



This is part of a series providing background on our marketplace, workplace, community and environmental policies and programs, our economic impact, as well as our overall approach to business integrity, corporate responsibility and reporting. It supplements our RBC® Annual Report to Shareholders, as well as our ongoing corporate responsibility performance metrics on [rbc.com](http://rbc.com).

# About RBC's Economic Impact

## Priorities, Policies and Governance

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### Why having an economic impact matters to our business

It almost goes without saying that banks play an essential role in a country's economy as a vehicle for creating and growing wealth.

At RBC, we understand that we have both a direct and indirect impact on the economies of the communities and countries in which we do business, and our success depends on both.

Like other industries, we provide returns to shareholders, pay taxes, create employment, and purchase goods and services from suppliers of all sizes. In addition, as a financial services company, we provide loans, advice, information and services to our clients, supporting small businesses, entrepreneurship, innovation, and community development. When we talk about our impact on the economy in the context of our corporate responsibility, we are considering all these factors.

### Our approach

We firmly believe it is our responsibility to help stimulate and grow the economy in a sustainable and responsible way. As a financial services company, we include the following in our approach:

- Support for the **small business** sector, including products, services and expertise.
- Investing in **community economic development** initiatives that generate social and environmental benefits as well as a financial return, such as programs and services that help newcomers and Aboriginal communities prosper.
- Investing in **infrastructure development** projects through municipal finance and private-public partnerships.
- Supporting **innovation and entrepreneurship** by investing in knowledge-based companies and funding programs that promote new ideas and their commercialization.
- Supporting **economic think tanks** and other organizations that provide research and share knowledge.

## Priorities and programs

### Return to shareholders

A large number of people and organizations are RBC shareholders, either directly or indirectly. Our shareholders include individual investors worldwide as well as pension funds, insurance, trust, investment companies and our employees. We are committed to providing good returns to our shareholders.

We measure our performance in this area using Total Shareholder Returns (TSR), a metric that compares the performance of our common shares over a period of time, reflecting share price appreciation and dividends paid to common shareholders. We report our financial performance in our Annual Report to Shareholders ([rbc.com/investorrelations/annual-meeting-reports.html](http://rbc.com/investorrelations/annual-meeting-reports.html)).

### Taxes

We pay our share of taxes in all jurisdictions in which we operate. This includes income, capital, property, payroll, business, insurance premium, and goods and services sales taxes.

For our publicly stated financial and tax information, please visit [rbc.com/investorrelations/annual-meeting-reports.html](http://rbc.com/investorrelations/annual-meeting-reports.html).

### Employment

RBC provides employment to tens of thousands of people worldwide. The compensation and benefits we provide have both a direct impact and an indirect ripple effect on the economy. Our employees' salaries and benefits are redirected within their communities, which generates demand for local business. In turn, this demand sparks increased economic activity and hiring in other industries. For more information on employment and remuneration please see [About Working at RBC](#).

RBC also has a long history of supporting community and charitable programs for those who are unemployed or underemployed.

## Small business

Royal Bank of Canada was founded on the initiative of eight Halifax merchants in the 1860s. We continue to believe that small business is an important economic driver, and our support for this sector has a significant impact on the economy. We serve hundreds of thousands of business clients in Canada and the Caribbean, who in turn create jobs, pay taxes, buy goods and services and contribute to a prosperous future for their communities and countries.

### Access to credit

We are committed to helping businesses prosper, whether they are starting, maintaining or expanding their operations. One of the ways we do this is by providing debt financing or credit.

Our annual Public Accountability Statement ([rbc.com/community-sustainability/reporting-performance/pas.html](http://rbc.com/community-sustainability/reporting-performance/pas.html)) provides a detailed breakdown of the number of business clients we lend to across Canada and the amount of credit we made available to them.

### Advice and products

While access to credit is important, it is only one of the needs of small business clients. We're also committed to providing the best possible products and advice to help our clients better manage their businesses, including:

- Free advice webinars to Canadian small business owners;
- Special banking packages for Canadian franchisees;
- Improved electronic access for RBC business client card accounts;
- Facilitation of client requests at the first point of contact via the client's preferred channel, including electronic channels;
- Financial planning services.

### Agricultural businesses

We opened our first agencies in agricultural communities in the 1870s. We serve more farmers and farm families than any other chartered bank or credit union in the country, and consider this to be an important way in which we have an impact on the economy.

In order to help our clients access funds and manage their farms, we participate in federal and provincial programs such as the Canadian Agricultural Loans Act, a federal financial loan guarantee program, and AgriInvest, which helps farmers manage small declines in income.

