [About Value for Society](#)
- [Climate Change Position & Disclosure Statement](#)



### Aligning our ESG Priorities with our Purpose

Our Priorities and associated activities help RBC create and preserve long-term value and demonstrate how we are fulfilling our Purpose to help clients thrive and communities prosper.



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## Governance

We follow a “hub and spoke” operational approach to the management of our corporate citizenship strategy, programs and performance using a decentralized organizational model that reflects our belief that corporate citizenship should be embedded in our business. Our Corporate Citizenship team is a 30+ person unit that leads, enables, supports and oversees our citizenship priorities within our business.

### Board of Directors

The Governance Committee of the Board of Directors has explicit oversight responsibility for corporate citizenship programs, policies and performance. The Risk Committee provides oversight of environmental and social risk management, and the Human Resources Committee is responsible for issues related to our workplace, including our Code of Conduct, rewards and recognition, and talent management.

### Executives and senior management

The CEO and other senior management officers have broad enterprise-wide, as well as issue-specific, areas of responsibility.

### Subject matter experts, groups and specialized functions

A wide range of departments and experts within RBC are responsible for relevant programs, products, policies and performance. For example:

- The Corporate Citizenship group has a global mandate, and is tasked with our overall corporate citizenship strategy and reporting, corporate donations, employee volunteer programs, environmental sustainability and social impact.
- Human Resources is accountable for workplace policies, programs and practices and for managing and measuring employee engagement.
- Procurement is accountable for integrating social and environmental considerations into our supply chain policies and practices.
- Corporate Real Estate delivers cost-effective and environmentally responsible premises solutions.
- E&S Risk Management identifies, assesses and mitigates the environmental and social risks associated with the business activities of RBC clients.

## Roles and responsibilities

		Governance and Integrity	Value for Clients	Value for Employees	Value for Society	Value for Planet
Board of Directors	RBC Board of Directors	✓	✓	✓	✓	✓
	Corporate Governance and Public Policy Committee	✓			✓	✓
	Audit Committee	✓	✓			
	Risk Committee	✓	✓	✓	✓	✓
	Human Resources Committee	✓		✓		
Executives and senior management	President and Chief Executive Officer	✓	✓	✓	✓	✓
	Group Executive	✓	✓	✓	✓	✓
	Chief Administrative Officer	✓	✓		✓	✓
	Chief Financial Officer	✓	✓		✓	
	Chief Risk Officer	✓	✓		✓	✓
	Chief Human Resources Officer	✓	✓	✓	✓	✓
	Chief Marketing Officer	✓	✓		✓	✓
	Chief Privacy Officer	✓	✓			
	Business Unit Heads	✓	✓	✓	✓	✓
	Vice President, Corporate Citizenship	✓	✓	✓	✓	✓
	Business Strategy Officers	✓	✓		✓	✓
	Human Resources Executives Within the Business and Functional Units	✓		✓		

		Governance and Integrity	Value for Clients	Value for Employees	Value for Society	Value for Planet
Subject matter experts, groups	Director, Corporate Environmental Affairs	✓			✓	✓
	Director, Citizenship Impact Measurement, Evaluation & Reporting	✓	✓	✓	✓	✓
	Senior Director, Youth Innovation and Strategy	✓	✓	✓	✓	
	Director, Youth Social Impact	✓			✓	
	Director, Citizenship Engagement	✓		✓		
	Director, Citizenship Governance and Social Impact	✓			✓	✓
	Regional Donations Managers	✓			✓	✓
	Risk Management	✓	✓		✓	✓
	Compliance	✓				
	Internal Audit	✓			✓	✓
	Human Resources	✓		✓		✓
	Corporate Real Estate	✓			✓	
	Responsible Procurement	✓			✓	✓
	Brand Management	✓	✓		✓	
	RBC Foundation	✓			✓	

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## Our citizenship disclosure

RBC has been producing annual corporate citizenship reports since 1999. Our citizenship disclosure is based on these guiding principles:

- **Transparent:** We will proactively report on the social, environmental and economic topics that have the largest impact on our business and that are of most interest to our stakeholders.
- **Relevant and insightful:** We will provide relevant disclosure on key performance indicators that illustrate our impact on society and the environment, and do our very best to respond to questions and feedback from our stakeholders.
- **Credible:** Our data and information will be of the highest integrity, presented completely and accurately.
- **Accessible and usable:** We believe that our stakeholders deserve to have access to information in a timely fashion, in the format that best suits their needs.

### Disclosure suite

- We produce a targeted annual ESG Performance Report, providing context and performance regarding key citizenship issues that are relevant to our business. This is available at [rbc.com/community-sustainability/reporting-performance.html](https://rbc.com/community-sustainability/reporting-performance.html).
- We produce a set of backgrounders, such as this one, providing a deep level of detail about programs, policies and practices related to our citizenship priorities. These are available at [rbc.com/community-sustainability/reporting-performance.html](https://rbc.com/community-sustainability/reporting-performance.html).
- Our [Community & Sustainability](#) website houses additional background information and publications related to our community and social impact programs and practices and environmental sustainability programs and practices.

