

ABOUT Corporate Citizenship at RBC

Programs, policies and practices

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

Our purpose is “Helping clients thrive and communities prosper.” While banks have a significant impact on the economy, they also have an impact on people and the planet as well. We recognize that our bottom-line success depends on the well-being and prosperity of our clients and employees, and of the communities and environment in which we live and work. As a purpose-driven company, creating a positive social impact, not just an economic one, is absolutely integral to everything that we do. It is fundamental to our business philosophy and is at the very heart of our corporate citizenship approach. As one of Canada’s leading companies, we have the opportunity to create real and lasting value for society, a responsibility we take very seriously. Our leadership position means we have a critical role to play in addressing societal challenges that will impact our communities over time. We’re addressing this responsibility through a citizenship strategy that is insights-informed, issues-based and impact-driven. It all starts with a commitment to conduct ourselves with integrity, in every action, every transaction and every part of our business, be transparent and accountable, and contribute to the well-being of our stakeholders. This is how we earn the right to be our clients’ first choice, and we believe this is just good business.

Our approach

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

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

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

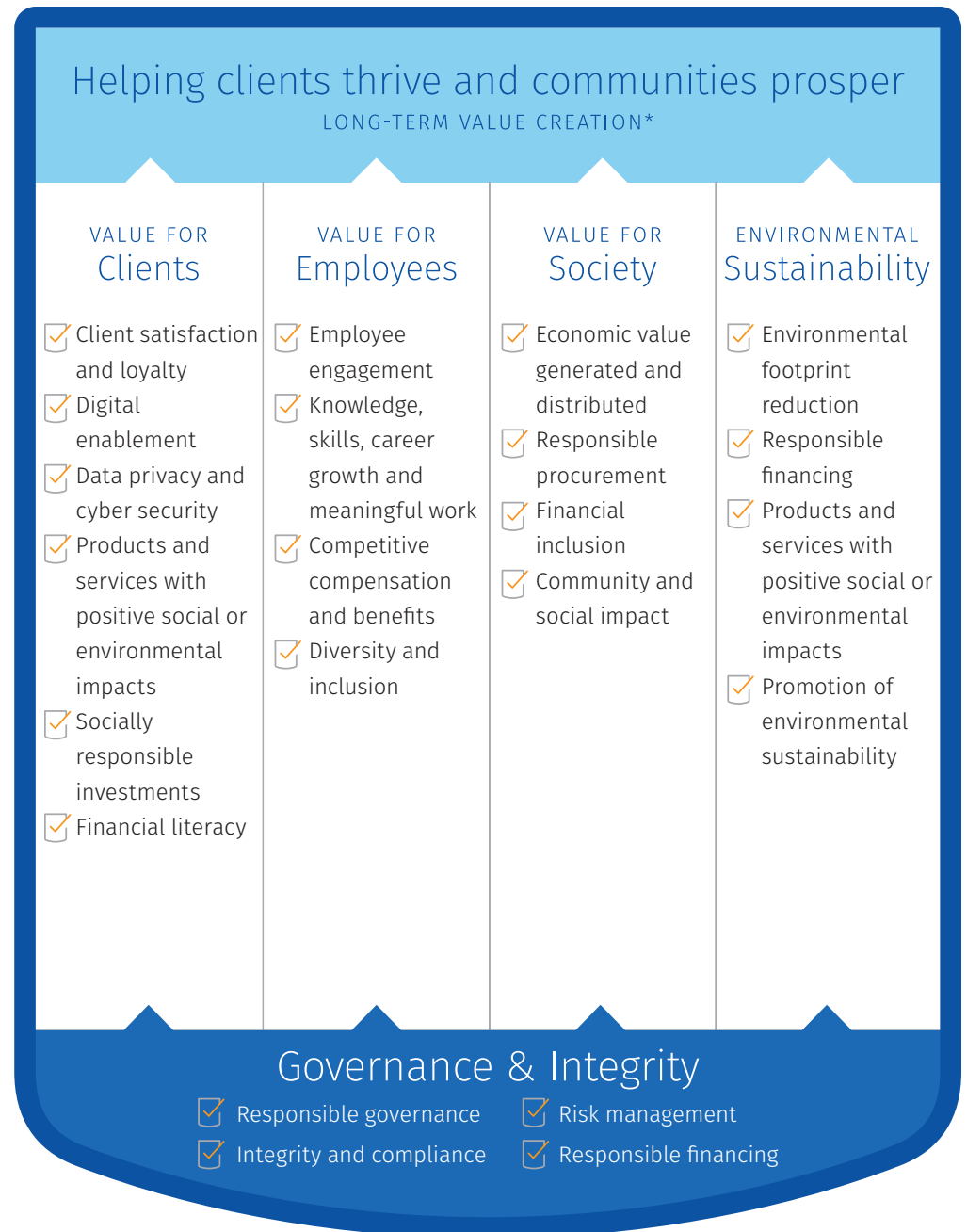
- [RBC's Corporate Citizenship Report](#)
- [About Governance and Integrity](#)
- [About Value for Clients](#)
- [About Value for Employees](#)
- [About Value for Society](#)
- [RBC Environmental Blueprint](#)