Since farms and agribusinesses are different from other businesses, we tailor our approach in the following ways:

- Dedicated account managers who know agriculture and understand the farm business.
- Farm financing such as mortgages, term and operating loans, and deposit and savings accounts, as well as other specialized services.
- Ongoing advice, education and resources to keep farmers and those in the agribusiness informed about the agricultural economy and the management of their businesses.
- Support for community-based programs such as 4-H.

## Not-for-profit organizations

Charitable and not-for-profit organizations (NPOs) are a significant economic force and a critical contributor to the gross domestic product (GDP) in most developed nations. They not only do important work, they comprise an economically important sector in their own right. As a financial services company, we consider our support of this sector to be a significant component of our indirect economic impact.

### Canada

We provide customized services, account packages and expertise, such as:

- Account managers dedicated exclusively to the NPO sector. In addition to bringing specialized knowledge, advice, products and networking opportunities to their NPO clients, they are passionate about their clients' causes. Many of our NPO account managers volunteer in their communities.
- Education and networking sessions that provide materials about fraud mitigation and governance, and sponsorship of organizations to help build capacity in the sector.

## Economic development

RBC supports the creation of wealth and sustainability in towns, cities and municipalities, as well as for diverse and underserved groups, through programs like the ones listed below. For more information please see [About RBC in the Marketplace](#).

### Economic development in Aboriginal communities

Access to banking services and capital are critical to helping create wealth and economic sustainability in Aboriginal communities. RBC provides:

- Trust and investment services, providing advice based on extensive experience in handling large assets and provide the continuity necessary to ensure settlement money and systems are effectively managed for the future benefit of the community.
- Financing for infrastructure and other development projects.
- Home financing on reserves.

For more information on these products and services, please visit [rbccroyalbank.com/commercial/aboriginal/index.html](http://rbccroyalbank.com/commercial/aboriginal/index.html).

### Support for newcomers to Canada

We believe there are significant economic benefits for society when new immigrants succeed in their adopted country. For information on our product and service offerings, as well as tools and resources, for newcomers to Canada, please visit [rbc.com/canada/index.html](http://rbc.com/canada/index.html).

### Infrastructure development projects

RBC helps foster economic growth by providing credit and financial advice to clients for projects that have a social purpose. This is an important part of our business as a financial services company, and has a significant impact on the economy.

### U.S. municipal markets

U.S. tax law includes provisions to stimulate investment in social infrastructure through tax advantaged debt and use of federal tax credits to create, among other uses, low and moderate income housing developments (including those dedicated to U.S. military veterans), the building of vital infrastructure and to encourage



environmentally sound development. RBC has assisted clients including state and local governments as well as not-for-profit corporations in achieving all these goals with well-structured, cost effective financings.

### Public/private partnerships (PPPs)

Financial services companies help 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 PPPs through our offices in Toronto, London (U.K.), Sydney, New York City, Paris and Madrid, and count these as important ways in which we have an impact on the economy. To preserve client confidentiality, we do not disclose specific details about our full PPP portfolio.

### Research and sharing of knowledge

We believe financial institutions have a duty to contribute to public policy discussions about economic and social issues. Our views are often sought by legislators, the public service and other participants in public discussion.

We maintain a substantial research program, both corporately and within our various businesses. Our experts examine conditions, developments and trends in Canada and abroad, and share their findings and analyses extensively through publications, speeches and briefings.

Our Chief Economist regularly meets with officials from the Bank of Canada as well as the federal and provincial departments of Finance. 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 an increasingly competitive global environment.

For more information, please visit [rbc.com/economics](http://rbc.com/economics).

## RBC's social finance initiative

Social finance is an approach to finance that uses private capital for public good. Participants in social finance seek to deliver a social and/or environmental impact as well as an economic benefit.

In 2012, we launched our Social Finance initiative, a \$20 million commitment to help foster and cultivate positive, wide-ranging social and environmental change. The initiative includes:

- The \$10 million RBC Generator, a pool of capital to invest in businesses tackling social or environmental challenges while generating a financial return.
- A minimum \$10 million investment of the RBC Foundation endowment in Socially Responsible Investments (SRI).
- Strategic partnerships that help catalyze social finance in Canada by nurturing social entrepreneurs, conducting research, developing knowledge networks and supporting thought leadership.
- Exploring additional opportunities in social finance within RBC's business lines.

The RBC Generator seeks investment opportunities in Canadian for-profit, mission-based organizations that can deliver benefits in one of our strategic areas:

- Water
- Energy
- Employment for youth or disadvantaged groups, also called "community hiring"

We were the first major financial institution in Canada to announce such an initiative, and we believe it will not only help spark entrepreneurship and innovation in Canada, but also catalyze similar investments from others in the business community.

For more information and current investment highlights, please visit [rbc.com/community-sustainability/rbc-social-finance-initiative/index.html](http://rbc.com/community-sustainability/rbc-social-finance-initiative/index.html).

