



SOCIAL FINANCE FORUM

George Lewis Speaking Remarks

DATE & TIME 9:10-9:30am
November 7, 2014

LOCATION MaRS Discovery District
101 College St., Suite 420 Toronto,

CHECK AGAINST DELIVERY

- Good morning and thank you for having me. It's a pleasure to be here today.
- As head of our wealth and asset management business, I am privileged to lead a team of almost 13,000 employees from around the globe who have collectively – through their hard work, dedication and commitment to clients – earned us recent recognition as the fifth largest wealth manager in the world.
- This is a ranking we're incredibly proud of and a testament to the strength of RBC's global brand and reputation for integrity and client service.
- At RBC, we take great pleasure in working with leading organizations, like the MaRS Centre for Impact Investing, to support, invest in and catalyze innovations and initiatives that drive the positive advancement of social good and environmental values.
- RBC's partnership with the MaRS Centre, now entering its fourth year, aims at increasing awareness of social finance and directing new capital and talent to tackle social and environmental problems in Canada.
- Since it's founding, the Centre has quickly become the leading social finance hub and project incubator in Canada. MaRS does a

great job supporting the development of impact investing in Canada through:

- the development of new financial products;
 - research;
 - impact measurement tools and strategies; and,
 - educational and convening opportunities to advance the sector in Canada.
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- In 2014, RBC collaborated with MaRS on incubating social entrepreneurs from the Impact 8 program, advising on new community-based finance solutions and producing leading research on impact investing.

 - As the leading financial institution in Canada with a growing global presence, our primary goal at RBC is helping individuals and businesses grow and prosper, while gaining competitive market share within North America and across the globe.

 - But we also take our role as a corporate citizen very seriously.

 - I am proud to represent an organization where the values and imperatives of social good and stewardship are part of the fabric of our culture, and where our people go above and beyond for their clients and make a difference in their communities.

 - Each year, we contribute over \$100 million in donations and sponsorships to social and environmental causes around the

world, making us one of Canada's largest corporate donors. We have a number of long-term commitments to drive social impact in education, environment, health and wellness and corporate citizenship.

- Today, more and more, we are seeing how capital creation and philanthropic giving go together to create shared values for all stakeholders.
- With the RBC Social Finance Initiative about to enter its third year, we're excited to be among a handful of Canadian institutions that are not just participating in, but leading the growth of this increasingly important field.
- Our commitment to this space demonstrates our obligation and responsibility to help solve some of the challenges faced by today's youth, disadvantaged groups, and our planet.
- As many of you may know, we launched the RBC Social Finance Initiative in 2012 with the aim to help build a more dynamic impact investing marketplace and catalyze social finance in Canada.
- We started by committing \$10 million of RBC Foundation assets to responsible investment to show that institutional investors can participate in the responsible investing space.
- Today, over 25 per cent of the endowment is committed to SRI, demonstrating the opportunity to mobilize foundation capital for impact.

- Next, we committed to nurturing and supporting the growing number of entrepreneurs who want to do good. To this end, we are investing in partnerships with start-up incubators and accelerators that help social entrepreneurs excel.
- Finally, we committed \$10 million of our own money to an impact investing fund, called the RBC Generator to finance early-stage companies with a social or environmental purpose.
- Through this venture capital fund, we intend to prove that investors can succeed financially when investing in organizations that generate social and environmental value.
- To date, we have invested over \$3.5 million in companies and funds of companies making a positive difference in employment, clean water, and clean energy.
- These efforts have helped provide the capital and market-based solutions to stimulate innovation and help solve some of our pressing social and environmental challenges.
- [Pause]
- In our privileged position of working with the world's High Net Worth individuals, we're seeing that more and more they are keen to allocate personal wealth towards intended social impact.
- The 2014 World Wealth Report, our industry leading report which provides unparalleled insights into the global state of wealth, shows that making a positive impact on society, through thoughtful

investments of time, money or expertise is increasingly important to the world's growing High Net Worth population. They are also looking to their Wealth Management firms to play a greater role in support of their social impact efforts.

