












RBC  
Blueprint  
for Doing Better™

Royal Bank of Canada

# 2010 Corporate Responsibility Report and Public Accountability Statement



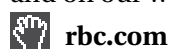
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# About this report

## Scope

This report provides an overview of our social, economic and environmental commitments and impacts on the communities and countries in which we do business. It complements the information on our results of operations and financial condition provided in our 2010 Annual Report. This report is produced for a wide range of stakeholders. We provide more detail related to stakeholder-specific issues in our 2010 Annual Report and on our website.



## Public Accountability Statement

All federally regulated financial institutions in Canada with equity greater than \$1 billion are required to publish annual public accountability statements outlining their contributions to the Canadian economy and society. This report includes the public accountability statement for Royal Bank of Canada and its prescribed affiliates and the public accountability statements for each of Royal Bank Mortgage Corporation and RBC Life Insurance Company. Our Corporate Responsibility Report and Public Accountability Statement can be requested in a printed version at no cost by contacting:

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## Stakeholders

This report is published for all major stakeholders of Royal Bank of Canada and its subsidiaries, which together operate under the master brand name RBC™. Our major stakeholders include employees, clients, current and prospective investors, suppliers,

governments, regulators, non-governmental organizations (NGOs) and community partners.

## Reporting period

All data and examples contained in this report reflect activities undertaken during our 2010 fiscal year (November 1, 2009 – October 31, 2010), unless otherwise noted.

## Terminology

References to “employees” include people who work for all RBC businesses and functions around the world, as outlined on page 3 of this report.

## Currency and measurement

All currency amounts in this document are in Canadian dollars unless otherwise stated.

U.S. dollars are converted using the fiscal 2010 average (C\$1.00 = US\$0.959). Measures used in this report are metric, except where otherwise stated.

## Global Reporting Initiative

We use the Global Reporting Initiative (GRI) G3 Guidelines, the GRI Financial Services Sector Supplement, as well as stakeholder input and external best practices to help structure our sustainability reporting, both in this report and online. A GRI content index can be found on our website and on page 96 of this report to help readers compare RBC to other reporting organizations.

## Forward-looking statements

This report contains forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the U.S. *Private Securities Litigation Reform Act of 1995* and applicable Canadian securities legislation. These forward-looking statements include, among others, statements with respect to credit quality during 2011 in Canada, anticipated provision for credit losses, consumer lending and business spending in Canadian Banking, as well as statements with respect to our financial performance objectives, our vision and strategic goals, our priorities and environmental

objectives for 2011, and our bank and insurance branch expansion plans.

We caution readers not to place undue reliance on these statements, as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors — many of which are beyond our control and the effects of which can be difficult to predict — include credit, market, operational, and liquidity and funding risks, as well as other risks including general business, economic and financial market conditions in Canada,

the U.S. and certain other countries in which we conduct business, including the effects of the European sovereign debt crisis. Additional information about these and other factors can be found in our 2010 Annual Report.

#### **Previous reports and additional information**

Past corporate responsibility reports and public accountability statements, as well as other information relevant to the issues presented in this report, are available on our website.



**rbc.com**

# About RBC

## Our business

- Royal Bank of Canada (RY on TSX and NYSE) and its subsidiaries operate under the master brand name RBC.
- We are Canada's largest bank as measured by assets and market capitalization, and among the largest banks in the world, based on market capitalization.
- We are one of North America's leading diversified financial services companies, and provide personal and commercial banking, wealth management services, insurance, corporate and investment banking and transaction processing services on a global basis.
- We employ approximately 79,000 full- and part-time employees, who serve close to 18 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 50 other countries.

## Our structure

- **Canadian Banking:** Canadian Banking comprises our domestic personal and business banking operations and certain retail investment businesses and is operated with three business lines: Personal Financial Services, Business Financial Services, and Cards and Payment Solutions. We provide a broad suite of financial products and services to more than 10 million individual and business clients through our extensive branch, automated teller machine (ATM), online and telephone banking networks, as well as through a large number of proprietary sales professionals.
- **Wealth Management:** Wealth Management comprises Canadian Wealth Management, U.S. & International Wealth Management and Global Asset Management. We serve affluent and high net worth clients in Canada, the U.S., Europe, Asia and Latin America with a full suite of investment, trust and other wealth management solutions. We also provide asset management products and services through other RBC distribution channels and third-party distributors, and directly to institutional and

individual clients. We are a market leader in Canadian wealth and asset management as measured by assets under administration and assets under management, respectively, and we have strong and growing businesses in the U.S. and internationally.

- **Insurance:** Insurance comprises Canadian Insurance, U.S. Insurance, and International & Other. In Canada, we offer our products and services through our growing proprietary channels, including retail insurance branches, call centres and our career sales force as well as through independent insurance advisors and travel agencies. Outside North America, we operate in reinsurance markets globally.

In October 2010, we announced our intention to sell Liberty Life Insurance Company, our U.S. life insurance business. The transaction is subject to regulatory approvals and customary closing conditions, and is expected to close in early 2011. Subsequent to the completion of the divestiture, we will realign Insurance into two lines of business: Canadian Insurance and International & Other. The travel insurance businesses in the U.S. will be included in International & Other.

- **International Banking:** International Banking comprises a broad range of financial products and services delivered to individuals, business clients and public institutions through our banking businesses in the U.S. and Caribbean. We also provide an integrated suite of products to institutional investors worldwide through our joint venture, RBC Dexia Investor Services (RBC Dexia IS), of which we have a 50% ownership interest.
- **Capital Markets:** Capital Markets comprises our global wholesale banking businesses providing corporate, public sector and institutional clients with a wide range of products and services. In North America, we offer a full suite of products and service capabilities and have long-standing and deep relationships with our clients. Outside North America, we have a select but diversified set of global capabilities, which includes fixed income origination

and distribution, structuring and trading, foreign exchange, commodities and investment banking. Capital Markets is comprised of two primary businesses: Capital Markets Sales and Trading and Corporate and Investment Banking.

- **Corporate Support:** This segment comprises Operations, Technology and Functions. Our Operations and Technology teams provide the operational and technological foundation required to effectively deliver products and services to our clients. Functions includes corporate treasury, finance, human resources, risk management, internal audit and other functional groups.

### Vision

Our vision is “Always earning the right to be our clients’ first choice.” The RBC Blueprint for Doing Better™ on page 8 depicts our vision for doing better for our clients, our investors, our employees and our communities.

### Values

Every RBC employee across the company has a duty to behave responsibly. This requirement is built into our Code of Conduct, which reads:

*“It is our duty as a corporate citizen to add value to society while earning a profit for our shareholders. RBC companies take responsibility for the effects of their actions, both social and economic.”*

Our five core values address the behaviours that make a company sustainable:

- Excellent service to clients and each other
- Working together to succeed
- Personal responsibility for high performance
- Diversity for growth and innovation
- Trust through integrity in everything we do

Every employee is trained to understand and embrace these values, which are a significant driver of employee engagement.

### Strategy

Over the past few years, our performance has proven the value of our diversified business mix, strong risk management practices and client focus. By continuing to build on these competitive strengths, we will deliver on our aspiration to be a top-performing diversified financial institution that delivers sustainable, profitable growth and top quartile results for our shareholders. The following 2011 strategic goals reflect this aspiration:

- In Canada, to be the undisputed leader in financial services;
- Globally, to be a leading provider of capital markets and wealth management solutions; and
- In targeted markets, to be a leading provider of select financial services complementary to our core strengths.

# Vital statistics\*

Economic impact (\$ billions)	2010	2009	2008
Revenue	\$ 28.3	\$ 29.1	\$ 21.6
Market capitalization	\$ 77.5	\$ 77.7	\$ 62.8
Taxes incurred <sup>1</sup>	\$ 2.5	\$ 2.3	\$ 2.1
Employee compensation and benefits	\$ 8.8	\$ 9.0	\$ 7.8
Goods and services purchased	\$ 5.4	\$ 5.1	\$ 4.7
Debt financing for businesses in Canada (authorized)	\$ 135.2	\$ 134.2	\$ 143.5

Marketplace	2010	2009	2008
Countries in which we operate	52	55	50
Clients (millions; approximate)	18	18	17
Bank branches (Canada)	1,209	1,197	1,174
ATMs (Canada)	4,227	4,214	4,149
Bank branches (United States)	426	438	439
ATMs (United States)	476	486	503
Bank branches (Caribbean)	126	125	127
ATMs (Caribbean)	330	330	312
Bank branches (China)	1	1	1
Insurance branches (Canada)	52	49	35
Online banking active users <sup>2</sup> (Canada)	27	25	23

Workplace	2010	2009	2008
Employees	78,676	77,673	80,100
Full-time equivalent (FTE) positions	72,126	71,186	73,323
Employees (Canada)	55,671	54,725	56,112
Employees (United States)	12,903	13,093	14,082
Employees (Caribbean and other international countries)	10,102	9,855	9,906
Amount invested in formal training (including direct and indirect expenditures)	\$ 143.9 million	\$ 124.8 million	\$ 149.0 million

Workforce diversity (Canada) <sup>3</sup>	2010	2009	2008
Women	67%	68%	69%
Women in management	54%	54%	54%
Visible minorities	28%	27%	26%
Visible minorities in management	27%	25%	25%
People with disabilities	3.5%	3.7%	3.8%
Aboriginal people	1.6%	1.6%	1.6%

Environment	2010	2009	2008
Office paper use (kilograms/FTE)	51	56	59
CO <sub>2</sub> e emissions from energy use (tonnes/m <sup>2</sup> )	.097	.104	.092
Energy intensity all properties (MWh/m <sup>2</sup> )	.35	.37	.40
CO <sub>2</sub> e emissions from employee travel (tonnes/FTE)	.40	.34	.36
Transactions assessed under Equator Principles	7	6	5

Community (\$ millions)	2010	2009	2008
Investments in community causes (total of donations and sponsorships)	\$ 130.1 <sup>4</sup>	\$ 105.1	\$ 99.0
Donations	\$ 56.6	\$ 52.6	\$ 51.5
Community and national sponsorships	\$ 73.5 <sup>4</sup>	\$ 52.5	\$ 47.5

\* All figures refer to our worldwide operations and all currency references are to Canadian dollars, unless otherwise noted.

<sup>1</sup> Taxes include income, capital, goods and sales, payroll, property, insurance premium and business taxes.

<sup>2</sup> Percentage of RBC Royal Bank™ customers who are actively using online banking solutions (measured by transactions).

<sup>3</sup> Figures represent Employment Equity data as of October 31 for each year presented, for our businesses in Canada governed by the *Employment Equity Act*. Given variations in legal definitions and restrictions in legislation around the world, comprehensive data on these four designated groups (women, visible minorities, people with disabilities, Aboriginal people) is available only in Canada.

<sup>4</sup> Includes our support of the Vancouver 2010 Olympic and Paralympic Winter Games and the 2010 Olympic and Paralympic Torch Relays.

# Message from the CEO

## Welcome!

Thank you for your interest in corporate responsibility at RBC.

We're often asked to define "corporate responsibility" or "sustainability." It's a simple question, but the answer can quickly become complex, because there are many different points of view on what constitutes responsible behaviour. Some of them are wildly divergent.

Here's an example:

February 2010 saw the culmination of years of work and commitment for us, as presenting sponsor of the Vancouver Olympic and Paralympic Winter Games. Through our sponsorship, 4,500 people had the chance to carry the Olympic Torch as it made its way to more than 1,000 communities across Canada. For many people, our involvement with the Games was a tangible expression of corporate responsibility.

Three months later, in May 2010, three men firebombed an RBC retail bank branch in downtown Ottawa to protest our sponsorship of the Games. For these people, our involvement with the Games was proof of irresponsibility. Thankfully, no one was hurt in the explosion or fire.

These two points of view couldn't be further apart, and a full range of opinions span the grey area in between. But I am offering this dramatic example to make the point that every company has a wide range of stakeholders, and not every action we take is interpreted the same way by all of them. Banks in particular have a significant impact on people, communities and the economies of countries. We must be adept at navigating stakeholder concerns in order to develop thoughtful, balanced policies and programs. At RBC, we are very serious about assessing our responsibilities and our impact on employees, clients, shareholders, communities and economies and are widely recognized for doing this well.

Sustainability or corporate responsibility may not be something that people can define precisely — but they generally know it when they see it. This year, we thought we'd describe what we think a sustainable company looks like.

Sustainable companies know that the decisions they make today will have an impact tomorrow and they govern themselves accordingly. At RBC, we believe that "corporate responsibility" consists of a number of distinct threads. At the centre is a commitment to integrity in all aspects of our operations. We believe this is a fundamental priority for financial services companies. Woven around this, we are focused on five distinct areas where we have an impact: the economy at large, the marketplace, the workplace, the environment and the community. The commitments in these five areas, together with our operational integrity, comprise the RBC Blueprint for Doing Better™, our overarching structure to being a sustainable, responsible global financial services company.

- A sustainable company operates with integrity. This is the tie that binds everything else together. At RBC, we have developed policies and programs that are ranked\* at or near the top of the world's best practices for financial institutions. For example, every single employee around the world, without exception, must comply with our comprehensive Code of Conduct, as well as understand his or her role in preventing money laundering, ensuring privacy, combating terrorism financing and avoiding bribery.
- A sustainable company has a positive impact on the economy. RBC employs approximately 79,000 people worldwide, provides credit to businesses large and small, and purchases goods and services from suppliers of all sizes.
- A sustainable company has sound business practices in the marketplace. For a financial services company,

\* See page 9 for rankings and sources.



the responsible provision of credit is a good example of responsibility in action. At RBC, we do our best to ensure that our clients have the knowledge and access to information they need to make the best financial decisions possible. After all, it's in our best interest to make sure that our clients prosper.

- A sustainable company fosters responsible workplace practices, and relationships with employees that are based on a foundation of partnership. In an era when financial products are commodities that can be quickly replicated by fierce bank competitors, it's easy to see that employees are a bank's greatest asset. Every year, RBC is recognized for our leading workplace programs, and we are justifiably proud of our record as an employer of choice. Our employees agree, and tell us this each year in our annual employee survey.
- A sustainable company takes responsibility for its indirect and direct environmental impact. The RBC Environmental Blueprint™ outlines how we will reduce our environmental footprint, lend responsibly and provide "green" products and services to our clients; we continue to update our policies in these areas. We are also committed to helping define the environmental issues of the day. For example, many of our clients are active in the extraction of natural resources. We understand that there are social and environmental, as well as economic implications associated with these activities. We have responsible lending policies and perform due diligence so that we can serve our clients responsibly, and we are also helping to create opportunities where tough conversations can happen regarding how Canada's resources can be extracted responsibly.
- A sustainable company helps maintain the social fabric of communities. RBC is one of Canada's largest corporate donors and an active sponsor of community events, and we have a legacy of employee involvement in every location where we do business around the

world. The RBC Community Blueprint™ outlines our commitment to supporting causes sustainably. We contribute to projects today that will help seed success for tomorrow.

A sustainable company performs well in all six of these areas.

When all is said and done, a "sustainable" company could be one that has stood the test of time.

In 2010, we celebrated our 141st birthday in Canada. We commemorated 100 years in the United Kingdom. We've been in the Caribbean since 1899. Since 1899, our presence in the U.S. has continued to grow, increasing dramatically in 2001. We operate in 52 countries, and have close to 18 million clients and approximately 79,000 employees.

We think that a sustainable company looks a lot like RBC.

Welcome to our 2010 Corporate Responsibility Report. I invite you to join the conversation about what you think a sustainable company looks like at **[rbc.com/responsibility](http://rbc.com/responsibility)**.

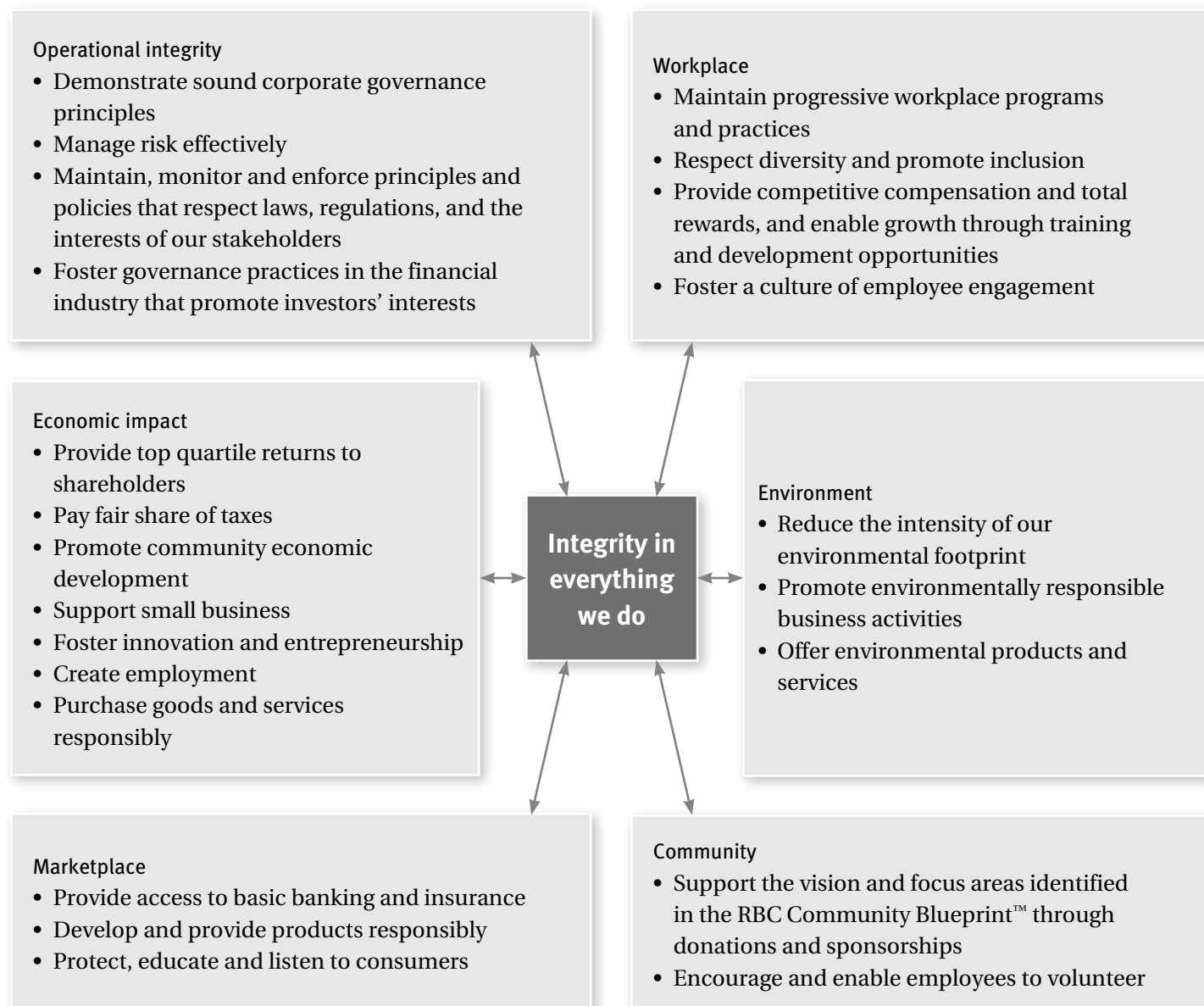


Gordon M. Nixon  
President and Chief Executive Officer

# Corporate responsibility at RBC

At RBC™, we believe that “corporate responsibility” consists of a number of distinct threads. At the centre is a commitment to integrity in all aspects of our operations. We believe this is a fundamental priority for financial services companies. Woven around this, we are focused on five distinct areas where we have an impact: the workplace, the marketplace, the community, the environment and the economy at large. The commitments in these five areas, together with our operational integrity, comprise the RBC Blueprint for Doing Better™, our overarching strategy to being a sustainable, responsible global financial services company.

## The RBC Blueprint for Doing Better



## Structure

### Board oversight and responsibility

Various board committees, including the Corporate Governance and Public Policy Committee (CG&PPC), the Audit Committee, the Risk Committee\* and the Human Resources Committee, are responsible for different segments of sustainability. In 2010, we formalized the corporate responsibility role of the CG&PPC by expanding the committee's mandate to include overall responsibility for corporate citizenship and ethical conduct.

### Staff oversight and responsibility

Our Corporate Citizenship department encompasses corporate responsibility, corporate environmental affairs and donations.

Key employees in other departments are responsible for programs and performance in issue-specific areas, including Finance, Investor Relations, Risk Management, Global Compliance, Procurement, Corporate Real Estate, Human Resources, Community Sponsorships and Government Relations.

Employees worldwide are responsible for community relations at the local level. Each of our business units has its own framework for customer service, quality management and government relations.

## Recognition

### Awards

A company's reputation is built in part by what people say about it. We have been recognized for our corporate responsibility programs and performance. In 2010, we were named to the following lists:

- Global 100: Most Sustainable Corporations in the World (Source: *Corporate Knights* magazine at World Economic Forum)
- Canada's Best Diversity Employers (Source: Mediacorp Canada Inc.)
- Canada's Greenest Employers (Source: Mediacorp Canada Inc.)
- Top 50 Socially Responsible Corporations (Source: *Maclean's* magazine)

- Best 50 Corporate Citizens in Canada (Source: *Corporate Knights* magazine)
- Canada's Top 100 Employers (Source: Mediacorp Canada Inc.)
- Top Employers for Canadians Over 40 (Source: Mediacorp Canada Inc.)

We received a number of awards in 2010 including:

- GLOBE Award for Environmental Excellence
- Catalyst Award for advancing women and other diverse groups
- SAP Sustainability in Business Award
- Credit Counselling Canada's Creditor of the Year

### Indices

We continue to be listed on Canadian and global indices that identify financial, social and environmental leaders, including the following in 2010:

- Dow Jones Sustainability World Index (11th consecutive year) and the Dow Jones Sustainability North America Index
- The Carbon Disclosure Project Canadian Leadership Index
- NASDAQ OMX CRD Global Sustainability Index (QCRD)
- FTSE4Good Index (10th consecutive year)
- Jantzi Social Index (10th consecutive year, ranked 2nd out of 44 North American banks in 2010)
- Top-rated bank in *Corporate Knights'* ESG ranking of the S&P/TSX 60

## Affiliations

We are involved with a number of leading organizations around the world to steward responsibility in various areas, including the ones listed below:

### Governance and ethics

- The Canadian Coalition for Good Governance, promoting best corporate governance practices in companies that its members consider for investment;
- The Canadian Centre for Ethics & Corporate Policy. RBC is a founding member.

\* Formerly called the Conduct Review and Risk Policy Committee

## Community involvement

- Imagine Canada, a program to encourage philanthropy and volunteering. RBC is a founding member;
- The Minnesota Keystone Program, where businesses commit at least 2% of pre-tax earnings to charitable contributions in the community. RBC is a founding member;
- The Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria.

## Diversity and workplace practices

- The Canadian Aboriginal and Minority Supplier Council (RBC is a founding member), the National Minority Supplier Development Council in the U.S., Catalyst, the Women's Executive Network, Career Edge, the Canadian Council on Rehabilitation and Work, the Vanier Institute of the Family, the Financial Industry Partnering for Aboriginal Relationships, the Toronto Region Immigrant Employment Council, the Canadian Centre for Diversity, the Conference Board of Canada, the U.S. Conference Board Council on Workforce Diversity, the Families and Work Institute and the Urban Financial Services Coalition.

## Environment

- The Excel Partnership, the Conference Board of Canada's Business Council for Sustainability, the Environmental Bankers Association in the U.S., Greening Greater Toronto Task Force, the Ontario Ministry of Municipal Affairs and Housing Brownfield Stakeholder Group and the United Nations Environment Programme Finance Initiative (UNEP FI) – North American Task Force.

## Sustainability

- The Conference Board of Canada and its Corporate Community Investment Council, Corporate Ethics Management Council, Centre for the North and Business Council for Sustainability; the Boston College Center for Corporate Citizenship; and Canadian Business for Social Responsibility.



[rbc.com/responsibility/approach/recognition](http://rbc.com/responsibility/approach/recognition)

## Stakeholders

Stakeholders help shape our approach to corporate responsibility. Our major stakeholders include employees, clients, current and prospective investors, suppliers, governments, regulators, NGOs and community partners. As highlighted throughout this report, we have a number of strategies and processes in place to discover and address their opinions and concerns.

### Clients

In order to evaluate how we are “always earning the right to be our clients’ first choice,” we encourage clients to tell us what they think. We also use information gained through public opinion surveys to develop product and client strategies.

Most of our businesses track client satisfaction as a key measure of performance and use feedback to make improvements. We record problems in a central database, and we interview a sample of clients directly to see how well their issues were resolved.

We obtain client feedback in formal and informal ways in order to develop high-calibre client, marketing and channel strategies. We get reports on the results of our quarterly client satisfaction and loyalty surveys as well as feedback from our Client Care Centre and the RBC Office of the Ombudsman.

We track all issues to ensure that systemic problems are corrected. Third-party suppliers generally administer both our external market benchmarking and internally designed client surveys.

### Employees

We have conducted comprehensive employee opinion surveys since the late 1980s, covering the following areas:

- Employee engagement
- Company values, open communication and respect
- Leadership
- Diversity, teamwork and working relationships
- Reward, recognition and performance management practices

- Professional and career development
- General working environment (including topics such as work/life flexibility, empowerment and marketplace competitiveness)

This is complemented every other year by a targeted, sample-based survey that follows up on action plans.

We base our surveys on a comprehensive employee engagement model. We look at engagement scores and what drives engagement by business unit, region and key demographic groups. We conduct statistical analyses, identify trends and compare to external benchmarks. Survey results are shared with unit managers, senior executive management and the Board of Directors. Action plans to address gaps or emerging issues are developed and communicated to employees.

### **Investors/shareholders**

Our Investor Relations (IR) group sets the overall investor strategy of RBC and manages all relationships and communications with the investment community, which includes investors, financial services analysts and rating agencies. Investors consist of all classes (common, preferred and fixed income) and types (institutional and retail) spanning all geographies. The IR group also oversees rating agency strategy, relationships and communications.

IR communicates the views, concerns and perceptions of investors, analysts and rating agencies to the Group Executive, the Bank's most senior management, and the Board of Directors. Various executives and members of the IR team meet with shareholders regularly on both an individual and group basis, and at our Annual Meeting of Common Shareholders. We take feedback from analysts and investors into consideration as we formulate our strategy and priorities. We interact with the investment community in a variety of ways, including through our quarterly reports to shareholders and Annual Reports, our quarterly earnings releases, analyst calls, various external websites and our annual Corporate Responsibility Reports and Public Accountability Statements.

### **SRI community**

In order to focus on the indices that are most relevant to our stakeholders, we regularly perform a strategic review of socially responsible investments (SRI) researchers, rating agencies and analysts worldwide. We evaluate the most prominent research companies and rating agencies, as well as smaller or emerging agencies from regional markets. We analyze the relevance of each to our priority geographic markets, as well as the likelihood our shareholders or potential shareholders would use research from companies or agencies in markets in which we have little or no presence. From this "SRI Researcher Action List," we select which research agencies we will respond to, and we regularly disclose information to them for the creation of their indices, ratings and rankings.

### **Suppliers**

RBC has a designated procurement group responsible for sourcing products and services. Our relationships with major suppliers are governed by service-level agreements, and we require quarterly reports on customer service and service-delivery standards. We review our procurement guidelines on an ongoing basis.

### **Governments**

We have ongoing relationships with all levels of government. In Canada, regional public relations managers and representatives engage with locally elected officials at the community level. We advocate on a broad range of issues, including taxation, agriculture, consumer interests, employment and training, environment, financial institutions, industry, internal trade, small business, securities regulation, financial sector policy and competition policy.

In the U.S., we focus on maintaining positive relationships with the regulatory authorities responsible for overseeing the business activities of our operating subsidiaries in that country. We try to serve as an educational resource and thought leader with our government constituency, particularly given the current environment of financial regulatory reform occurring in the U.S. Our goal is to engage proactively and productively with, among others, the federal financial regulators who are playing key roles in implementing reform.



## Environmental NGOs

We actively engage and liaise with a number of stakeholder groups to discuss environmental issues related to policy development, transaction review, portfolio management, operational impacts and business development opportunities. These groups include the Canadian Boreal Initiative, Durrell Wildlife Preservation Trust, Forest Ethics, Greening Greater Toronto Task Force, Nature Conservancy of Canada, Pollution Probe, Rainforest Action Network, Toronto Atmospheric Fund and World Wildlife Fund. For more information on environmental stakeholder initiatives, see page 76.

## Reporting

In 2010, we maintained or improved our standing on every sustainability index that is on our SRI Researcher Action List as (described on page 11) and built on our strong reputation as a responsible global financial services company.

In an effort to improve the quality and focus of our sustainability reporting, we created a new role in 2010, with responsibility not just for this annual report, but for all our sustainability disclosure to the research and investment community and for the development of our overall reporting strategy. The incumbent is a sustainability specialist with a strong background in economic, social and governance (ESG) research and analysis especially focused on the financial services and real estate sectors. For a description of our plans to improve our reporting for 2011, see “Reporting plans” on page 13.

We continue to take a multi-pronged approach to sustainability reporting, using a range of formats designed to be accessible to various audiences. Our sustainability reporting suite includes:

- **rbc.com/responsibility:** Our website is the cornerstone of our sustainability reporting and is designed to provide information to the widest range of our stakeholders — consumers, employees, clients, NGOs, community partners, students and corporate responsibility practitioners. The website provides at-a-glance information for the casual reader, and more information for those who want details. The site is updated on a regular basis.
- **Corporate Responsibility Report and Public Accountability Statement:** This annual report is available online as a PDF. It is written for a wide audience: socially responsible investors, employees, NGOs, regulators, elected officials and corporate responsibility practitioners. It summarizes key information taken from [rbc.com/responsibility](http://rbc.com/responsibility), and includes an overview of our policies and approach to business integrity, as well as a year-end snapshot of our economic, social and environmental impact in the workplace, marketplace and communities. It contains our annual Public Accountability Statement as required by Canadian regulators. Print copies are available at no cost, on request, by contacting the editor (contact details on page 1 and on the back cover).
- **Corporate Responsibility Review:** This brief publication is for consumers, the general public and RBC employees globally. It summarizes our Corporate Responsibility Report, indicates where other information can be found and is available in print and online.
- **Quarterly Reports to Shareholders, Annual Report and Management Proxy Circular:** These publications are for investors, analysts and regulators, and provide disclosure about our operations and financial condition, and information related to corporate governance, executive compensation and risk management.  
 [rbc.com/governance](http://rbc.com/governance)
- **Global Reporting Initiative (GRI):** We observe the reporting guidelines suggested by the GRI. Both our website and this 2010 Corporate Responsibility Report and Public Accountability Statement contain a GRI index showing where all of our GRI-related sustainability information can be found. See page 96.
- **Sustainability survey submissions:** We regularly and proactively provide information to a limited number of socially responsible research companies for the creation of indices, ratings and rankings they provide or sell to analysts and investors. We continue to enhance our online reporting at [rbc.com/responsibility](http://rbc.com/responsibility) in order to provide sufficient information about our sustainability performance for all the other research companies and rating agencies.

