

Royal Bank of Canada

# About Value for Clients

Programs, policies and practices



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## 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 environmental, social and governance (ESG) priorities of Royal Bank of Canada (RBC®). The series supplements our annual ESG reporting, which provides an overview of our priorities, key performance indicators and annual highlights of ESG issues relevant to financial services companies in general, and to RBC in particular. It complements the information on our operations and financial results provided in our Annual Report and governance and executive compensation information disclosed in our Management Proxy Circular (both available at [rbc.com](http://rbc.com)). All amounts in this document are in Canadian dollars unless otherwise noted.

Our Vision is to be among the world's most trusted and successful financial institutions. We are committed to providing exceptional client service, and we seek to build lasting relationships, deliver excellent value and provide differentiated client experiences. We commit to listening with empathy, understanding clients' needs and offering the right advice and solutions based on those needs. As a financial services company, our first and most important responsibility is doing our jobs as bankers well, serving our clients with integrity every day and safeguarding the trust they put in us. This is fundamental to how we operate. We take responsibility for our products and services, from the ways in which we develop and sell them to the impact they have on the communities where we operate. RBC serves 17 million clients in Canada and around the world. We strive to earn our clients' trust by serving them responsibly and providing them with access to the financial products, services and advice they need to make the best decisions possible and meet their goals.



## Our priorities

- Client satisfaction and loyalty
- Digital enablement
- Privacy
- Cyber security
- Responsible investing
- Sustainable finance

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## Client satisfaction and loyalty

We are a business whose sustainable success is based on trust, measured by how effectively we earn our clients' satisfaction and loyalty. We actively track our client experience across our platforms, and our clients provide feedback regularly. The goal is to translate this listening and action-oriented learning culture into an improved client experience. We measure our client experience and loyalty competitiveness by comparing both our customer experience and our client relationships to the experience and relationships of our key competitors, by product type, as monitored and reported by independent and reputable industry benchmarking surveys.

### Satisfaction measurement

We have a well-established customer experience measurement program, administered by independent professional research consulting companies and technology vendors. This process is managed by our Customer Experience Design and Insights department, a team of in-house research professionals who oversee the quality and integrity of the program. We set and monitor quantitative targets to improve client satisfaction and loyalty, and measure all components of the client experience on a regular basis.

Given the proprietary nature of our customer experience measurement program, we only disclose select metrics in our [ESG Performance Report](#), [Annual Report](#) and [Management Proxy Circular](#).

In Canada, client-service training incorporates our client-experience target and is tied to employees' performance management. We rely on a range of information sources to track client satisfaction and loyalty, including:

- Our own research and surveys, such as direct feedback from clients following visits to branches, visits to our digital banking sites and calls to our 24/7 call centres
- Research conducted by external benchmarking organizations such as anonymous client surveys
- External performance rankings

Survey results for customer satisfaction and loyalty are linked to specific branch employees, which increases accountability and facilitates employee coaching. In this way, real-time client comments are directly addressed and serve to improve customer service. Similar practices are in place across other channels, including online and telephone banking.

In addition, this research informs the development of our business strategies and subsequent tactics, including how we provide financial advice and develop products, by providing powerful insight into which products and features resonate with clients, and where we need to improve.

### Treating clients fairly

Treating our clients fairly is an important part of how we do business. RBC abides by consumer protection and market conduct rules and regulations designed to protect financial services clients, including a number of voluntary external codes to protect consumers. For more information on our commitments and details about the relevant industry codes, please visit [rbc.com/voluntary-codes-public-commitments.html](http://rbc.com/voluntary-codes-public-commitments.html).

### Client complaint process

We enable employees to resolve client concerns at the first point of contact, as we believe this approach leads to improved customer satisfaction and loyalty. If we are unable to resolve a client's concerns through our normal channels, the client may appeal to the RBC Office of the Ombudsman. The Ombudsman investigates both sides of the issue in an effort to help the client and RBC resolve their concerns fairly, professionally and efficiently, while respecting the dignity and privacy of all parties.

