

Royal Bank of Canada

Statement on Lobbying and Political Contributions



Statement on Lobbying and Political Contributions

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 of ESG issues relevant to financial services companies in general, and to RBC in particular. It complements the information on 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).

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 delivering sustainable growth and value for all our stakeholders.

It all starts with a commitment to conducting ourselves with integrity, in every action and transaction, in 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.

Active and constructive engagement in consultations on public policy is an important part of responsible corporate citizenship. RBC's Board of Directors believes that open dialogue between government, the public and the business community leads to greater understanding and contributes to informed government decision-making, benefitting our shareholders, customers and the communities we serve. We are committed to high ethical standards in all of our relationships with government officials. RBC is subject to significant government regulation and risks generated by new, complex and evolving legislative and regulatory requirements that impact nearly every aspect of our business operations. As such, our customers, employees and shareholders have a measurable stake in the outcome of certain public policy discussions.

Through our Regulatory & Government Affairs group, we participate in policy advocacy by communicating in a legal and appropriate manner with policymakers and regulators on issues that impact our business. Our lobbying efforts focus primarily on issues that affect our business, and we report our lobbying activity, which ensures transparency and accountability. At all times, we act in a manner that demonstrates respect for democratic institutions, including the duty of public office holders to serve the public interest.

RBC has internal and external policies that govern our behaviour in matters of corporate citizenship. The Board of Directors plays an important oversight role in RBC's public advocacy activities and political participation. The independent Governance Committee of the Board of Directors is responsible for maintaining an informed status on the issues related to corporate citizenship, government relations, and the status and adequacy of efforts to develop and maintain effective relationships with regulators and governments. The Committee receives regular reports on advocacy initiatives in Canada and the U.S., including information on the focus of our advocacy efforts, engagement with key officials on regulatory and legislative reform, and involvement with trade associations and other industry participants. In the U.S., the Board of Directors of RBC USA Holdco Corporation reviews quarterly reports on lobbying and PAC-related activities.

Transparency and accountability are fundamental to maintaining integrity in our lobbying efforts. Together with the RBC Code of Conduct, our Enterprise Lobbying Policy, our Canadian and United States Lobbying Procedures and other controls, we ensure compliance with laws respecting communication with government officials in every jurisdiction in which we operate. We continuously re-evaluate our reporting practices to ensure that our disclosures meet the needs of our stakeholders. Over the years, shareholder engagement has helped RBC to expand its level of disclosure and create or modify corporate policies related to political engagement. We continuously review our practices and reporting in response to both regulatory changes and emerging best practices.

Related community activities

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, and governments and regulators. We consider stakeholder engagement to be an integral part of our approach to doing business, above and beyond our corporate citizenship 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.

Annually, we produce the Public Accountability Statement (PAS), which encompasses relevant activities related to Royal Bank of Canada and its prescribed Affiliates and Declarants. The PAS complements our annual and ongoing environmental, social and governance (ESG) reporting, which summarizes long-term value created for our stakeholders, and provides detail on our impact regarding each ESG pillar.

Our ESG Report includes information on our support for community causes around the world and charitable donations to a broad range of causes. For more information on our programs, plans, goals and performance highlights, visit www.rbc.com/community-sustainability/reporting-performance.html.

Lobbying

In addition to our Code of Conduct, our global approach to lobbying covers circumstances where RBC employees may have contact with public officials who play a role in developing legislation, regulations or other government actions. Where such contact occurs, the policy requires that appropriate processes and controls be put in place to ensure that these contacts comply with applicable rules, regulations and internal requirements.

We implement this policy in a number of ways based on the laws in each jurisdiction, although the majority of our activities take place in Canada, particularly at the federal level, and in the U.S. The role of Compliance includes providing advice and counsel regarding communication restrictions and reporting obligations.

Members of RBC's Board of Directors are not registered to lobby on behalf of RBC. Information on those authorized to lobby on behalf of RBC, including any third parties, is publicly disclosed in accordance with applicable laws.