- **Issue-specific reports:** We provide detailed disclosure on areas of interest that fall under the sustainability banner, with reports that are produced for specific stakeholders such as our public submission to the Carbon Disclosure Project, our annual Diversity Progress Report and our Aboriginal Partnership Report, which are available online.
- **Lobbying report:** Canada's *Lobbyist Registration Act* requires us to report on our lobbying activities as well as on those of others who engage in advocacy on our behalf. We are required to file a report every six months about the issues in which we are engaged, under the President and CEO's signature, listing our employees and consultants who are in regular contact with government officials, and the topics discussed.
- **Reporting plans:** We aim to continuously enhance the quality of our reporting as new issues and metrics emerge, stakeholder expectations change, and communication media evolve. We put a particular focus on those sustainability issues that have a material impact on our business. We recognize that the performance metrics that are important to a socially responsible investor may differ from the material financial metrics typically evaluated by investors. We continuously review our performance metrics as well as the overall effectiveness of our sustainability communications. Plans for 2011 include:
  - Stakeholder consultations to help determine future report content;
  - Interactive reporting on sustainability issues;
  - A stakeholder-driven, re-vamped website;
  - An RBC Sustainability Report Card that identifies global trends, analyzes key issues and tracks our performance on key indicators;
  - Internal RBC partnerships that deliver sustainability related products, services, tools or information to stakeholders.

## Advocacy

We believe that leadership begets responsibility. As one of the world's leading financial institutions, we strive to conduct our business responsibly and to lead by example. We also advocate on behalf of our stakeholders and the environment on material issues. For instance, we have invested heavily in raising awareness of freshwater issues around the globe through the RBC Blue Water Project™.

# Operational integrity

“Integrity in everything we do” is a key value at RBC™. It permeates our practices, leadership, disclosure, risk management framework, and the principles, codes and policies that guide our decision-making. We believe that by operating with integrity, we can fulfil our responsibilities to our stakeholders and maintain their trust.

Priorities	2010 Performance highlights
Demonstrate sound corporate governance principles	<ul style="list-style-type: none"> <li>■ Held the first non-binding vote on our approach to executive compensation at our 2010 Annual Meeting</li> <li>■ Adopted an enterprise-wide policy on compensation risk management</li> <li>■ Adopted a simplified structure for board compensation, increasing the proportion of each director's compensation that must be invested in company shares</li> </ul>
Manage risk effectively	<ul style="list-style-type: none"> <li>■ Trained nearly 400 employees across North America and the British Isles on environmental and social risk management for commercial and capital markets financing</li> </ul>
Maintain, monitor and enforce principles and policies that respect laws, regulations and the interests of our stakeholders	<ul style="list-style-type: none"> <li>■ Developed and implemented a simplified architecture for compliance policies to make it easier for employees to find and understand regulatory and compliance requirements</li> <li>■ Updated numerous compliance policies, including the RBC Anti-Bribery/Anti-Corruption policy, Personal Trading and Information Barriers policies, and the Arrangements with Third Party Service Provider policy</li> <li>■ Introduced a new Fundamentals of Privacy &amp; Information Risk Management training program and enhanced both Anti-Money Laundering/Anti-Terrorist Financing and Anti-Bribery/Anti-Corruption training for employees</li> </ul>
Foster governance practices in the financial industry that promote investors' interests	<ul style="list-style-type: none"> <li>■ Continue to lead in the development and implementation of a rule requiring all Canadian mutual funds and investment funds to have an independent review committee</li> </ul>

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## Vital statistics

	2010	2009	2008
Number of board members	15	15	15
% of female directors	20%	20%	20%
% of independent directors	over 93%	over 93%	over 93%



## Issues

### Engagement with investors

Investors are seeking increased interaction with the board on matters of corporate governance and executive compensation.

## RBC Position

We have adopted a policy that, at each Annual Meeting of Common Shareholders, we will hold a non-binding advisory vote on our approach to executive compensation as disclosed in the 2011 Management Proxy Circular. This mechanism is an important part of the ongoing process of engagement between shareholders and the board on compensation.

### Executive compensation

Shareholders, regulators and the general public are seeking more levels of accountability and transparency regarding executive compensation.

Over the past few years, we have adopted many significant and leading governance practices. RBC compensation is governed by the Board of Directors and management and oversight committees responsible for compensation risk-management practices. For detailed information on our prudent governance and controls on executive compensation, refer to the 2011 Management Proxy Circular, issued in connection with our Annual Meeting of Common Shareholders.

### Regulatory reform

The recent financial crisis has led to an increased focus by governments, regulators and international bodies on the safety and soundness of financial institutions. Banks are being subjected to increased scrutiny and oversight at all levels as well as to a range of new regulatory and legislative initiatives around the world, including higher capital rules, new liquidity standards and enhanced consumer protection regimes.

RBC has a long history of successfully responding and adapting to an evolving regulatory environment. Throughout 2010 we took numerous steps to ensure our risk management, compliance control environment and business practices were aligned with the rapidly changing regulatory framework. Effective risk management and an ability to anticipate and respond to evolving marketplace developments have been core competencies for us, and will continue to drive our practices as the regulatory environment continues to evolve.

## Outlook

In the rapidly changing regulatory and economic environment, our Board of Directors will continue to strengthen its role as an independent steward of the organization by maintaining a governance approach that is in line with best practices, with a sharp focus on the oversight of risks.

Our board has long been proactive in adopting leading governance practices, and we will continue to pay particular attention to the governance and controls in place for executive compensation. Pay for performance remains a key principle underpinning long-term shareholder value creation. As part of this, the board is committed to ensuring our compensation programs and governance practices are aligned with sound risk management principles.

The board believes transparency is a cornerstone of governance. Shareholders must have the opportunity to fully understand our governance practices. Furthermore, as a background to the annual advisory vote on our approach to executive compensation, shareholders should understand and carefully consider the principles that the board has used to make compensation decisions. The Board of Directors remains committed to comprehensive and transparent disclosure, and looks forward to continuing direct and constructive dialogue with shareholders on matters of corporate governance, transparency and executive compensation.

As the regulatory environment continues to evolve, and as governments, regulators and other international bodies continue to refine their legislative and oversight frameworks, RBC will remain well-positioned to grow and build our businesses, while ensuring appropriate governance, regulatory and compliance controls are in place.

## Corporate governance

Our governance structure determines the fundamental relationships among and between the members of the Board of Directors, management, shareholders and other stakeholders. It defines the framework in which ethical values are established and the context in which corporate strategies and objectives are set.

The strength of our governance starts at the top with an independent Chairman and experienced and well-informed directors, who give priority to strategic planning and risk oversight, ensuring that standards exist to promote ethical behaviour throughout the organization and driving continuous improvement in governance practices.

### Conduct

Our Code of Conduct (the Code) is a set of written standards designed to promote integrity and ethical behaviour that apply to the Chairman and members of the Board of Directors, senior management and all employees. The Code sets out fundamental principles that guide the board in its deliberations and shape the organization's business activities globally. The Code has been filed with securities regulators at [sedar.com](http://sedar.com) and [sec.gov](http://sec.gov). For more information on the Code, see page 18.

### Governance practices

Our governance policies and practices enable directors to supervise management and enhance long-term shareholder value. Our Board of Directors has long been proactive in adopting leading corporate governance practices, and over the years we have introduced many significant governance innovations such as:

- A policy to provide shareholders with an advisory vote on our approach to executive compensation at each Annual Meeting of Common Shareholders;
- A policy that will allow us to recoup incentive awards that have already been paid, and cancel unvested performance-based incentive awards for executives and employees of RBC Capital Markets™ who engage in conduct that is detrimental to the organization;
- A requirement that directors tender their resignations following the Annual Meeting if they fail to receive majority shareholder support;
- A comprehensive Director Independence Policy that has continued to evolve in response to best practices and regulatory refinements. Fourteen of the 15 directors serving in 2010 were independent;
- Meetings of independent directors held following each regularly scheduled board meeting;
- A minimum share ownership requirement of \$500,000 for directors, to ensure strong alignment of their interests with those of shareholders;
- Increased minimum share ownership requirements for Managing Directors in RBC Capital Markets. RBC also has minimum share ownership requirements for executive officers, which further align management and shareholder interests. The President and CEO must have shareholdings worth at least eight times the last three years' average base salary and this requirement extends two years into retirement. The standard for other members of the Group Executive is six times the last three years' average base salary, except the Co-Group Heads of Capital Markets, who must hold shares worth at least two times the last three years' average salary plus bonus. These requirements extend for one year into retirement;
- A Performance Deferred Share Program that links senior management's rewards to the performance of RBC relative to its peers, strengthening the alignment of the interests of management with shareholders;
- A policy that ensures there are only independent members on every committee of the Board of Directors: the Audit Committee, Human Resources Committee, Corporate Governance & Public Policy Committee (CG&PPC) and Risk Committee;
- More stringent independence criteria for members of the Audit Committee. Four individuals have been designated as Audit Committee financial experts. In 2004, we adopted a policy limiting the service of our Audit Committee members on the audit committees of other companies;
- Sole authority for every board committee to retain and approve the fees of independent, external advisors. The Human Resources Committee retains an independent compensation consultant;

- Formalizing the CG&PPC's mandate to include overall responsibility for corporate citizenship and ethical conduct.

## Leadership

Our practices build on previous governance initiatives, which include:

- Ensuring independent leadership of the Board of Directors. We were first among our peer companies to separate the positions of Chairman and CEO in 2001;
- Establishing board and director evaluation procedures, with written peer reviews to complement the peer assessment practice of one-on-one interviews with the Chairman. In addition, each board committee assesses its own effectiveness annually;
- Adopting a policy limiting interlocking directorships of board members in 2002;
- Permanently discontinuing grants under the Director Stock Option Plan in 2002.



**rbc.com/governance**

## Risk management

Risk is inherent in virtually all aspects of a financial services company's business, and sound risk management practices are fundamental to our long-term success. Management of risk is a core competency for us, supported by a strong risk culture and an effective enterprise risk management (ERM) framework.

### Enterprise risk management framework

Our ERM framework provides an overview of our enterprise-wide program for identifying, measuring, controlling and reporting on the significant risks that we face. This enterprise approach enables us (including all legal entities under which we operate) to meet the expectations of our home regulator, the Office of the Superintendent of Financial Institutions (OSFI) and other relevant regulators around the world. The Risk Committee of our board reviews and approves the framework annually.

Our enterprise risk appetite framework provides a structured approach to risk capacity, risk appetite, risk limits and tolerances and risk profile. The framework promotes a good understanding of the roles,

responsibilities and authorities for the management of risk, and supports the use of a common risk language. We believe it is important to be able to articulate what our risks are and how they are measured and managed so that everyone in the organization can understand them. We ensure that there is an accurate and consistent view of risk across the organization through a variety of reporting and disclosure mechanisms.

### Reputation risk framework

A company's reputation is one of its most important assets, and it is no different for us. We have established both proactive measures to prevent the compromise of our reputation on an ongoing basis and reactive measures to mitigate the impact of issues and incidents when they arise.

Our reputation risk framework is one of a set of risk-specific frameworks that support our enterprise risk management framework. Reviewed annually by the Risk Committee of our board, our reputation risk framework includes definitions, principles and sources of risk, and describes the mechanisms we have in place to prevent and mitigate reputation risk and the related organizational and oversight responsibilities.

Key preventative measures include our organizational culture and values, our comprehensive Code of Conduct, our risk identification and mitigation practices, and our proactive stakeholder engagement, designed to build and maintain trust with stakeholders. We employ a number of responsive measures to protect our reputation, including the escalation protocols established through our enterprise compliance management (ECM) program and our business continuity and crisis management approach.

For more, see page 37 of our 2010 Annual Report.

### Enterprise compliance management framework

In order to achieve global compliance with governing legislation, applicable laws, regulations and regulatory expectations, RBC has a comprehensive ECM framework, consistent with guidance from OSFI and other regulators. The framework promotes the proactive, risk-based management of compliance and regulatory risk. It applies to all of our businesses and operations,

legal entities and employees, and confirms the shared accountability of all our employees. It is reviewed and approved annually by the Risk Committee.

### **Business continuity and crisis management**

We use a best-in-class business continuity management (BCM) program to ensure that our businesses are adequately prepared to deal with any disruption of service to clients. We conduct risk assessments of all areas annually, in addition to contingency plan development and periodic testing of our resilience capabilities.

Our BCM team, comprising senior executives from across the organization and around the globe, is responsible for ensuring continued service to our clients during any crisis/incident or major service interruption. The team is supported by a global network of regional, business-line and local incident management teams, which are on call around the clock to address any situation that may pose material risk to our employees, our reputation or our ability to serve clients.

We conduct regular crisis simulations to test our readiness and ensure a timely response to all emergency situations, including but not limited to: a departmental disruption, a building, city-wide or regional disruption, or a pandemic incident.

### **Principles and policies**

Financial services companies, perhaps more than any other business, depend on confidence and trust. RBC strives to operate with integrity every day, in every transaction or other dealing with a client or any other third party.

As a global organization, we respect and comply with laws and regulations that govern our businesses in the jurisdictions in which we operate. We regularly review policies and controls to ensure they are effective and aligned to relevant laws and regulations.

Over time, we have developed a suite of principles and policies that govern our behaviour and support our values. For example, we have enterprise-wide policies and processes to support the assessment and management of risks. We have formal policies to address such issues as privacy, money laundering, terrorism financing, economic sanctions, lending to political parties, environmental sustainability and fiduciary risk,

and our Code of Conduct governs the behaviour of our employees and informs how we conduct all our businesses' operations.

This section covers key principles, codes and policies that RBC has in place to ensure integrity in everything we do.

### **Code of Conduct**

Formalized more than 20 years ago, the RBC Code of Conduct outlines our commitment to and expectation for a strong ethical and compliance culture. Our Code of Conduct broadly addresses a variety of ethical and legal concerns that many of our employees face on a day-to-day basis. Our Code of Conduct is regularly reviewed and updated to ensure that it continues to cover all aspects of our activities. All RBC employees must confirm their understanding of, and commitment to abide by, the Code of Conduct at least every two years. Group Executive members and employees who have financial oversight roles must review and acknowledge the Code of Conduct annually.

The RBC Code of Conduct includes the following principles:

- Upholding the law
- Confidentiality
- Fairness
- Corporate responsibility, including environmental sustainability
- Trust
- Objectivity
- Integrity
- Individual responsibility

The Code of Conduct can be viewed at our website.



**[rbc.com/governance](https://www.rbc.com/governance)**

### **Anti-bribery, anti-corruption**

Governments and other groups around the world are making extensive efforts to combat corruption by enacting and enforcing legislation prohibiting corrupt payments. To support these ongoing efforts, and our commitment to carrying out business fairly, honestly and with integrity, we continue to enhance our

enterprise-wide, global Anti-Bribery/Anti-Corruption policy, which expands upon the broad principles outlined in our Code of Conduct.

This policy prohibits RBC entities, employees and persons acting on behalf of RBC entities from giving or receiving an offer, gift, payment, authorization of payment, item of value, excess hospitality — or the promise of any of these items — with the intent of assisting RBC in obtaining unfair advantage, either directly or indirectly, from any government official or any other person. RBC employees learn about this policy in their mandatory Code of Conduct training. We also require certain employees to take additional training because of the nature of the business activities they perform for RBC and/or the geographic regions in which they conduct business.

The policy sets consistent standards across RBC to address corruption and bribery of government officials and private persons. These standards include internal controls to identify and manage areas of risk as well as measures to address the specific anti-bribery/anti-corruption requirements of the jurisdictions in which we conduct business. For instance, our standards address the specific requirements of the Canadian *Corruption of Foreign Public Officials Act*, the U.K. *Bribery Act*, and the U.S. *Foreign Corrupt Practices Act*.

### **Anti-money laundering**

RBC has an enterprise-wide compliance program to deter, detect and report suspected money laundering. The program applies appropriate 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. 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 to help our employees deal with ever-evolving money laundering and terrorism financing risks. To enhance our anti-money laundering capabilities, we have implemented robust automated systems and analytical processes to detect, track and assess transactions for suspicious activities.

We actively participate in global industry groups dealing with anti-money laundering and anti-terrorist financing to stay informed about evolving money laundering and

terrorist financing trends and techniques to counter these risks. We consult with national financial intelligence units globally, such as the Financial Transactions and Reports Analysis Centre of Canada, to ensure that we are effective in our reporting of prescribed transactions.

RBC promotes employee awareness and compliance with anti-money laundering and anti-terrorist financing controls through formal training programs, presentations, and other communications. Annual anti-money laundering training is mandatory for all employees including senior executives.

### **Anti-terrorism and economic sanctions**

We are committed to preventing the use of our financial services for terrorist financing purposes or in violation of applicable economic sanctions. RBC has an enterprise-wide policy that requires all of our businesses and global operations to abide by applicable economic sanctions and anti-terrorist financing regulations. Our businesses and their directors, officers and employees will not knowingly conduct business with, enter into transactions with, or do anything that causes, assists or promotes the provision (directly or indirectly) of financial services to, or for the benefit of, states, entities, organizations or individuals targeted by the economic sanctions or anti-terrorist financing regulations of the jurisdictions in which we operate.

In order to meet all relevant requirements, regulations and internal policies, we have implemented automated systems and other processes for ongoing scanning of client names and payment information against applicable terrorist, control and sanctions lists.

### **Tax havens**

We operate in 52 countries and support the laws enacted by Canada and the other jurisdictions where we operate that are designed to deter tax evasion, tax fraud, money laundering and other criminal activities. RBC and our employees are expected to comply with all laws and regulations that govern our businesses in the various jurisdictions in which we operate. While complying with applicable laws, we arrange our business affairs in a manner that best meets the needs of our stakeholders. We also contribute to the effort to eliminate abuses of the global financial system by practising “know-your-client” rules, implementing a robust anti-money



laundering compliance regime throughout our global network, adhering to the Code of Conduct and working with international organizations to enhance policies and rules that govern the global financial system.

### **Identification and management of conflicts of interest**

The *Bank Act* (Canada) and other governing legislation and regulations require RBC to maintain appropriate controls and processes to identify and manage any conflicts between the interests of RBC and its employees and the interests of clients or other third parties. Where a conflict exists, or appears to exist, appropriate steps must be taken to manage the conflict, which in certain circumstances may include eliminating the conflict entirely. If more than one conflict of interest exists for a particular situation, the conflicts must be addressed and managed together. An illustration of this requirement is seen in the following situation. An RBC loan officer who sits on the Board of Directors of another company must ensure that his or her business dealings on behalf of the other company (such as obtaining a loan), are segregated from his or her employment duties on behalf of RBC (such as approving a loan).

### **Reporting suspected irregularities**

RBC employees around the world have the duty to report suspected breaches of our Code of Conduct and other irregularities and dishonesty. We have long-established and accessible processes that enable employees to do so, and our Code of Conduct protects employees from retaliation for any report made in good faith. Specific to financial reporting practices, the RBC Reporting Hotline allows employees and third parties around the world to report suspected irregularities or wrongdoing relating to accounting, auditing or internal accounting controls directly to the RBC ombudsman, anonymously, in confidence and without fear of retaliation, on a 24/7 basis.

The ombudsman for RBC personally monitors messages received by telephone and email, and files a report on all reported issues to the Audit Committee of the Board of Directors. The ombudsman removes the employee's name and any other personal information from the report and keeps it in strict confidence. The ombudsman is the only person who can contact the employee for further information.

### **Privacy**

At RBC, we are dedicated to protecting the privacy of our clients and safeguarding the personal, business, and financial information entrusted to us. This is a cornerstone of our business and will always be one of our highest priorities.

RBC companies follow comprehensive privacy policies and security practices in compliance with relevant laws and to support our commitment of trust through integrity in everything we do. Our Privacy Principles, within our Privacy Policy, describe how we collect and use client information, how it may be shared and with whom, and our security practices.

For more, see page 46 of this report.



[rbc.com/privacysecurity](http://rbc.com/privacysecurity)

### **Fiduciary risk**

Our businesses and subsidiaries are expected to identify, assess, manage and mitigate any fiduciary risk inherent in our operations or arising from our specific activities and relationships with clients.

Employees engaged in fiduciary relationships must have the appropriate level of knowledge and training necessary to discharge their fiduciary duties and must meet all regulatory licensing or registration requirements. Client communication campaigns and marketing materials sent to clients in relation to fiduciary duties must be reviewed and approved from a fiduciary risk perspective.

### **Client due diligence (Know-your-client)**

RBC has long recognized the importance of implementing and maintaining adequate controls and procedures to ensure that, on a reasonable and practical basis, we know with whom we are conducting business. We have developed enterprise-wide standards for conducting due diligence on new and existing clients, and for performing enhanced due diligence on clients who introduce a potential reputational risk to RBC due to higher risk of money laundering, terrorism financing or violation of economic sanctions. We also comply with applicable regulatory guidelines concerning client due diligence, including those pertaining to politically exposed persons, anti-money laundering, anti-terrorism, economic sanctions and suitability requirements.

## The environment

We first adopted a formal environmental policy in 1991, and we update it regularly.

Our policy applies to all of our operations, including:

- Environmental impacts of products and services
- Suppliers and service providers (e.g. contractors)
- Other key business partners (e.g. non-managed operations, joint venture partners)

We also have specific environmental risk-management policies for various businesses including agricultural businesses, residential mortgages, business and commercial markets and project finance.

In 2007, we launched the RBC Environmental Blueprint™, which covers our policy, priorities and objectives. The blueprint is overseen by a Corporate Environmental Affairs group that works with executives and employees in business and functional units.



[rbc.com/environment/policy](http://rbc.com/environment/policy)

## Development of products and services

RBC has a policy that sets out a defined, rigorous process for the initial and subsequent risk assessment and approval of financial products and services. We evaluate products and services for a range of risks and ensure they align with client needs, our Code of Conduct and applicable laws and regulations. Approval levels correspond to the level of risk identified for a particular product.

## Political contributions and lobbying

Our policy on political donations is outlined in our Code of Conduct as follows:

*[RBC] will make only those contributions permitted by law to a political party, candidate, or campaign and only as an expression of responsible citizenship — not to “purchase” favours or to gain improper advantage. Contributions to political parties, riding associations, and candidates are not included in the corporate philanthropy program [...] Employees are encouraged to take their citizenship seriously and to participate in general political processes such as school board, municipal, provincial and/or federal elections, etc.*

## Canada

We do not make corporate donations to federal political parties through any part of our company in Canada, and political donations to municipal politicians are not permitted.

We make political donations to provincial parties to the extent permitted by law and internal policy. Our participation in provincial political donations is limited and restricted depending on the respective province and territory.

Of the provinces that accept political donations, all are on the public record as follows:

Province	Public records of contributions
Newfoundland and Labrador	Records of contributions over \$100 are on the Elections Newfoundland & Labrador website
Prince Edward Island	Records of contributions over \$250 are on the Elections PEI website
Nova Scotia	The province does not accept political donations
New Brunswick	Records of contributions over \$100 are available in printed format at Elections NB offices
Quebec	The province does not accept political donations
Ontario	Records of contributions over \$100 are on the Elections Ontario website
Manitoba	The province does not accept political donations
Saskatchewan	Records of contributions over \$250 are publicly available in printed format at Elections Saskatchewan
Alberta	Records of contributions over \$375 are on the Elections Alberta website
British Columbia	Records of contributions over \$250 are on the Elections B.C. website

We have a credit policy for lending to political parties or candidates to ensure that all requests are treated in a fair, consistent and equitable manner, while freeing us from perceived political bias and resultant reputation risk. Certain employees who lobby on behalf of RBC must register with the Office of the Commissioner of Lobbying of Canada, under the *Lobbying Act*. A list of all registered lobbyists in Canada, including RBC lobbyists, is publicly available. View a full list of RBC lobbyists and a firm that lobbies on our behalf by searching for “RBC” in the Registry of Lobbyists at [ocl-cal.gc.ca](http://ocl-cal.gc.ca).

In addition, employees who have conversations with any Members of Parliament, Senators or senior federal public office holders with respect to legislative proposals, bills, resolutions, regulations, policies, programs or grants, contributions or other financial benefits must report these conversations through the Lobbyists Registration System on a monthly basis.

#### United States ★

In the U.S., we do not provide political donations to any party at any level of government or to political action committees (PACs). However, our U.S. employees are personally permitted to raise money through federal and state PACs for individual candidates. Funds donated by employees are reported to the Federal Election Commission and to appropriate state regulators such as the North Carolina State Board of Elections.

#### Voluntary codes and public commitments

In Canada, RBC has signed and adheres to a number of voluntary codes of conduct to help protect consumers. Voluntary codes of conduct are non-legislated commitments made by companies, associations and other organizations in place of government legislation.

The Canadian banking industry has developed voluntary commitments and codes to protect consumers and serve them better, to which we adhere. These include:

- **Canadian Code of Practice for Consumer Debit Card Services:** Industry and consumer practices and responsibilities related to debit cards;
- **Canadian Bankers Association (CBA) Code of Conduct for Authorized Insurance Activities:** Minimum standards that apply to bank representatives who promote authorized insurance products in Canada;
- **Pledge to Small Business:** A commitment governing openness, accountability, the credit process and complaint handling;
- **Principles of Consumer Protection for Electronic Commerce — A Canadian Framework:** A guide to protecting clients in online transactions;

- **Undertaking on Unsolicited Services:** Assurances related to the marketing and provision of new unsolicited services and the provision of modified or replacement services;
- **Guidelines for Transfers of Registered Plans:** A guide on what to expect and where to get help when transferring a registered savings plan (RSP) between financial institutions;
- **Memorandum of Understanding — Low-Fee Accounts:** A commitment to offer a standard low-cost account to clients;
- **Index-Linked Deposits Undertaking:** A description of rights of rescission for index-linked deposit products purchased by telephone;
- **Visa<sup>†</sup> Zero Liability Policy:** The elimination of client liability for certain fraudulent Visa transactions;
- **Visa E-Promise:** Protection for Visa cardholders who shop online, by mail or by phone;
- **MasterCard<sup>‡</sup> Zero Liability:** The elimination of client liability for certain fraudulent MasterCard transactions;
- **Online payments:** Consumer and industry responsibilities related to the use of online payments systems in Canada;
- **Plain Language Mortgage Documents:** A CBA commitment to improving the readability of residential mortgage documents;
- **Cheque holds:** A commitment to reducing cheque hold periods;
- **Code of Conduct for the Credit and Debit Card Industry in Canada:** Code of conduct that sets principles for business practices related to the issuance and acceptance of payment cards and operation of payment card networks;
- **Undertaking on Right of Rescission of Principal Protected Notes:** A description of rights of rescission for principal protected notes purchased by electronic means and/or by telephone.



## External principles, charters and initiatives

We subscribe to, or participate in, a number of externally developed economic, environmental and social principles, charters and initiatives. They include:

- The Equator Principles
- The United Nations Environment Programme Finance Initiative
- The Universal Declaration of Human Rights
- The International Chamber of Commerce Business Charter for Sustainable Development
- OECD Guidelines for Multinational Enterprises
- The Global Reporting Initiative
- Imagine, a Canadian initiative to encourage corporate philanthropy and volunteerism (RBC is a founding member)
- The Canadian Standards Association's Strategic Steering Committee on Business Management and Sustainability
- The Financial Coalition Against Child Pornography (U.S.)

## Mutual funds and governance

Mutual fund management is undertaken within RBC Global Asset Management™, which is comprised of RBC Global Asset Management Inc.\* in Canada, and in the U.S., RBC Global Asset Management (U.S.) Inc. These companies are actively committed to fostering strong mutual fund governance. They put their clients' interests first, through a culture of delivering value, choice and transparency.

Building on a long tradition of independent fund governance, RBC Global Asset Management Inc. and the Board of Governors of RBC Funds™ have been leaders in the development and implementation of a rule requiring all Canadian mutual funds and investment funds to have an independent review committee. The intent of the rule is to enhance fund governance practices in the interests of investors by requiring independent review of conflicts of interest that may arise in fund management.

As institutional investors in firms around the world, the RBC Global Asset Management companies also focus on the quality of corporate governance. RBC Global Asset Management Inc. is an active member of the Canadian Coalition for Good Governance. Both companies exercise their mutual funds' proxies in accordance with comprehensive proxy voting guidelines and disclose their funds' proxy voting records. We are an active advocate for best practices in corporate governance and engage directly with companies on corporate governance issues. RBC Global Asset Management Inc. is a member of the Social Investment Organization, a non-profit organization devoted to promoting socially responsible investing in Canada, and offers mutual funds for those seeking socially responsible investments.

\* Formerly comprised of RBC Asset Management Inc. and Phillips, Hager & North Investment Management Ltd. These entities amalgamated on November 1, 2010 and operate under the name RBC Global Asset Management Inc.

# Economic impact

Companies both large and small contribute to the economies of the communities and countries in which they do business through their day-to-day business decisions and actions. We have a positive economic impact when we provide top quartile returns to shareholders, support economic and small business development, foster innovation and entrepreneurship, create employment and purchase responsibly.

Priorities	2010 Performance highlights
Maximize returns to shareholders	■ Our three- and five-year average annual total shareholder return ranked us in the first quartile within our global peer group for both periods, and we have a long history of delivering stable and growing dividends. See our 2010 Annual Report for details.
Pay fair share of taxes	■ Incurred tax expense of \$2.5 billion worldwide*
Promote community economic development	<ul style="list-style-type: none"> <li>■ Promoted sustainable home ownership with a 7% increase in average residential mortgage business in Canada; RBC™ is the largest provider of home equity financing in Canada</li> <li>■ Named Creditor of the Year by Credit Counselling Canada</li> <li>■ Originated more than 3,000 mortgages to low- and moderate-income borrowers in the U.S., totalling more than US\$350 million</li> </ul>
Support small business	<ul style="list-style-type: none"> <li>■ Served over 634,000 small business clients in Canada, the U.S. and the Caribbean</li> <li>■ Provided \$135.2 billion in financing to businesses in Canada</li> </ul>
Foster innovation and entrepreneurship	<ul style="list-style-type: none"> <li>■ Dedicated close to \$700 million in investment for emerging technology companies around the world</li> <li>■ Supported innovation through the fifth annual RBC Next Great Innovator Challenge™</li> </ul>
Create employment	<ul style="list-style-type: none"> <li>■ Provided direct employment to 78,676 people, with \$8.8 billion in employee compensation and benefits</li> <li>■ Supported organizations that promote literacy and help unemployed or underemployed people secure jobs</li> </ul>
Purchase goods and services responsibly	<ul style="list-style-type: none"> <li>■ Purchased goods and services totaling \$5.4 billion from suppliers of all sizes</li> <li>■ Increased the proportion of sustainably sourced paper used in North America and the British Isles to 82%</li> </ul>

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## Vital statistics

(\$ billions)	2010	2009	2008
Revenue	\$ 28.3	\$ 29.1	\$ 21.6
Market capitalization	\$ 77.5	\$ 77.7	\$ 62.8
Taxes incurred*	\$ 2.5	\$ 2.3	\$ 2.1
Employee compensation and benefits	\$ 8.8	\$ 9.0	\$ 7.8
Goods and services purchased	\$ 5.4	\$ 5.1	\$ 4.7
Debt financing for businesses in Canada (authorized)	\$ 135.2	\$ 134.2	\$ 143.5

\* Taxes include income, capital, goods and sales, payroll, property, insurance premium, and business taxes.

