

ABOUT Value for Society

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 of corporate citizenship issues relevant to financial services companies in general, and to RBC in particular. It complements the information on 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).

Being a purpose-led organization, we understand that we prosper when society prospers. That's why community and social impact is one of the five ways we defined How We Will Win, and it's embedded in our business. We are bringing the full breadth of our resources and capabilities to address societal challenges. Helping our communities prosper will have additional benefits - positively impacting our clients and our business over time. As a purpose-driven company, creating a positive social impact - not just an economic one - is integral to how we do business. It is fundamental to our philosophy and is at the very heart of our corporate citizenship approach. Many companies talk about people, planet and profit. RBC is intentional in its approach to having a positive, measurable impact on all three. One of the ways we help communities prosper is by providing support to strategic, economic, social and environmental causes through community organizations around the world.



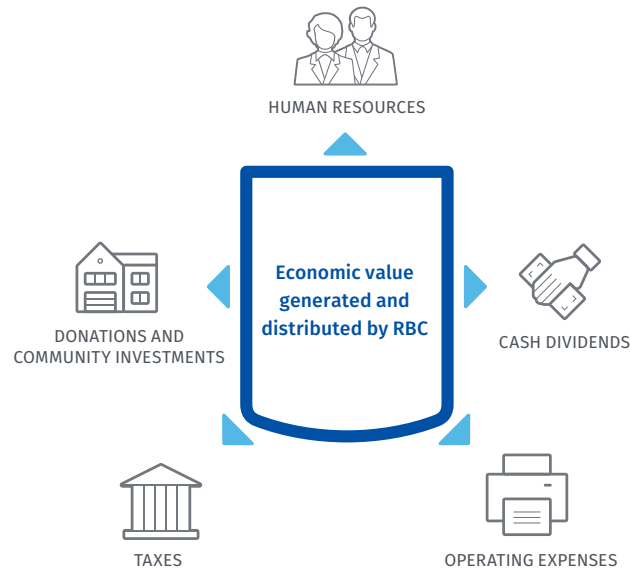
Our Priorities

We understand the important role that we play in addressing societal challenges. Our priorities include:

- Generating and distributing economic value
- Tax Governance
- Community and social impact

Economic value generated and distributed

The generation and distribution of economic value is the means by which we fulfil our obligations to the economy and the well-being of society at large. It is a simple equation: we generate revenue from the products and services we sell; we then distribute a portion of that revenue – or economic value – to those we rely on for our success. That distribution is seen in the compensation and benefits we provide our employees, in the dividends paid to our shareholders, in the commercial transactions we have with our suppliers, in the meeting of our tax obligations at all levels of government and in the investments we make in our communities. According to the Global Reporting Initiative (GRI), this is defined as “economic value generated and distributed” and is used to measure the impact of a company on the economy.



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).

Taxes

We pay our share of taxes in all jurisdictions where 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.

Human resources

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 Value for Employees](#).

Operating expenses

In operating our business, we distribute the revenue we generate by making cash payments for materials, product components, facilities and services purchased. This includes, among other things, payments to suppliers such as property rental, licence, royalty, contract worker and employee training fee payment.

Donations and community investments

RBC is one of Canada’s largest corporate donors, with a tradition of philanthropy dating back to 1891. The aim of our donations and community investments is to have a positive social and environmental impact in the communities where we do business.

Tax Governance

RBC's financial reporting, which includes tax matters, is overseen by the Audit Committee of the Board of Directors.

Oversight of our tax policy and the management of tax risk is the responsibility of Group Executive, the Chief Financial Officer and the Senior Vice President, Taxation which is discussed with the Audit Committee on a regular basis.

Our approach to tax is governed by our Taxation Policy and Risk Management Framework, and reflects the fundamentals of our Risk Pyramid and seeks to ensure that at all times we:

- Ensure our full compliance with tax laws and full disclosure to tax authorities of our statutory obligations;
- Act with integrity and in a straightforward, open and honest manner in all tax matters;
- Ensure tax strategy is aligned with our business strategy supporting only bona fide transactions with a business purpose and economic substance;
- Endeavour to work with the tax authorities to build positive long-term relationships and where disputes occur, address them constructively.
- Consider a number of factors when addressing client matters, including the purposes of the transaction. At all times we seek to ensure that we only support bona fide client transactions with a business purpose and economic substance.