Certain disputes that remain unresolved after being reviewed by the Ombudsman may be directed by the complainant to external ombudsman services and regulatory bodies. We offer a simple tool to lead clients through the complaint process, including escalation to the Ombudsman if necessary, in the "Make a Complaint" section of [rbc.com/customercare](http://rbc.com/customercare). Every year, the Office of the Ombudsman produces an annual report, available at [rbc.com/ombudsman](http://rbc.com/ombudsman), that provides information on their activities throughout the year.

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### **Integrity in marketing and sales communications**

RBC is committed to providing clients with investment, banking and insurance information they can easily understand and use. Our brochures and websites describe our products and services simply, using examples for clarity. We review contract, policy and statement language regularly so our clients can more easily evaluate our products' suitability for their needs.

#### **Canada**

- Advertising is highly regulated at both the federal and provincial levels under legislation such as the Competition Act (Canada), which prohibits false and misleading advertising, and provincial consumer protection laws, which govern conduct concerning claims that may be false or misleading.
- When we produce our marketing materials, we also follow the guidelines and standards of practice of various self-regulatory bodies, such as Advertising Standards Canada and the Canadian Marketing Association.
- We subscribe to a number of voluntary codes of conduct relating to the responsible sale of financial products and services. For example, we follow voluntary Canadian banking industry guidelines for plain language mortgage documents and apply many of those guidelines to other documents such as account applications.

#### **United Kingdom**

- We comply with Financial Services Authority laws governing marketing communications, advertising, promotion and sponsorship.

#### **Caribbean**

- We have multiple regulators across the Caribbean, and we comply with the disclosure and marketing requirements in applicable jurisdictions.

#### **United States**

- Advertising to and communications with the public are highly regulated by numerous regulators in the U.S.

- We follow the guidelines and standards of practice of various regulatory bodies such as the Financial Industry Regulatory Authority, Inc., U.S. Securities and Exchange Commission and Employee Retirement Income Security Act.

### **Protecting our brand**

Our brand is a vital driver of our success. We maintain brand health through our vision, adherence to our values, the quality and engagement of our people, the level of our clients' experience and satisfaction, and the likelihood they will recommend us to others. To this end, we monitor and measure brand awareness and health through quantitative benchmarks and performance rankings, as well as accolades and awards given to us by various benchmarking organizations.

Brand-specific metrics such as brand/sub-brand awareness, likelihood to recommend scores and ad campaign impacts are collected across the organization and reported back to our Chief Marketing Officer and brand management experts, who consolidate the inputs and measure the overall health of our master brand. RBC operates under a decentralized "hub and spoke" marketing model, maintaining a team of dedicated brand management and communications professionals within each platform and function who manage and safeguard our brand's reputation and health.

### **Digital enablement**

Our digital and innovation strategies are fundamental to creating exceptional client experiences, driving customer loyalty and acquiring new clients. Changing demographics and rapid advancements in technology and artificial intelligence are changing client preferences, needs and service models, requiring a greater focus on delivering a digitally integrated, multi-channel experience for our clients and client-facing professionals. We are committed to designing and building products, processes, technology and services in faster, simpler and more cost-effective ways.

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These are the four objectives of our digital strategy:

- Reimagine everyday banking experiences to differentiate ourselves and delight our clients with simplicity and connection to advice
- Be the leading Canadian app in the financial services market
- Be the most trusted global bank through joint leadership in digital ID verification, authentication and security
- Become the North American leader in digital client acquisition and sales

Our focus on digital innovation is to make daily banking easy, helpful and convenient for our clients. We do this by developing digital banking products that give clients better insight into their finances, enable them to personalize their digital experience and empower them to access financial advice when and where they want.