## Issues

## RBC Position

### The economy

Businesses and consumers in Western economies are reducing debt and becoming more conservative in their spending which will likely keep economic growth moderate.

We are standing by our clients during these challenging times. We are helping them achieve their goals of debt reduction, saving and sustainable home ownership through credit counselling, responsible lending to all income groups, investments in affordable housing and community development, as well as community outreach.

### Small business access to credit

As global financial realities and priorities shift, there are concerns that small businesses may find it more difficult to access capital. This could negatively affect economies, as small business is generally considered to be a key driver of economic prosperity in North America.

In Canada, RBC Royal Bank™ continues to provide financing to Canadian small businesses. In 2010, we increased authorized lending to small business by more than 2%. We have taken a responsible approach to lending, and believe this has contributed significantly to our financial strength. In the U.S., RBC Bank™ supports local businesses by lending to clients who meet credit criteria. RBC Bank is taking a two-pronged approach to increase small business lending and help stimulate economic recovery (see “Outlook” below).

### Financial literacy

The financial crisis and record-high debt levels underscore the need for consumers and businesses to reduce debt and start saving. Some may require a better understanding of financial matters to successfully manage their finances.

RBC promotes financial literacy among clients, prospective clients and the public at large by offering tools, resources and advice through a number of channels. We donate significantly to charities with this mandate as well. We also play an ongoing role in issues related to pension reform in Canada.

## Outlook

We anticipate that as households and businesses slow the pace of growth and build up savings, spending will remain moderate. Policy-makers will try to limit this moderation by keeping interest rates at historically low levels. There is a downside risk that the impact to balance sheets caused by the recession was so pronounced that households will opt not just to slow spending, but to reduce it. Offsetting this risk of declining spending is the possibility that, given all of the stimulus currently in the system, households and businesses could suddenly opt to take advantage of the current low-interest environment and increase spending dramatically.

In 2011, we will continue to stand by our clients with programs and practices that promote economic recovery and help stimulate growth. In Canada, we will continue to improve our advice, products and services to respond to the changing marketplace and to the needs of newcomers. In particular, we will strive to help new immigrants settle in quickly and easily, and to help ensure their financial success. In the U.S., RBC Bank plans to provide mortgages to low- and moderate-income families, lend to small business, and lend to revitalize communities, facilitating affordable housing development and overall economic development in 2011.

Small business is an important segment for us and we will continue to provide credit, proactive advice and specialized products and services. In Canada, we aim to expand our market share of both lending and other products. In the U.S., our plan is to increase overall lending and to aggressively expand our use of the *Small Business Act* lending program, where the government guarantee and no-fee incentive lowers costs for lenders and borrowers.

Financial literacy will continue to be a priority for us in 2011. In Canada, we will enhance the RBC Advice Centre and we will inform Canadian baby boomers on health and wealth issues through the Your Future by Design™ Retirement Research Centre. In the U.S., we plan to provide financial education to five million people, including schoolchildren, college students, young adults, first-time homebuyers, small business owners and community members.

## Return to shareholders

It is difficult to estimate the number of people who share in the ownership of RBC, either directly or indirectly. Pension funds, insurance, trust and investment companies and individual investors worldwide hold RBC shares in their portfolios, representing a vast pool of savings. Such widespread ownership of RBC heightens our responsibility to earn a reasonable return for shareholders on their investments.

## Taxes

Our tax expense of \$2.5 billion in 2010 includes income, capital, property, payroll, business, municipal, and goods and services taxes.

## Economic development

Banks play an important role in the economy. By efficiently channelling funds to productive uses, banks help create and grow wealth. RBC engages in a number of activities that help stimulate and grow the economy in our communities, including:

- Mortgages, investments and other services that promote sustainable home ownership;
- Direct and indirect investments in community development projects;
- Funding, advisory services and support for economic partnerships;
- Investments in innovation and entrepreneurship;
- Specialized programs that help newcomers and Aboriginal communities prosper;
- Research and sharing of knowledge;
- Initiatives that promote basic and economic literacy.

## Sustainable home ownership

Consumers don't want to simply buy a home. They want to be able to keep it. Sustainable home ownership, the ability to afford to stay in one's home, depends partly on responsible lenders and partly on educated consumers. For RBC, responsible lending means providing credit to clients who are able to take on debt comfortably.

We take a responsible approach to the equity and mortgage financing products we offer in Canada, the U.S. and the Caribbean. Our financial literacy initiatives

(described on page 30) help renters and homeowners make sound financial choices. We also promote responsible home ownership by funding affordable housing development projects around the world.

### Canada

RBC Royal Bank is the largest provider of home equity financing in Canada, with a 7% increase in average residential mortgages in 2010, supported by historically low interest rates and a strong housing market. We offer mortgage products that help first-time buyers achieve sustainable home ownership, such as:

- Our Equity Program for Newcomers to Canada, which helps eligible new immigrants who may not meet traditional criteria obtain mortgage financing when they demonstrate the ability to service the loan through other resources;
- Participation in the Canada-Ontario Affordable Housing Program and the Partnership Enhancement Flexibilities Program of the Canadian Mortgage and Housing Corporation in Alberta;
- The Leasehold Mortgage Program that provides First Nations members with greater flexibility and choice when it comes to financing the purchase or construction of a home. It also helps create marketable housing in reserve communities.

### United States

In 2010, amid continued economic and housing market challenges in the U.S., RBC Bank participated in a number of initiatives to help promote sustainable home ownership. For instance:

- We helped move many renters to home ownership by providing special mortgages to families currently receiving Section 8 rental assistance. In the Section 8 program, tenants pay about 30% of their income for rent, while the rest of the rent is paid with federal money.
- We allocated US\$200 million in mortgage loans for current renters and historically underserved clients, including more than 70 mortgage loans that qualified for the Federal Home Loan Banks' First Time Homebuyer Program which provides down payment and closing cost assistance.

- Through the Federal Home Loan Banks' Affordable Housing Program, we acted as the member bank for eight non-profit developers who submitted applications for US\$4.5 million in grants for projects valued at US\$66.4 million. This will generate 476 units of affordable housing in three states.
- In conjunction with other community partners, our community development officers coordinated and delivered more than 50 major home ownership workshops throughout the RBC Bank footprint.

## Helping others

RBC facilitates home ownership by supporting not-for-profit organizations such as:

- **Habitat for Humanity:** Once again in 2010, RBC provided employee volunteers and corporate donations across North America. We are also the founding partner of Habitat for Humanity's Sustainable Building Program, which aims to increase the number of energy-efficient homes constructed.
- **Homegrown Homes:** Operated through the City of Peterborough, Ontario, and founded by community stakeholders, this organization provides affordable homes for low-income residents by renovating and/or relocating existing houses and buildings and renting them out at affordable rates.

## Community development projects

Some investments generate financial as well as social or environmental returns. We help foster economic growth in low- and moderate-income communities by engaging in business activities with a social purpose. We help communities access public and private financing sources for economic development and we also provide direct financing.

### United States ★

- RBC Bank has made a commitment to provide financing of up to US\$750,000 to help stabilize and revitalize certain Florida neighbourhoods identified as being in significant need as a result of the foreclosure crisis.
- We participated in a number of loan consortia in North Carolina, South Carolina, Florida and Alabama in 2010 to provide financing for community development projects that benefit low- and moderate-income citizens. We participated in 10 such projects during the year, and our portion of the loans was over US\$550,000.
- In Rocky Mount, North Carolina, RBC Bank provided US\$1.9 million in financing to revitalize the Douglas Block downtown area. This former African-American business district will serve as a keystone in the main street revitalization.
- The RBC Tax Credit Equity Group invested \$262.5 million in 31 affordable housing developments nationwide. All of these projects are sustainable and several will qualify for Leadership in Energy and Environmental Design (LEED) certification. Each development will provide some support to residents, such as child care, job training and senior services.
- We financed the Edith Witt Senior Community project in San Francisco, a development of 107 units of affordable housing for very-low income seniors, including 20 units for those that were formerly homeless. The site includes a health clinic, a community room, a computer lab and outdoor space.

## Public/private partnerships

Financial services companies have a hand in helping build towns and cities when we provide financing or advice for major infrastructure projects, such as hospitals, schools, roads, bridges, power plants and transit systems. That's where partnerships with government, business and civil society organizations can be important. We provide advice and financial services to public/private partnerships (PPP) through our offices in Toronto, London (U.K.), Sydney, New York, Paris and Madrid. Here are some examples from 2010:

### Canada 🍁

- RBC acted as lead bond underwriter in the largest Canadian PPP bond issue to date for the design, construction, financing, operations and maintenance at the new medical research centre at the Centre Hospitalier de l'Université de Montréal in Quebec.
- We were financial advisor and sole underwriter for two bond financings to build a new, 800,000 square-foot facility for St. Joseph's Healthcare Hamilton in Hamilton, Ontario.



- We served as financial advisor to the province of Quebec on a \$266 million bond financing deal for the McGill University Health Centre.

#### United States

- We continue to serve as financial advisor to the Georgia Department of Transportation's PPP program as they work on transportation projects that address regional capacity constraints and congestion issues.
- We are involved with a private sector concessionaire as it bids for the redevelopment of the Goethals Bridge Project in New York and are actively pursuing opportunities in the development of the nation's high-speed rail infrastructure.
- RBC Bank's Public and Institutional Banking Group participated in several government and institutional partnerships, providing a total of US\$209 million in financing in 2010. This includes US\$3 million of financing for storm-water system improvements with Tindall Hammock Irrigation and Soil Conservation District in Fort Lauderdale, Florida, and US\$1.2 million to renovate five schools in Greenville, Georgia. We continue to support various acquisitions and capital needs for acute-care hospitals, municipalities, colleges and universities.

#### Europe

- We advised the sponsor of the New Karolinska Solna Hospital Project, a world-class medical facility that will make a significant contribution to health provision and medical research in Sweden. This is the largest PPP hospital procurement in Europe to date.
- In the United Kingdom, we advised on two successful Building Schools for the Future projects to improve school facilities in Blackburn and Essex. We are also currently advising on other infrastructure projects, including deals in the waste and highways sectors.

#### Caribbean

- In Jamaica, we provided financing to Transjamaican Highway Ltd. for the expansion and upgrade of a network of world-class motorways linking the capital city of Kingston with its western suburbs and central regions of the island.

### Other partnerships for economic development

#### Canada

- RBC partnered with the Conference Board of Canada's new Centre for the North by committing to contribute \$250,000 over five years. The Centre helps government, business, community and Aboriginal leaders achieve a shared vision of sustainable prosperity in Canada's North.
- We supported Inroads, which recruits outstanding visible minority and Aboriginal students in first- and second-year university, places them in summer internships with sponsoring companies and trains them for corporate and community leadership.

#### United States

- In 2010, RBC Bank continued its partnership with the Rocky Mount/Edgecombe Community Development Corporation in Rocky Mount, North Carolina, to convert a consolidated bank branch into a home ownership centre providing home ownership and mortgage-loss mitigation counselling.
- RBC Bank provides funding as well as board leadership for various economic development organizations throughout our footprint. For example, through Friends of North Carolina Department of Commerce, we assist with industry recruitment events several times per year.

### Newcomers

#### Canada

We believe there are significant economic benefits when new immigrants succeed in their adopted country. In Canada, we have adapted our business practices to help new immigrants succeed, and we support programs and organizations that promote the interests of immigrants, including:

- Career Bridge, an innovative, paid internship program that helps immigrants who are internationally qualified professionals find work in their professional fields. In 2010, RBC hired 40 people into the Career Bridge internship program (see page 57);
- Top 25 Canadian Immigrants of 2010, a national people's choice award that lets Canadians vote directly for outstanding Canadian immigrants who have made a difference since their arrival in Canada;

- The Toronto Region Immigrant Employment Council (TRIEC), a multi-stakeholder council working to improve access to employment for immigrants so they are better able to use their skills, education and experience. In partnership with TRIEC, RBC continues to be a key sponsor of the annual Immigrant Success Awards, recognizing Toronto region employers and individuals that recruit, retain and promote skilled immigrants in the workplace;
- S.U.C.C.E.S.S., a multi-service agency in British Columbia that promotes the well-being of all Canadians and immigrants by offering social, employment, business, economic development, training, education and health services.

### Aboriginal communities

#### Canada

RBC supports the creation of wealth and economic sustainability in Aboriginal communities by helping develop knowledge and resources. We promote Aboriginal interests by forging partnerships with Aboriginal people, businesses and governments based on understanding, trust and respect. We encourage dialogue between businesses, governments and individuals to identify and resolve relevant economic issues.

We support a number of Aboriginal economic development programs, including:

- The Aboriginal Human Resource Council, formed in 1998 as a national public/private, not-for-profit organization to advance the full participation of Aboriginal people in Canada's labour market;
- The Council for the Advancement of Native Development Officers (CANDO), a national, Aboriginal-controlled, community-based organization, directed by a volunteer board of elected economic development officers, trained to help build economic capacity in their communities and organizations;
- The Canadian Aboriginal and Minority Supplier Council, which delivers programs to facilitate procurement opportunities between major corporations in Canada and suppliers of all sizes owned and operated by Canadian Aboriginal people and minorities.


#### United States

- RBC Bank is a longtime partner of the North Carolina Indian Youth Unity Conference. We also maintain ongoing project-development relationships with two North Carolina Native American organizations, the Haliwa-Saponi and Coharie Tribes.

### Research and sharing of knowledge

Financial institutions have a duty to contribute to the public policy discussion of economic and social issues when they have relevant knowledge and experience. Our involvement in many sectors of North American economic life gives us a unique perspective. Our views are often sought by legislators and other public servants, and by other participants in public discussion.

We maintain a substantial economics research program, both corporately and within our various businesses. Our economists examine conditions, developments and trends in Canada and abroad, and share their findings and analyses extensively through publications, speeches and briefings. We are also frequently called upon to prepare and submit briefs to government commissions and task forces. We have consistently emphasized the importance of and need for improved productivity in Canada, especially in the context of worldwide economic competition.

 [rbc.com/economics](http://rbc.com/economics)

### Basic literacy

Countless studies have shown the importance of basic functional literacy to economic well-being. That's why we provide financial support to initiatives like:

- The Stephen Leacock Foundation for Children, which focuses on providing educational programming and support to at-risk children and youth in Toronto;
- Calgary Reads, a program that helps prevent reading problems through early intervention. Our funding will cover tutoring costs, the expansion of the Calgary Reads @ Home program to immigrant families and rural expansion in the Calgary area;
- Smithers Community Services' Summer Step Up, a program that helps local elementary school children in Smithers, B.C. maintain and strengthen their literacy and numeracy skills over the summer;

- One to One Literacy, which provides training to volunteers who tutor children, giving kids literacy skills, and breaking the multi-generational pattern of illiteracy. The program is currently being offered in 41 schools throughout the British Columbia lower mainland.

## Financial literacy

In 1924, we developed our first budget book, the first of many money management tools created to help clients organize their finances. In the years since, RBC has continued to promote financial literacy — an understanding about credit, debt and savings — to clients, prospective clients and the public at large. In 2010, we offered a number of financial literacy tools and supported a host of financial literacy initiatives around the world, including:

### Canada

- The RBC Advice Centre, an online source of up-to-date advice videos and articles on current financial trends and issues. Interactive tools and calculators provide customized information to help Canadians manage their finances;
- The RBC Royal Bank retail store, a new approach to retail banking that offers customer-centric solutions to help increase financial literacy. The store invites customers to find information through interactive merchandising, intuitive and personal technology, and sales employees who are on the floor, ready to answer questions and provide advice;
- Client credit counselling, which we offer to clients who are facing financial difficulties. Our efforts to educate and counsel clients, in addition to debt recovery intervention, earned us a Creditor of the Year award from Credit Counselling Canada;
- YourMoney, a seminar developed by the Canadian Bankers Association in partnership with the Financial Consumer Agency of Canada. In 2010, 44 RBC employees delivered 116 seminars in classrooms across Canada, helping more than 3,700 high school students understand topics such as how to handle credit or start a business;
- Junior Achievement's Economics of Staying in School, a program that includes seminars and educational

materials on career planning and financial awareness. Approximately 920 employee volunteers delivered 564 programs across Canada during the 2009-2010 school year;

- The Canadian Foundation for Economic Education, a basic economic and financial literacy program with complementary resources for the average Canadian. We supported this program through a pledge of \$90,000;
- Momentum Community Economic Development Society's Money Management program, an initiative that offers workshops to help low-income people take control of their personal finances and develop money-management knowledge and skills. We supported this program with a donation of \$20,000.

### United States

RBC Bank has been reaching out with financial education programs for more than a decade. By mid-year 2010, we had reached more than 900,000 consumers with financial education programs. In many cases, our employees volunteered their time and shared their knowledge to deliver financial literacy programs. Initiatives include:

- Our new online Resource Guide, which provides financial advice and tools on topics such as creating a more secure future, using credit wisely, buying or refinancing a home and retirement planning;  
 [rbcbankusa.com/adviceandtools](http://rbcbankusa.com/adviceandtools)
- In-branch seminars and workshops, including first-time homebuyer workshops as well as personal budget and savings seminars;
- Support for higher education programs focused on financial literacy;
- A number of programs for children in K-12, including our online resource guide for kids and a financial education series that reaches approximately 2,800 high school students per school year. RBC Bank employees teach some of the classroom lessons;
- Junior Achievement, which promotes financial literacy among students across the U.S. through programs on business and finance with real world applications;



- BestPrep, a Minnesota non-profit that targets financial literacy education for students through several programs;
- Savvy Cents, a financial literacy education program that helps people of all ages and financial-knowledge levels set financial goals, budget and build wealth;
- Financial literacy seminars and outreach for the Hispanic community, including presentations delivered in partnership with the Hispanic Contractors Association Georgia, the Georgia Hispanic Chamber of Commerce and the Hispanic American Center for Economic Development. Classes are in both English and Spanish and open to the public;
- On-site financial literacy workshops on topics like home-buying, credit scores and surviving a tough economy. Workshops are available to schools, community centers, churches, civic groups, retirement communities and local community organizations.

#### Caribbean

- In Jamaica, we created an email address ([manageyourdebt@jm.rbtt.com](mailto:manageyourdebt@jm.rbtt.com)) to assist clients with online queries about the management of their loan and credit card debt. We also sponsor *The Achievers*, a television program that features our branch managers and offers tips on banking and savings.

### Small business

RBC was founded on the initiative of eight Halifax merchants in 1864, and we have recognized the importance of small business as an economic driver ever since. We have approximately 634,000 small business clients in Canada, the U.S. and the Caribbean. At the heart of our commitment to these clients is our pledge to listen, understand and respond to their needs, and to provide advice and tailored financial solutions.

#### Leadership

##### Canada

- RBC is a market leader, serving approximately one in every four business clients in Canada.
- We have 550 senior account managers, business and personal, devoted to small business owners in Canada, as well as a dedicated team of small business advisors

who are available 24/7 to provide immediate assistance to clients over the phone.

- Across the country, we are one of the leading lenders to small business. Total lending to small businesses in Canada in 2010 was approximately \$4.8 billion.

##### United States

- RBC Bank has 426 banking centres, which have primary responsibility for managing, growing and acquiring small business clients with less than US\$1 million in annual sales and less than US\$250,000 in single name credit.
- We have approximately 120 bankers who serve business clients, including 65 relationship managers dedicated to businesses with less than US\$10 million in annual sales.

##### Caribbean

- We serve approximately 10,000 small business clients in the Caribbean.

#### Access to credit

We are committed to helping small, commercial and corporate businesses prosper. Providing debt financing or credit is one of the ways we do this, whether the businesses are starting, maintaining or expanding their operations. Our streamlined credit approval process makes it easy for businesses to deal with us.

As part of our annual Public Accountability Statement, we disclose the number of business clients we lend to across Canada and the amount of credit made available to them. You can find this information on page 90 of this report.

In the U.S., the *Community Reinvestment Act (CRA)* requires that we report annually on information relating to the RBC Bank assessment area, community development loans, and small business and farm lending. We report the aggregate number and dollar amount of loans for each geography in which the small business or farm loan was originated. Loans to businesses are reported by loan amounts of:



- US\$100,000 or less
- More than US\$100,000 but less than or equal to US\$250,000
- More than US\$250,000

We are also required to report on loans to businesses and farms with gross annual revenues of US\$1 million or less.

### Advice and products

While access to credit is important, it is only one need of small business clients. We also strive to provide the best possible products and advice. To help our clients better manage their businesses in 2010, we:

#### Canada

- Hired business advisors who can provide credit and business advice by telephone, so small business clients don't need to leave their premises. More advisors will be added in 2011 and 2012;
- Enhanced communication with diverse clients by providing telephone service in more than 180 languages, and print and online materials in multiple languages;
- Further simplified the process for opening a business account through proactive advice and information calls;
- Simplified the enrolment process for the electronic statement option, which helps small businesses with record-keeping and greening efforts;
- Simplified online banking access, enabling small business clients to view both business and personal accounts online;
- Introduced a low-cost \$6/month account designed for small businesses;
- Reduced the price of Moneris merchant service deposits to RBC Royal Bank accounts;
- Launched the small business advice centre on our website;  
 [rbcadvicecentre.com/categories/index/taking-care-of-my-business](http://rbcadvicecentre.com/categories/index/taking-care-of-my-business)
- Launched solar panel financing for small businesses in Ontario that want to go green by leveraging the provincial microFIT program;
- Launched a Greening Your Business advice centre (see page 75 for details);  
 [rbcrooyalbank.com/commercial/advice/greening-your-business](http://rbcrooyalbank.com/commercial/advice/greening-your-business)

#### United States

- Offered a full suite of cash management tools to manage cash flow, information and payment processing to meet small business client needs;
- Enabled clients to deposit funds from their own locations through remote deposit (clients scan cheques and transmit digital images to us);
- Provided leasing solutions, state-of-the-art payroll services and payment processing capabilities through strategic partnerships.

#### Caribbean

- Introduced a new U.S. dollar credit line to help small businesses in industries such as manufacturing, agribusiness and tourism. The line provides access to between US\$50,000 and US\$250,000 and is available for trade financing, business expansion and upgrading of existing facilities.

### Agricultural businesses

#### Canada

We've been committed to Canadian agriculture for more than 135 years. We are Canada's largest non-government private lender to agriculture and agribusiness and serve more farmers and farm families than any other financial institution in the country.

- **Specialized products and services:** We recognize that farms and agribusinesses are different from other businesses. RBC offers a suite of farm financing and account options that include mortgages, term and operating loans, deposit and savings accounts, as well as other specialized services. We also participate in federal and provincial programs such as the Canadian *Agricultural Loans Act* and the Hog Industry Loan Loss Reserve Program.
- **Dedicated specialists:** RBC has more than 130 dedicated account managers who know agriculture and understand the farm business.
- **Education:** We help keep farmers and agribusiness informed about the agricultural economy and the management of their business. Our website and publications cover topics such as business strategy,

risk management, technology and farm finance. Contributors include RBC associates and clients, as well as renowned agricultural economist Dr. David Kohl, who tackles tough questions about farm finance, farm succession and management. The RBC Agricultural Speaking Series brings renowned speakers to our clients. For instance, Dr. Kohl and Jolene Brown cross the country to speak to gatherings of our clients and producers about farm business management and farm succession.

- **Community involvement:** Our commitment reaches into Canada's rural communities. RBC has been a supporter of 4-H programs for over 60 years, providing valuable financial and individual support. The RBC 4-H Rural-Urban Youth Outreach Program fosters the creation of 4-H clubs in cities and facilitates rural-urban exchange. Many of our employees are leaders in 4-H clubs in their local communities and are involved in chapters of the Canadian Association of Farm Advisors and the Canadian Agri-Marketing Association, as well as other industry organizations.

#### United States ★

We support agricultural businesses by facilitating annual operating requirements, equipment loans and real estate purchases for local farmers, through conventional lending channels as well as through the Farm Service Agency's Guaranteed Lending programs. We offer services through various delivery channels so that we can deliver the personalized service of a smaller bank with the products and backing of a much larger financial institution.

### Not-for-profit organizations

#### Canada 🍁

Not-for-profit (NFP) organizations are a significant economic force in most developed nations. In Canada, the value added, or gross domestic product, of the core non-profit sector amounted to \$35.6 billion\* in 2007, the most recent year for which statistics are available. This accounted for 2.5% of the total Canadian economy. This share increases to 7% when hospitals, universities and colleges are included.

#### Canada 🍁

- We support the NFP sector by providing customized services, account packages and expertise.
- Fifty-five account managers across Canada are dedicated exclusively to the NFP sector. In addition to bringing specialized knowledge, advice, products and networking opportunities to their NFP clients, they are passionate about their clients' causes. Many of our NFP account managers volunteer in their communities.
- We provide additional support to the NFP sector by hosting and supporting education and networking sessions, providing education materials about fraud mitigation and governance, and sponsoring organizations such as the Canadian Society of Association Executives, dedicated to managing many of Canada's most progressive associations and foundations.

#### United States ★

- We help NFP clients manage their finances with Smart Street, integrated banking and cash management services for community associations and managers.

\* Source: Statistics Canada, Satellite Account of Non-profit Institutions and Volunteering.

## Resources for entrepreneurs

### Guidebooks

We provide information to business owners at all stages of the business life cycle, helping them manage their business and personal financial matters. We publish guidebooks on:

- Starting a business (also available in simplified Chinese)
- Growing a business
- Business succession planning
- Personal financial management for business owners

In 2010, we created a guide to help business owners achieve their sustainability goals. “Greening your business: A guide to getting started” includes case studies and RBC client stories, information on environmental sustainability and why it matters, the business case for going green, and how companies can create their own green plan. See page 75 for details.

 [rbccroyalbank.com/commercial/advice/greening-your-business](http://rbccroyalbank.com/commercial/advice/greening-your-business)

### Events

To complement our guidebooks, in 2010 we launched the first in a series of small business seminars entitled “The Keys to Successful Business Management.” Hosted in-branch in English, French, Mandarin, Cantonese, Punjabi or Urdu, the seminars provide helpful tips for managing a small business.

In 2010, we also launched The Business Financial Services Webinar Series. These online events are offered live or in archive form on our Commercial Advice Centre site. The calendar includes quarterly economic updates with RBC Chief Economist Craig Wright, and events on topics of special interest to business clients, such as foreign exchange, fraud, energy retrofitting, business investment and productivity.

In the U.S., RBC Bank branches and commercial teams host local market seminars, providing advice from local leaders, such as accountants and attorneys. These educational events facilitate networking between business owners.

### Online tools and tips

We provide a wide range of online resources to help aspiring entrepreneurs and existing business owners find the information they need for their business.

#### ■ Taking Care of My Business

We launched this online tool in 2010 as part of the RBC Advice Centre. A resource for small business owners, the website features a series of videos and articles which function as “thought starters” to help entrepreneurs form a more complete picture of what it takes to run a successful business.

#### ■ Business assessment tool

This self-assessment tool helps people make an informed decision about purchasing a franchise.

#### ■ Cash flow management tool

This online tool helps business owners manage their cash positions by creating a variety of realistic cash flow projections through “What if?” scenarios. It also provides recommendations for improving cash flow.

#### ■ Small business resource centre

In the U.S., we have a small business resource centre that offers a broad range of free services, advice and tools for small business owners.

### CICA/RBC Business Monitor

We helped establish and sponsored the CICA/RBC Business Monitor, a quarterly report based on surveys conducted by the Canadian Institute of Chartered Accountants (CICA). The report includes responses from leading chartered accountants that serve as a barometer of economic activity.

 [rbccroyalbank.com/business/resources](http://rbccroyalbank.com/business/resources)

 [rbcbankusa.com/adviceandtools](http://rbcbankusa.com/adviceandtools)

## Innovation and entrepreneurship

Innovation is widely recognized as a key ingredient of productivity and economic prosperity. We take a leadership role in promoting innovation and the commercialization of research. Since 1969, we have brought investment dollars as well as our knowledge and expertise to budding software and technology companies serving the financial services and other sectors. Through direct and indirect investments, we currently have more than \$700 million dedicated to investment in emerging technology companies around the world.

We also support projects and organizations that promote learning, innovation and entrepreneurship. In 2010, these included:

- The RBC Ask a Business Consultant program, offered by Youth Employment Services (YES), which helps participants launch and stabilize a small business. We donated \$30,000 to YES in 2010;
- Evergreen, which supports the development and operation of an urban greening entrepreneurship program for Canadian youth seeking to be business leaders. RBC has donated \$625,500 to Evergreen since 1992;
- Business is Jammin', an Atlantic Canada initiative that provides business skills and entrepreneurship learning to black youth;
- The Martin Aboriginal Education Initiative,  which provides Aboriginal Canadians with opportunities to succeed in business by bringing together Aboriginal organizations, accounting professionals, the business community, post-secondary institutions, First Nation schools and provincially funded school boards. We have committed \$300,000 over three years to this initiative;
- Actua, a science, engineering and technology youth outreach organization, representing a network of 29 member organizations at universities and colleges across Canada that deliver dynamic and interactive programming in summer camps, classroom workshops, clubs and community outreach activities. We donated \$50,000 to Actua in 2010;

- The RBC Next Great Innovator Challenge, an annual contest to encourage college and university students from across Canada to think of innovative ideas about how financial services are delivered. In 2010, we awarded the grand prize to a team from the Schulich School of Business at York University. Since 2006, the challenge has empowered the next generation of business leaders to make their mark. It has attracted over 600 entries from schools across the country and \$170,000 of prize money has been awarded.

 [nextgreatinnovator.com](http://nextgreatinnovator.com)

## Employment

RBC provides employment to 78,676 people worldwide. This represents one of our most significant direct economic impacts in the form of compensation and benefits paid, which has an indirect impact on the economy in terms of purchasing power.

RBC also has a long history of supporting community and charitable programs for people who are unemployed or underemployed. Though it is impossible to quantify the precise impact of these investments, we believe they have significant, positive economic effects on communities.

### Mentorship and skills development

Finding the right job takes skills, opportunities, contacts and good advice. We invest in organizations that help fight unemployment through specialized, targeted programs, such as:

- The Minerva Helping Women Work program in British Columbia, a career mentoring program for women who need to return to work for financial reasons but are experiencing barriers. We donate \$10,000 annually;
- The Employment Resource Centre at Goodwill Industries, Ontario Great Lakes, which supports self-directed career exploration, training and skills development, resumé development and other programs and resources. We have committed \$100,000 over two years;
- Minneapolis-based Project for Pride in Living, which provides support and resources for career planning, training, job search, job referrals and employment opportunities. RBC donated US\$10,000 to this organization in 2010.