Canada

We communicate with government in an open and transparent way that is fully consistent with the federal Lobbying Act and other applicable laws and regulations. The CEO of RBC is responsible for ensuring that employees who lobby are informed of their obligations, including under the federal Lobbying Act, and of their duty to abide by the principles of the Lobbyists' Code of Conduct.

Employees who lobby on behalf of RBC are authorized by senior management. In addition, we register employees who lobby federally on our behalf, as required by applicable laws and regulation, including the president and CEO of RBC and a number of his direct reports.

Employees who are authorized to communicate on behalf of RBC must comply with the Canadian federal Lobbyists' Code of Conduct and other relevant laws, including keeping a running log of every reportable communication that has taken place, responding promptly to all emails received regarding lobbying activity, providing information on all reportable, relevant communications and seeking guidance from Regulatory & Government Affairs when necessary.

On a monthly basis, RBC files reports certified by the CEO on our federal lobbying activities and any other reportable activities. Monthly reports and any other required filings are the overall responsibility of RBC's vice-president of Regulatory & Government Affairs. In 2018, RBC had 39 reportable communications with public office holders. A full list of our federal reportable communications can be found on the website of the Office of the Commissioner of Lobbying of Canada (OCL) at <https://lobbycanada.gc.ca/eic/site/012.nsf/eng/00035.html>.

Provincial reportable communications can be found at:

British Columbia – www.lobbyistsregistrar.bc.ca

Alberta – www.albertalobbyistregistry.ca

Saskatchewan – www.sasklobbyistregistry.ca

Manitoba – www.lobbyistregistrar.mb.ca

Ontario – www.oico.on.ca

Quebec – www.commissairelobby.qc.ca

New Brunswick – www.gnb.ca/legis/conflict

Nova Scotia – www.novascotia.ca/sns/lobbyist

Newfoundland and Labrador – www.servicenl.gov.nl.ca/registries/lobbyists.html

Additional information on reportable communications can be found at the Office of the Commissioner of Lobbying of Canada: https://lobbycanada.gc.ca/eic/site/012.nsf/eng/h_00000.html.

United States

The U.S. Congress provides public access to our federal lobbying disclosure reports, including reporting of RBC's quarterly expenditures on lobbying-related activities, the subject matter of issues on which RBC lobbies and the name(s) of any individual(s) registered to lobby on RBC's behalf, at <http://disclosures.house.gov/ld/ldsearch.aspx>. RBC has one registered federal lobbyist in the U.S. Certain employees are registered as lobbyists at the state and local level. This activity mainly encompasses procurement lobbying.

Key public policy positions in 2018

Issue	Primary Government Office	Key Developments and RBC's Positions/Activities	Jurisdiction
Federal financial services legislative review process	Government of Canada and related public authorities	RBC participated, both directly and through industry associations, in consultations related to the 2019 federal financial services legislation review process, which includes possible changes to the federal Bank, Trust and Loan Companies and Insurance Companies acts. Key areas of interest include the ability of banks to invest in and partner with fintech, consumer protection measures and ensuring financial services legislation is modernized to enable digital transactions.	Canada
OTC derivatives	Government of Canada, provincial governments and other relevant stakeholders	RBC participated, both directly and through industry associations, in the Canadian Securities Administrators' consultation process on registration and business conduct rules relating to OTC derivatives products, including bank activities in this area.	Canada
Payments system	Government of Canada and other relevant stakeholders	RBC actively participated in government consultations on payment-related issues, including in discussions about potential regulatory oversight of new payments providers and efforts to modernize the Canadian payments system, including faster payments and more efficient clearing and settlement.	Canada
NAFTA/USMCA	Canadian and U.S. government officials	RBC participated in discussions with government and related stakeholders to ensure that the interests of the financial services sector and our clients are well understood. Some important areas of interest included cross-border regulatory harmonization, providing firms with flexibility as to where to locate data, and labour mobility.	Canada and U.S.
Financial regulatory reform	U.S. Senate, U.S. House of Representatives, Federal Reserve System, Securities & Exchange Commission (SEC), Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC)	RBC participated, both directly and through industry associations, in discussions and written comments regarding the implementation of rules and regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Titles I, VI, VII, and IX). Additionally, RBC participated, both directly and through industry associations, in discussions and written comments on issues related to SEC proposed Regulation Best Interest, OCC Advanced Notice of Proposed Rulemaking regarding the Community Reinvestment Act, and the Economic Growth, Regulatory Relief, and Consumer Protection Act (S.2155), including regulation of foreign banking organizations.	U.S.
Issues related to market structure, including Regulation NMS	U.S. Senate, U.S. House of Representatives, Securities & Exchange Commission (SEC)	RBC engaged in advocacy efforts in support of a pilot study of rebates and access fees, and for greater transparency of order routing.	U.S.
Tax policy	U.S. Senate, U.S. House of Representatives, U.S. Treasury Department	RBC engaged in discussions related to reforming the U.S. tax code, including the Base Erosion and Anti-Abuse Tax (BEAT) and other provisions of H.R. 1, the Low Income Housing Tax Credit (LIHTC), and infrastructure finance.	U.S.