Our Priorities

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

* Note: Products and services with positive social or environmental impacts appears in both Value for Clients and Environmental Sustainability due to their impact on multiple beneficiaries.



Governance

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

Board of Directors

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

Executives and senior management

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

Subject matter experts, groups and specialized functions

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

- The Corporate Citizenship group has a global mandate, and is tasked with our overall corporate citizenship strategy and reporting, corporate donations, employee volunteer programs, environmental sustainability and social impact.
- Human Resources is accountable for workplace policies, programs and practices and for managing and measuring employee engagement.
- Procurement is accountable for integrating social and environmental considerations into our supply chain policies and practices.
- Corporate Real Estate delivers cost-effective and environmentally responsible premises solutions.

Roles and responsibilities

		Governance and Integrity	Value for Clients	Value for Employees	Value for Society	Environmental Sustainability
Board of Directors	RBC Board of Directors	✓	✓	✓	✓	✓
	Corporate Governance and Public Policy Committee	✓			✓	✓
	Audit Committee	✓	✓			
	Risk Committee	✓	✓	✓	✓	✓
	Human Resources Committee	✓		✓		
Executives and senior management	President and Chief Executive Officer	✓	✓	✓	✓	✓
	Group Executive	✓	✓	✓	✓	✓
	Chief Administrative Officer and Chief Financial Officer	✓	✓		✓	✓
	Chief Risk Officer	✓	✓		✓	✓
	Chief Human Resources Officer	✓	✓	✓	✓	✓
	Chief Brand and Communications Officer	✓	✓		✓	✓
	Chief Privacy Officer	✓	✓			
	Business Unit Heads	✓	✓	✓	✓	✓
	Vice President, Corporate Citizenship	✓	✓	✓	✓	✓
	Business Strategy Officers	✓	✓		✓	✓
	Human Resources executives within business and functional units	✓		✓		

Roles and responsibilities

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

Our citizenship disclosure

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

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

Disclosure suite

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

Oversight

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

Reporting frameworks

We regularly monitor the development of international corporate citizenship reporting standards and frameworks for relevance and usability, along with the expectations of our stakeholders regarding these standards. The structure and content of our Corporate Citizenship Reports are informed by the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) Standards and the International Integrated Reporting Council (IIRC) Integrated Reporting Framework.

Review and assurance

In 2015, we began an annual process of external assurance over a select number of key performance indicators. We aim to continually expand the number of key performance indicators undergoing external assurance as we are committed to providing complete and accurate data to our stakeholders.

Our approach to determine material citizenship issues

In 2013, RBC commissioned an external consultancy, with globally recognized expertise in sustainability reporting, to conduct a materiality analysis of our reporting content, with the objective of assessing whether or not we were reporting on the issues that have the largest impact on our business and are of most interest to our stakeholders. In 2016, a desktop review was undertaken to ascertain if this assessment was still relevant and up-to-date. This involved an analysis of international corporate citizenship reporting guidelines and frameworks, emerging reporting practices among global leaders, and disclosure expectations of responsible investment-rating agencies. Our review found that our priority issues remain relevant.