## At-risk groups

It can be hard for people with physical, psychological, financial or social challenges to find work at the best of times. In a difficult economy, they may face even more barriers to employment, such as lack of experience. We support organizations that help break down these barriers and open the door to new opportunities through confidence-building, training and job-placement support. For instance, we support:

### Canada

- Choices for Youth, a collection of outreach and engagement programs that combine housing with employment and educational opportunities for homeless and at-risk youth in the St. John's, Newfoundland area. We donated \$5,000 to this initiative in 2010;
- The Moncton Youth Residences, which provide services to at-risk youth and their families, including transitional housing, community outreach, employment training, academic upgrading and job placement. We committed \$25,000 over 5 years to this organization in 2010;
- Eva's Phoenix in Toronto, a transitional housing project and successful working model for training and employment of homeless youth. We donated \$70,000 in 2010;
- Pathways to Education Canada, dedicated to reducing poverty and its effects by lowering high school dropout rates, removing barriers and encouraging meaningful employment through mentorship, internships and bursaries. Funding from RBC will assist with expansion into Winnipeg and program retention in Toronto's Regent Park area. We donated more than \$250,000 to this organization in 2010;

- The Graffiti Art Program in Winnipeg, Manitoba, an art-based life-skills training program that provides challenged young people with tools to overcome barriers in a safe and tolerant environment. RBC donated \$5,000 in 2010;
- The Regina Adult Learning Centre in Saskatchewan, dedicated to working with at-risk young adults to give them skills and experience to enter the workplace or a post-secondary educational facility. RBC has pledged \$50,000 to the group's foundation;
- Aunt Leah's Independent Lifeskills Society, which teaches skills for jobs in the retail industry. Participants are from the Metro Vancouver and tri-cities areas, and range from foster children to youth with disabilities and new mothers. We donated \$5,000 to this charity in 2010.

### United States

- People Serving People (PSP) in Minneapolis, which provides individualized employment assistance and technology resources to the residents of its transitional housing units. We donated US\$10,000 to PSP in 2010.

### Caribbean

- The Daren Ganga Foundation, which provides underprivileged children in rural communities in Trinidad with tutoring, coaching and mentoring;
- The St. Michael's School for Boys in Trinidad, which used its funding from RBC to equip computer labs, provide laptops for teachers and students, fund an agriculture project to promote self-sufficiency, and provide computer literacy training.

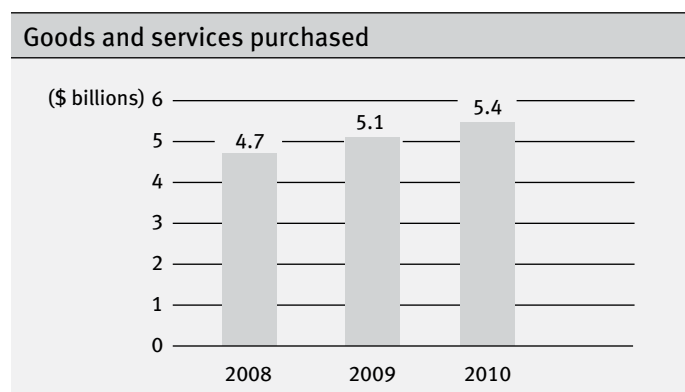
## Procurement

Increasingly, stakeholders expect companies to take social and environmental considerations into account when managing their relationships with suppliers. As a result, responsible sourcing and effective supply-chain management are quickly becoming hallmarks of a sustainable company.

Our procurement policies are inclusive and aim to promote sustainable business practices and economic development where possible and appropriate. We consider social and environmental policies and practices, among other criteria, when awarding contracts.

### 2010 highlights

In 2010, we spent \$5.4 billion on goods and services from international, national, regional and local suppliers of all sizes.



## Approach

RBC has a designated procurement group responsible for sourcing products and services. To maintain the highest standards, we review our procurement guidelines on an ongoing basis.

As appropriate to a specific Request for Proposal (RFP), our procurement group may ask prospective vendors to provide extensive corporate and financial information, including the declaration of conflicts, lawsuits or administrative complaints and charges, industry experience and references. We also ask vendors to provide details on their commitments and programs that support responsible environmental management, employee health and safety, ethical business practices, compliance with labour standards and diversity.

### Diversity

We are a founding member for the Canadian Aboriginal and Minority Supplier Council. RBC has been a member of the Council's U.S. affiliate, the National Minority Supplier Development Council, since 2002. We are also an inaugural sponsor of WEConnect Canada, a not-for-profit organization that promotes women-owned businesses in the supply chain.

# Marketplace

Some stakeholders maintain that corporate responsibility isn't so much about how a company spends its money, but how a company makes its money. At RBC™, we strive to operate with integrity in every transaction, developing products and providing services in a responsible fashion so that we can earn the trust and long-term business of our clients.

Priorities	2010 Performance highlights
Provide access to basic banking and insurance	<ul style="list-style-type: none"> <li>■ Launched a pilot loan program that helps skilled immigrant workers get the training necessary to meet certification and/or licensing requirements in Canada. We have allocated \$2.5 million over two years to this program</li> <li>■ Added Cree and Inuktitut to our telephone banking service, which is now available in 180 languages</li> <li>■ Maintained RBC Bank™ branches in low- and medium-income communities, totalling 16% of our network in the U.S.</li> <li>■ Eliminated account fees for a number of users of electronic or self-serve transactions</li> </ul>
Develop and provide products responsibly	<ul style="list-style-type: none"> <li>■ Updated the environmental risk-management policy for U.S. commercial and real estate markets</li> <li>■ Offered our clients seven socially responsible investing (SRI) products through RBC Global Asset Management Inc. using SRI research and ESG screens developed by Jantzi-Sustainalytics. Total assets under management for the combined SRI products are now in excess of \$900 million</li> </ul>
Protect, educate and listen to consumers	<ul style="list-style-type: none"> <li>■ Joined the Financial Coalition Against Child Pornography (U.S.). We do not accept credit card payments for child pornography images</li> <li>■ Broadened the scope of our fraud management to include the U.S., the Caribbean, Europe, Asia and our insurance operations</li> <li>■ Introduced the RBC Royal Bank™ retail store, combining financial education with best-in-class retail shopping concepts to improve client financial understanding and literacy levels</li> <li>■ Launched <i>myFinanceTracker</i>, Canada's first online financial management tool to be integrated into an online banking service, helping clients understand and track their finances</li> </ul>

## In this section:

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## Vital statistics

	2010	2009	2008
Countries in which we operate	52	55	50
Clients (millions; approximate)	18	18	17
Bank branches (Canada)	1,209	1,197	1,174
Insurance branches (Canada)	52	49	35
ATMs (Canada)	4,227	4,214	4,149
Bank branches (United States)	426	438	439
ATMs (United States)	476	486	503
Bank branches (Caribbean)	126	125	127
ATMs (Caribbean)	330	330	312
Bank branches (China)	1	1	1
Online banking client enrolments* (Canada; millions)	6.1	5.5	4.8
Online banking active users** (Canada)	27%	25%	23%

\* Includes personal and business clients in Canada enrolled in online banking services as of each fiscal year-end (October 31).

\*\* Percentage of RBC Royal Bank customers who are actively using online banking solutions (measured by transactions).



## Issues

## RBC Position

### Information security

Continued growth in the volume and complexity of online services, coupled with a rise in identity theft and organized criminal activity targeting the information of our banking clients, has resulted in increased potential of fraud and security breaches that are outside our control.

RBC mitigates potential risk with stringent, industry-recognized security practices, education and online guarantees that protect our clients.

### Banking channels

Tech-savvy consumers seek simpler, more convenient banking services through a growing number of devices, while other clients prefer to bank in person. This has required banks to invest in a multitude of channels.

Our clients' needs are at the heart of our service offerings. We use market research to better understand consumers' changing needs, and aim to serve them at their convenience, be it in-branch, on the Internet, by telephone, or via mobile phone app.

### U.S. economic and housing conditions

In 2010, challenging economic and housing market conditions in the U.S. continued to affect our clients. Some banks are closing branches in low- and moderate-income communities.

RBC Bank regularly monitors the availability of our services to all income sectors of the communities that we serve in the Southeastern U.S. Throughout 2010, we maintained 66 branches in low- and moderate-income communities, representing 16% of our network in the U.S. RBC Bank also participated in initiatives to help promote financial literacy and responsible home ownership.

### Cost of credit

With prime rates near all-time lows, there may be expectations of dramatically lower consumer interest rates. The economic downturn saw a general re-pricing of risk in financial markets and an increase in the probability of loan losses.

The interest we charge on loans is determined primarily by the risk that a borrower represents and by the price we pay other lenders to raise funds. We take these factors into account in our pricing decisions.

### Direct versus indirect impact

Some interest groups think that financial services companies bear a level of responsibility for the environmental and social impacts of our clients' businesses, and that banks should adjust or curtail lending activities based on their assessments of our clients.

While we take a responsible approach to lending, it can be a challenge to determine the line that separates a company's direct and indirect impact. We believe our role is to take a balanced view on behalf of all our stakeholders without being buffeted by short-term trends or pressures from single-issue interest groups.

## Outlook

The face of banking has changed significantly over the 140 years that RBC has been in business. Globalization, expansion into new regions, changing demographics and evolving technologies have helped shape a dramatically different marketplace. As always, RBC aims to anticipate trends and lead the way. What will banking look like in the coming years? We believe it will look different to different groups. For some, it will mean the ability to bank using their mobile phone and chipless debit cards. For others, the marketplace will be a new branch experience where they have face-to-face contact with experts who understand their needs. Others still will look for new products and services that respond to their social or environmental interests.

## Access to banking and insurance

### Account opening

We are committed to ensuring that the process of opening an account is as straightforward as possible, while still ensuring that we meet our regulatory requirements. Written in plain language and available in multiple languages, our documents clearly outline the requirements for opening an account and meeting our verification of funds policy.

In 2010, we introduced several improvements that make it easier for online banking clients to open an account or add owners to an existing account. These improvements include:

- A reduction in the number of fields that a client needs to complete for an online personal deposit account application;
- The option to open joint personal deposit accounts online;
- The option to add owners to existing personal deposit accounts.

### Banking network

We are a leader in introducing convenient alternatives for people to access their money and review their finances anywhere, anytime. We recognize that “convenience” is in the eye of the beholder. For some clients, online access to their finances is paramount. For others, face-to-face service inside a branch is required. We continue to expand and improve our network of branches, online and telephone banking services, and full-service banking machines. With mobile banking, our clients can access their accounts over their Internet-enabled mobile phone or personal digital assistant (PDA) at no additional charge. They can also locate the nearest branch or ATM using our online locator.

We opened 18 new bank branches in 2010 and closed six. We expect to open as many as 20 more in 2011, in order to further strengthen our distribution capabilities. We also added three new retail insurance locations.

- Over half of our branches are open extended hours and we continue to look for opportunities to offer extended hours wherever there is a demand.
- Clients can bank, open accounts, obtain quotes and purchase insurance online or by phone anytime they want.

- We have the largest sales force in Canada, including mobile specialists who go to our clients' homes any day a client chooses.
- Our advisors include mortgage specialists, insurance advisors, investment and retirement planners, and specialized sales forces for business and commercial clients.

### Bank branch closures and openings

RBC Royal Bank has programs for assessing the impact of any decisions to add or remove bank branches in local communities. In Canada, we comply with federal legislation in our commitment to:

- Provide clients and communities with four months' advance notice of network reconfigurations or branch closures (six months' notice in the case of rural communities or communities where there is no bank within a 10-kilometre radius);
- Ensure community leaders and public officials are aware of our reconfiguration initiatives and have an understanding of service alternatives for the affected communities.

### United States

- Our bank's network includes more than 420 full-service banking centres, an extensive ATM network and 24/7 online and telephone banking across our six-state footprint.
- We specialize in serving individuals, businesses, business owners and professionals.
- We offer customers the option of remote deposit capture, which allows them to transmit scanned checks to us for posting and clearing.
- U.S. consumers can get online quotes for our travel insurance.
- Clients with wireless global positioning satellite (GPS) devices can easily locate an RBC branch or ATM anywhere in continental North America.

### Caribbean

- We have 126 branches and 330 ATMs in the Caribbean, including a number of ATMs in off-site locations, such as gas stations, public transport hubs and supermarkets.


- Across the Caribbean, we have ATMs that dispense U.S. currency, and we are the only bank in Trinidad & Tobago that offers U.S. currency ATMs.
- In several Caribbean countries, RBC and RBTT clients can bank via telephone or online.

## Pricing

### Canada

We conduct research in order to set fees that are reasonable, competitive and provide value for our clients. Almost half of our retail clients receive a rebate on their banking or bank for free. All our customers have access to a number of options for reducing their banking costs. In 2010, we eliminated account fees for a number of users of electronic or self-serve transactions, reflecting the lower cost of providing these services. This includes self-serve transactions on RBC Day to Day Savings™, RBC Enhanced Savings™ and RBC eSavings™ accounts.

In 2010, we were actively involved in a public consultation process with the Financial Services Commission of Ontario on the long-term affordability of auto insurance. The resulting product reforms featured important new choices for consumers about their coverage options. To help clients make informed choices, RBC Insurance™ built a comprehensive, multi-channel advice program.

 [rbcinsurance.com/autoreform](http://rbcinsurance.com/autoreform)

### United States

We are committed to maintaining a competitively priced suite of deposit and investment products and services. Our chequing account products offer low-cost and convenient access to many forms of payment, such as debit cards, cheques, online bill payment and electronic payments.

## Diverse groups

We provide banking access to a host of traditionally underserved groups through customized products, services, channels and community-based programs.

### Low-income and underserved clients

We are committed to providing banking access to low-income and previously underserved clients through initiatives like:

- A rebate on banking or free banking for almost half of our Canadian retail customers;
- A low-cost Canadian deposit account, one of the industry's most flexible, offering 15 monthly debit transactions for a low, flat fee;
- A remote banking program for Aboriginal clients who cannot travel easily to urban branches;
- Branches that serve low- and moderate-income communities in the U.S. Throughout 2010, we had 66 branches in such communities, representing 16% of our total number of U.S. branches.

## People with disabilities

For clients with disabilities, our goal is to ensure equal access to premises and services. We have a strong record of making accessibility improvements and involving our clients and other stakeholders in the process.

### Branches

- We're committed to applying barrier-free design standards wherever we operate. Approximately 90% of our bank and insurance branches in Canada and the U.S. are wheelchair-accessible. Our physical locations are audited periodically by external regulatory agencies to identify and remove barriers to people with disabilities. In Canada, every new branch we open must be wheelchair-accessible. All of our U.S. banking and administrative facilities built or renovated since 1990 have met or exceeded *Americans with Disabilities Act* requirements. In the Caribbean, the vast majority of our branches are wheelchair-accessible.

### ATMs

- We worked with the Canadian Standards Association (CSA) to shape the industry standard for barrier-free ATMs, and we were the first bank worldwide to provide audio-enabled ATMs. Our prototype has been adopted as the de facto standard by both the CSA and other standards bodies around the world.
- More than 1,200 of our branch ATMs in Canada are wheelchair-accessible. Our ATM surround design exceeds the knee-space requirement outlined in the CSA barrier-free design so that people in wheelchairs have easier access. In 2010, clients had access to 2,270 talking RBC bank machines across Canada.

- In 2010, we completed our ATM replacement project, which provided for at least one wheelchair-accessible ATM in each branch and audio capability in each branch lobby machine.

#### Online banking

- Our goal is to make our websites accessible and usable for our clients. Our online standards enable access using a broad range of platforms and technologies, such as different browsers and adaptive devices used by persons with disabilities. RBC is a pioneer in applying the web content accessibility guidelines developed by the World Wide Web Consortium. Unified standards for our public sites (rbc.com, rbcroyalbank.com, rbcinsurance.com) make them accessible and easy to use, particularly for clients with disabilities.

#### Telephone banking


- We have a special number that can be accessed using a teletypewriter device, giving hearing-impaired clients in Canada and the U.S. 24/7 access to our telephone banking services. Clients can also use Relay Services to talk to a representative about banking needs, particularly for more complex requirements.

#### Print materials

- RBC provides clients with information in a number of alternative formats including large type, audio cassettes, Braille and e-text. Approximately 1,200 clients in Canada receive Braille statements.

 [rbc.com/accessibility](http://rbc.com/accessibility)

#### Seniors


Canada 

We are sensitive to the banking and insurance needs and concerns of the growing population of seniors. We offer specialized deposit and insurance options for seniors, including free banking and monthly rebates on bank accounts in Canada. We also provide training and presentation material to employees across Canada to prepare them for meeting with groups of seniors to discuss financial fraud.


United States 

In the U.S., RBC Bank offers seniors a no-fee chequing account that pays interest on balances over \$1,000 and provides free basic cheques.

#### Students and youth

Canada 

RBC offers a variety of banking and credit products for students and youth. We offer a free student bank account, including 25 debit transactions monthly, and for clients under 19 in Canada, a free RBC Leo's Young Savers Account™, including 15 debit transactions monthly. We also provide educational materials and tools to promote financial awareness among youth and their parents. This includes the RBC Better Student Life site which provides students with tools to assist with money management.

 [betterstudentlife.ca](http://betterstudentlife.ca)

United States 

In the U.S., we offer students and their families a number of web resources to help choose, plan and finance a college education. This includes advice on financing and aid programs, and a number of tools to calculate the costs and value of higher education.

Caribbean 

In the Caribbean, we offer an education loan to help working individuals pursue post-secondary education at any local institution.

Newcomers to Canada 

RBC recognizes the contributions that newcomers make to the social and economic fabric of Canada. We also understand some of the challenges newcomers face.

Over the past several years, we have conducted extensive research and sought feedback so that we understand how to eliminate barriers and obstacles for newcomers from China and India as they move, get settled and put down roots in Canada. This ongoing research enables us to reach out to diverse communities, tailor our products and services, and strengthen our relationships with multicultural clients.

In 2010, we conducted a poll among new Canadians to learn more about their financial needs and outlook. Findings show that a large percentage of newcomers to Canada find the management of their finances more difficult than they expected and almost half worry that they will not have enough money to live comfortably.

We provide financial advice, solutions and discounts that help newcomers succeed. In 2010, we:


- Continued to enhance our Welcome to Canada website by organizing content by immigration class, life cycle and language;

 [rbc.com/canada](http://rbc.com/canada)

- Launched a pilot loan program that assists certain skilled immigrant workers in obtaining the necessary training to meet certification and/or licensing requirements in Canada;
- Extended the language capabilities of client-contact centres so that we can converse with clients in 180 different languages;
- Continued to offer financial services that support the Canadian federal government's Immigrant Investor Program, designed to encourage successful and experienced business individuals to immigrate to Canada.

### People who speak different languages

As a group, RBC employees can assist clients in more than 180 languages.

Canada 

- Combined, RBC call centre employees speak 60 languages.
- We have a dedicated telephone number for Mandarin- and Cantonese-speaking clients (1-888-769-2598).
- RBC offers telephone service in 180 languages. Within minutes, a customer service representative can connect a client to one of 2,600 language interpreters via a three-way confidential conference call. In 2010, RBC became the first Canadian bank to offer indigenous-language telephone service with the addition of Cree and Inuktitut.
- Combined, our mobile mortgage specialists speak more than 35 languages.
- Our Welcome to Canada website is available in French, English and simplified Chinese.
- We have dedicated Chinese-language telephone representatives and a Chinese language option on our banking machines at 1,861 locations across Canada.
- Consumers can use our online branch and ATM locator to search our network by location, hours and language preference.

- We offer new immigrants a series of step-by-step fact sheets on Canadian financial products and services. The sheets are written from a newcomer's perspective and are available in 14 different languages.

United States 

- RBC Bank has about 325 employees who are bilingual. Of these, approximately 150 speak Spanish. All of our banking machines are bilingual, offering service in English and Spanish. Our new ATMs will also offer French as a language selection.
- RBC Bank offers a telephone language interpretation service to assist clients who cannot speak English.

### Aboriginal communities

Access to banking services and capital are critical factors to help create wealth and economic sustainability in Aboriginal communities.

Our Aboriginal services team comprises specialized financial executives, market managers, account managers, trust and investment advisors and dedicated risk-management teams who specialize in understanding the banking and credit needs of the Aboriginal communities we serve across Canada.

We have eight branches located on reserves, six of which are north of 60°. We also have two agency banking operations located in remote First Nations communities.

We were the first financial institution in Canada to create an on-reserve mortgage that did not require a federal government guarantee.

RBC On-reserve mortgage program

	2010	2009	2008
Communities served	70	56	56
Number of mortgages	655	623	565

In 2010, we continued to provide financing and bridge financing for capital projects, including community centres, administration buildings, schools, health centres, museums, interpretative centres and housing. We offered specialized financial advice, and through our Ten Helpful Steps outreach program, we delivered financial advice workshops to Aboriginal communities across the country.



We have provided financing for a number of Aboriginal projects in 2010. These include:

- A housing project (\$2 million), an arena (\$1.6 million), a health centre (\$1.2 million) and Inuit housing (\$1.1 million) in Ontario;
- A community hall (\$1 million) and a housing project (\$1 million) in Saskatchewan;
- A community building (\$7 million), an administration building with hockey rink (\$7 million), and a truck wash and equipment facility (\$500,000) in Alberta;
- A cultural centre (\$14 million), a store and community building (\$5 million), and a tire shop (\$775, 000) in British Columbia.

### **Microcredit**

In recent years, microcredit or “microfinance” has been considered an effective approach to alleviating poverty in developing nations. Microfinance consists of small loans, usually of less than \$200, that are provided by organizations or financial institutions to individuals, primarily women, so that they can establish or expand small, self-sustaining businesses. These small loans are generally facilitated through a financial institution’s retail delivery channel located on the ground in a specific country or low-income region. While most microcredit programs are found in developing nations, they are starting to appear in some developed nations as well.

We are often asked if RBC is involved in microcredit. We are not. In fact, we are not in the retail banking business in developing nations outside of the Caribbean region. We serve low-income clients in Canada and the U.S. and provide credit and financing expertise to small businesses in Canada, the U.S. and the Caribbean. We report our provision of credit to small businesses in Canada.

We do support charitable programs that provide small loans for individuals to pursue education or business opportunities in the Caribbean, but the direct provision of microcredit is not part of our business or corporate responsibility strategies at this time.

## **Product responsibility**

“Responsibility” may not be the first thing you think of when it comes to how a bank develops its financial products and services — at least not the same way you might be concerned about how your child’s toys are manufactured or how your car was designed. But for a financial services company, mortgages and loans, bank accounts, insurance offerings and credit cards are all considered products for which we must take responsibility. At RBC, we ensure that all the products and services we develop align with our vision and values and are guided by our comprehensive Code of Conduct.

### **Development of products and services**

RBC has a policy that sets out a defined, rigorous process for the initial and subsequent risk assessment and product approval process. We evaluate products for a range of risks and ensure they align with client needs, our Code of Conduct and applicable laws and regulations. Approval levels correspond to the level of risk identified for a particular product.

### **Responsible investing**

SRI is an investment management approach which integrates environmental, social and governance (ESG) criteria in traditional financial analysis. In the U.S., the SRI market is relatively mature and represents approximately 12% of assets managed. In Canada, SRI represents a smaller share of the investment market. For individual investors who are interested in SRI, we offer a number of options:

- RBC Global Asset Management Inc. helps financial advisors meet the needs of clients who want to invest in a responsible manner by offering SRI mutual funds and segregated accounts.
- Our SRI mutual funds include the RBC Jantzi Funds, which use ESG investment screens provided by Jantzi-Sustainalytics, and the Phillips, Hager & North Community Values Funds, which invest in companies that conduct themselves in a socially responsible manner. Total assets under management for these products are in excess of \$900 million.



- Minneapolis-based RBC Global Asset Management (U.S.) Inc. manages the Access Capital Community Investment Fund, which invests in debt securities that support community development across the U.S.
- In Canada, RBC clients have access to all the SRI funds in the Canadian marketplace through our network of advisors.

### Responsible lending

A growing number of stakeholders hold lenders accountable for the impact of borrowers' activities. We believe that financial institutions should lend responsibly, taking into account the interests of all their stakeholders. For RBC, responsible lending means providing credit to clients who are able to take on debt comfortably. It also means having policies and practices in place that foster ethical behaviour within RBC.

We provide credit and banking services to companies in many industries. Our risk management policies and processes provide assurance that these services are properly designed and sold to appropriate customer segments and individuals. We also have policies covering areas of particular concern such as environmental responsibility and anti-corruption. RBC is a signatory to the Equator Principles, a set of voluntary guidelines addressing environmental and social risks associated with project finance, as outlined on page 74. Additionally, Canada formally endorsed the UN Declaration of the Rights of Indigenous People (UN DRIP), including the principle of free, prior and informed consent, in November 2010. We will be monitoring the development of legislation related to this commitment and our policies will evolve as appropriate.

In 2010, RBC introduced an environmental risk-management policy for commercial and real estate markets in the U.S., as outlined on page 74. During the year, we trained more than 200 corporate bankers and risk managers on how to conduct social and environmental risk management in capital markets.

There are certain types of clients and transactions that RBC avoids in all cases. These include, but are not necessarily limited to, those involving:

- Situations where it is clear that RBC would be providing implicit or indirect financing support for transactions involving any of the activities listed below;
- The financing of companies manufacturing or trading in equipment or materiel for nuclear, chemical or biological warfare, landmines or cluster bombs;
- Financing of Internet gambling businesses;
- Granting of credit to entities subject to economic sanctions or those on our "no credit" lists;
- Credit transactions where the objective appears to be to engage directly or indirectly in illegal activity, or to mislead regarding financial statements or regulatory reporting;
- Credit transactions involving undocumented agreements, disbursements or funds transfers;
- Granting of credit to a business or individual engaged in activities inconsistent with generally accepted standards of ethical behaviour in the community;
- Credit card payments for child pornography images. RBC joined the Financial Coalition Against Child Pornography (U.S.) in 2010.

For a full overview of our risk management policies and protocols, see our 2010 Annual Report.

## Green products and services

One of our three environmental priorities is to offer green products and services that help clients reduce their environmental footprint or transition to more sustainable business models. In 2010, we significantly expanded the depth and breadth of green advice we provide our clients, highlighted by the launch of the online RBC Greening Your Business Advice Centre. The Advice Centre provides free resources and tools to help companies transition to more environmentally sustainable business models. We also continue to offer clients greenhouse gas emissions trading services, incentives to help clients create a more energy efficient home through the RBC Energy Saver™ Loan and RBC Energy Saver™ Mortgage products, and incentives for clients to switch to electronic statements.

For more information, see page 75.



**[rbcroyalbank.com/commercial/advice/greening-your-business](http://rbcroyalbank.com/commercial/advice/greening-your-business)**



**[rbcroyalbank.com/products/mortgages/energy-saver-mortgage](http://rbcroyalbank.com/products/mortgages/energy-saver-mortgage)**



**[rbcroyalbank.com/products/personalloans/energy-saver-loan](http://rbcroyalbank.com/products/personalloans/energy-saver-loan)**

## Consumer protection, education and communication

At RBC, we are focused on “always earning the right to be our clients’ first choice.” We achieve this in part by maintaining vigilant fraud prevention and consumer protection measures, and by providing timely and relevant information.

### Privacy and information security

RBC is dedicated to safeguarding the privacy and confidentiality of personal, business, financial and other information. In fact, it is one of our highest priorities and remains a cornerstone of our commitment to our clients, employees and other stakeholders. We have had a formal privacy policy since 1991, overseen by our Chief Privacy Officer and we use rigorous security safeguards and internal controls to ensure the privacy and security of information entrusted to us.

In 2010, we continued to build upon our robust framework for managing privacy, information security and records management for RBC. We focused on areas such as client and employee awareness. We continued to provide helpful information concerning privacy, information security and fraud prevention in easy-to-understand and engaging formats, including advisories, videos and interactive quizzes. Consumers can access these on [rbc.com](http://rbc.com) while RBC employees can access them through various internal communication channels. We regularly supplement our internal employee education with ongoing awareness initiatives, which provide practical guidance on everyday situations involving privacy and information security decisions.



**[rbc.com/privacysecurity](http://rbc.com/privacysecurity)**

### Online and mobile banking guarantees

RBC employs advanced technology and security procedures to help protect against unauthorized transactions and access to user data. In Canada, for example, if an unauthorized transaction is conducted through RBC Royal Bank online or mobile banking, clients will be reimbursed 100% for any resulting losses to those accounts.\*

\* For a definition of an unauthorized transaction and for full details regarding the protections and limitations of the RBC Online Banking Guarantee, see our Electronic Access Agreement.

### Fraud prevention

RBC has stringent security policies and practices, supported by around-the-clock resources to prevent, detect and investigate potential fraud. Our guarantees for Canadian online banking and self-directed brokerage clients offer 100% reimbursement for funds lost through unauthorized transactions in their accounts. In 2010, we:

- Continued to enhance processes and strategies in order to decrease the impact of fraud on our clients;
- Disseminated several tailored fraud education initiatives, including up-to-date tips and alerts, a newly combined financial fraud prevention and privacy protection brochure, and client presentations focusing on topics such as identity theft and seniors financial abuse;

- Automated some of our fraud prevention calls to clients in order to achieve more timely communication and a reduction in client impact;
- Broadened the scope of our fraud management to include the U.S., the Caribbean, Europe, Asia and our insurance operations.

### Treating clients fairly

RBC abides by a number of consumer protection and “market conduct” rules and regulations designed to protect financial services clients, such as the Canadian cost-of-borrowing and other disclosure requirements, U.S. fair lending requirements and the U.K. Treating Customers Fairly regime. In addition, the Canadian banking industry has developed a number of voluntary codes to protect consumers, to which our Canadian businesses have committed. Treating our clients fairly is an important part of ensuring integrity in everything we do, and earning the right to be our clients’ first choice.

### Know your client

Know-your-client rules are key to the protection of all our clients, as well as the world’s financial systems and our reputation. Our employees are required to undergo all the necessary training and to make all necessary efforts to understand who our clients are, and what their personal and financial objectives are so that we can help them make the very best financial services choices for themselves.

Our due diligence, policies, procedures and solutions also cover compliance with applicable securities, consumer protection, anti-money laundering, anti-terrorism and economic sanctions legislation.

For more, see page 20.

### Clarity in client communications

RBC is committed to providing clients with banking information they can easily understand and use. We offer a number of brochures and websites that describe our products and services simply and through examples. We respect voluntary banking industry guidelines for plain-language mortgage documents and we apply many of those guidelines to other documents such as account applications.

RBC Insurance regularly reviews policy language in search of ways to improve clarity so that our clients can more easily evaluate our products’ suitability for their needs. We prioritize changes to policy language based on the results of our client satisfaction surveys and on the feedback of our sales professionals. In 2010, we implemented more than 10 changes to our policies.

### Client satisfaction

RBC strives to continuously improve client loyalty. We have always organized our company around client segments and we make it as easy as possible for employees to serve clients, and for clients to do business with us.

We have a well-established client satisfaction research program to measure client loyalty on a regular basis. In Canada, this measure is tied to employees’ performance management and to client satisfaction training. We set and monitor quantitative targets to improve client satisfaction and loyalty. Our extensive research evaluates all drivers of client loyalty and satisfaction, including how we compare to our key competitors.