Memberships and associations

In addition to our direct engagement with government officials, we are also members of associations that may have interactions with government officials on matters of interest to the financial services industry. These associations, such as the Canadian Bankers Association, promote public policy objectives important to RBC, our customers and the broader community. Membership in, or financial support of, these various groups does not mean that RBC supports every position taken by these organizations or their other members. Where these positions differ from those of RBC, we are committed to voicing our concerns as appropriate through our employees who serve on the boards and committees of these groups or publicly, as necessary.

As part of our commitment to transparency, RBC provides disclosure on lobbying including a list of organizations and trade associations that may lobby government and to which we pay membership dues of greater than \$50,000 per year.

The following are key organizations and trade associations to which RBC belongs or is affiliated that may engage in lobbying governments and to which we currently pay membership fees:

CDN\$50,000 - \$100,000:

- [Business Council of Canada](#)
- [The Canadian Chamber of Commerce](#)
- [UK Finance](#)

CDN\$100,000 - \$200,000:

- [Association for Financial Markets in Europe](#)
- [Institute of International Bankers](#)
- [Structured Finance Industry Group](#)
- [Toronto Finance International](#)

Over CDN\$200,000:

- [Canadian Bankers Association](#)
- [Canadian Life and Health Insurance Association](#)
- [Financial Services Roundtable](#)
- [Futures Industry Association](#)

- [Investment Industry Association of Canada](#)
- [Securities Industry and Financial Markets Association](#)
- [The Investment Funds Institute of Canada](#)

In the U.S., trade associations annually report to their members the percentage of membership dues that are attributed to lobbying activity expenditures. These expenditures are non-deductible as defined under section 162(e) of the Internal Revenue Code. For RBC, those amounts are as follows:

U.S. non-deductible lobbying activity expenditures as at December 31, 2018

Trade Association	Lobbying Activity Expenditures
Financial Services Roundtable (FSR)	USD\$47,550.00
Futures Industry Association (FIA)	USD\$21,400.02
Institute of International Bankers (IIB)	USD\$18,683.10
Organization for International Investment (OFII)	USD\$9,625.00
Structured Finance Industry Group (SFIG)	USD\$4,125.00
Securities Industry and Financial Markets Association (SIFMA)	USD\$95,595.15
The Affordable Housing Tax Credit Coalition (AHTCC)	USD\$18,356.25
Totals	USD\$215,334.52

RBC Foundation donations to charities, non-profit and other tax-exempt organizations (e.g. research and related organizations)

Our charitable activities are intended to support our charitable priorities. Donations made through the RBC Foundation include strict guidelines with respect to the nature of these donations, including that they not be used for the purpose of political advocacy.