## Procurement

RBC purchases goods and services from suppliers of all sizes, and this procurement has a significant economic impact. We work with thousands of international, national, regional and local suppliers. This demand, in turn, sparks increased economic activity and hiring in other industries in countries around the world.

We assess suppliers based on comprehensive screening criteria. For certain key services, we follow more in-depth processes, such as formal service level agreements, supplier reporting, customer satisfaction surveys, quarterly reviews, site visits and price audits. We also conduct formal audits in concert with our Internal Audit group, as appropriate.

## Responsible sourcing

Increasingly, companies like RBC take social and environmental considerations into account when making purchasing decisions and in managing their relationships with suppliers. As a result, responsible sourcing and effective supply chain management have become hallmarks of a sustainable company.

As part of our responsible and sustainable sourcing strategy, RBC is committed to working in partnership with our suppliers to set clear expectations as to how their representatives and employees should supply goods and services to RBC. We ask suppliers to provide details on their commitment to responsible environmental management, employee health and safety, ethical business practices, compliance with labour standards and workforce diversity. We may also ask prospective suppliers to provide extensive corporate and financial information, including a declaration of conflicts, lawsuits or administrative complaints and charges, industry experience and references.

## Support for diverse and local suppliers

RBC is committed to increasing opportunities for diverse suppliers to sell goods and services, to compete for business, and to continuously work towards a truly inclusive supply chain.

We are a founding member of the Canadian Aboriginal and Minority Supplier Council (CAMSC) and an inaugural sponsor of WBE Canada, a not-for-profit organization that promotes women-owned businesses in the supply chain

and a founding gold program partner of the Canadian Gay and Lesbian Chamber of Commerce (CGLCC). We use information from CAMSC and WBEConnect to identify potential suppliers who can compete for RBC business. RBC also collaborates with NMSDC, WBENC and NGLCC in the U.S., and we work together with these organizations to promote supplier diversity and provide opportunities to diverse suppliers.

We also have a Supplier Diversity Mentorship Program that offers one-on-one mentorship to a small group of qualified suppliers. The program is intended to help diverse suppliers improve their ability to compete for business from large corporations such as RBC, and to increase our potential supplier base. RBC also engages in annual mentorship workshops where RBC partners with CAMSC and WBE Canada to connect diverse suppliers with RBC subject matter experts.

## Supplier Code of Conduct

This principles-based [Supplier Code of Conduct](#) sets out RBC's expectations of suppliers to ensure their behaviour aligns with RBC standards. It formalizes and standardizes RBC's approach to responsible procurement. As part of the Code, suppliers must, among other things: adhere to human rights, labour and employment standards legislation; treat their employees fairly and with respect, including respect for diversity. We have created an ongoing process that has been verified externally, to monitor the acknowledgement of the Supplier Code of Conduct. The end goal is to ensure all our suppliers meet the expectations of both RBC and our clients to act as good corporate citizens.

## Stakeholder engagement

For information around involvement of stakeholders in product and offering development, client satisfaction and client feedback regarding our programs, please see [About RBC in the Marketplace](#).

For information around involvement of stakeholders in employment please see [About RBC in the Workplace](#).



# Policies and practices

Additional information about policies and programs related to our economic impact:

- Supplier Code of Conduct: [rbc.com/sourcing/supplier\\_code\\_of\\_conduct.html](http://rbc.com/sourcing/supplier_code_of_conduct.html)
- Employment policies: [About Working at RBC](#)
- Loans and services: [About RBC in the Marketplace](#)
- Return to shareholders: Annual Report at [rbc.com/investorrelations/annual-meeting-reports.html](http://rbc.com/investorrelations/annual-meeting-reports.html)
- Payment of taxes: Annual Report at [rbc.com/investorrelations/annual-meeting-reports.html](http://rbc.com/investorrelations/annual-meeting-reports.html)

# Governance

The following groups play key roles in establishing and providing oversight of our economic impact.

<b>Board of Directors Oversight</b>
<ul style="list-style-type: none"><li>■ RBC Board of Directors</li><li>■ Risk Committee</li></ul>
<b>Executive and management – Oversight, strategy, direction, policy and program development leads</b>
<ul style="list-style-type: none"><li>■ President and Chief Executive Officer</li><li>■ Group Executive</li><li>■ Chief Administrative Officer and Chief Financial Officer</li><li>■ Chief Human Resources Officer</li><li>■ Business Unit Heads</li><li>■ Business Strategy Officers</li></ul>
<b>Groups of experts – Specialized functions</b>
<ul style="list-style-type: none"><li>■ Risk Management</li><li>■ Real Estate Operations</li><li>■ Procurement</li></ul>

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