For more information on taxes paid globally, please refer to the [RBC Annual Report](#) and the [Public Accountability Statement](#).

Community and social impact

As a large global financial institution, RBC has clients in virtually every sector of the economy, and is expected to support a wide range of causes that matter to our clients and communities, not just those that serve our direct interests. This approach 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. We believe in the power of communities and the individuals

who live in them. The goal of our community development programs is to have a positive and measurable impact on the communities where we live, and on the health of our planet. We support community prosperity in many ways:

- **Investing in our communities around the world** – Our corporate donations team oversees donations to registered charities as gifts, gifts in-kind (including philanthropic activities other than charitable donations) and community investments that align with our brand and business goals or deliver social, environmental or economic benefits.
- **Driving impact through our focus areas** – Our dedicated Citizenship Impact Measurement, Evaluation and Reporting team continue to develop metrics aligned with our strategy that help us track how our investments add value to the communities where we operate.
- **Supporting employee community involvement** – We have a number of programs to support the fundraising and volunteer efforts of employees, including financial support from RBC to their charitable partners, employee donations and other employee activities in support of community development.

Investing in our communities around the world

We recognize that we have an important role to play in addressing societal challenges. Accordingly, we refined our community investment approach in 2016 to focus on preparing youth for the future of work and are developing a targeted, comprehensive and coordinated strategy to address this issue by leveraging RBC resources and capabilities. Additional investment areas include:

- **Environment** – Supporting organizations that promote environmental sustainability, with a focus on projects that leverage technology and innovation to solve pressing environmental challenges.
- **Arts** – Supporting arts organizations that have a focus on helping emerging artists bridge the gap from emerging artist to established artist.
- **Local needs and priorities including a focus on diversity-related investments** – Support for diversity is embedded in all our investment areas; it is a lens through which we assess our donations portfolio to ensure our investments are inclusive in their impact.

Youth

Canada's future prosperity depends on a highly engaged and skilled workforce, driven by today's young people (15-29 years of age). Facing uncertainty in a disruptive era, they need to be better prepared for the future of work and to have equitable access to opportunities. As Canada's largest corporation, we'll bring together all of our relevant resources and capabilities to engage young people, rewire systems and drive change, including our collective experience in research, best-in-class partnership and program development, and ability to convene across sectors.

In February of 2017 we announced [RBC Future Launch™](#), a 10-year, \$500 million commitment to prepare Canadian youth for the future of work. We are moving beyond financial investment by engaging the public and private sectors to further understand the issue and make a significant impact on the lives of young Canadians. RBC Future Launch is a catalyst for change, bringing people together to co-create solutions so young people are better prepared for the future of work.

Young people today have three critical barriers they need to overcome to be successful:

- Lack of relevant experience: Too many young Canadians miss critical early opportunities because they're stuck in a "no-experience, no job cycle".
- Lack of relevant skills: Increasingly, young people entering the workforce require a complex set of technical, entrepreneurial and social skills that cannot be attained solely from formal education.
- Lack of professional networks and mentoring: Young people are at a disadvantage in the job market if they don't have an opportunity to learn from others and discover the realities of the jobs they're considering.

Beyond the dollars, we are bringing forward RBC capabilities, assets and understanding to address the issues, alongside young people and youth-focused partners. We will raise awareness of the issues through research, speaking and convening while working with educational institutions and partners in the private and public sectors to co-create long-term solutions

Environment

A commitment to environmental sustainability is an investment in the future of the planet. RBC supports a range of environmental organizations through donations, and we encourage our employees and clients to reduce their personal environmental footprint. We are funding projects that leverage technology and innovation to address pressing environmental issues related to water and climate change. To this end, we engage in dialogue with our stakeholders and peers, conduct research to better understand environmental issues, and look for opportunities to help communities address their own environmental issues. For more information, please visit rbc.com/environment.