- Our [Community & Social Impact Portal](#) contains relevant information about how we help communities prosper through our initiatives and investments. It also includes our [Impact Measurement Framework](#) as well as details on how we create positive social change and how we align our citizenship priorities with the United Nations Sustainable Development Goals (SDGs).

### Oversight

The Governance Committee of the Board of Directors has explicit responsibility for overseeing RBC's corporate citizenship strategy and reporting. In addition we have a Corporate Citizenship Disclosure Committee, a cross-functional group that includes experts from Finance/External Reporting, Law, Global Risk Management, Investor Relations, Regulatory & Government Affairs, Communications, Corporate Environmental Affairs and Human Resources to review and approve content for corporate citizenship disclosure, including the development of key performance indicators and an improved process for approvals. This Committee also reviews and approves our recommended, tiered approach to responding to analyst requests.

### Reporting frameworks

We regularly monitor the development of international corporate citizenship reporting standards and frameworks for relevance and usability, along with the expectations of our stakeholders regarding these standards. We take a continuous improvement approach, focused on disclosing the most relevant performance metrics while embracing the principles and guidance of prevailing non-financial reporting standards, including, but not limited to, those associated with the Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Task Force on Climate-Related Financial Disclosures (TCFD) of the Financial Stability Board, as well as local and national regulations in the regions in which we operate. In 2018, we also considered the United Nations Sustainable Development Goals (SDGs) in our disclosure.

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## Review and assurance

In 2015, we began an annual process of external assurance of a select number of key performance indicators. We grew the number of key performance indicators undergoing external assurance in 2018, and we are committed to providing complete and accurate data to our stakeholders.

## United Nations Sustainable Development Goals (SDGs)

The SDGs address the world's most pressing social and environmental issues by establishing 17 internationally agreed-on goals (also known as the "Global Goals"), and by providing a mechanism for aligning governments, businesses and societies in meeting the 2030 target date for achieving the goals. They are the result of the largest consultation in UN history, which encompassed 83 national surveys engaging seven million people over three years to create goals that are universally representative of values in the developing and developed regions of the world. The SDGs are gaining recognition worldwide as nations and corporations begin to prioritize the areas that are most applicable to them. Using the goals as a common framework will enable comparable measurement and increase the transparency of our progress at the global, national and sub-national levels.

Because we are a purpose-driven organization, many of our programs, investments, initiatives and services already contribute to the SDGs. We will continue to evaluate how our philanthropy, products and services, and operations align with the goals, and we will highlight how our performance compares to the most relevant targets – those that are most central to our business strategy and within our sphere of influence.

For more information on how we are achieving the SDGs through RBC Foundation's activities, please see page 54 of our ESG Performance Report and our new RBC [Community and Social Impact Portal](#).

## Identification of our material ESG issues

In 2017, we commissioned a globally recognized sustainability consultancy to review our material ESG issues with the objective of validating our current understanding of the issues most relevant to our business and of most interest to our stakeholders. We surveyed our employees, interviewed business leaders across RBC and benchmarked ourselves against our global and Canadian peers.

We compiled and reviewed the results of our peer benchmarking assessment, survey and interviews and compared them to the disclosure requirements and information requests of other groups that make up our main audience for our disclosure – e.g. investors, ESG analysts and rating agencies, clients and regulators.

Finally, senior leaders from our Legal, External Reporting, Communications, Group Risk Management, Corporate Environmental Affairs, Regulatory & Government Affairs and Human Resources departments reviewed the results. This process involved a number of discussions about the survey, interviews and external benchmarking as well as discussions on how our material ESG matters fit with our business strategy.

In 2018, we revisited our materiality assessment. Through this process, we identified ESG matters that are new, emerging or increasing in significance, as identified on the next page with ✨. We focused our ESG disclosure on the matters that have the most stakeholder interest and the largest impact on our business. As a result you will see some changes in this year's report.