Clients surveyed (in thousands)			
	2010	2009	2008
Canada	492	492	492
U.S.	3.9	–	–
Caribbean	7.3	8	17

### Acting on feedback

Every year, RBC businesses measure client satisfaction and use this feedback to make improvements. Client research helped provide direction for a number of new initiatives and improvements in 2010.

#### Canada

- We introduced the RBC Royal Bank retail store, a dramatically different approach that combines best-in-class retail shopping concepts with financial services expertise. The result is a personalized banking experience that is informative, friendly and accessible.

- We continued to expand our offering for newcomers by adding several tailored products to our Welcome to Canada banking package, including an integrated personal and business account, an unsecured credit card, a business account with free starter cheques and deposit slips, as well as offering 12 months of free banking.
- We launched a newly redesigned online banking site that features improved layout, more intuitive navigation and more functionality. Clients can now view their transaction history for the past seven years (previously 90 days). They also benefit from an enhanced account selector tool and a simpler process that lets them apply for multiple products in a single session.
- We launched *myFinanceTracker*, Canada's first online financial management tool that is integrated into an online banking service. The tool automatically categorizes transactions, tracks expenses and provides advanced budgeting capabilities for all personal banking and credit card accounts.
- We enhanced our robust RBC Advice Centre, [www.rbcadvicecentre.com](http://www.rbcadvicecentre.com), a comprehensive online resource that gives Canadians access to advice about all aspects of their finances, including managing their debt, starting a small business, managing their cash flow, growing their savings, and understanding their insurance needs.
- We made travel insurance more affordable for families by offering family pricing on more of our products.

#### United States

RBC Bank evaluated its operational systems and processes during 2010. As a result, we have committed to enhancing our online channels and ATM network. We also intend to create specialized services, programs and capabilities for families, small businesses and Canadians living in the U.S.

#### Caribbean

We installed, redeployed and repaired ATMs throughout the Eastern Caribbean, to address clients' concerns about service availability, reliability and safety.

#### Client complaint process

Our formal process for handling client concerns is outlined in the Make a Complaint section of our website. Our focus is on enabling employees to resolve client concerns at first point of contact, as this leads to improved customer satisfaction and loyalty.

In our Canadian banking business, 90% of reported complaints are effectively resolved at first point of contact. If clients have an issue that's unresolved following a response from the employee dealing with their concern, they may appeal to the RBC Office of the Ombudsman. The ombudsman investigates both sides of the issue in an effort to assist the parties in reaching a fair and reasonable resolution.

We also respect the dignity and privacy of all parties involved in the proceedings. Certain disputes that remain unresolved after being reviewed by the ombudsman may be directed to a number of external ombudservices and regulatory bodies listed at Make a Complaint on [rbc.com](http://rbc.com).



[rbc.com/customercare](http://rbc.com/customercare)



# Workplace

An engaged workforce is a hallmark of a responsible company. At RBC™, we depend on a strong culture of employee engagement to achieve our vision of “Always earning the right to be our clients’ first choice.” While our businesses span more than 50 countries, our employees are connected by shared values and a focus on doing what’s best for our clients. We value diversity and inclusion in our workplace. This enables employees to achieve their full potential and contribute their full expertise in delivering products and services that meet a wide range of client needs. We sustain a culture of employee engagement through learning and development opportunities, flexible benefits programs, fair and competitive compensation, and support for work/life effectiveness.

Priorities	2010 Performance highlights
Maintain progressive workplace programs and practices	<ul style="list-style-type: none"> <li>■ Introduced a web-based program that uses brief videos of employees in different workplace scenarios to enhance understanding of how the RBC values apply in day-to-day situations</li> <li>■ Provided additional guidance to employees through a new Respectful Workplace Policy that focuses on preventing violence, harassment and discrimination, and provides details on how employees should report concerns</li> </ul>
Provide competitive compensation and total rewards, and enable growth through training and development opportunities	<ul style="list-style-type: none"> <li>■ Sponsored employee savings and share ownership programs through which more than 75% of eligible employees in Canada are RBC shareholders</li> <li>■ Invested \$143.9 million in formal training and career development initiatives, including direct and indirect expenditures</li> <li>■ Offered employee discount programs for employees in Canada, the U.S. and the U.K., with savings offered on merchandise, travel and services</li> </ul>
Respect diversity and promote inclusion	<ul style="list-style-type: none"> <li>■ Received the 2010 Catalyst Award, recognizing companies with exceptional commitment and achievements in diversity and inclusion</li> <li>■ Were named one of Canada’s Best Diversity Employers; one of the Top Employers for Canadians Over 40; and one of Human Rights Campaign’s Best Places to Work for our U.S. Wealth Management operations</li> <li>■ Introduced a Corporate Social Network focusing on the Aboriginal community within RBC in Canada</li> </ul>
Foster a culture of employee engagement	<ul style="list-style-type: none"> <li>■ Sustained high employee engagement levels and continued to exceed the North American High Performance Companies comparative benchmark</li> <li>■ Were named one of Canada’s Top 100 Employers; named one of the Best Workplaces in Canada; and inducted into Canada’s 10 Most Admired Corporate Cultures Hall of Fame</li> <li>■ Were recognized as a desirable prospective employer with approximately 500,000 online job applications received in Canada</li> <li>■ Received high scores in the Corporate Citizenship Employee Survey</li> <li>■ Introduced an Aboriginal Awareness E-Learning Program that gives employees the opportunity to learn about the values, customs, beliefs and aspirations of First Nations, Métis and Inuit peoples</li> </ul>



## Issues

## RBC Position

### Pension plans

Employees want to know that their company's pension plans are safe, viable and sustainable. Yet there are many factors beyond a company's control that can affect pension plan performance, such as inflation, longevity, interest rates and asset return.

RBC protects our pension plan members by ensuring a strong governance framework for our plans, as well as fiduciary oversight and transparent disclosure. We take a prudent, long-term approach to the management of the plan, with rigorous and regular monitoring of assets and liabilities.

### Workforce diversity

Changes in home market demographics, the use of global resourcing options, and worker mobility are increasing the diversity of labour markets and workforces. Organizations need to be able to respond to a wider range of employee needs, expectations, and capabilities in order to recruit, retain and effectively manage a diverse workforce.

We believe there are great benefits to having a diverse workforce. Besides being the right thing to do, we believe it is smart business to create equitable opportunities for all employees, regardless of race, age, gender, physical/mental abilities, sexual orientation and background. RBC is considered a diversity leader. We have workforce diversity targets and a blueprint for promoting diversity and inclusion internally and externally. We help raise diversity awareness through research, training, mentorship, employee resource groups and other programs.

### Evolving workplace

Employees are increasingly seeking flexibility in how, where and when they work. At the same time, employers are competing for talent in a mobile, global and skilled labour pool, while facing an economic downturn. As a result, many organizations are developing new technology-based mobility strategies as a way to attract and retain talented employees.

We provide a range of work settings from fully mobile to the traditional office setting, and many options in between. RBC believes that offering different choices contributes to work/life effectiveness and employee engagement which, in turn, contribute to business success.

## In this section:

Principles and policies	53
Diversity and inclusion	55
Rewards	58
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## Vital statistics

	2010	2009	2008
Employees	<b>78,676</b>	77,673	80,100
Full-time equivalent (FTE) positions	<b>72,126</b>	71,186	73,323
Employees (Canada)	<b>55,671</b>	54,725	56,112
Employees (United States)	<b>12,903</b>	13,093	14,082
Employees (Caribbean and other international regions)	<b>10,102</b>	9,855	9,906
Amount invested in formal training* (including direct and indirect expenditures) (\$ millions)	<b>\$ 143.9</b>	\$ 124.8	\$ 149.0
Number of online job applications received (Canada)	<b>500,000</b>	376,000	378,000

\* This does not include on-the-job and web-based training.

## Outlook

An organization must be able to attract and retain an engaged workforce to achieve its objectives. We aspire to continue to be an employer of choice by providing workplace programs today that ensure the long-term success of our people and our organization.

### Pension plans

We will continue to view our pension program from a long-term perspective, with a focus on safeguarding retirement benefits for our program members. For our defined contribution plan, we will continue to offer a streamlined and clear set of investment choices that enable members to maintain a well-diversified portfolio in keeping with their risk tolerance. We will also provide new solutions that help members manage their risk, such as Target Date Funds, which put retirement investments in the hands of a professional team to manage the portfolio over time. For our defined benefit plan, we believe a well-diversified portfolio is appropriate for earning returns to pay pensions over the long-term, and we will continue to monitor and make adjustments where appropriate to further mitigate risk.

### Workforce diversity

To increase the diversity and inclusion of our workforce globally, we will continue to build on our history and strong foundation as a leader in this area. We will focus on meeting our diversity objectives as laid out in the RBC Diversity Blueprint™ for 2009 – 2011. These include:

- Increasing the representation of women and visible minorities/people of colour in our senior manager and executive levels in North America;
- Developing and expanding programs that support the unique needs of employees who are new to the country;
- Supporting a cadre of leaders active in diversity matters internally at RBC and in our communities. These leaders can raise awareness of opportunities and issues through public speaking, sharing their expertise and other forms of visible leadership.

### Evolving workplace

RBC is actively pursuing flexible work options to create greater benefits for RBC and our employees. This effort includes supporting a mobile sales force, satellite offices and global virtual teams. It means encouraging telecommuting where appropriate, and creating more locations similar to the new RBC Centre™ in downtown Toronto, which incorporates the latest and most innovative environmental and contemporary office design concepts. RBC Centre demonstrates that with technology-enabled workplace flexibility, more people can be effective in less dedicated space, reducing operating costs and the environmental footprint while meeting the needs of employees.

## Principles and policies

Every employee at RBC is guided by our vision, “Always earning the right to be our clients’ first choice” and our values of service, teamwork, responsibility, diversity and integrity.

### Guiding workplace principles

The RBC Workplace Principles define what we stand for as an employer and guide our ongoing efforts to support the success of employees, clients and shareholders.

They include:

- **Passion for client success:** We value people who are passionate about putting clients first and continuously improving our ability to help our clients succeed.
- **Diverse needs and contributions of individuals:**  
We embrace diversity in people, skills and ideas. We cultivate an environment where people with diverse backgrounds and approaches come together to create winning solutions for clients.
- **High-performance work environment:** Our passion for winning fuels our desire to be the best that we can be. We have the people and the resources to enable a high-performance work environment, and we make sure that results are appropriately recognized and rewarded.
- **Professional growth:** We provide career opportunities through meaningful growth, as well as the tools, support and training to ensure success in roles. In return, we expect employees to grow and excel as professionals and to share responsibility for their own career development.
- **Excellence in people management:** We understand the essential role leaders play in engaging employees to deliver top performance. We’re committed to developing effective and inspiring leaders and people managers who enhance the employee experience and strengthen employee engagement.
- **Partner for mutual success:** We believe that winning as individuals, as teams and as an organization requires a shared sense of purpose built on open communication, mutual respect and personal accountability for results.

### Policies

Our policies complement our workplace principles. Employee conduct is governed by an overarching Code of Conduct and other, more specific, policies (the Code of Conduct is described on page 18). The Human Resources Committee and the Risk Committee of the Board of Directors regularly review and approve revisions to the Code of Conduct. We require successful completion of our Code of Conduct online learning program as a condition of employment for all our employees.

All our employees must reconfirm their understanding of and commitment to comply with the Code of Conduct at least every two years, and employees in certain key roles, such as Group Executive and others in financial oversight roles, must do so annually.

### Supplementary policies

Supplementary policies cover a number of additional workplace issues.

#### Diversity/Employment Equity

Our Code of Conduct sets out our commitment to promoting equal opportunity in all our dealings with employees, clients, suppliers and others. All our companies abide by the non-discrimination or human rights legislation in the various jurisdictions where we operate. Where laws do not prohibit discrimination, or where they allow for differential treatment, we remain committed to non-discrimination principles and will not operate in a way that reinforces stereotypes or establishes barriers.

To provide equal opportunity, our federally regulated Canadian businesses develop Employment Equity (EE) plans. Our U.S.-based businesses are regulated by affirmative action and Equal Employment Opportunity legislation. Contained within our EE plans are programs, activities and goals to help us achieve workforces that are representative of the communities in which we work and live.

We maintain a formal diversity management structure, created in 2004, with responsibilities assigned within each of our businesses.

### Hours of work

Our businesses have policies relating to hours of work that enable employees to provide high-quality client service, while recognizing their other life responsibilities and interests. In addition, our Work/Life programs provide options for modified work weeks and outline processes for putting flexible work arrangements in place. See page 59 for further details on these programs.

### Compensation/policy on wages

Our compensation philosophy is based on a partnership model that fairly rewards employees for performance, providing competitive compensation and benefits programs. These programs enable us to attract and retain talented people, whose contribution in turn helps us achieve our business objectives.

Our wide range of compensation and benefits programs reflect the different businesses and markets in which we operate. Our programs are regularly reviewed to ensure they remain competitive.

Our Total Rewards package includes:

- Base salary
- Performance-based incentive pay
- Employee savings and share ownership plans
- Benefits programs
- Retirement programs
- Learning and career opportunities
- Workplace flexibility
- Employee wellness initiatives
- Volunteer grants programs
- Educational scholarship programs
- Employee discount programs
- Employee assistance programs

### Respectful workplace

Our Code of Conduct sets out our commitment to maintaining workplaces characterized by professionalism and respect for the dignity of every individual.

We expect each employee to respect the diversity of other employees, clients and others with whom they interact. This includes respecting differences such as gender, race, colour, age, disability, sexual orientation, ethnic origin and religion. To this end, we have policies designed to prevent harassment, disrespectful and inappropriate behaviour and retaliation, and will take every reasonable measure to ensure a respectful workplace. Likewise, we expect that all employees take personal responsibility for their interactions, communications and behaviour to maintain a respectful workplace.


In 2010, we provided further guidance to employees through a new, enterprise-wide Respectful Workplace Policy that builds on our existing practices in Canada and on an established policy in our U.S. operations. The new enterprise-wide policy, which reinforces the principles established in the Code of Conduct, focuses on preventing violence, harassment and discrimination in the workplace, and lets employees know when, where and how to report any concerns.

Any complaints of harassment, other disrespectful and inappropriate behaviour and retaliation are promptly, thoroughly and impartially investigated.

### Other issues

While we do not have formal policies on every issue, we do have points of view on the following:

#### Freedom of association

- We operate in 52 countries. The majority of our workforce is employed in North America, where unionization is not the prevalent system for managing employee relations in the financial services industry.
- In 2010, approximately 2.5% of our employees were represented by an independent trade union or covered by collective bargaining agreements. All of these employees work in our Caribbean operations. 

- Where employees are represented by unions, our approach to labour relations is to proactively engage in dialogue with those unions on matters that may affect the employees they represent. We continually strive to create an environment where individuals do not feel they need to be represented by a third party, while respecting each employee's right to choose.

#### Human rights

- Our businesses abide by the non-discrimination or human rights legislation, such as the Canadian *Human Rights Act*, in the various jurisdictions where we operate. These laws generally prohibit discrimination on various grounds, with some examples being race, colour, religion/creed, age, gender, marital status, sexual orientation and disability.
- Where laws do not prohibit discrimination, or where they allow for differential treatment, our businesses are still committed to non-discrimination principles and will ensure that we do not operate in a way that continues stereotypes or establishes barriers.
- Our Code of Conduct states that we will not operate in a way that continues stereotypes or establishes barriers.

#### UN Global Compact

- RBC is not a signatory to the UN Global Compact. We have evaluated this voluntary international code, and believe that the UN Global Compact is currently less relevant for service companies operating primarily in Canada and the U.S. (such as RBC) than it is for higher-impact industries and those operating in developing nations. However, we continue to monitor the impact and relevance of the UN Global Compact to our stakeholders and our business, and we re-evaluate our position on an ongoing basis.

## Diversity and inclusion

We are considered a leader in diversity. We promote diversity by playing a leadership role and raising awareness, and through training programs, employee resource groups and other programs.

### 2010 Catalyst Award for Diversity

We were honoured with the prestigious 2010 Catalyst Award, an annual global award given to companies with an exceptional commitment to diversity. We were recognized for how we integrate market, community, and employee actions and considerations to embed diversity in our strategies.

Our integrated approach was initially designed to support women and visible minorities and has been expanded to support a wider range of groups, including Aboriginals, newcomers to Canada and the lesbian/gay/bisexual/transgendered community. To qualify for the Catalyst Award, a company must have made a significant and positive impact on the entire workplace culture.

### Workforce composition progress report

The composition of our workforce is an important measure of how well our diversity efforts are working. Diversity initiatives can take several years to show results, so we believe it's important to look at our progress over time.

Diversity in our workplace (Canada)*				
	2010	2009	2008	2000**
Women	67%	68%	69%	74%
Women in management	54%	54%	54%	58%
Women in executive roles	37%	37%	39%	28%
Visible minorities	28%	27%	26%	14%
Visible minorities in management	27%	25%	25%	14%
Visible minorities in executive roles	14%	13%	12%	6%
People with disabilities	3.5%	3.7%	3.8%	2.7%
Aboriginal people	1.6%	1.6%	1.6%	1.1%

\* Figures represent Employment Equity data as of October 31 for each year presented, for our businesses in Canada governed by the *Employment Equity Act*. Given variations in legal definitions and restrictions in legislation around the world, comprehensive data on these four designated groups (women, visible minorities, people with disabilities, Aboriginal people) is available only in Canada.

\*\* 2000 data provided for comparative purposes as many of our programs and efforts require more than one or two years to have a demonstrable effect on workforce representation.

## Leadership

To create and sustain a diverse, inclusive and collaborative work environment, people at all levels of the organization must be engaged. Our President and CEO chairs the RBC Diversity Leadership Council, created to establish diversity strategies and goals and to have senior-level diversity champions in place in North America, the Caribbean and the United Kingdom. In addition, individual business units have diversity leadership councils that help advance diversity and inclusion.

Our leaders are also active outside the workplace. For example, the President and CEO of RBC is chair, and the Chief Human Resources Officer of RBC is co-chair, of the Toronto Region Immigrant Employment Council (TRIEC). Founded in 2003, TRIEC creates and champions solutions to better integrate skilled immigrants in the Greater Toronto Region labour market. Our leaders also participate in various public discussions, panels and workshops that focus on promoting diversity in the workplace.

## Raising diversity awareness

RBC promotes diversity by sharing our knowledge and encouraging discussion about the impact of diversity on business, communities and the economy.

## The RBC Diversity Blueprint

This year marked the halfway point of the RBC Diversity Blueprint, which sets out our corporate diversity strategy, priorities and objectives. The purpose of the RBC Diversity Blueprint is to outline how we will continue to improve our diversity position in Canada, strengthen our existing diversity and inclusion efforts in the U.S. and internationally and, where necessary, develop new initiatives that support our commitment to diversity. Significant progress has been made on a number of our objectives and action items.



[rbc.com/diversity](http://rbc.com/diversity)

## Training and mentoring

We are committed to ongoing learning, coaching and mentoring to ensure we develop and support a rich and diverse workforce. Employee diversity training initiatives include:

- **Ongoing training and development:** RBC introduced a webcast for all people managers to help them

understand their role and responsibility in creating an inclusive environment for people with disabilities.

- **Extensive self-study materials:** These online materials address everything from understanding diversity to managing a diverse workforce.
- **RBC Diversity Dialogues:** Since 2006, almost 400 employees have participated in a Diversity Dialogues Reciprocal Mentoring partnership. This program connects visible minority employees and women in mid-level roles with senior leaders who have different professional experiences and backgrounds to learn about leadership and diversity from each other.
- **Aboriginal Awareness E-Learning Program:**  Introduced in 2010, this program provides employees with an opportunity to learn about the values, customs, beliefs and aspirations of First Nations, Métis and Inuit peoples through modules such as culture, history and cross-cultural communication.

## Employee resource groups

Employee resource groups are self-governing networks of employees that help their members develop personally and professionally through peer mentoring, coaching and networking. These groups help cultivate an inclusive work environment by fostering a better understanding of their needs. Groups that operate under an established charter and are formally recognized by RBC receive an annual budget and communications support from the company. In total, RBC has nine employee resource groups with approximately 2,000 members.

### Canada

In Canada, we have employee resource groups representing women (RWomen); Aboriginal employees (Royal Eagles); lesbian, gay, bisexual and transgendered employees (PRIDE); employees with disabilities (REACH); and new Canadians and visible minorities (MOSAIC).

### United States

In the U.S., we have groups representing gay and lesbian employees (GLADE) and minority employees (MEA). As well, women brokers are supported by the Women's Association of Financial Consultants, a resource group that fosters the productivity and success of women financial consultants through a wide range of information, events and programs.



## United Kingdom

We also introduced the first employee resource group in the United Kingdom called i-CARE, a working families networking group.

### Programs to support diversity

We participate in a number of external and internal programs that support diversity.

## Canada

Since 1996 we have successfully partnered with the Career Edge organization to provide paid internships to recent graduates and newcomers to Canada through three programs (see chart). Approximately 70% of interns in the Ability Edge and Career Bridge paid internship programs join RBC as full-time employees following their internships.

Career Edge internships			
	2010	2009	2008
Career Edge (for recent graduates)	3	5	1
Ability Edge (for graduates with disabilities)	34	27	21
Career Bridge (for internationally qualified professionals)	40	36	28
<b>Total</b>	<b>77</b>	<b>68</b>	<b>50</b>

## United States

In the U.S., RBC Bank™ launched a Summer Diversity Internship Program in 2009 to introduce young people of color to careers at RBC. Under this program, a number of summer internships were offered. Each group of interns is offered summer employment for two years, and upon successful completion of the internship program, and after earning their degree, all interns will be offered full-time positions. Fourteen interns began in this program in 2009 and five more students began in the summer of 2010.

### Advancement of women

The development and advancement of women is a key focus area within the RBC Diversity Blueprint. RBC is committed both to the development of women within our own workforce and to women-owner enterprises. To this end, RBC is a member of the Diversity Business

Network, an access point for companies, associations, organizations and governments to communicate, collaborate and develop strategies to maximize the opportunities for companies with diverse owners. Additionally, RBC is a member and inaugural sponsor of WEConnect Canada, a Canadian non-profit organization that certifies firms that are at least 51% owned, managed and controlled by women. It connects women entrepreneurs with the growing global demand from corporations and the public sector for diverse and innovative suppliers.

### Programs to support Aboriginal employment

We are committed to increasing the representation of Aboriginal people within our workforce through proactive recruitment and programs:

- The RBC Aboriginal Student Awards Program assists Aboriginal students to complete post-secondary education. It provides selected students with scholarships to use towards tuition, textbooks, supplies and living expenses. In 2010, RBC awarded scholarships to 10 students across Canada. RBC has awarded 88 scholarships totalling \$1 million since the launch of the program in 1992.
- The Pursue Your Potential™ recruitment program is specifically designed to help Aboriginal people and people with disabilities explore career opportunities and understand the recruitment and selection process. In 2010, 109 people were part of this program. Since its inception in 2006, more than 570 people have taken part.
- The RBC Aboriginal Stay in School program and Aboriginal Summer Internship programs bring Aboriginal students from high school, college and university into our workplace. Students receive Client Service Representative training and direct work experience within the branch network. During the 2010 summer school break, a total of 62 students participated in both programs.

RBC understands that transitions into the workplace can be an important time for many employees. To aid Aboriginal employees with this transition, RBC has a number of initiatives in place.

- **Diversity Dialogues:** This internal mentorship program is set up for employees to learn from one other. The program encompasses all aspects of diversity found within RBC.
- **Royal Eagles Employee Resource Group:** As a group internal to RBC, the Royal Eagles are one of the longest-standing employee resource groups with over 300 members Canada-wide.
- **Cultural Awareness Training:** Aboriginal Awareness training is part of the professional development of RBC recruiters in Canada. The training is also available to all RBC employees through our online learning system.
- **Aboriginal Corporate Social Network:** This internal social network was created in 2010 to help the community of Aboriginal employees and supporters connect and grow across Canada. It brings Facebook-like functions to employees so they can interact and become part of an active social-networking community to collaborate, share knowledge and build camaraderie with other employees who share a similar interest.

 [rbccroyalbank.com/commercial/aboriginal/employment-education](http://rbccroyalbank.com/commercial/aboriginal/employment-education)

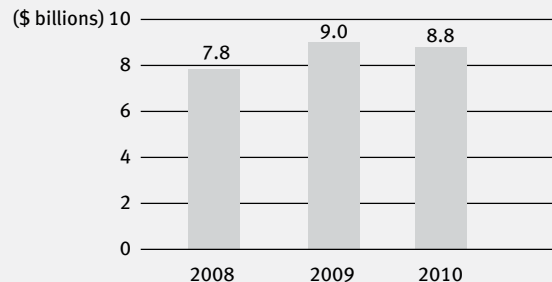
## Rewards

Employees value both monetary and non-monetary rewards. We recognize that no two employees have identical needs, so our Total Rewards program is built to provide flexibility and choice and promote a shared accountability for success.

Our Total Rewards framework encompasses:

- Fair and competitive compensation, including performance-based incentives
- Short- and long-term savings and wealth accumulation programs
- Flexible benefits that provide employees with the ability to choose the coverage needed
- A positive, safe and flexible working environment
- Learning and career growth opportunities

## Employee compensation and benefits (worldwide)



## Compensation and incentives

For the majority of our employees, compensation includes salary and a short-term incentive program. We participate in over 100 external benchmarking surveys annually to ensure our compensation remains competitive.

Our short-term incentive bonus program rewards employees for their contribution to their business unit performance and the overall performance of RBC. Also, depending on the type of work they do, some employees may participate in variable compensation programs such as sales commissions and sales target achievement bonuses.

## Retirement and savings programs

Retirement and savings programs help employees plan for retirement.

Canada 

In Canada, our retirement program gives employees the flexibility to choose the retirement option that is right for them; they can elect to join either the defined benefit or defined contribution option. Also, employees have additional flexibility to enhance their retirement income by making optional contributions to the retirement program. To help further enhance personal or retirement savings, employees in Canada may join our savings program. This program allows employees to build savings through the convenience of payroll deductions and the opportunity to build ownership in the company through RBC common shares. Employee contributions up to 6% of their salary are matched at 50% by RBC. More than 75% of eligible employees are RBC shareholders through this program.

## United States ★

In the U.S., RBC offers a flexible 401(k) program, as well as a wealth accumulation plan that provides eligible employees with an opportunity to convert current income into longer-term savings.

Outside of Canada and the U.S., RBC sponsors a number of pension plans (both defined contribution and defined benefit plans).

### Benefits

We offer a core package of benefits plus a flexible optional benefits program that gives employees access to competitive and affordable benefits. Part-time employees are also eligible for benefits coverage.

### Workplace programs

Many of our internal policies and programs provide the flexibility and support that many employees need to manage work and life responsibilities. These include:

- Access to personal work/life counselling services
- Maternity, parental and family responsibility leave
- The option of returning from leave gradually or in an alternative work arrangement
- Emergency backup eldercare and childcare in several major centres
- Phased retirement for eligible employees who wish to work three or four days per week for a defined period prior to retirement
- Flexiplace for eligible employees who wish to work part or all of the work week off-site, usually from home
- Flextime for eligible employees who wish to work a standard 37.5 hours per week with assigned core hours and flexible start and finish times, within limits as established by the employee's manager

### Health, safety and wellness

Our Code of Conduct states our commitment to providing safe workplaces for all our employees. We also have more specific workplace safety policies in many of

our locations. All employees and their dependants have access to the EmployeeCare program, an extensive support program that provides confidential access to information and counselling to help employees manage all aspects of their work and personal lives. Among other initiatives, in 2010, we:

- Continued to integrate wellness features into our Canadian and U.S. benefits programs. Employees can earn wellness credits, which can be used towards premiums in their benefits package;
- Encouraged employees to lead healthy lifestyles through campaigns and communication initiatives that addressed nutrition, physical activity, stress management and wellness programs;
- Provided information and updates relating to influenza and H1N1, including basic preventive measures and advice;
- Provided employees with information on appropriate medical and support networks, such as names and contact information of medical specialists and paramedical providers in Canada.

### Flexibility

In 2010, more than 30% of employees were involved in one of these flexible work arrangements at any given time:

- Work flexible hours or modified work schedules
- Work from home or off-site locations
- Reduce work hours through job sharing
- Buy up to four additional weeks of vacation
- Take an unpaid leave for personal reasons such as for education or personal development
- Phase into retirement by working three or four days per week for a defined period prior to retirement

Our work environment provides managers with the flexibility to deal with workplace situations on a case-by-case basis.

## Career development and learning

We provide professional training and development to help employees build successful careers. Formal training and development programs are an important complement to learning on the job, and in 2010, we invested \$143.9 million in such programs (direct and indirect expenditures). Examples include:

- A global online learning system that provides employees with access to training resources and opportunities from work or from home;
- A career information guide and confidential access to a comprehensive online career-management resource kit. More than 25,000 employees have made use of these programs since they were introduced in 2006;
- Comprehensive formal training programs to help new employees be successful. In 2010, more than 3,400 employees completed the training programs for client service representative, account manager, and contact centre sales and service representative positions.

Building for the future also includes recruiting new talent, and some of our key activities for 2010 included:

- Internship programs for new college and university graduates;
- Help for employees with disabilities and Aboriginal peoples to explore career opportunities and understand the recruitment and selection process. Candidates have access to a dedicated point of contact within our recruitment group and are provided with meaningful feedback on interviews. Qualified candidates are also referred to other areas of RBC, if an initial application is unsuccessful.

## Employee discounts

We offer employees discounts on our banking, investment and insurance products and services in Canada and the U.S. Employees can also access special offers and discounts online from leading brand-name companies as well as trusted local businesses in North America and the United Kingdom.

## Engagement

### People management

We have more than 9,000 employees who manage others across the organization. Managers play a critical role in creating an engaging work environment, and we invest in a number of resources to support them, including:

- 360-degree reviews that provide managers at all levels with feedback from their peers, their direct reports and their own managers;
- Tailored employee opinion survey results from within a manager's own unit;
- A monthly news flash for managers with advice and information on programs and initiatives, as well as advance news on upcoming changes and new online resources;
- A series of webcasts to help managers and employees learn about performance management;
- An online resource that provides coaching, information, tools and forms;
- New management essentials training for first-time people managers, with approximately 40% of our new people managers participating in 2010;
- A series of learning modules that target learning based on the experiences of people managers and make it easier for managers to access the program's resources and tools. In 2010, more than 2,000 managers completed at least one of these modules. Since these learning modules were introduced, approximately 60% of all people managers have completed at least one module.

### Employee opinion surveys

Our goal is to continue to be a top-performing company. A large part of this success depends on listening and responding to our employees, and we have conducted regular employee opinion surveys since 1981. We compare our survey results with top-performing North American companies, including financial institutions, as well as to our own past results. We celebrate our successes and take action on areas for improvement.