We are working on:

- Providing an exceptional and secure experience that is available when, how and where it is most convenient for clients
- Using digital channels to better understand our clients so we can deliver solutions tailored to their preferences
- Not just digitizing our existing products, but also rethinking how we deliver services and advice
- Investing in innovation that will help drive Canada's future prosperity and economic success
- Working with leading universities to partner with the best, brightest and boldest minds
- Supporting the advancement of machine learning and artificial intelligence in Canada

## Privacy

RBC's commitment to preserving our clients' trust is integral to everything we do. Our commitment is reflected in our dedication to protecting our clients' privacy and safeguarding the personal, business and financial information entrusted to us. This will always be a top priority at RBC.

Data privacy is critically important to creating long-term value for RBC's clients and communities, and we continually educate our employees in an effort to ensure we maintain high privacy standards.

### Data privacy

The RBC Privacy Risk Management program is global in nature; its oversight is managed by specialists responsible for the countries where we operate. The Chief Privacy Officer provides the direction and oversight of our Privacy Risk Management program globally, including our Privacy Risk Management Policy. This policy contains requirements for how we collect, use and share client information. We follow comprehensive privacy policies and security practices in compliance with laws, and our rigorous security safeguards and internal controls protect the personal information we hold.

RBC's Enterprise Privacy Program is based on the concepts and principles from multiple jurisdictions in which RBC operates, such as the EU General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA).

For more information, please visit [rbc.com/privacysecurity](https://www.rbc.com/privacysecurity).

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## Cyber security

Cyber security is critical to creating long-term value for RBC businesses. We continually monitor our systems for malicious threats and respond accordingly to ensure we maintain a secure and trusted environment that meets our clients' expectations. We continue to advance our cyber defence capabilities to support our business model, protect our systems and enhance the client experience on a global basis. We do this by employing industry best practices and collaborating with experts to provide our clients with confidence in their financial transactions.

The RBC security strategy supports our strategic direction and is designed to safeguard data entrusted to us by our clients. We have successfully implemented cyber security controls and deepened our relationships with financial institutions and partner cyber organizations for increased intelligence sharing and better incident response. "Leading in Cyber Security and Risk" is one of the pillars of our overall technology strategy. Our cyber security strategy reflects regulatory requirements from each jurisdiction where RBC operates and is based on the industry's best practices, most notably:

- International Standards ISO31000 and ISO27005
- National Institute of Standards and Technology Cyber Security Framework

Our Board of Directors receives an annual update on the state of our cyber security strategy and cyber risk, and the Risk Committee receives regular updates on cyber risk from the Chief Risk Officer, and periodically from cyber risk or technology executives.

We employ advanced technology and security procedures to help protect against unauthorized transactions, as defined in our Electronic Access Agreement. Ongoing global events encouraged a significant shift in digital transformation as traditional banking swayed away from branches and moved online. Use of digital platforms continues to grow significantly, and as a result we continue to invest in a range of technologies and security mechanisms to ensure the safety, confidentiality and integrity of client information and transactions in a highly digitized society.

RBC has stringent security policies and practices, supported by around-the-clock resources, to prevent, detect and investigate potential fraudulent activities. We have developed and we maintain sophisticated systems and processes for ensuring the security of online transactions. For example:

- We are evolving our management of supply chain risks and third-party relationships with continued improvements that enhance our cyber resilience.
- We require valid "Know Your Client" identification documentation for accounts opened online.
- Our controls and practices protect against unauthorized online or mobile transactions. Please see our Digital Banking Security [website](#) for more information.

In addition, we have automated some of our fraud prevention calls in an effort to reach clients faster regarding their information security and to reduce the potential for any negative impact on them.

For more information on data privacy and cyber security, please see our [Annual Report](#) and our [Be Cyber Aware](#) website.

## Responsible investing

Our commitment to integrating material ESG factors into our investment process is led by the investment platforms of our RBC Global Asset Management® (RBC GAM) and RBC Wealth Management® (RBC WM) businesses.

### RBC GAM

RBC GAM has a dedicated Corporate Governance and Responsible Investment (CGRI) team. The role of this team is to lead the responsible investment strategies and initiatives across RBC GAM, execute proxy voting activities, liaise with industry affiliations, maintain subject matter expertise and support the ESG integration and active stewardship activities of our investment teams. RBC GAM's approach to responsible investment has three pillars:

- **Fully integrated ESG:** All investment teams integrate material ESG factors into their investment processes.
- **Active stewardship:** We convey our views through thoughtful proxy voting, engagement with issuers and regulatory bodies and collaboration with other like-minded investors.
- **Client-driven solutions and reporting:** We align our solutions with client demand and provide transparent and meaningful reporting.