Only charitable donations may be supported by RBC donations budgets. For reasons of accountability, reputational risk and tax benefit, RBC places restrictions on the types of organizations to which donations may

be made. Charitable organizations eligible for RBC donations are limited to the following:

- In Canada, qualified donees under Revenue Canada guidelines
- In the United States, organizations designated under s. 501 (c) (3) of the U.S. Income Tax Code, schools, colleges and universities, and any other charitable organization permitted under local RBC donations policies

Under Canadian federal law, registered charities are strictly limited in their activities. Although an organization established for a political purpose cannot be registered as a charity, a registered charity may take part in some political activities as a way of furthering its charitable purpose(s). Under the Canadian Income Tax Act, a charity may spend no more than 10% of its total resources a year on political activities, or its charitable status will be revoked – see [this link](#) for more information.

There are numerous entities that are not eligible to apply for or receive donations from the RBC Foundation including, but not limited to:

- Individuals (including for the purpose of scholarships or sponsorships of charity events)
- Political organizations or parties
- Private foundations and corporate foundations
- Community foundations, unless for programmatic support
- Trade associations, advocacy organizations, chambers of commerce and professional organizations
- Organizations with values, a purpose, policies or practices in conflict with RBC values
- Any organization appearing on a money laundering or terrorist financing list in Canada or in the country of the RBC business unit/platform or subsidiary making the donation

A complete list of the charities that receive funding from the RBC Foundation can be found on the CRA website (search “RBC Foundation”).

Political contributions and involvement

RBC supports the communities where we live, work and do business. We also accept accountability for the social and economic effects of our business decisions. We take pride in the value of our contributions and encourage employee volunteerism and participation in general political processes.

The RBC Code of Conduct states that any political contributions made by or political activities performed by employees must be done on the employees’ own behalf, at their own expense and on their own time, and not as representatives of RBC.

Effective January 1, 2018, RBC does not use corporate funds to donate to political candidates or parties. Information on our historical Canadian corporate political contributions at the provincial level is available at:

- British Columbia* – www.elections.bc.ca/
- Alberta* – www.elections.ab.ca/
- Saskatchewan – www.elections.sk.ca/
- Manitoba* – www.electionsmanitoba.ca/en
- Ontario* – <https://www.elections.on.ca/en.html>
- Quebec* – <https://www.electionsquebec.qc.ca/english/>
- New Brunswick* – www.electionsnb.ca/
- Nova Scotia* – <https://electionsnovascotia.ca/>
- Prince Edward Island* – www.electionspei.ca/
- Newfoundland and Labrador – www.elections.gov.nl.ca/elections/

* Corporate contributions are currently illegal.

In the U.S., we periodically use corporate funds to support ballot initiatives and similar activities. RBC’s political activities, including political contributions, are restricted by federal and state laws and regulations including those regarding the administration of the RBC USA Holdco Corporation Federal Political Action Committee (PAC). The RBC PAC provides opportunities for eligible employees to support federal candidates whose views the PAC believes are consistent with RBC’s commitment to a fair, transparent and competitive U.S. financial marketplace. It is supported by

voluntary contributions of RBC employees who are U.S. citizens or lawful permanent residents of the U.S. The PAC's day-to-day activities are overseen by a board of directors, which approves contributions by the PAC to candidates.

RBC operates one PAC at the federal level. RBC does not operate or contribute to any "Super PACs". RBC does not operate any PACs at the state level. In addition, due to RBC's business activities, federal, state, and local pay-to-play rules further limit corporate and individual employee contributions.

RBC publicly discloses employee PAC contributions as required by law. All reportable political contributions can be found at <https://www.fec.gov/>. This database includes contributions by the RBC PAC, as well as reportable contributions by individuals who are RBC employees. Contributions since the PAC's inception in 2014 can be found in the table below.

2014	2015	2016	2017	2018
\$21,200.00	\$18,200.00	\$43,100.00	28,000.00	\$32,500.00

In addition, RBC makes contributions in the U.S. to a limited number of state and local-level ballot initiatives as permitted by law. Contributions that are reportable by RBC to the Municipal Securities Rule Making Board can be found at <https://emma.msrb.org/MarketActivity/PoliticalContributions.aspx>.