## 2010 Employee Opinion Survey

The Employee Opinion Survey was conducted in March 2010. The survey gathers employee views on engagement and a full range of workplace topics. The results help determine areas of focus and action for RBC overall, as well as business-specific plans. All employees were invited to participate. The participation rate was 76%. Results showed:

- Continued high levels of employee engagement with continued strong support for our Vision and Values, consistent with past employee surveys and as measured against other high-performing North American companies;
- That employees are proud to be a part of RBC, and that they support our goals and objectives;
- 93% of employees say they are willing to work beyond what is required in their job to help RBC succeed;
- Employees across business groups and locations are actively engaged, optimistic and confident about the future, with 95% of the employees confirming they have confidence in our strength and stability through the challenging economic environment.

## Top employer awards

- Recognized, in 2010, as a top employer by several different groups, including our own employees;
- Ranked among the top 100 employers in Canada. The competition, held annually by Mediacorp Canada Inc., profiles organizations with innovative programs that attract and retain talented employees;
- Presented with the 2010 Catalyst Award, an annual global award given to companies with an exceptional commitment to diversity and inclusion;
- Named one of the Best Workplaces in Canada for 2010 in an annual study by the Great Place to Work Institute Canada and the *Globe and Mail*;
- Named one of Canada's Best Diversity Employers and one of the Top Employers for Canadians Over 40 by Mediacorp;
- Named to Canada's 10 Most Admired Corporate Cultures Hall of Fame by leadership search firm Waterstone Human Capital Ltd;

- U.S. Wealth Management was named one of Human Rights Campaign's Best Places to Work by the Human Rights Campaign Foundation.

## Impact of corporate responsibility programs

Employees are a key stakeholder group, and it is important we understand how they perceive corporate responsibility at RBC. Each year, RBC employees are invited to respond to a poll on the topic of corporate responsibility within the company. In 2010, more than 3,500 employees responded to this poll.

Eighty-six per cent of respondents said it was "very" important that the company they work for is a good corporate citizen. Additionally, 69% of respondents indicated they would be very likely to consider recommending RBC as an employer based on its record of corporate citizenship. More than 80% of survey respondents who work directly with clients indicated that our reputation as a good corporate citizen has helped attract new customers. This increased from 67% in 2009.

These responses help us shape our corporate responsibility strategy and set relevant goals for 2011.

## Information and education

We recognize the importance of keeping employees informed. In 2010, our initiatives included:

- A web-based series of brief videos in a YouTube style that simulate real-life workplace situations where RBC Values could be demonstrated. The first of the series placed a focus on "Maintaining a Respectful Workplace" and was offered in English, French, Latin American Spanish, Brazilian Portuguese and Caribbean Dutch;
- The introduction of the online Aboriginal Corporate Social Network (ACSN) for employees who are part of, or are involved in, the Aboriginal community. Employees can interact and become part of an active social-networking community to connect, collaborate, share knowledge and build camaraderie with employees who share a similar interest;
- Online webcasts and interviews with RBC leaders aimed at helping employees understand careers at RBC;

- Five information bulletins to help employees make informed decisions about their Total Rewards;
- Quarterly audio broadcasts and online updates, featuring our CEO, that communicate progress on strategic goals, financial results and key messages to employees;
- Our satellite TV channel, available to more than 1,000 locations across Canada. Employees were able to tune in to live interactive (and taped) sessions with leaders and experts about what's happening at RBC;
- Online messages and video clips from RBC leaders to help deepen employee understanding of the issues and better align them to react quickly, effectively and collaboratively to the needs of the day;
- A robust and interactive intranet site that provides all employees with up-to-date news, popular links and market insights;
- Dedicated business communications channels to deliver sales and marketing tips, training information and other pertinent information to employees.

### **Employee concerns**

We encourage open communication and the resolution of employee concerns locally whenever possible. In addition, employees with unresolved concerns may contact our employee ombudsman, within the RBC Office of the Ombudsman. This confidential and impartial resource provides a way for employees to manage and resolve workplace conflict through discussion, coaching and mediation.





# Environment

RBC™ is committed to proactive and prudent management of the environmental aspects of our business. The RBC Environmental Blueprint™ describes the policies, priorities and objectives supporting this commitment. We believe that environmental responsibility represents opportunities for many stakeholders and that fulfilling our environmental goals will lead to short- and long-term benefits for clients, shareholders, employees and the communities in which we live and conduct business.

Priorities	2010 Performance highlights
Reduce the intensity of our environmental footprint	<ul style="list-style-type: none"> <li>■ Launched a multi-year energy management plan across our retail branch network in Canada</li> <li>■ Opened 28 new green-powered branches, bringing our total number of green-powered branches in Canada to 124</li> <li>■ Began construction of a back-office support facility in Ontario designed to achieve Leadership in Energy and Environmental Design (LEED) Silver certification</li> <li>■ Increased our use of sustainably sourced paper in North America and the British Isles by 20% compared to 2009</li> </ul>
Promote environmentally responsible business activities	<ul style="list-style-type: none"> <li>■ Performed detailed environmental credit-risk assessments on 950 transactions in Canada and the U.S.</li> <li>■ Updated the environmental risk-management policy for U.S. commercial and real estate markets</li> <li>■ Launched a policy on environmental and social risk management for RBC Capital Markets™ to complement our existing suite of business-specific environmental risk-management policies</li> </ul>
Offer environmental products and services	<ul style="list-style-type: none"> <li>■ Expanded the advice we provide our clients, highlighted by the launch of the RBC Greening Your Business Advice Centre on rbc.com</li> <li>■ Recorded an estimated \$1.6 billion in outstanding loans and trading lines to companies whose predominant business is renewable energy production</li> <li>■ Traded 115 million tonnes of carbon credits through RBC Capital Markets emissions trading group</li> </ul>

## In this section:

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## Vital statistics

	2010	2009	2008
Office paper use (kilograms/FTE)	51	56	59
CO <sub>2</sub> e emissions from energy use (tonnes/m <sup>2</sup> )	.097	.104	.092
Energy intensity all properties (MWh/m <sup>2</sup> )	.35	.37	.40
CO <sub>2</sub> e emissions from employee travel (tonnes/FTE)	.40	.34	.36
Transactions assessed under Equator Principles	7	6	5

## Issues

### Energy and greenhouse gas emissions

Energy production and consumption account for an estimated 80% of global anthropogenic greenhouse gas emissions. Reducing greenhouse gas emissions is a significant challenge given the global dependence on fossil fuels. Protecting ecosystems and human health from some of the significant predicted impacts of climate change will require a transformation of the world's energy systems.

## RBC Position

Transforming the world's energy systems will require billions of dollars in investments over the next several decades. The development of low emission energy sources and technologies present immediate and long-term opportunities for many of our stakeholders, including our business clients. We believe our role is to understand the full scope of risks and opportunities facing both renewable and fossil fuel-based energy development, so we can continue to take a balanced, long-term view when providing financial services and advice.

### Sustainable cities

Over half the world's population lives in cities and that number is rising. As urbanization continues, there will be a need to expand and renew infrastructure. Buildings must be designed for a lower carbon future where energy may be more costly and where they may be subject to different weather patterns due to climate change. Effective growth management, land-use planning, energy mapping and transportation strategies are required for thriving, sustainable urban centres of the future.

A paradigm shift will be needed to create truly sustainable cities that meet the challenges of the future. We are encouraged by the recent growth in green buildings and the robust dialogue on integrated community energy planning and other smart infrastructure renewal. We believe our role is to encourage this shift by promoting research and dialogue on sustainable cities, and by continuing to lend to green buildings, renewable energy initiatives and other smart infrastructure projects.

### The importance of water

Water shortages and lack of access to clean, fresh water are considered to be two of the largest threats to human health and economic development around the world. Climate change means that water is not always where we want it, when we want it, and historical water patterns are becoming less relevant. Competing demands for clean water mean that policies need to consider how to allocate water fairly among users, while still leaving enough for nature.

As a bank, it is our role to understand the risks and opportunities facing our clients. Sectors that depend on water for their operations could face financial and operational risks if they do not have access to water in the volumes and quality required to run their operations. Water quality and quantity issues will also present opportunities for our business clients who are developing and commercializing innovations in water supply, efficiency, treatment and automated control.



## Outlook

At RBC, we believe that financial services companies must carefully balance environmental concerns, society's needs and economic opportunity to provide credit responsibly to all sectors. We acknowledge the important role banks play in the development of the green economy, both through their own operations as well as through their business activities.

In 2010, we launched a Green Business strategy to support our small- and medium-sized business clients in their transition to more sustainable business models (see "Green advice for business clients" on page 75). Going forward, we will continue to roll out the Green Strategy across our Canadian business lines.

Successfully embedding environmental sustainability into business is a fascinating and evolving area. In 2011, we will continue to research and publish reports addressing the top sustainability issues in Canadian business. The reports will highlight sector-specific opportunities and provide tips for executing new business strategies where environmental sustainability plays a pivotal role. We will continue to promote awareness of water issues in North America through sponsorships, reports and charitable contributions. In Canada, we will also support initiatives that improve energy literacy so Canadians can better participate in the dialogue and debate about the future management of our country's energy resources. We will participate in research and analysis of the impacts of climate change on different sectors of the economy and we will support initiatives to adapt to and manage these impacts.

Leadership requires continuous learning. In 2011, we will focus on employee communications and training on environmental sustainability to ensure our employees are informed and equipped with the knowledge and tools to assess environmental and social risks, and to support green business opportunities. We will also continue to nurture our relationships with a wide range of stakeholders to ensure the content of our policies, advice documents, tools and training programs reflects the latest scientific, economic and public policy thinking.

## Environmental management

Since we drafted our first environmental policy in 1991, we have been committed to environmental management and continuous improvement. We published the RBC Environmental Blueprint in 2007 to articulate our corporate environmental policy, priorities and objectives. It sets out our approach to environmental matters pertaining to operations, business activities, products and services, employees, compliance, reporting transparency and partnerships.

### Structure, oversight and responsibility

Our Corporate Environmental Affairs (CEA) group is responsible for implementing the RBC Environmental Blueprint. The group sets enterprise-wide policy for the identification, assessment, control, monitoring and reporting of environmental matters. Our Group Executive and the Corporate Governance and Public Policy Committee (CG&PPC) of the Board of Directors provide executive oversight. In addition, CEA works with our businesses to:

- Develop, maintain and communicate environmental policies, procedures and guidelines related to managing environmental risk and to reducing our environmental footprint;
- Monitor relevant environmental laws, regulations and other requirements that affect our business and our clients' activities;
- Track the performance, environmental benefits and cost effectiveness of key environmental programs;
- Engage with internal and external stakeholders on environmental issues that affect our clients, our businesses and the communities in which we operate;
- Assess the need for and champion new initiatives to meet our environmental objectives;
- Advise on the management of specific environmental risks in business transactions.

### Priority environmental issues

There is no shortage of important environmental issues facing our communities, and it is a challenge for any organization to determine where resources should be focused for greatest impact.

RBC will focus on environmental issues that:

- Have an impact on our business activities or the business activities of our suppliers or clients;
- Are affected by our business activities or the activities of our suppliers or clients; and/or
- Are important to a wide array of stakeholders.

We have identified three priority environmental issues in the RBC Environmental Blueprint:

#### Climate change

Climate change presents environmental, social and financial challenges to the global economy, human health and our business. We believe it is vitally important that we contribute to efforts to reduce greenhouse gas (GHG) emissions and effectively adapt to the impacts of climate change.

#### Biodiversity


Biodiversity, or “biological diversity,” refers to the variety of different species, the genetic variability of each species and the variety of different ecosystems that these species form. Environmental degradation resulting from human activity and the forces of climate change are disrupting the natural biodiversity of habitats and ecosystems. To maintain healthy communities and cultural values, critical natural systems and the abundant biodiversity they support must be preserved. Further, we recognize that the identity, cultural beliefs and economies of some indigenous peoples are intrinsically tied to their respective regions' history, biodiversity and natural landscapes.

#### Water


Water is the most important natural resource on earth, and without it, all life would cease. Access to clean, fresh water, the preservation and management of watersheds and water conservation are increasingly urgent environmental concerns, both globally and in many of the regions in which we operate. Climate change, pollution and inefficient water usage are factors contributing to a growing water crisis.

## Charting our progress — RBC Environmental Blueprint

The RBC Environmental Blueprint is a five-year plan that contains 44 medium- and long-term environmental commitments. We track and present our progress against these commitments in our Blueprint Report Card.

 [rbc.com/environment](http://rbc.com/environment)

In 2009, we highlighted six priority activities for implementation in 2010. Our progress on each of these activities is summarized in our 2010 Priority Activities Report.

 [rbc.com/environment/affairs](http://rbc.com/environment/affairs)

## Environmental footprint

We are committed to reducing our energy use, GHG emissions, paper consumption and water use. We are also committed to reducing the negative environmental impacts associated with our procurement activities and waste generation. We know that improving our operational efficiency, reducing our consumption of resources and decreasing emissions associated with our business activities has positive environmental and economic results. In 2010, we:

- Launched a multi-year Energy Management Plan across our retail branch network in Canada. This included over 200 lighting retrofits and nearly 80 heating, ventilation and air conditioning (HVAC) efficiency assessments;
- Opened 28 new green-powered branches in Canada. At year-end, a total of 124 branches were powered by over 11,200 megawatt hours of EcoLogo-certified green power, representing a carbon dioxide equivalent reduction of over 3,300 tonnes;
- Leased over 150,000 square metres of LEED-certified office space, representing nearly 20% of our global floor area in major leased properties;
- Increased the proportion of certified, sustainably sourced office, marketing and direct mail paper across our North American and British Isles operations to 82%, compared to 62% in 2009;
- Expanded e-courier, a program whereby branches in Canada electronically submit documents to central

processing offices. This reduces the need for paper documents as well as the transportation of these documents. An estimated 3.4 million client documents were submitted to e-courier, saving approximately 11.3 million sheets of paper, a 700% increase compared to 2009;

- Initiated Project One-Stop, an assessment of how products are delivered to our Canadian branch network. The project evaluates alternative delivery scenarios, such as adjustments to delivery frequencies and shipment consolidations, that aim to reduce costs and environmental impacts. The project will also quantify the carbon footprint of our Canadian branch logistics network;
- Diverted over 95% of all used office furniture from landfill during the move of over 5,000 employees to the new RBC Centre™ in Toronto. We either resold, recycled or donated over 800 tonnes of furniture during the two-year moving period.

## Green IT

The RBC Green IT Committee works to reduce the environmental impact of technology and operations while managing the increasing demand for data storage. In 2010 we:

- Began construction of a 400,000 square-foot back-office support facility in Ontario designed to achieve LEED Silver certification or better;
- Launched a Green IT Network with representatives from other Canadian financial institutions to discuss and share Green IT practices and issues as they relate to the financial services industry;
- Removed or avoided the purchase of over 2,400 servers through a server virtualization program, for a total of 6,200 servers eliminated since the program's inception in 2008;
- Reduced the ratio of employees to printers from 3:1 to 9:1, reducing energy requirements for our print network;
- Diverted nearly 250 tonnes of printer cartridges and 690 kilograms of copper cabling from landfill.



## **SOFT footprint**

Our environmental footprint is generated by our sourcing, operations, facilities and travel (SOFT) activities. We track our SOFT footprint to:

- Track trends in resource use and emissions
- Identify areas where we can reduce our direct environmental impact
- Identify cost management opportunities
- Improve accuracy and transparency in reporting

Our summary SOFT Footprint Report is presented on the following pages. A more detailed report with additional analysis is available on our website.



**[rbc.com/environment/what-were-doing](http://rbc.com/environment/what-were-doing)**

## SOFT (Sourcing, Operations, Facilities and Travel) Footprint Report

Intensity factors	2010	2009	2008	Units
Global full-time equivalent (FTE) employee count	72,126	71,186	73,323	FTE
Global floor area	2,207,224	2,174,131	2,292,056	m <sup>2</sup>
<b>Energy footprint</b>				
<i>Direct energy use <sup>(1)</sup></i>				
Branches <sup>(2)</sup>	72,943	87,467	66,727	MWh
Major properties <sup>(3)</sup>	99,533	89,710	76,677	MWh
Data centres and processing centres <sup>(4)</sup>	6,495	3,559	3,968	MWh
Total direct energy use, all properties	178,971	180,736	147,372	MWh
Data coverage (as a % of global floor area)	94	94	60	%
<i>Indirect energy use <sup>(5)</sup></i>				
Branches	258,768	267,204	191,209	MWh
Major properties	201,534	202,323	176,883	MWh
Data centres and processing centres	92,245	106,568	80,215	MWh
Total indirect energy use, all properties	552,547	576,095	448,307	MWh
Data coverage (as a % of global floor area)	94	94	65	%
Green power purchases <sup>(6)</sup>	11,242	8,068	5,042	MWh
<i>Total direct and indirect energy use</i>				
Branches	331,711	354,670	257,936	MWh
Major properties	301,068	292,033	253,560	MWh
Data centres and processing centres	98,740	110,127	84,183	MWh
Total energy use, all properties	731,518	756,830	595,679	MWh
<i>Energy intensity</i>				
Energy intensity — branches	.29	.30	.31	MWh/m <sup>2</sup>
Energy intensity — major properties	.36	.38	.44	MWh/m <sup>2</sup>
Energy intensity — data centres and processing centres	1.08	1.10	1.05	MWh/m <sup>2</sup>
<b>Paper footprint</b>				
Office paper	3,326	3,579	3,886	tonnes
Certified sustainably sourced office paper	79	84	15	%
Coverage (as % of global FTE count)	90	90	90	%
Office paper use per FTE	51	56	59	kilograms/FTE
Marketing and direct mail paper	6,899	7,901	8,863	tonnes
Certified sustainably sourced marketing and direct mail paper	83	52	37	%
Coverage (as % of global FTE count)	82	81	80	%

<b>Travel footprint</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>Units</b>
Air travel	158,379,066	126,364,074	171,620,791	km
Data coverage (as % of global FTE count)	90	90	90	%
Air travel per FTE	2,442	1,981	2,611	km/FTE
Rail travel	1,280,384	1,028,342	1,085,261	km
Data coverage (as % of global FTE count)	99	99	99	%
Rail travel per FTE	20	16	17	km/FTE
Automobile travel (rental vehicles)	6,348,494	5,968,625	6,724,378	km
Data coverage (as % of global FTE count)	99	99	99	%
Automobile travel per FTE (rental vehicles)	98	94	102	km/FTE
Automobile travel (personal vehicles) <sup>(7)</sup>	33,183,751	31,505,166	35,060,483	km
Data coverage (as % of global FTE count)	86	86	87	%
Automobile travel per FTE (personal vehicles) <sup>(7)</sup>	533	513	553	km/FTE
<b>Carbon footprint (measurable)</b>				
CO <sub>2</sub> e emissions from energy use	202,476	211,562	137,390	tonnes
CO <sub>2</sub> e emissions intensity from energy use	.097	.104	.092	tonnes/m <sup>2</sup>
CO <sub>2</sub> e emissions from employee travel <sup>(7)</sup>	25,705	18,564	23,219	tonnes
CO <sub>2</sub> e emissions intensity from employee travel	.40	.34	.36	tonnes/FTE
Carbon reductions from green power purchases <sup>(6)</sup>	-3,359	-2,749	-2,095	tonnes
Total CO <sub>2</sub> e emissions <sup>(7)</sup>	224,822	227,377	158,514	tonnes

The environmental data reported has been provided to us by third-party suppliers, vendors and service providers and includes information that was available at the time of preparing this SOFT Footprint Report. We continue to work to improve the reliability and coverage of the environmental data so that it accurately reflects our enterprise-wide SOFT footprint.

**Notes:**

- (1) Direct energy consumption refers to our use of fossil fuels (natural gas, heating oil and propane).
- (2) Branches are categorized as RBC-owned or -leased properties with an area of less than 25,000 ft<sup>2</sup> (<2,320 m<sup>2</sup>).
- (3) Major properties are categorized as facilities with an area greater than 25,000 ft<sup>2</sup> (>2,320 m<sup>2</sup>).
- (4) Data centres and processing centres consist of 12 back office locations across Canada, the U.S. and the British Isles that have high electricity demands.
- (5) Indirect energy consumption refers to our use of purchased electricity.
- (6) Our green power purchases are carbon neutral and represent a reduction in GHG emissions.
- (7) 2009 business travel in personal vehicles was restated and has affected this indicator for 2009 reporting.

 [rbc.com/environment](http://rbc.com/environment)

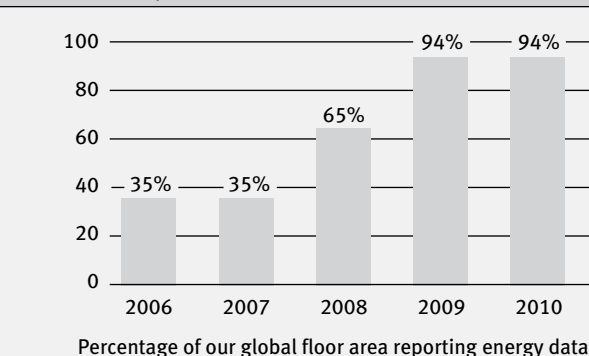
## Energy data

Since 2009, we have been able to measure and report on direct and indirect energy consumption for 100% of our properties located in Canada, the U.S. and the British Isles. Current gaps in energy data are associated with properties in the Caribbean and other international locations.

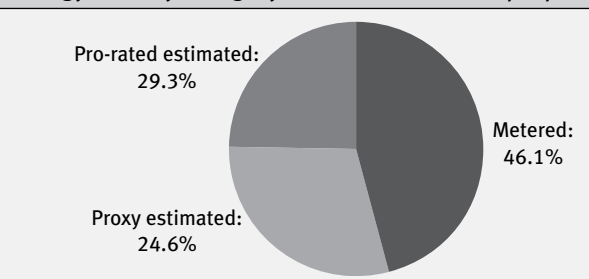
Our energy footprint is based on three categories of data:

- **Metered:** Properties where metered energy consumption is billed directly from a utility or landlord.
- **Pro-rated estimated:** Major properties that do not have metered data, but where the landlord has provided consumption data for the entire building that is pro-rated to the area we occupy.
- **Proxy estimated:** Energy consumption is calculated using averaged metered data for comparable buildings and applied based on the area RBC occupies.

Global energy data coverage



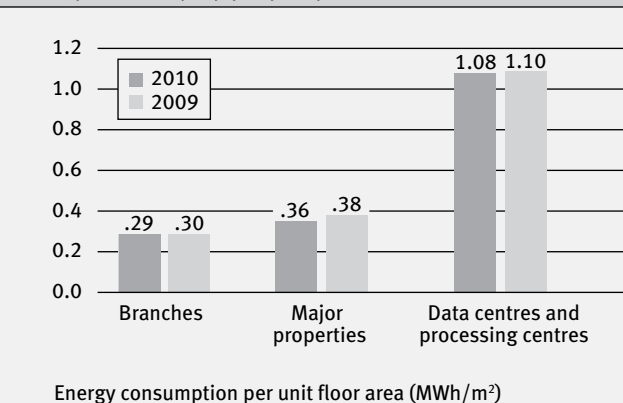
Energy data by category for North American properties



## Energy intensity

The energy intensity of each of our property classifications has remained relatively constant from 2009 to 2010. Last year we developed a new property classification called “data centres and processing centres” to better understand the unique energy footprint associated with these properties. This classification represents 12 properties across Canada, the U.S. and the British Isles, containing operational processes and equipment that have high electricity demands.

Energy intensity by property classification



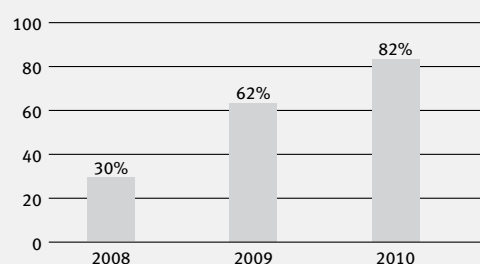
## Office paper use

2010 office paper use on a per-employee basis decreased by approximately 8% compared to 2009 figures, a reflection of the continuing success of programs such as e-courier that have converted some of our paper-based transactions to an electronic format.

Our use of sustainably sourced paper increased significantly in 2010, mainly due to increases in sourcing Forestry Stewardship Council (FSC) certified paper for our marketing and direct mail paper. Over 97% of our sustainably sourced paper is certified by the FSC.

Data coverage for paper includes our Canadian, U.S. and British Isles operations (90% of employees). It does not include operations in the Caribbean and other international locations.

## Certified sustainably sourced paper in North America and the British Isles



## Business travel

Business travel by all modes of transportation was up in 2010 as travel patterns returned to levels seen prior to the economic downturn in 2009. Air and rail travel increased by approximately 25% and travel in automobiles increased by approximately 5%. Travel levels are still well below the previously recorded maximum of 227 million kilometres of total employee travel reported in 2007.

Data coverage for air travel includes our Canadian, U.S. and British Isles operations (90% of employees). It does not include travel for staff located in the Caribbean or other international locations.

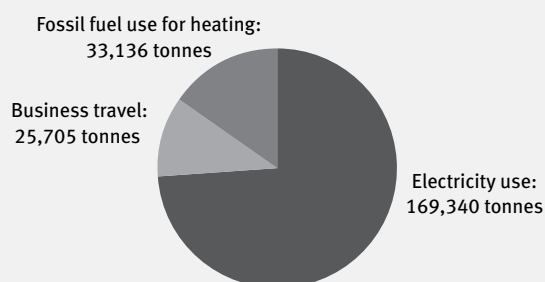
## Employee business travel by mode (kilometres)

	2010	2009	2008
Air travel	158,379,066	126,364,074	171,620,791
Rail travel	1,280,384	1,028,342	1,085,261
Rental vehicles	6,348,494	5,968,625	6,724,378
Personal vehicles	33,183,751	31,505,166	35,060,483
<b>Total</b>	<b>199,191,695</b>	<b>164,866,207</b>	<b>214,490,913</b>

## GHG emissions

Our total GHG emissions have decreased slightly compared to 2009 figures (1% reduction). We saw an increase in emissions from employee travel as the total distance travelled by all modes of transportation increased by 21% compared to 2009 figures. Indirect emissions from electricity use decreased by 4% compared to 2009 figures, however, indirect emissions remain our largest source of emissions, representing 74% of total GHG emissions.

## 2010 GHG emissions by source



## Environmentally responsible business activities

At RBC, we work with our clients and the companies in which we invest to identify and manage environmental risks and support environmentally responsible businesses. Our credit rules and guidelines include specific requirements for assessing environmental and social risk under certain circumstances, and our risk-management policies and procedures enable us to assess transactions for credit, legal and reputation risk arising from environmental and social issues.

Our enterprise risk management framework includes requirements for enhanced due diligence on transactions and business activities where environmental and social issues could be harmful to our reputation. We regularly update these frameworks, policies and procedures to incorporate regulatory changes, emerging and evolving issues and international best practices. In 2010, we:

- Performed detailed environmental credit-risk assessments on 950 transactions in Canada and the U.S., a 27% increase over 2009;
- Drafted a new enterprise-wide policy on environmental and social risk management. The policy, which underpins our suite of business-specific environmental risk-management policies, requires all units within RBC to consider and manage environmental and social risks in all organizational decisions;
- Launched a new policy on environmental and social risk management for corporate lending and investment banking activities. The policy establishes new processes and requirements for assessing clients' environmental management systems, liabilities, compliance with environment and labour regulations, community relations, consultation with indigenous peoples, and impacts on air, land and water. Over 250 employees from RBC Capital Markets and Group Risk Management were trained on how to apply this new policy;
- Approved an updated environmental risk-management policy for small business and commercial lending activities in the U.S. Approximately 50 employees in the U.S. were trained on this updated policy;

- Trained 100 Canadian commercial lenders and risk managers on environmental risk management and new environmental regulations;
- Developed employee e-learning courses for environmental risk management in commercial lending, corporate lending and investment banking.



[rbc.com/environment/lending](http://rbc.com/environment/lending)

### Equator Principles

The Equator Principles are a voluntary set of guidelines that help financial institutions address the environmental and social risks associated with project finance. RBC was the first Canadian bank to sign the Equator Principles in 2003, and we recommitted to the revised Principles in 2006. A requirement of Equator Principles signatories is to "report annually on their implementation processes and experience in applying the Equator Principles in project finance." In 2010, RBC participated as an advisor on three projects and advised and provided project finance for four projects that were subject to the Equator Principles.

#### Analysis of Equator Principles projects

		2010	2009	2008
Number of projects <sup>(a)</sup>	Category A	1	–	–
	Category B	4	5	3
	Category C	2	1	2
	<b>Total projects reviewed</b>	<b>7</b>	<b>6</b>	<b>5</b>
By region	OECD <sup>(b)</sup> countries	7	6	5
	Other	–	–	–
By sector	Energy (oil and gas)	1	3 <sup>(c)</sup>	2
	Energy (renewable)	1 <sup>(c)</sup>	–	–
	Power generation	3	2 <sup>(c)</sup>	–
	Infrastructure	2 <sup>(c)</sup>	1	2
	Transportation	–	–	1

- a) When a project is proposed for financing, we categorize the project in accordance with the environmental and social screening criteria of the International Finance Corporation. Category A represents projects with potentially significant adverse social or environmental impacts that are diverse, irreversible or unprecedented. Category B represents projects with potentially limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures. Category C represents projects with minimal or no social or environmental impacts. For additional information, visit [equator-principles.com](http://equator-principles.com)
- b) OECD is the Organisation for Economic Co-operation and Development. To view OECD member countries, please refer to [oecd.org](http://oecd.org).
- c) We took an advisory role only in these projects, and provided no financing.



## Environmental products and services

RBC offers an array of products and services to help clients reduce their environmental footprint and provide long-term environmental benefits. In 2010, we:

- Traded 115 million tonnes of carbon credits through our RBC Capital Markets emissions trading group. Since the inception of the trading desk in 2008, the group has traded 280 million tonnes. The majority of the trading volume centres around the European Union Emissions Trading Scheme (EU ETS), the largest compliance market in the world. We also deal in the North American carbon markets. These include: Regional Greenhouse Gas Initiatives (RGGI), Climate Action Reserve, Alberta Offsets and other voluntary markets;

Carbon credits traded (in millions of tonnes)		
2010	2009	2008
115	121	44

- Converted over 2.1 million accounts in Canada to electronic statements. Since 2006, over 6.8 million accounts have been converted, resulting in paper savings of over 1,400 metric tonnes;
- Invested over US\$262 million in 31 affordable housing projects in the U.S. Our Tax Equity Group takes a 99% equity ownership position in these projects. These units have been designed with energy and water efficiency features and a number of them have applied for LEED certification;
- Developed financing products for solar power generation projects both for homeowners and commercial clients;
- Offered the RBC Energy Saver™ Loan and RBC Energy Saver™ Mortgage products in Canada, which help clients qualify for rebates on home energy audits and/or create a more energy efficient home while saving on borrowing costs;
- Offered our clients seven SRI products through RBC Global Asset Management™. These include four Phillips, Hager & North Community Values Funds and three RBC Jantzi Funds. Total assets under management for all SRI products are in excess of \$900 million.