We offer our clients a number of responsible investment solutions, which include:

### ESG integration

All of our internally managed strategies include the systematic integration of material ESG factors into the investment process. Our investment teams focus on those ESG factors that have the potential to impact the value of the investment. The extent of these impacts depends on the issuer, the industries and geographies in which it operates and the nature of the investment vehicle for which it is purchased. For more information, please visit [rbcgam.com/en/ca/about-us/responsible-investment/](https://rbcgam.com/en/ca/about-us/responsible-investment/).

### Socially responsible investments (SRI)

These strategies integrate a defined set of values into the investment process by applying positive or negative screens to potential investments

based on the investment's ESG policies and practices or the industries in which they operate. We offer SRI strategies in specific geographies. For more information, please visit [rbcgam.com/en/ca/products/mutual-funds/socially-responsible-investing](https://rbcgam.com/en/ca/products/mutual-funds/socially-responsible-investing).

### Impact investing

These strategies are intended to generate a measurable positive social and environmental impact alongside a financial return. We offer impact and impact-aligned strategies in specific geographies. For more information, please visit [institutional.rbcgam.com/en/us/investment-capabilities/fixed-income/impact-investing/suite](https://institutional.rbcgam.com/en/us/investment-capabilities/fixed-income/impact-investing/suite).

### RBC WM

RBC WM is committed to RBC's Purpose of helping clients thrive and communities prosper. We believe that responsible investing is an important step to meeting these goals. Integration isn't just about values alignment. Integrating material ESG factors into a portfolio adds value to the process, primarily through risk mitigation and opportunity identification. RBC WM enables advisors to meet client needs in this rapidly expanding space in the following ways:

- **Thought leadership and education:** Terminology in this space is confusing. Misunderstanding is one of the primary hurdles to advisor and client adoption. We have published numerous articles focused on intuitive terminology and ESG integration.
- **Investment selection:** For our clients to thrive, they must be able to achieve an acceptable level of return. We believe ESG factors can mitigate risk and offer competitive returns when they are combined with traditional investment processes. As such, we built a platform of investment solutions that have an intentional ESG integration process as part of their fundamental investment selection.
- **Turnkey solutions:** RBC WM offers ESG portfolios in both the U.S. and Canada. These portfolios are designed to provide investors with a way to implement an active, ESG-integrated, global asset allocation strategy. The portfolios allow advisors to harness the expertise of RBC WM around ESG for their clients.

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## Sustainable finance

Our approach to sustainable finance integrates ESG insights alongside traditional financial analysis and market perspectives. We believe sustainable finance represents a growth opportunity for our business and our clients. In 2019, we announced our commitment to provide \$100 billion in sustainable finance by 2025, and surpassed that goal after just two years. In 2021, we increased our commitment to \$500 billion in sustainable finance by 2025.

This target supports companies and projects that are widely recognized as contributing to a net-zero, inclusive economy of the future. Achieving this target and supporting our clients in the transition to a net-zero economy are key pillars of our enterprise climate strategy, the RBC Climate Blueprint.

Sustainable finance activities include, but are not limited to:

- Raising capital and providing advisory services for sustainable clients and projects
- Public sector finance
- Tax equity investments in renewable energy and affordable housing
- Green, social and sustainability bond underwriting
- Credit solutions for sustainable businesses and projects, including green and sustainability-linked loans
- Retail and commercial auto financing

For more information, please refer to our [Sustainable Finance website](#), [Our Commitment to Sustainable Finance](#) and the [RBC Climate Blueprint](#).

We look forward to continuing to help our clients achieve their sustainability goals by delivering advice and solutions that also aim to create positive outcomes for clients, communities and our planet.