Our focus: RBC Blue Water Project

In 2017, we achieved one of our most ambitious commitments ever. Launched in 2007, the RBC Blue Water Project was a 10-year global charitable commitment of \$50 million to help provide access to drinkable, swimmable, fishable water, now and for future generations. RBC supported more than 770 charitable organizations worldwide that protect watersheds and promote access to clean drinking water. For more information, please visit rbc.com/bluewater.

Arts and culture

We believe in the power of art to enrich our lives and enhance our communities. We support arts organizations of all kinds, with a focus on providing support to emerging artists.

Our focus: RBC Emerging Artists Project

The RBC Emerging Artists Project consists of sponsorships and donations to organizations whose programs help artists bridge the gap from emerging artist to established artist in both visual and performing arts.

One of our initiatives under the RBC Emerging Artists Project is the RBC Canadian Painting Competition. In partnership with the Canadian Art Foundation, the RBC Canadian Painting Competition provides a forum to engage communities across Canada and celebrate the exceptional skill of up-and-coming visual artists.

As a leading patron of the arts and cinema, we are committed to helping the next generation of filmmakers develop their skills and bring their visions to life through the sponsorship of a variety of festivals and programs, including the Toronto International Film Festival, the Gimli Film Festival Emerging Filmmaker Competition, the Independent Filmmaker Project and the Film Society of Lincoln Center. We also fund numerous projects in the realm of theatre, musical performance, writing, glassmaking, playwriting, curatorship, design and choreography. For more information, please visit rbc.com/emergingartists.

Diversity-related investments

We believe that diversity and inclusion provide an advantage in developing intellectual capital and ensuring our company's continued growth in Canada and around the world. By drawing on the strength of diversity, we can meet new challenges and help create prosperity for our clients, employees, shareholders and communities. As a result, the theme of diversity underscores our community programs. Across our entire donations portfolio, we proactively look for opportunities to support diverse communities. For more information, please visit rbc.com/diversity.

Driving impact through our focus areas

It is important to RBC that our community investments have a positive social and environmental impact. It is also a critical element of our decision-making process that governs where we invest our time, money and effort. We work closely with our charitable partners to track impact-oriented metrics in order to advance the charitable sector, operate efficiently, attract donors and volunteers and be able to measure their value to society. We recognize that more work needs to be done in this space as the social impact measurement and evaluation field grows. We are dedicated to helping drive growth in social impact measurement, evaluation and reporting through our focus areas.

In addition to investing financially in our charitable partners and communities around the world, RBC deploys a more-than-money approach to our community

investments by building the capacity of our partners, strengthening their capabilities and helping them achieve their respective missions. Our objectives include:

- Forging targeted multi-sectoral partnerships in Canada and, over time, in select global markets
- Building scale by connecting and convening not-for-profits, corporations, academics, experts and governments to drive systemic change
- Stimulating public thinking by contributing to the development of meaningful research and thought leadership on relevant matters including social finance, impact measurement and evaluation, and environmental sustainability
- Strengthening the capacity and capabilities of our partners in measuring and reporting

How our focus areas align with the United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) address the world's most pressing social and environmental issues by establishing 17 internationally agreed-on goals (also known as the "Global Goals"), and by providing a mechanism for aligning governments, businesses and societies on meeting the 2030 target date for achievement of the goals.

Using the goals as a common framework will enable comparable measurement and increase transparency around progress at the global, national and sub-national levels. Because we are a purpose-driven organization, many of our programs, investments, initiatives and services already contribute to the SDGs. We will continue to evaluate how our philanthropy, products and services, and operations align with the goals, and we will highlight our performance metrics against the most relevant targets – those that are most central to our business strategy and within our sphere of influence. The illustration on the following page shows how our programs align to specific SDGs and targets.

Support youth in preparing for the future of work by providing opportunities for practical work experience, growing professional networks and developing the skills of the future.