## Green advice for business clients

We understand the challenges of greening a business because we've been working hard at it too. In 2010, RBC significantly expanded the depth and breadth of green advice we offer our clients, highlighted by the launch of the online RBC Greening Your Business Advice Centre. The Advice Centre provides free resources and tools to help companies transition to more environmentally sustainable business models. It also includes:

- A 44-page guidebook entitled *Greening your business: A guide to getting started* containing case studies, RBC client stories, information on environmental sustainability and why it matters, the business case for going green, and how companies can create their own green plan;
- Numerous downloadable articles and videos that cover a wide variety of sustainability topics, including: Managing Carbon, Conserving Water, Greening your Supply Chain, Increasing Energy Efficiency, Brownfield Development and Waste Management;
- A webinar on best practices in developing, financing and managing an effective energy retrofit.

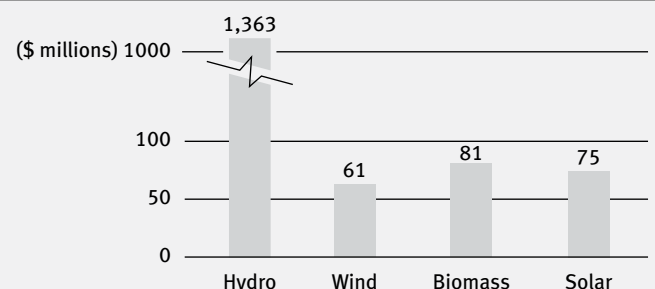


[rbccommercial.com/commercial/advice/greening-your-business](http://rbccommercial.com/commercial/advice/greening-your-business)

## Lending to renewable energy

The emerging renewable energy sector promises both environmental benefits and business opportunities for the financial services sector. As of October 31, 2010, RBC Capital Markets had nearly \$1.6 billion in outstanding loans and trading lines to companies whose predominant business is renewable energy production, a 34% increase over 2009.

### RBC Capital Markets — renewable energy lending\*



\* Outstanding loans and trading lines to companies whose predominant business is renewable energy.



[rbc.com/environment/what-you-can-do](http://rbc.com/environment/what-you-can-do)

## Sustaining the RBC Environmental Blueprint

In order to keep the RBC Environmental Blueprint on course we:

- Engage in open and proactive dialogue with our stakeholders and peers;
- Conduct independent and co-operative research to identify and better understand emerging environmental issues;
- Report on the progress of our initiatives in a relevant and transparent manner; and
- Look for opportunities to help communities meet their own environmental objectives.

In 2010, we:

- Funded Pollution Probe's "Primer on Energy Systems in Canada." The primer focuses on the interconnectivity between energy sources, distribution networks and people within Canada's energy systems. Equipped with a whole-systems perspective, Canadians will be better prepared to participate in the dialogue and debate about sustainable management of energy resources in the future;
- Organized and hosted an Oil Sands Day of Learning. Almost 40 representatives from 18 Canadian, U.S., European and other international financial institutions learned about the regulatory, social and environmental issues associated with the development of the Canadian oil sands. We also covered Aboriginal issues and stakeholder consultation practices associated with energy development in Canada. RBC and Citigroup co-hosted a follow-up session in Washington, D.C. for participants to discuss next steps;
- Sponsored green and cleantech events, reports and organizations, including Cleantech Group, CleanTech North, the Ontario Centre for Environmental Technology Advancement, the 2010 SDTC Cleantech Growth & Go-to-Market Report, Imagine H2O Innovation Challenge, Canadian Water Summit, RBC Innovation Mini Challenge, and the 2010 Globe Conference;
- Collaborated with NGOs including the Canadian Boreal Initiative, Forest Ethics, Pollution Probe, Toronto Atmospheric Fund, Greening Greater Toronto Task Force, World Wildlife Fund Canada, Nature Conservancy of Canada and Rainforest Action Network;
- Toured Northern Alberta and Canada's oil sands. RBC senior executives from corporate head office and our Calgary Energy Banking unit travelled on two occasions to meet with First Nations leaders and client companies living near and working in Canada's oil sands. The objective of both visits was to engage in open and informative dialogue with our stakeholders on the challenges and opportunities associated with the development of this resource;
- Engaged with various stakeholders including the Alberta government, NGOs, academics, Aboriginal leaders, industry associations and corporate clients on topics related to the environmental and social impacts of oil sands development;
- Donated \$6.54 million to environmental charities in Canada, the U.S. and the Caribbean, (\$5.25 million in 2009);
- Participated in industry associations, including: Conference Board of Canada's Business Council for Sustainability, UN Environment Programme Finance Initiative, the U.S. Environmental Bankers Association, the EXCEL Partnership and Greening Greater Toronto;
- Promoted thought leadership on water quality and availability issues through sponsorship of the Canadian Water Summit, the Water and the Future of the Canadian Economy report and road show, and the second annual Imagine H2O Innovation Challenge, a business competition with cash prizes to help bring sustainable water solutions to market;
- Contributed to national and international dialogue on climate change, energy and the economy through discussions with the Canadian Association of Petroleum Producers' National Oil Sands Dialogue and the federal government regarding Canada's Position and Go Forward Plan, and the design of a federal carbon cap-and-trade system;

- Sponsored the Climate Prosperity Initiative — a collaboration between the National Round Table on the Environment and the Economy and The Royal Canadian Geographical Society to help Canadians understand the physical impacts of climate change on our citizens, the environment and the economy.



**[rbc.com/environment/oversight-responsibility-and-reporting](http://rbc.com/environment/oversight-responsibility-and-reporting)**

#### 2011 Priority activities

1	Increase commitment to minimize energy use and maximize renewable energy in our real estate portfolio
2	Reach significant proportion of employees with environmental training
3	Research physical impacts of climate change on our businesses
4	Equip our lenders and risk managers with the tools required to support business opportunities in renewable energy and green buildings
5	Expand environmental and social risk management into all aspects of decision making
6	Conduct the fourth round of funding for the RBC Blue Water Project™
7	Continue to promote thought leadership on water-related risks and opportunities in North America

# Community

RBC™ supports a wide range of community initiatives, through donations, sponsorships and employee volunteer activities, and provides deep, concentrated support for eight strategic focus areas, under a plan we call the RBC Community Blueprint™. In 2010, we contributed more than \$130.1 million to community causes worldwide through donations of more than \$56.6 million, and an additional \$73.5 million in sponsorship of community events and national organizations, including our support of the Vancouver 2010 Olympic and Paralympic Winter Games and the 2010 Olympic and Paralympic Torch Relays.

Priorities	2010 Performance highlights
Support the vision and focus areas identified in the RBC Community Blueprint through donations and sponsorships	<ul style="list-style-type: none"> <li>■ Supported the eight strategic focus areas of the RBC Community Blueprint, as well as a broad range of other causes, with donations of more than \$56.6 million and sponsorships of \$73.5 million. These sponsorships included our support of the Vancouver 2010 Olympic and Paralympic Winter Games, and their respective Torch Relays</li> <li>■ Proudly brought the 2010 Olympic Torch Relay to millions of Canadians across the country, and committed millions of dollars to local causes and charities as part of the community celebrations</li> <li>■ Under the RBC Blue Water Project™, committed over \$6.07 million to fresh water initiatives, bringing our total support since 2007 to more than \$27 million. We have now funded 350 organizations worldwide, since 2007, working in the areas of watershed protection and access to clean drinking water</li> </ul>
Enable employees to contribute	<ul style="list-style-type: none"> <li>■ Employees and pensioners worldwide contributed countless hours in volunteer activities and funds to not-for-profit groups through payroll deductions, direct giving and special events</li> <li>■ Provided over 2,500 grants of \$500 each, totalling \$1.29 million, to organizations in recognition of the volunteer work of our employees and pensioners</li> </ul>

## In this section:

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## Vital statistics

### Community investments worldwide (\$ millions)

	Donations		Community sponsorships		Total
2010	\$	56.6	\$	73.5*	\$ 130.1*
2009	\$	52.6	\$	52.5	\$ 105.1
2008	\$	51.5	\$	47.5	\$ 99.0

\* Includes our support of the Vancouver 2010 Olympic and Paralympic Winter Games and the 2010 Olympic and Paralympic Torch Relays.

## Issues

### Increased pressure on charitable sector

As the effects of the financial crisis linger, many charities are continuing to face serious reductions in their funding bases from all sectors. At the same time, and for the same reason, the demand for their services has grown. Charitable organizations are having to look for new sources of funding, and companies are wrestling with the question of how to allocate and stretch their donation dollars.

### Strategic versus transformational philanthropy

Some companies focus their philanthropic giving on causes that directly align to their business goals or directly drive sales of their products or services. This is sometimes called “strategic philanthropy” or “cause marketing.”

### Employees’ desire to give back, their way

The charitable sector needs more support during difficult times, but employees’ work/life demands continue at the same pace. More than ever, employees seek to give back to their communities in ways that suit their particular circumstances.

## RBC Position

We deliberately designed the RBC Community Blueprint so that we could respond to urgent and ongoing requests through our general donations budgets, and continue to have a significant social impact by funding specific projects within our eight strategic focus areas.

The Canadian Federal Government’s Economic Action Plan encouraged charities to undertake capital improvements and/or the building of new facilities, and as a result, RBC Foundation™ was asked for funding of such projects. In response, RBC Foundation chose select projects to support that had a sustainable action plan and resources that would provide long-term impact and provide ongoing community economic development opportunities.

RBC has elected to pursue a path of “transformational philanthropy,” whereby we provide substantive support for difficult or emerging issues, in addition to a broad base of support across all charitable sectors. This more challenging path reflects our long history of citizenship and leadership in championing causes that may not be directly related to banking, but are too important for society to ignore. Our choice of water as our global “cause” is an example of how RBC is trying to tackle not just a social and environmental issue, but an economic one as well. We support “transformational” programs within our strategic focus areas as well, such as the RBC Children’s Mental Health Project.

While RBC encourages employees to be active in their communities, we do not pressure them to give or volunteer. Rather, we try to facilitate the process and provide flexibility to allow employees to tailor their volunteering and charitable works to their particular situation. We introduced team volunteer awards in 2010, making it easier for employees to carve out time with their colleagues to support their favourite organizations. We help employees find volunteer opportunities that suit them through a website where they can search for events in their communities.



## Outlook

Charitable donations and sponsorships of community events will remain an integral piece of the sustainability picture at RBC.

The economic environment has shown slow signs of recovery; however, growth is expected to remain constrained in many sectors and regions around the world. This has a direct impact on the charitable sector, and we expect to see an historic number of applications for funding from RBC in 2011. Our focus will remain on providing deep funding for our eight key strategic areas as identified in the RBC Community Blueprint, in addition to providing a broad base of support across all charitable sectors.

In the aftermath of the financial crisis, we expect that some charitable groups may be in more direct competition with each other for funding, volunteers and public attention. As a significant donor to the not-for-profit sector, RBC is in the privileged position to see where there is overlap, duplication and waste within the sector. Increasingly, we are making the decision to donate to organizations that take an innovative, collaborative approach to program and fund development, favouring those that do not needlessly duplicate the work of other organizations. We will look to support organizations that have a wide base of funding, a willingness to work intra- and cross-sectorally, and can clearly demonstrate an understanding of the social and financial landscape in which they are operating.



## The RBC Community Blueprint

As a large financial institution with close to 18 million clients and approximately 79,000 employees, RBC is expected to provide a broad base of support to a wide range of causes and we take this responsibility seriously.

As one of North America's leading financial institutions, we have chosen to provide deep, significant support for eight strategic issues within the educational, environmental, healthcare, athletic, arts and social service communities. At the same time, we continue to provide a wide base of support across all charitable sectors.

We refer to this approach as the RBC Community Blueprint, which lays out our vision for helping create stronger communities. Highlights from 2010 are provided starting on page 82 of this report.

### RBC Community Blueprint

- Environment
- Education
- Arts and culture
- Employee contributions
- Diversity
- Health and wellness
- Amateur sport
- Civic causes

## Cornerstones

Donations and sponsorships are the cornerstones of the RBC Community Blueprint, and both can have a positive social impact. However, they are undertaken with different objectives.

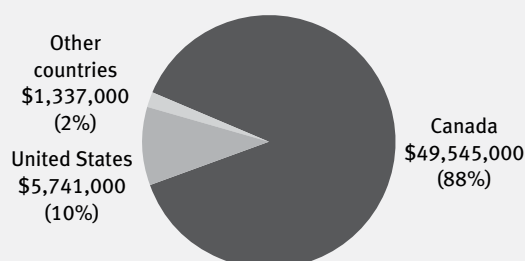
Donations are given as gifts. RBC is considered one of Canada's premier philanthropic donors. We have provided an explanation of how we give on page 86 of this report.

Our tradition of philanthropy dates back to our roots, with donations on record as far back as 1891. We are one of Canada's largest corporate donors and a member of Imagine Canada, which encourages philanthropy and citizenship.

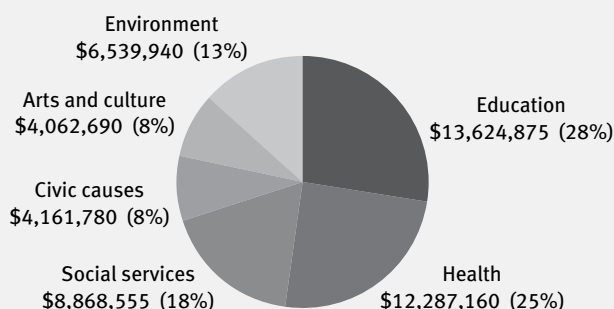
Sponsorships are undertaken and negotiated for strategic marketing purposes that align with our brand and business goals; they are expected to deliver a quantifiable return on investment. We pursue sponsorship opportunities that are important for our clients, our communities and our businesses.

## Donations

### 2010 donations (worldwide)



### 2010 donations by cause (Canada)



### 2010 donations by region

Newfoundland and Labrador	\$ 472,000
Prince Edward Island	227,250
Nova Scotia	1,499,675
New Brunswick	1,019,958
Quebec	6,479,523
Ontario	18,364,844
Manitoba	2,184,688
Saskatchewan	1,021,275
Alberta	4,516,939
British Columbia	4,959,092
Yukon	28,500
Northwest Territories	123,564
Nunavut	13,000
National organizations	8,634,692
United States	5,741,000
Other countries	1,337,000
<b>Total</b>	<b>\$ 56,623,000</b>

For a complete list of donations over \$500 given in 2010, visit [rbc.com/donations](http://rbc.com/donations).

## Environment

### Deep support for our priority area: RBC Blue Water Project

- Committed over \$6.07 million to fresh water initiatives in 2010, bringing the total committed or donated since 2007 to more than \$27 million across 350 organizations, working worldwide in the areas of watershed protection and access to clean drinking water;
- Supported organizations including **Ducks Unlimited** (\$400,000 over three years), **Free the Children** (\$300,000 over three years) and the **Wildland League** (\$200,000 over two years);
- Partnered with Alexandra Cousteau, through RBC Bank™, to launch “**Expedition Blue Planet: North America,**” a five-month interactive exploration of critical water issues across the U.S., Canada and Mexico. The expedition’s 14,500-mile tour stopped in over 60 cities. RBC employees helped educate the public about the importance of protecting our water.

### Broad support for other environmental organizations. Examples include:

- RBC Wealth Management™ Barbados partnered with the **Future Centre Trust of Barbados** to green their business through a waste reduction and recycling program. Members of the Future Centre Trust met with staff in Barbados to roll out the program.
- For the third year, RBC Wealth Management in the British Isles sponsored Jersey’s annual **Business Sustainability Seminar**, in partnership with the Durrell Wildlife Conservation Trust. Open to the island’s business leaders, the Durrell Business Sustainability Seminar aims to share practical examples of how companies can integrate sustainability into their business, save money and improve their reputation.

## Diversity

- Respect for diversity is one of our key values, and the theme of diversity underscores all the programs within the RBC Community Blueprint. We proactively look for opportunities to support diverse communities and diversity programs or initiatives across our entire donations portfolio.
- In 2010, RBC donated \$5.7 million to support diversity initiatives in Canada. We focused our efforts on the following six areas:

### Community investments in diversity

Aboriginal people	\$	2,302,000
People with disabilities		897,000
Newcomers		579,500
Cultural markets		814,180
Women		983,500
GLBT (Gay, lesbian, bisexual, transgendered)		186,000
Total	\$	5,762,180

### A few examples of our support:

- **Actua** is an organization that delivers programming for Aboriginal youth, girls, underprivileged youth and youth living in remote or inner-city communities across the country. RBC donated \$50,000 to their National Aboriginal Outreach program, which helps to engage over 20,000 Aboriginal youth in culturally relevant community-based science, engineering and technology programming.
- RBC donated \$30,000 to the **Rehabilitation Centre for Children**, an organization working in Manitoba and surrounding areas to support children with special needs. These funds were directed to both their Direct Financial Assistance Program and the Recreational Choices Program for families living in Northern Ontario Communities.
- RBC donated \$15,000 to **Accessible Community Counselling and Employment Services**. This group helps job seekers from diverse backgrounds who are facing barriers to employment to find employment and to integrate into the Canadian job market. They achieve this by providing employment services, linking employers to skilled people and building strong networks in collaboration with community partners.

## Education

### Deep support for our priority area: RBC After School Grants Project

- Invested almost \$2.5 million in 94 community-based after-school programs in 66 cities across Canada in 2010;
- Since 1999, provided more than \$22.3 million in grants to 212 community-based after-school programs, helping almost 24,000 kids gain self-confidence and learn new skills in a safe environment.

### Broad support for other education organizations. For example:

- In Canada, the RBC Foundation provided \$477,000 to **Junior Achievement's National Office** and to local chapters, and more than \$4.8 million to colleges and universities across Canada.
- RBC Foundation renewed our commitment to the **Prime Minister's Awards for Teaching Excellence** with a donation of \$50,000 in 2010. The program identifies, honours and promotes some of Canada's most innovative and outstanding elementary and secondary school teachers.
- RBC provided \$250,000 to **Big Brothers/Big Sisters** chapters across Canada, of which over \$57,000 supported school-based, preventative programs that help raise the self-esteem of children identified as not reaching their potential or at high risk for school dropout.
- In the U.S., 2010 marked the 7th Annual **RBC Bank Tribute to Teachers** program. Selected from 5,700 nominations, an unprecedented 70 elementary or middle-school teachers from VA, NC, SC, GA, FL, AL and the metropolitan areas of Minneapolis, MN, and Oakland, CA were awarded \$44,000 in cash and prizes, and a lucky four were randomly selected to receive a \$2,000 school supply shopping spree as well.

## Health and wellness

### Deep support for our priority area: RBC Children's Mental Health Project

- Donated over \$2.8 million to 81 organizations across Canada dedicated to children's mental health, with a focus on early intervention and public education;
- Pledged \$600,000 to help **Healthy Minds Canada** reduce the stigma associated with mental health issues in children by educating and training young people, families and communities. RBC funding will go toward "Mental Health First Aid" training for adults who work directly with young people to improve their ability to identify and respond to signs and symptoms of mental health problems.

### Broad support for other health and wellness organizations. Examples include:

- In the U.S., RBC Bank supported patient counselling and therapist training services for the **Community Services for Vision Rehabilitation** in Mobile, AL, as well as domestic violence and child abuse prevention programs through such organizations as **Kids in Distress** and **Parents and Children Together**. Employees also organized teams to help raise money for **Relay for Life** and the **March of Dimes**.
- In the United Kingdom, RBC Capital Markets™ partnered with London's Great Ormond Street Hospital (GOSH) to host the **GOSH — RBC Race for the Kids**, raising funds to help rebuild and refurbish the internationally renowned children's hospital, purchase vital medical equipment and support pioneering research. In 2010, the Race raised more than £258,000, which will specifically contribute to the Neurosciences Centre.

## Arts and culture

### Deep support for our priority area: RBC Emerging Artist Project

- Invested over \$1.4 million in apprenticeships, internships and artist recognition programs at 59 agencies in 20 cities across Canada;
- Continued and strengthened long-term partnerships with organizations or programs that bridge the gap between academic excellence and professional careers.

#### A few examples of our support include:

- The **RBC Canadian Painting Competition**, celebrating its 12th year, supports Canadian visual artists early in their career by providing a forum to display their artistic talent and open doors to future opportunities.
- As the Official Bank of the Toronto International Film Festival, RBC supports **TIFF Talent Lab** and the **RBC Emerging Filmmakers Competition** — an outlet for up-and-coming filmmakers to showcase their talent.
- In the U.S., RBC donated \$15,000 to the **Carolina Ballet** in 2010 to start an emerging artists ballet academy for African-American and Hispanic dancers. RBC Bank supported several other arts outreach programs such as The Arts Council of Madison County, Children's Museum of the Low Country, the Community Music School and the United Arts Councils of Greater Greensboro and Winston-Salem.
- In the Caribbean, RBC/RBTT is the Official Bank of the **Trinidad & Tobago Film Festival** and the key sponsor of the short film competition for young filmmakers.

## Amateur sport

### Deep support for our priority area: Olympic initiatives and hockey

- RBC provided \$110 million over seven years in support of the **Vancouver 2010 Olympic and Paralympic Winter Games** and was co-presenting partner of the **2010 Olympic and Paralympic Torch Relay**.
- RBC is Canada's longest-standing supporter of the **Canadian Olympic Team**, since 1947.
- RBC provided 4,500 Canadians, including schoolchildren, military personnel, hockey volunteers and community leaders with the opportunity to carry the torch during the Olympic Torch Relay, which travelled over 45,000 kilometres, through more than 1,000 communities over 106 days. More than 2,500 RBC employees volunteered at the community celebrations that were part of the Olympic Torch Relay.
- Over 150 current and retired Olympic and Paralympic athletes have participated in the **RBC Olympians Program**, with 12 becoming full-time RBC employees since 2004.
- RBC is committed to helping hockey happen in communities across North America. As a premier partner of **Hockey Canada** and **USA Hockey**, RBC is an official sponsor of each country's men's and women's national teams, the 2011 International Ice Hockey Federation World Junior Championship, Canada's National Junior A Championship — RBC Cup — and the Hockey Hall of Fame.

#### Broad support for other amateur sport organizations.

##### Examples include:

- In the U.S., through sponsorships, donations and employee volunteerism, RBC Bank supported local youth baseball, soccer, swimming and hockey programs as well as athletic departments like the Big South, East Carolina University, Florida Citrus Sports, Georgia Tech University, North Carolina Central University, Southern Conference, Tuskegee University and Wake Forest University.
- RBC Wealth Management sponsored the **Jersey Swimarathon** for the fourth year running in partnership with the Lions Club of Jersey, British Isles. Approximately 3,500 swimmers participated in this five-day event raising a record-breaking £137,000 for various local charities, including the **Jersey Special Gymnastics Club**.

## Employee contributions

- We provided 2,573 grants of \$500 each totalling \$1.29 million to organizations in recognition of the volunteer work of our employees and pensioners.
- Since 1999, we have made over 19,500 grants and donated over \$9.8 million to celebrate our employees' volunteer efforts.
- 1,927 RBC employees in Canada volunteered time during working hours, equal in value to almost \$343,150\*, to United Way, Junior Achievement and Habitat for Humanity.

\* 13,726 hours at an average of \$25/hr.

- Through the RBC Team Action Grant, we donated almost \$350,000 to charities across Canada to recognize, celebrate and thank our employees for their participation:

Employee volunteer grants (number of grants)			
	2010	2009	2008
Canada	2,155	2,084	1,848
U.S. and other countries	418	359	229
<b>Total</b>	<b>2,573</b>	<b>2,443</b>	<b>2,077</b>

### Broad support for other charitable causes.

#### A few examples of the contributions of our employees include:

- The RBC law group has taken part in the **Corporate Pro Bono Challenge** since 2007, providing services on a pro bono basis to organizations that support disadvantaged communities, cultural and environmental causes and public education programs.
- U.S. Wealth Management partners with several non-profit organizations each year to support charitable initiatives where its employees are involved. Through the RBC Foundation–USA and corporate sponsorships, grants and matching gifts, we support our local communities.

## Civic causes

### Deep support for our priority area:

#### Federated appeals, such as United Way, food banks and shelters

- RBC and our employees contributed \$20.5 million to the **United Way** in Canada and the U.S. We are the largest private sector contributor to the United Way in Canada, and one of only 77 organizations that contribute over \$1 million annually:

United Way donations (C\$)		
	Canada	United States
Employee donations*	\$ 13,278,337	\$ 267,823
RBC corporate donations	\$ 3,891,680	\$ 263,648
Total employee and corporate donations	\$ 17,170,017	\$ 531,471
<b>Total given (Canada and the United States)</b>	<b>\$ 17,701,488</b>	

\* This includes funds raised through payroll deductions, direct giving and employee fundraising events. RBC employees around the world also help raise funds for countless community groups in addition to the United Way.

### Loaned employees (Canada)

	2010	2009	2008	2007
Employees loaned to work full-time on local United Way campaigns	9	9	10	14
Employees who participated in community projects through United Way Days of Caring	799	768	727	545

### A few other examples of our support:

- RBC and our employees gave over \$580,000 to help replenish food banks and soup kitchens across Canada.
- In the wake of the Gulf oil spill, RBC Bank established the **Gulf Neighbors Food Drive**. Over 6,812 pounds of food were collected from across the state of Alabama in two weeks, providing a week's worth of meals for 150 Gulf Coast families in need via the Bay Area Food Bank. RBC Bank held several collection drives over the course of 2010, collecting toys, coats, blankets, toiletries, books, school supply items and more to benefit such organizations as Communities In Schools, Boys & Girls Clubs, Toys for Tots, Salvation Army, local homeless shelters and area schools.

# Donations: How we give

## Governance

The member companies of RBC administer charitable donations in Canada through the RBC Foundation, established in 1993. Our Donations Policy covers our guidelines and strategy and is reviewed by the Corporate Governance and Public Policy Committee (CG&PPC) of the Board of Directors.

RBC Foundation has its own Board of Directors, representing each of our RBC businesses, which sets policy and ratifies all donations made in North America. The Foundation is staffed by five employees. To ensure our giving fulfils local needs, we also have professional grant-makers situated in each of our regional Canadian headquarters as well as in our U.S. and Caribbean businesses.

## Due diligence

RBC Foundation in Canada receives tens of thousands of proposals per year. With this many proposals, we notice when mandates of different charities overlap and we encourage synergies between organizations. Our goal is to ensure that our charitable partners have sustainable sources of funding and use their donors' funds responsibly. In 2010, RBC approved almost 6,400 donations to charitable groups in communities across North America. Over 80% of these donations were under \$20,000, providing a broad base of support.

Our grant-makers follow a rigorous process when evaluating proposals to ensure our funds are invested with the utmost care and responsibility. We look at whether the charity has a wide range of support and assess its ability to deliver programs. We assess the charity's fiscal management and governance practices and require that all charities provide audited financial statements when requesting donations over \$5,000.

## Social impact

RBC requires, where possible, that our charitable partners demonstrate the social impact of our contributions and provide details about the successes and challenges they encounter during the time they receive funding. Recognizing the effort that is needed to report the good works our charitable partners do with our funding, RBC has established a set of tiered guidelines for reporting, as follows:

Reporting guidelines for charitable partners	
Donation amount	Reporting
Less than \$5,000	• Acknowledgement of receipt of donation
From \$5,000 to \$24,999*	• Letter detailing how RBC funds were spent
From \$25,000 to \$99,999*	• Funding request must include goals and objectives • Evaluation report must include key outcomes and challenges against primary goals
\$100,000* and above	• Funding request must include program goals and outcome measurements • Annual update must include progress against goals and measurements, how key objectives were met and challenges against primary goals • Annual update should also include percentage of funds raised against the private sector goal when the request is part of a capital campaign

\* We require audited financial statements for any donation over \$5,000.





# Royal Bank of Canada

## Public Accountability Statement

### Declaration

The information documented in this Public Accountability Statement for the fiscal period ended October 31, 2010 includes the relevant activities related to Royal Bank of Canada™, our prescribed affiliates and declarants in accordance with Canadian federal regulations, pursuant to subsections 459.3 of the *Bank Act*, 489.1 of the *Insurance Companies Act* and 444.2 of the *Trust and Loan Companies Act*.

### Affiliates

The following are the prescribed affiliates whose activities are included in this Public Accountability Statement. These affiliates are subsidiaries of Royal Bank of Canada and are financial institutions with less than \$1 billion in equity, except for our securities broker, RBC Dominion Securities Inc., which has equity exceeding \$1 billion.

- BonaVista Asset Management Ltd.
- Phillips, Hager & North Investment Funds Ltd.
- Phillips, Hager & North Investment Management Ltd.\*
- RBC Asset Management Inc.\*
- RBC Direct Investing Inc.
- RBC Dominion Securities Inc.
- RBC General Insurance Company
- RBC Insurance Company of Canada
- RBC Phillips, Hager & North Investment Counsel Inc.
- RBC Trustees International Limited
- Royal Trust Corporation of Canada
- The Royal Trust Company

### Public Accountability Statements for Royal Bank of Canada declarants

Separate Public Accountability Statements for the fiscal year ended October 31, 2010 are provided on page 94 for Royal Bank Mortgage Corporation and RBC Life Insurance Company (Declarants), which are financial institutions with greater than \$1 billion in equity and are required under subsection 444.2 of the *Trust and Loan Companies Act* and under subsection 489.1 of the *Insurance Companies Act*, respectively, to file Public Accountability Statements.

### Where to find information

The information related to this Royal Bank of Canada Public Accountability Statement can be found in the following sections:

Small business	31
Community economic development	26
Access to banking	40
Community	78
Volunteer activity (employee activity and contributions)	85
Employment in Canada	89
Taxes	89
Debt financing for Canadian businesses	90
Canadian bank branch/facility openings, closings and relocations	91
Canadian ATM (bank machine) openings and closings	92

\* RBC Asset Management Inc. and Phillips, Hager & North Investment Management Ltd. amalgamated as of November 1, 2010 and will operate under the name RBC Global Asset Management Inc.

## Employment in Canada

We are one of the country's largest employers, with more than 60,000 employees across Canada.

As at October 31, 2010

Provinces and territories	Number of employees*	Full-time	Part-time
Newfoundland and Labrador	351	333	18
Prince Edward Island	104	97	7
Nova Scotia	1,392	1,309	83
New Brunswick	1,559	1,529	30
Quebec	8,028	7,680	348
Ontario	32,808	31,098	1,710
Manitoba	2,454	2,212	242
Saskatchewan	1,366	1,154	212
Alberta	4,552	4,199	353
British Columbia	7,582	7,110	472
Yukon	31	30	1
Northwest Territories	42	34	8
Nunavut	25	23	2
<b>Total</b>	<b>60,294</b>	<b>56,808</b>	<b>3,486</b>

\* Includes active and inactive employees

We also have a growing number of employees in the U.S. and in our international locations.

As at October 31, 2010 we employed 78,676 people in full- and part-time positions worldwide.

## Taxes

In 2010, the tax expense of RBC™ to all levels of government in Canada was \$3.03 billion<sup>1</sup>. This amount included \$1.6 billion of income taxes, \$134 million in capital taxes and \$1.3 billion in other taxes<sup>2</sup>. In addition, our tax expense included \$106 million related to other international jurisdictions, including the U.S.