- We define High Net Worth individuals as those with over US\$1 million in investable assets. This group is driven by personal and family values, the desire to instill social values in children and a feeling of responsibility to give back.
- In Canada, 44 percent of High Net Worth Individuals believe making a positive social impact is extremely or very important – of which health, education and children's causes are most important.
- The findings show that age plays a strong role in the desire of High Net Worth Individuals to strive for social good with individuals under 40 and those in emerging markets, particularly India, China and Indonesia, leading the trend.
- High Net Worth individuals represent a fast growing consumer group who are looking to use their private capital for public good.
- They seek to make a social impact in a variety of ways including: making investment choices with a clearly defined social impact objective, giving on an ongoing basis to charities, more general community involvement, volunteering, and making strategic business decisions with a clearly defined social impact objective.

- And they're looking to make more impactful investments in a new type of company – a social enterprise – that incorporates a targeted and specific social purpose into its mandate.
- While there is no one-size fits all approach to driving social impact, the report confirmed that leading firms will need to look for opportunities to support clients through socially responsible investment-related strategies, as well as on sustainable impact and traditional philanthropic efforts, in order to continue to deepen and grow these relationships from one generation to the next.
- So, what has RBC Wealth Management done in response to this growing trend?
- We've responded with a wide range of approaches including trusts, donor-advised funds, outright charitable giving, socially responsible investments (SRIs) and private foundations.
- Our support is driven by the interest of our clients to make a positive social impact, our commitment as an enterprise to be a leading corporate citizen, and to ensuring we offer an integrated investing approach that considers financial and non-financial returns.
- RBC currently manages \$3.3 billion in SRIs (this includes Assets Under Management in both the US and Canada)

- RBC Global Asset Management offers the RBC Jantzi Funds (2007) and the PH&N Community Values Funds (2002) that incorporate environmental, social and governance criteria in their investment process.
- RBC Global Asset Management also recently announced an agreement with Community Reinvestment Fund, USA, to purchase and service up to \$50 million in loans to support affordable rental housing as part of the RBC Access Capital Community Investment Strategy.
- The funds will support investment in affordable housing by purchasing multi-family rental loans originated by the Federal Housing Administration and Housing Finance Agencies under the Risk-Share loan program. This program provides state Housing Finance Agencies with a sustainable low-cost source of financing to support the development of affordable multifamily properties.
- From a business perspective, RBC Wealth Management recently enhanced its sustainable fund range by adding a third-party sustainable manager and a water fund. We also added a sustainability specialist to our UK team last year to invest according to Environmental, Social and Governance (ESG) factors.

- And RBC Capital Markets is increasing its activity in the Green Bond market which provides the perfect opportunity for socially responsible investors to participate in projects that promote environmental sustainability.

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- As we move more fully into the social finance space, we also want to make sure we have a good understanding of another important part of the impact investing marketplace - social entrepreneurs, like many of you. We want to know what drives you, what you are looking for, and how we can help. To that end, this past year we commissioned a study of Canadian entrepreneurs to understand the extent to which businesses are going beyond financial goals to pursue social goals.
- I'd like to take a quick moment to highlights the five key themes that emerged from this research:
 - Social entrepreneurs are a rare breed. Only 9 percent of entrepreneurs surveyed characterize themselves as social entrepreneurs who use formal social or environmental goals to gauge their performance.
 - Social businesses are *just as likely* to experience high revenue growth as any other business.
 - Passion fuels their success. As you'll probably agree, most entrepreneurs are passionate, but social entrepreneurs take this passion to the next level, as the

motivations of social entrepreneurs extend beyond profit, to a desire to serve the greater good. And this passion helps them succeed.

- Social entrepreneurs are extremely innovative. They apply creative solutions to address business challenges; they are innovating to overcome financial hurdles and applying creative marketing to target niche customers with premium social products and services.
- And finally – successful social entrepreneurs tend to view external advisors, including banks, as important to their business, providing them needed business support and guidance.
- This final point is an important one. Financial institutions play a new and interesting role in not just building the products and services that will propel Social Finance forward, but rather in leading and catalyzing the innovation and growth of those organizations that will support the future growth of the field.

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- At RBC, we are well positioned to harness impact investing across our businesses with the potential for new client acquisition, product development and reputational benefits.
- Whether it's mobilizing private capital for public good, increasing the accessibility of capital available, redirecting existing capital to more impactful opportunities, or enabling and supporting social

enterprises in thriving, RBC wants to be sitting at the table with individuals like you, who are at the forefront of social finance growth.

- Hard work, leadership and collaboration from each sector and region across Canada is required if impact investing is going to reach the scale and depth of its potential.
- And, it's in great thanks to forums like these and people like you, who are propelling social finance ahead with the insights and information we require to grow our influence in this space.
- Thank you.