Our priority issues

Using a structured process to identify our priority citizenship issues, we ranked the issues reflecting both the potential business impact and the degree of interest to key stakeholders.



First, we aggregated a “universe of issues” through interviews, research, document review and sector knowledge. We then categorized and grouped the issues, and ranked the business impact of each of the issues based on a number of pre-determined business-impact criteria that align with RBC’s risk management processes and resonate with our businesses.

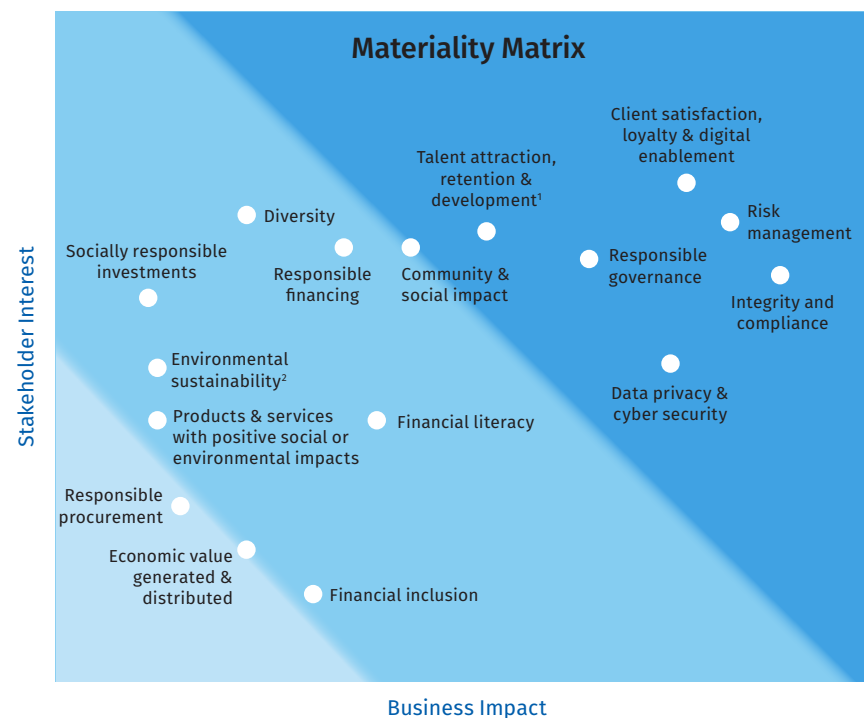
As part of our ongoing stakeholder dialogue, detailed in the section below, we assessed the information needs/wants of stakeholders to determine their level of interest in our priority social, environmental and governance issues, including:

- RBC’s top institutional investors
- SRI researchers and analysts
- Canadian regulators
- Canadian clients
- RBC executives
- Canadian media (consumers and the general public)
- Global suppliers
- Global NGOs

We assessed the level of stakeholder interest in our priority issues using document reviews, interviews and surveys with select stakeholders. The output of this phase of work is represented on the vertical axis of the materiality matrix.

Finally, we validated the findings of both phases with a core RBC team drawn from our businesses and functional units. The issues with the highest combined rankings of business impact and stakeholder interest are those

that are most “material” for RBC. These issues form the basis for our annual Corporate Citizenship Report. The output of this work is seen on the materiality matrix below.



¹ Talent attraction, retention and development includes these Priorities: employee engagement, knowledge, skills, career growth and meaningful work, and competitive compensation and benefits.

² Environmental sustainability includes these Priorities: environmental footprint reduction and promotion of environmental sustainability.

Stakeholder engagement

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

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

We consider stakeholder engagement to be an integral part of our approach to doing business, above and beyond our corporate responsibility programs. Our framework for engaging stakeholders and monitoring their expectations is broadly managed across the company, with responsibilities formally assigned to the appropriate business unit or department.

At a corporate level, we engage in:

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

What do you think?

We hope that this reporting framework will significantly improve usability for our stakeholders, but we know that we will continue to learn on this journey. We welcome your feedback on our approach, or suggestions for improvement, at corporatecitizenship@rbc.com.

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When we say “RBC” we’re referring to all of our businesses and functions around the world.