For the fiscal year ended October 31, 2010 (C\$ millions)

Taxes by jurisdiction	Capital taxes	Income taxes	Total taxes
<b>Canada</b>			
Newfoundland and Labrador	\$ 5	\$ 4	\$ 9
Prince Edward Island	1	2	3
Nova Scotia	10	13	23
New Brunswick	5	8	13
Quebec	28	61	89
Ontario	51	427	478
Manitoba	13	13	26
Saskatchewan	13	10	23
Alberta	-	41	41
British Columbia	8	60	68
Yukon	-	1	1
Northwest Territories	-	-	-
Nunavut	-	1	1
Federal	-	953	953
Capital and income taxes (Canada)	\$ 134	\$ 1,594	\$ 1,728
Other taxes* (Canada)			1,306
Canadian taxes			\$ 3,034
International taxes			106
<b>Total taxes</b>			<b>\$ 3,140</b>

<sup>1</sup> The original PDF version of the RBC 2010 Corporate Responsibility Report and Public Accountability Statement, published in February 2011, contained incorrect data for the tax expense of RBC to all levels of government in Canada. We have corrected and restated the amounts here, as of February 2013.

<sup>2</sup> Other taxes include goods and sales taxes, payroll taxes, property taxes, insurance premium taxes, business taxes and OCI taxes.

## Debt financing for Canadian businesses

RBC is committed to helping small, commercial and corporate businesses in Canada prosper. Providing debt financing is one of the ways we help businesses in Canada to grow and succeed, whether they are starting, maintaining or expanding their operations. As of October 31, 2010, authorized amounts available to businesses in Canada totalled \$135.2 billion.

The following table shows the number of business clients we lend to across Canada and the amount of credit made available to them.

2010 fiscal year ended October 31, 2010 (C\$ thousands, except for number of clients)

Provinces and territories	Metrics	\$0 – \$24,999	\$25,000 – \$99,999	\$100,000 – \$249,999	\$250,000 – \$499,999	\$500,000 – \$999,999	\$1,000,000 – \$4,999,999	\$5,000,000 and greater	Grand total
Newfoundland and Labrador	Number of clients	1,270	797	228	108	74	110	27	2,614
	Authorized amount	\$ 12	\$ 37	\$ 34	\$ 37	\$ 51	\$ 245	\$ 854	\$ 1,270
Prince Edward Island	Number of clients	450	319	96	49	61	49	15	1,039
	Authorized amount	\$ 4	\$ 15	\$ 15	\$ 17	\$ 44	\$ 108	\$ 201	\$ 404
Nova Scotia	Number of clients	5,371	2,974	976	463	372	355	94	10,605
	Authorized amount	\$ 48	\$ 142	\$ 150	\$ 163	\$ 260	\$ 791	\$ 2,353	\$ 3,907
New Brunswick	Number of clients	2,821	1,583	510	269	161	207	56	5,607
	Authorized amount	\$ 25	\$ 75	\$ 76	\$ 94	\$ 112	\$ 484	\$ 858	\$ 1,724
Quebec	Number of clients	17,623	9,598	3,951	2,089	1,711	1,746	472	37,190
	Authorized amount	\$ 153	\$ 463	\$ 611	\$ 738	\$ 1,193	\$ 3,648	\$ 13,755	\$ 20,561
Ontario	Number of clients	56,232	29,892	10,786	5,403	4,202	4,415	1,179	112,109
	Authorized amount	\$ 473	\$ 1,443	\$ 1,650	\$ 1,902	\$ 2,932	\$ 9,091	\$ 38,665	\$ 56,156
Manitoba	Number of clients	4,672	3,148	1,201	421	361	363	103	10,269
	Authorized amount	\$ 40	\$ 160	\$ 181	\$ 148	\$ 255	\$ 805	\$ 2,208	\$ 3,797
Saskatchewan	Number of clients	5,598	4,084	1,974	630	504	379	68	13,237
	Authorized amount	\$ 50	\$ 210	\$ 306	\$ 226	\$ 355	\$ 763	\$ 2,163	\$ 4,073
Alberta	Number of clients	23,813	11,249	3,999	1,615	1,330	1,549	515	44,070
	Authorized amount	\$ 202	\$ 535	\$ 607	\$ 567	\$ 944	\$ 3,182	\$ 21,634	\$ 27,671
British Columbia	Number of clients	26,731	14,699	4,822	1,878	1,474	1,613	438	51,655
	Authorized amount	\$ 235	\$ 698	\$ 722	\$ 652	\$ 1,030	\$ 3,363	\$ 8,419	\$ 15,119
Yukon, Northwest Territories and Nunavut*	Number of clients	514	242	85	50	35	46	15	987
	Authorized amount	\$ 4	\$ 11	\$ 12	\$ 17	\$ 25	\$ 93	\$ 349	\$ 511
<b>Total</b>	Number of clients	145,095	78,585	28,628	12,975	10,285	10,832	2,982	289,382
	Authorized amount	\$ 1,246	\$ 3,789	\$ 4,364	\$ 4,561	\$ 7,201	\$ 22,573	\$ 91,459	\$ 135,193

\* Data for Yukon, Northwest Territories and Nunavut have been consolidated to protect the privacy of individual borrowers who might otherwise be identifiable.

## Canadian bank branch/facility openings, closings and relocations

2010 fiscal year ended October 31, 2010

Unit name	Street address	City	Province
<b>Opened</b>			
Scarborough-Steeles & Markham Branch	6021 Steeles Ave E	Scarborough	ON
King George Rd & Powerline Branch	300 King George Rd-Unit C1	Brantford	ON
Toronto-Dundas & Parliament Branch	480 Dundas St E	Toronto	ON
Major Mackenzie & Dufferin Branch	1520 Major Mackenzie Dr-Suite 100	Vaughan	ON
Alliston Branch	4 King St N-Unit 1	Alliston	ON
Barrie-Bayfield & Heather Branch	405 Bayfield St	Barrie	ON
North York-Sheppard & Rean Branch	27 Rean Dr	North York	ON
Milton-Derry & Bronte Branch	6911 Derry Rd-Unit 1	Milton	ON
Laird & Wicksteed Branch	45 Wicksteed Ave-Unit #10	Toronto	ON
Bradford-Holland & 10th Side Rd Branch	539 Holland St W	Bradford	ON
Aurora-Yonge & Edward Branch	14785 Yonge St-Unit 101	Aurora	ON
Kitchener-Ira Needles & Highland Branch	235 Ira Needles Blvd-Unit E	Kitchener	ON
Fairview Mall Branch	1800 Sheppard Ave E-Unit 2105	North York	ON
Beaumont Branch	6304 50th St	Beaumont	AB
Edmonton-Windermere Branch	6204 Currents Dr NW	Edmonton	AB
Keynote Branch	209 11th Ave SE	Calgary	AB
Surrey-Clayton Heights Branch	18676 Fraser Hwy	Surrey	BC
Morgan Crossing Branch	15795 Croydon Dr-Unit 115	Surrey	BC
<b>Closed</b>			
Charles E Rochette Building Branch	575 Boul Charest E	Quebec	QC
Decarie & de l'Église Branch	800 Boul Decarie	St-Laurent	QC
Regent & Hazel Branch	243 Regent St S	Sudbury	ON
Main & Sherman Branch	730 Main St E	Hamilton	ON
Iron Bridge Branch	22172 Highway 17 W	Iron Bridge	ON
Red River & St. Paul Branch	214 Red River Rd	Thunder Bay	ON
<b>Relocated</b>			
From	To	City	Province
269 Water St-PO Box 1656	222 Water St-PO Box 1656	Summerside	PE
325 Prince St	404 Charlotte St	Sydney	NS
1165 Boul Decarie	1127 Boul Decarie	St-Laurent	QC
3557 Boul Dagenais O	3571 Boul Dagenais O	Laval	QC
241 Essa Rd-Unit 7	55a Bryne Dr	Barrie	ON
25 Peel Centre Dr-Unit 146	25 Peel Centre Dr-Unit 115c	Brampton	ON
4410 Kingston Rd – West Hill	4374 Kingston Rd	Scarborough	ON
282 Memorial Ave	290 Memorial Ave	Thunder Bay	ON
1615 Stittsville Main St-PO Box 250	6085 Hazeldean Rd	Stittsville	ON
1101 Rutherford Rd-Unit 3 & 4	9300 Bathurst St-Unit 101	Maple	ON
28 Sandiford Dr-Units 1 & 2	28 Sandiford Dr-Unit C	Stouffville	ON
112 King St-PO Box 4240	4 Mcleod Ave	Spruce Grove	AB

## Canadian ATMs (bank machines) installed and removed

2010 fiscal year ended October 31, 2010

ATMs installed		
Street address	City	Province
120 New Gower St	St. John's	NL
3 Queen St	Bridgetown	NS
1488 Fall River Rd	Fall River	NS
1959 Upper Water St	Halifax	NS
404 Charlotte St	Sydney	NS
9105 Boul Taschereau	Brossard	QC
950 Boul Taschereau	La Prairie	QC
3571 Boul Dagenais O	Laval	QC
17555 Rue Charles	Mirabel	QC
1280 Grande Allee O	Quebec	QC
30 Boul Clairevue O	St. Bruno	QC
4 King St N (3 ATMs)	Alliston	ON
14785 Yonge St (3 ATMs)	Aurora	ON
405 Bayfield St (2 ATMs)	Barrie	ON
55a Bryne Dr (3 ATMs)	Barrie	ON
902b Wallbridge-Loyalist Rd	Belleville	ON
539 Holland St W (3 ATMs)	Bradford	ON
1990 Steeles Ave W	Brampton	ON
9825 Chinguacousy Rd	Brampton	ON
300 King George Rd (2 ATMs)	Brantford	ON
30 Pearl St W	Brockville	ON
186 King St E	Gananoque	ON
67 Kingston St	Goderich	ON
126 Queenston Rd	Hamilton	ON
722 Main St E	Hamilton	ON
22263 Hwy 17 E	Iron Bridge	ON
2821 Princess St	Kingston	ON
235 Ira Needles Blvd (3 ATMs)	Kitchener	ON
9300 Bathurst St	Maple	ON
2801 Elgin Mills Rd E	Markham	ON
6541 Derry Rd	Milton	ON
6911 Derry Rd W (3 ATMs)	Milton	ON
3010 Thomas St	Mississauga	ON
1800 Sheppard Ave (3 ATMs)	North York	ON
27 Rean Dr	North York	ON
515 Drewry Ave	North York	ON
1080 Lafontaine Rd	Penetanguishene	ON
1127 Markham Rd	Scarborough	ON
3571 Sheppard Ave E	Scarborough	ON
4380 Kingston Rd	Scarborough	ON
6021 Steeles Avenue E (3 ATMs)	Scarborough	ON
81 Front St	Sioux Lookout	ON
174 Albert St	Southampton	ON
258 Lake St	St Catharines	ON
6085 Hazeldean Rd (3 ATMs)	Stittsville	ON
28 Sandiford Dr (2 ATMs)	Stouffville	ON

ATMs installed		
Street address	City	Province
1975 Bancroft Dr	Sudbury	ON
290 Memorial Ave	Thunder Bay	ON
955 Oliver Rd	Thunder Bay	ON
1001 Queen St W	Toronto	ON
1195 Danforth Ave	Toronto	ON
45 Wicksteed Ave (2 ATMs)	Toronto	ON
480 Dundas St E (2 ATMs)	Toronto	ON
1520 Major Mackenzie Dr (3 ATMs)	Vaughan	ON
461 Holland St	West Gwillimbury	ON
7018 Islington Ave	Woodbridge	ON
366 Main St	Selkirk	MB
300 First St W	Delisle	SK
5910 - 50th St NW	Beaumont	AB
6100 30th Ave	Beaumont	AB
6304 50th St	Beaumont	AB
1110 Panatella Blvd NW	Calgary	AB
209 - 11th Ave SE (2 ATMs)	Calgary	AB
2619 14th St SW	Calgary	AB
40 Midlake Blvd SE	Calgary	AB
4825 Mount Royal Gate	Calgary	AB
400, 196 Chestermere Station Way (3 ATMs)	Chestermere	AB
14204 23rd Ave NW	Edmonton	AB
14403 Miller Blvd NW	Edmonton	AB
16703 82 St NW	Edmonton	AB
6048 Currents Dr NW	Edmonton	AB
6204 Currents Dr NW (3 ATMs)	Edmonton	AB
789 Main St	Pincher Creek	AB
56th Ave	Red Deer	AB
Unit 5 - 101 Bremner Dr	Sherwood Park	AB
4 Mcleod Ave	Spruce Grove	AB
10245-100 St	Westlock	AB
30419 Blueridge Dr	Abbotsford	BC
171 Hollywood Rd S	Kelowna	BC
3650 Highway 97	Kelowna	BC
40282 Glenalder Pl	Squamish	BC
115 - 15795 Croydon (2 ATMs)	Surrey	BC
12808 King George Hwy	Surrey	BC
130 - 15850 26th Ave	Surrey	BC
18676 Fraser Hwy (3 ATMs)	Surrey	BC
#150 - 351 Abbott St	Vancouver	BC
1081 Burrard St	Vancouver	BC



ATMs removed		
Street address	City	Province
130 Conception Bay Hwy	Conception Bay	NL
80 Mawiomi Pl	Dartmouth	NS
5240 Highway 7	Porter's Lake	NS
164 Charlotte St (2 ATMs)	Sydney	NS
269 Water St	Summerside	PE
209 Chemin D'Aylmer	Gatineau	QC
225 Chemin D'Aylmer	Gatineau	QC
35 Rue Laurier	Gatineau	QC
4327 Notre Dame Chomedy	Laval	QC
10414 Rue Lajeunesse	Montreal	QC
12245 Boul Laurentien	Montreal	QC
7031 Chemin Cote St Luc	Montreal	QC
821 Avenue Ste-Croix (2 ATMs)	Montreal	QC
1430 Autoroute Des Laurentides	Prevost	QC
800 Boul Decarie	St Laurent	QC
400 Avenue Ste Anne	St-Hyacinthe	QC
850 Appleby Line	Burlington	ON
25 Peel Centre Dr-Unit 435	Brampton	ON
151 King George Rd	Brantford	ON
206 Henry St	Brantford	ON
300 First St	Collingwood	ON
730 Main St E	Hamilton	ON
1165 Division St	Kingston	ON
712 Bath Rd	Kingston	ON
845 Gardiners Rd	Kingston	ON
3411 Mavis Rd	Mississauga	ON
1300 Central Pkwy W	Mississauga	ON
1000 Algonquin	North Bay	ON
401 George St N	Peterborough	ON
Unit 28-1822 Whites Rd	Pickering	ON
Hwy 401 Eastbound	Port Hope	ON
1805 Scugog St	Port Perry	ON
189 Capel St	Sarnia	ON
180 Lasalle Blvd	Sudbury	ON

ATMs removed		
Street address	City	Province
1813 Regent St	Sudbury	ON
243 Regent St	Sudbury	ON
1315 Arthur St E	Thunder Bay	ON
214 Red River Rd	Thunder Bay	ON
562 Algonquin Blvd	Timmins	ON
180 Wellington St W	Toronto	ON
200 Bay St (2 ATMs)	Toronto	ON
2359a Finch Ave W (2 ATMs)	Toronto	ON
252 Queen St W	Toronto	ON
429 Roncesvalles Ave	Toronto	ON
520 Parliament St	Toronto	ON
589 Parliament St	Toronto	ON
285 Toronto St	Uxbridge	ON
3013 Hwy 69	Val Caron	ON
461 Holland St	West Gwillimbury	ON
965 Dundas St W	Whitby	ON
2625 Tecumseh Rd W	Windsor	ON
2900 Howard Ave	Windsor	ON
3124 Jefferson Blvd	Windsor	ON
Hwy 401 Eastbound	Woodstock	ON
1027 Ellice Ave	Winnipeg	MB
44-1555 Regent Ave W (3 ATMs)	Winnipeg	MB
3250 Sunridge Way NE (2 ATMs)	Calgary	AB
400 Crowfoot Way NW (2 ATMs)	Calgary	AB
4359 50th St	Edmonton	AB
192 Ordze Ave	Sherwood Park	AB
107-1 Herbert Rd	St Albert	AB
5100 Lakeshore Dr-Unit 8	Sylvan Bay	AB
5231 48th Ave	Delta	BC
65-3232 Hwy 16	Houston	BC
9000 Number 3 Rd	Richmond	BC
2030 West Broadway	Vancouver	BC
3585 Graveley St	Vancouver	BC
314 Woolgar Ave	Yellowknife	NWT

# Royal Bank Mortgage Corporation Public Accountability Statement

Royal Bank Mortgage Corporation (RBMC) is a federally incorporated mortgage and loan company providing a deposit-taking service through the Royal Bank of Canada branch network. RBMC does not have any employees as all of its activities are conducted by employees of Royal Bank of Canada. RBMC incurred \$3,000 of income taxes (including federal and Ontario) and incurred \$3.6 million of capital taxes to Ontario for the fiscal year ended October 31, 2010. Income and capital taxes, as well as other taxes, are also included in Royal Bank of Canada's Public Accountability Statement disclosure.

# RBC Life Insurance Company Public Accountability Statement

RBC Life Insurance Company (RBC LIC) is a wholly owned subsidiary of RBC Insurance Holdings Inc., which in turn is a wholly owned subsidiary of Royal Bank of Canada. RBC LIC is a federally regulated life and health insurance company and is licensed to write life, accident and sickness insurance in all provinces and territories in Canada. RBC LIC offers non-participating individual life, accident and sickness insurance, as well as group life and health policies. These products and services are offered through third-party brokers, a career sales force and direct marketing efforts. RBC LIC employed 1,017 full-time employees (891 in Ontario, 46 in Quebec, 49 in British Columbia, 22 in Alberta, one in Nova Scotia, one in New Brunswick, one in Manitoba and six in Saskatchewan) and 128 part-time employees in Canada (124 in Ontario, three in Quebec, and one in Alberta) as at October 31, 2010. RBC LIC incurred \$16 million of income taxes (\$10 million, federal; \$3 million in Ontario; \$1 million in Quebec; \$1 million in Alberta; and \$1 million in British Columbia) and \$79,000 of capital taxes for the fiscal year ended October 31, 2010. In addition, during the same period, RBC LIC incurred \$23 million of premium taxes based on a percentage of gross premiums written (\$9 million, Ontario; \$4 million, Quebec; \$3 million, Alberta; \$3 million, British Columbia; \$1 million, Manitoba; \$1 million, Saskatchewan; and \$2 million to other provinces and territories). Income and other taxes, as well as number of employees, are also included in Royal Bank of Canada's Public Accountability Statement disclosure.

Note: As a financial institution with greater than \$1 billion of equity, the above declarant information needs to be collected.

## **Declarants' Public Accountability Statements**

Due to the specific nature of the operations of the Declarants, they do not operate bank branches or other facilities at which deposit accounts are opened through natural persons and with customers in person, or at which deposits from customers are accepted or cash is distributed to customers. In addition, the Declarants do not provide debt financing to firms in Canada and are not involved in new initiatives and technical assistance programs for financing for small business, nor are they involved in investments or partnerships in micro-credit programs. The Declarants are also not involved in initiatives to improve access to financial services for low-income individuals, senior citizens and disabled

persons. All of the foregoing activities are undertaken by Royal Bank of Canada on behalf of its affiliates and are outlined in the respective sections of this Public Accountability Statement. As at October 31, 2010, the Declarants did not have prescribed affiliates.

As integrated subsidiaries of RBC, the Declarants share community development goals and participate in community-based activities, including volunteer, charitable and philanthropic activities, collectively with Royal Bank of Canada. For further details and examples of the Declarants' goals for community development, donations and related activities, please refer to the corresponding information contained in this Public Accountability Statement.

# Global Reporting Initiative Index

RBC has adopted a multi-pronged approach to sustainability reporting, and we publish information about our social, environmental and ethical performance in a number of places for various stakeholder groups. We rely on external sources, investor and stakeholder groups and global best practices in determining the relevant issues for inclusion, and strive to provide an appropriate level of detail for each group. We support the work of the Global Reporting Initiative (GRI). The index below and the information it points to constitute a report that qualifies for GRI's G3 Application Level C.

GRI #	Indicator	RBC Information
<b>Strategy and Profile</b>		
<b>Strategy and Analysis</b>		
1.1	President and CEO's statement	Message from the CEO, page 6
1.2	Key impacts, risks and opportunities	Throughout report
<b>Organizational Profile</b>		
2.1	Name of organization	Royal Bank of Canada
2.2	Primary brands, products and services	About RBC, page 3 2010 Annual Report
2.3	Operational structure	About RBC, page 3 2010 Annual Report
2.4	Location of headquarters	2010 Annual Report
2.5	Countries of operation	We operate in 52 countries. <a href="http://rbc.com/aboutus">rbc.com/aboutus</a>
2.6	Nature of ownership and legal form	2010 Annual Report 2010 Annual Information Form
2.7	Markets served	2010 Annual Report <a href="http://rbc.com/aboutus">rbc.com/aboutus</a>
2.8	Scale of organization	2010 Annual Report <a href="http://rbc.com/aboutus">rbc.com/aboutus</a>
2.9	Significant changes during reporting period	2010 Annual Report
2.10	Awards received	Recognition, page 9
<b>Report Parameters</b>		
3.1	Reporting period	Reporting, page 1
3.2	Date of most recent report	At present, RBC does not issue a one-stop sustainability report; rather, we report various measures in existing communication pieces, such as our Annual Report, Proxy Statements, and annual Corporate Responsibility Report. We produce these on an annual basis and update this index on a regular basis.
3.3	Reporting cycle	Annual
3.4	Contact point on the report	<a href="mailto:corporateresponsibility@rbc.com">corporateresponsibility@rbc.com</a>
3.5	Process for defining report content	Reporting, page 12 Stakeholders, page 10
3.6	Boundary of report	This report covers activities for RBC as a whole — our operations around the world, including all our subsidiaries, unless otherwise noted.
3.7	Limitations on scope or boundary of report	About this report, page 1
3.8	Basis for reporting on other entities	Scope, page 1
3.9	Data measurement techniques	About this report, page 1

GRI #	Indicator	RBC Information
3.10	Explanation of any restatements	Effective 2008, we have excluded statutory holiday pay for part-time employees from our full-time equivalent (FTE) calculation consistent with our management reporting framework. All comparative amounts reflect the change to the FTE calculation.
3.11	Significant changes from previous report	In 2010, we included OCI (other comprehensive income) in the taxes reporting in the Public Accountability Statement. We report employees (full- and part-time) in each of the territories (this data had been grouped together in previous versions of this report). We have restated 2009 data pertaining to the proportion of women and visible minorities in executive roles.
3.12	Table identifying GRI standard disclosures in the report	GRI Index, page 96
3.13	Policy and current practices with regard to seeking external assurance for the report	At present, RBC does not have third-party verification or auditing of our non-financial reporting. Our annual Corporate Responsibility Report and Public Accountability Statement are reviewed by our internal Compliance department (Risk Management), our Legal department, our Financial Reporting department and by internal subject matter experts.
<b>Governance, Commitments and Engagement</b>		
4.1	Governance structure	2010 Annual Report rbc.com/governance
4.2	Indicate whether chair of highest governance body is also an executive officer	2010 Annual Report 2010 Management Proxy Circular Corporate governance, page 16
4.3	Independent and/or non-executive members	2010 Annual Report Corporate governance, page 16
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to highest governance body	2010 Management Proxy Circular
4.5	Linkage between compensation and organizational performance for governance body	2010 Management Proxy Circular
4.6	Processes for the highest governance body to ensure conflicts of interest are avoided	2010 Management Proxy Circular
4.8	Mission and values statements, codes of conduct and principles	Principles and policies, page 18
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of risk	2010 Management Proxy Circular Risk management, page 17
4.10	Processes for evaluating the highest governance body's own performance	2010 Management Proxy Circular
4.12	Externally developed charters, principles or other initiatives to which the organization subscribes or endorses	External principles, charters and initiatives, page 23
4.13	Significant memberships in associations and/or advocacy organizations	Affiliations, page 9
4.14	List of stakeholders engaged by organization	Stakeholders, page 10
4.15	Basis for identification and selection of stakeholders to engage	Stakeholders, page 10
4.16	Approach to stakeholder engagement	Stakeholders, page 10
4.17	Key topics and concerns raised through stakeholder engagement and response	Throughout report

GRI #	Indicator	RBC Information
<b>Economic Performance Indicators</b>		
DMA*	Management approach, goals, performance, policies, contextual information	2010 Annual Report Economic impact, page 24
<b>Economic Performance</b>		
EC1	Economic value generated and distributed	2010 Annual Report Economic impact, page 24
EC2	Financial implications of climate change	2010 Annual Report
EC3	Pension plan obligations	Issues/pension plans, page 51
<b>Market Presence</b>		
EC6	Use of locally based suppliers	Procurement, page 37
<b>Indirect Economic Impacts</b>		
EC8	Investments that provide public benefit	Community development projects, page 27 Public/private partnerships, page 27
EC9	Description of indirect economic impacts	Economic impact, page 24 Community, page 78
<b>Environmental Performance Indicators</b>		
DMA*	Management approach, goals and performance, policies, contextual information	Environment, page 64
<b>Materials</b>		
EN1	Materials used by weight or volume	SOFT footprint, page 69 rbc.com/environment
EN2	Materials used that are recycled input materials	rbc.com/environment
<b>Energy</b>		
EN3	Direct energy consumption	SOFT footprint, page 69 rbc.com/environment
EN4	Indirect energy consumption	SOFT footprint, page 69
EN5	Energy conservation and efficiency improvements	Environmental footprint, page 68 SOFT footprint, page 69
EN6	Energy-efficient or renewable energy-based products/services	Environmental products and services, page 75 Lending to renewable energy, page 75
EN7	Initiatives to reduce indirect energy consumption	Environmental footprint, page 68
<b>Biodiversity</b>		
EN12	Impacts on biodiversity-rich areas	rbc.com/environment
EN13	Habitats protected or restored	rbc.com/environment
<b>Emissions, Effluents and Waste</b>		
EN16	Total direct and indirect greenhouse gas emissions by weight	SOFT footprint, page 69
EN18	Initiatives to reduce greenhouse gas emissions	Environmental footprint, page 68
<b>Products and Services</b>		
EN26	Environmental impacts of products and services	Environmental products and services, page 75
EN27	Products reclaimed at the end of their useful life	Not applicable
<b>Transport</b>		
EN29	Environmental impacts of logistics	SOFT footprint, page 69

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GRI #	Indicator	RBC Information
<b>Social Performance Indicators</b>		
<b>Labour Practices and Decent Work</b>		
DMA*	Management approach, goals, performance, policies, contextual information	Workplace, page 50
<b>Employment</b>		
LA1	Workforce by employment type and region	rbc.com/responsibility/workplace
LA3	Benefits for full-time employees	Benefits, page 59
<b>Labour/Management Relations</b>		
LA4	Employees covered by collective bargaining agreements	Freedom of association, page 54
<b>Occupational Health and Safety</b>		
LA6	Workforce represented in formal health and safety committees	Health, safety and wellness, page 59
LA7	Rates of injury, lost days, number of work-related fatalities	Due to the nature of our workplace, incidents are rare and number of lost working hours is insignificant. An online Vacation and Absence Management System was introduced in 2003 to capture absenteeism data. Information about accidents and injuries is collected centrally for Canadian federally regulated employees only.
LA8	Programs for serious diseases	Health, safety and wellness, page 59
<b>Training and Education</b>		
LA10	Training per year per employee	Career development and learning, page 60. We do not report hours of training per year but rather the overall investment.
LA11	Career and skill development programs	Career development and learning, page 60
<b>Diversity and Equal Opportunity</b>		
LA13	Composition of governance bodies and breakdown of employees by diversity indicators	Operational integrity, page 14 2010 Management Proxy Circular Diversity and inclusion, page 55
<b>Human Rights</b>		
DMA*	Management approach, goals, performance, policies, contextual information	Code of Conduct, page 18 Principles and policies, page 18 Diversity and inclusion, page 55
<b>Investment and Procurement Practices</b>		
HR1	Significant investment agreements that include human rights clauses or that have undergone human rights screening	Responsible investing, page 44
HR2	Supplier screening on human rights	Procurement, page 37
HR3	Employee training on human rights relevant to operations	Code of Conduct, page 18
<b>Freedom of Association and Collective Bargaining</b>		
HR5	Operations where freedom of association and collective bargaining may be at significant risk	Freedom of association, page 54
<b>Society</b>		
DMA*	Management approach, goals, performance, policies, contextual information	Economic impact, page 24 Community, page 78
<b>Community</b>		
SO1	Programs for managing operational impacts on communities	Bank branch closures and openings, page 40

\* Disclosure on management approach

GRI #	Indicator	RBC Information
<b>Corruption</b>		
SO2	Number of business units analyzed for corruption risks	Principles and policies, page 18
SO3	Percentage of employees trained in anti-corruption policies and procedures	Principles and policies, page 18
<b>Public Policy</b>		
SO5	Public policy positions and participation in public policy development and lobbying	Governments, page 11 Political contributions and lobbying, page 21
SO6	Political donations	Political contributions and lobbying, page 21
<b>Product Responsibility</b>		
DMA*	Management approach, goals, performance, policies, contextual information	Product responsibility, page 44 Consumer protection, page 46
<b>Customer Health and Safety</b>		
PR1	Health and safety impacts of products and services	Development of products and services, pages 21 and 44
PR5	Practices related to customer satisfaction, including results of surveys	Stakeholders, page 10 Client satisfaction, page 47
<b>Marketing Communications</b>		
PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications	Privacy, pages 20 and 46 Code of Conduct, page 18 Voluntary codes, page 22 Clarity in client communications, page 47
<b>Customer Privacy</b>		
PR8	Substantiated complaints regarding privacy breaches	2010 Ombudsman's Report
<b>Additional Indicators – Financial Services Sector Supplement</b>		
FS1	Policies with specific environmental and social components applied to business lines	Principles and policies, page 18 Environmentally responsible business activities, page 74
FS2	Procedures for assessing and screening environmental and social risks	2010 Annual Report Risk management, page 17 Responsible lending, page 45 Equator principles, page 74
FS3	Processes for monitoring client's implementation of and compliance with environmental and social requirements included in agreements or transactions	Responsible lending, page 45 Equator principles, page 74
FS4	Processes for improving employee competency to implement the environmental and social policies and procedures	Principles and policies, page 18
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	Stakeholders, page 10 Principles and policies, page 18 Sustaining the RBC Environmental Blueprint, page 76 Community, page 78
FS13	Access points in low-populated or economically disadvantaged areas	Access to banking and insurance, page 40 Low-income and underserved clients, page 41
FS14	Initiatives to improve access to financial services	Access to banking and insurance, page 40
FS15	Policies for the fair design and sale of financial products and services	Product responsibility, page 44 Consumer protection, page 46
FS16	Initiatives to enhance financial literacy	Financial literacy, page 30

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