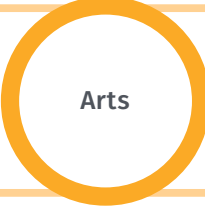
SDG 3 – Good health and well-being, targets 3.4.2
SDG 4 – Quality education, targets 4.3.1, 4.4.1, 4.5.1
SDG 8 – Decent work and economic growth, targets 8.2.1, 8.3.1, 8.5.2, 8.6.1
SDG 10 – Reduced inequalities, target 10.2.1

Support organizations that promote environmental sustainability, with a focus on providing access to drinkable, swimmable, fishable water, now and for future generations.



SDG 6 – Clean water and sanitation, targets 6.3.2, 6.4.1 and 6.6.1

Support arts organizations that have a focus on helping emerging artists bridge the gap from academic success to professional achievement.



SDG 4 – Quality education, target 4.4.1
SDG 8 – Decent work and economic growth, target 8.3.1
SDG 11 – Sustainable cities and communities, target 11.4.1

Support organizations addressing challenges in the communities where they operate, including diversity. Support for diversity is embedded in all our investment areas and provides a lens through which we assess our donations portfolio to ensure our investments are inclusive in their impact.



SDG 5 – Gender equality, target 5.5.2
SDG 10 – Reduced inequalities, target 10.2.1

Support developing partner capabilities, disseminating sector-wide innovations and thought leadership to advance the discourse on relevant systemic issues.



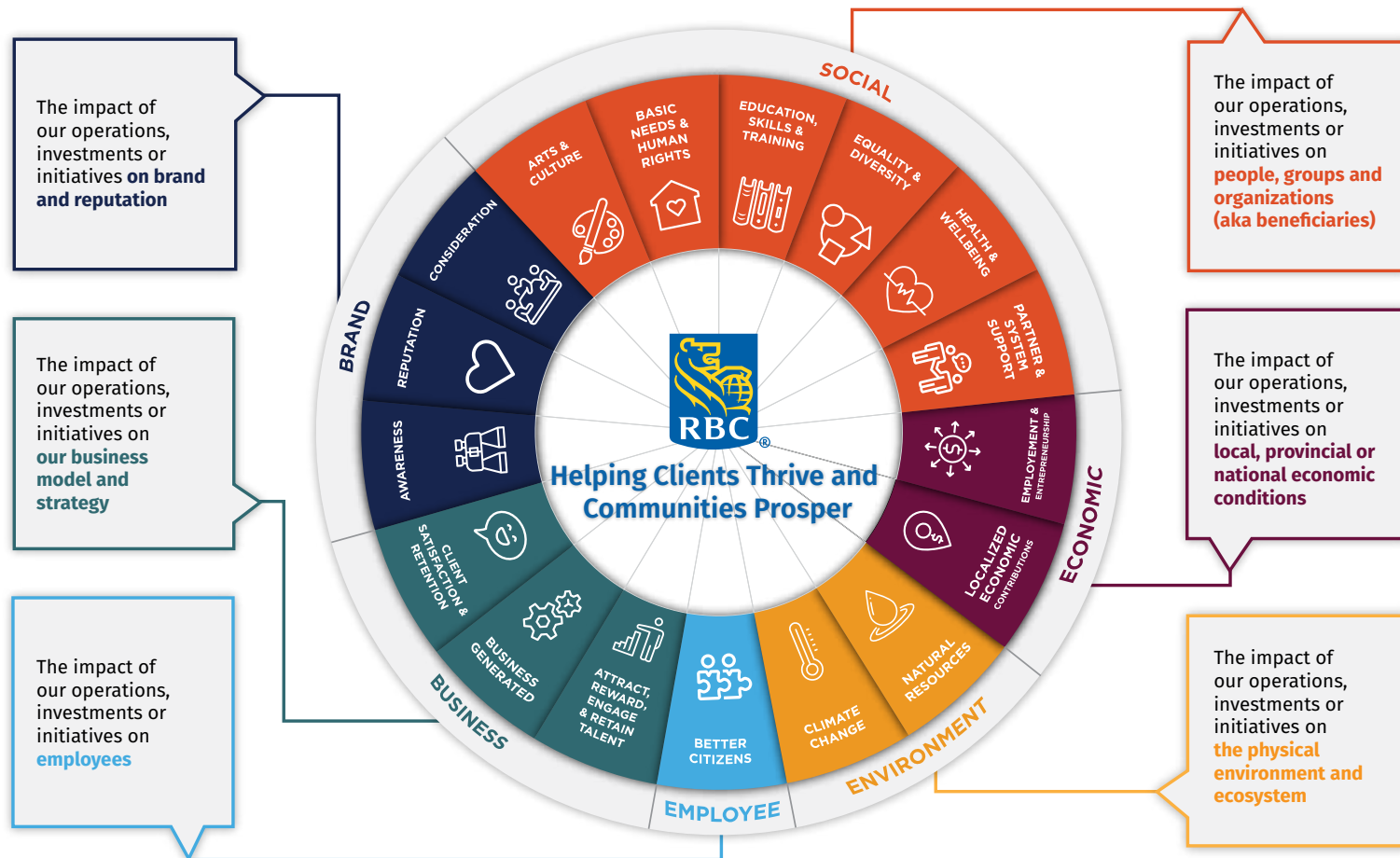
SDG 17 – Partnership for the goals, targets 17.16 and 17.17