Legend

● Governance & Integrity

● Value for Employees

● Value for Clients

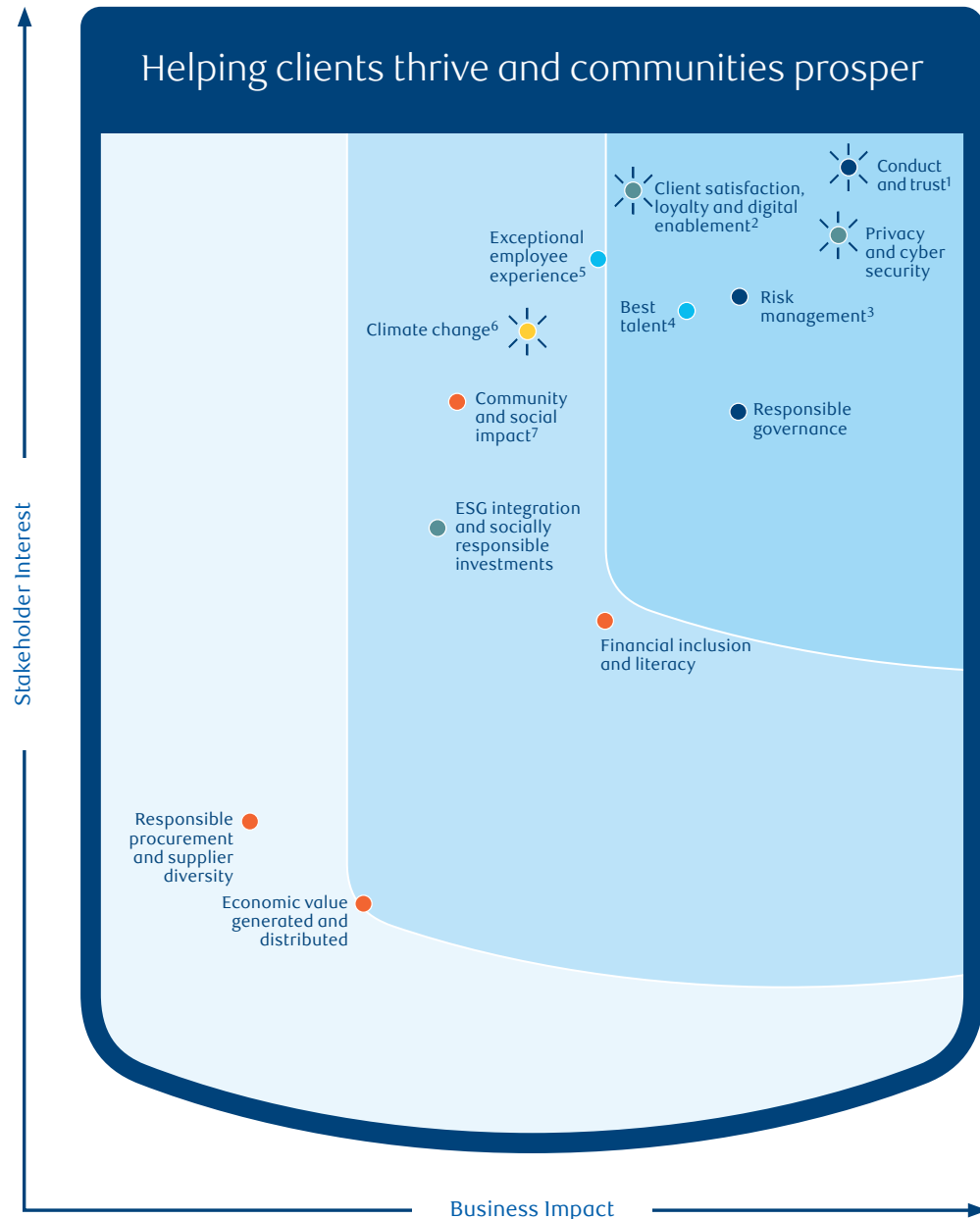
● Value for Society

● Value for Planet

⚡ ESG matter growing in significance

Notes to ESG materiality matrix

1. Conduct and trust includes sales conduct and business practices, anti-money laundering, anti-terrorist financing and anti-bribery/anti-corruption programs, lobbying and political contributions, and tax strategy.
2. Digital enablement is part of our strategy to transform the emerging risk of digital disruption and innovation, as identified in our [2018 Annual Report](#), into business value.
3. Risk management includes environmental and social risk management.
4. Best talent includes delivering experiences rooted in inclusive diversity to attract, inspire and develop talent.
5. Exceptional employee experience includes creating differentiated experiences to exceed employees' expectations of working at RBC.
6. Climate change was formally identified as an emerging risk in our 2017 and [2018 Annual Reports](#). It includes our sustainable financing products and services, environmental footprint reduction efforts, climate change risk management and other activities. Climate change impacts our clients, society and the planet. For the purposes of this disclosure, we discuss climate change in the Value for Planet chapter.
7. Community and social impact includes our strategy to help prepare young people for the future of work to mitigate the potential risk of skills shortages and strengthen economic resilience in the areas where we operate.



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## Stakeholder engagement

We believe that a company “does well by doing good”; that is by having a positive social, environmental and economic impact on our communities on behalf of stakeholders, including:

- Clients and prospective clients
- General consumers
- Current and prospective employees
- Socially responsible and mainstream investors and analysts
- Suppliers and prospective suppliers
- Partners in the voluntary sector, including NGOs and activists
- Governments and regulators

We consider stakeholder engagement to be an integral part of our approach to doing business, above and beyond our corporate responsibility programs. Our framework for engaging stakeholders and

monitoring their expectations is broadly managed across the company, with responsibilities formally assigned to the appropriate business unit or department.

At a corporate level, we engage in:

- Ongoing, project-based and ad hoc dialogue with governments and social and environmental NGOs to address environmental and social issues
- Regular and ongoing dialogue with employees through formal and informal means
- Regular and ongoing dialogue with the socially responsible investment community

### What do you think?

We hope that this reporting framework will significantly make our sustainability initiatives more accessible for our stakeholders, but we know that we will continue to learn on this journey. We welcome your feedback on our approach, or suggestions for improvement, at [corporatecitizenship@rbc.com](mailto:corporatecitizenship@rbc.com).