Impact Measurement

In 2017, we further refined our approach to measuring success with the introduction of our Impact Measurement Framework (IMF). The IMF brings together our six impact pillars – social, environmental, economic, employee, business and brand – as one holistic view of the value we add through all of our initiatives and investments across the enterprise, at any level of aggregation.

Our IMF was established to capture the quantifiable benefits across our six pillars, noting that every one of our initiatives and investments drives impact across multiple areas.

For more information on the IMF and how it informs our decision making please see our [Impact Measurement Framework and Methodology](#) (coming Spring 2018) background.



Using our capabilities as an engine for public good

We use our capabilities as an engine for public good by facilitating solutions to social and environmental problems through finance. Our objectives include:

- Investing in for-profit enterprises and funds that deliver positive social and environmental impact through the \$10 million RBC Generator
- Demonstrating that foundations can participate in social finance by investing at least \$10 million of the RBC Foundation® endowment in responsible investments
- Catalyzing the growth of social finance in Canada through research, strategic sponsorships and partnerships

Social finance is an approach to finance that uses private capital for public good. Participants in social finance seek to deliver a social 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 \$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
- Exploration of additional opportunities in social finance within RBC's business lines

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.

Supporting employee community involvement

Our business depends on our ability to attract and retain top talent (including millennials), and build a strong reputation with clients at the local market level. Our community engagement programs for employees help address both of these business priorities. We know that the opportunity for community involvement is a strong driver of employee pride and engagement as indicated in our annual Employee Opinion Survey scores, especially with millennials. And our research indicates that a strong employee presence in community initiatives creates a competitive advantage for RBC, especially in regions where we have a retail presence such as Canada and the Caribbean.

Our goal is to help RBC employees become better citizens. We're focused on making it easy for them to learn about their communities, take action by volunteering, donating or fundraising, and share what they've done in order to inspire others.

Our global reward and recognition program, RBC Performance, also has a formal community involvement category for which employees can be nominated and receive quarterly awards.

Employee volunteering

Volunteering is a hands-on way for employees to help their community prosper in a profoundly satisfying way. Our employees and retirees volunteer with a wide range of community and social service organizations around the world. RBC employees are passionate volunteers and here's how we support them:

- We make it easy for employees to create and find volunteer opportunities through our online community involvement hub
- We invite our charitable partners to post volunteer opportunities on this site
- We provide tools and resources to help employees choose the style of volunteering that's right for them and to create volunteer events that have the best outcomes for both them and our community partners

- We thank our employees for volunteering as individuals and teams by providing a corporate donation to the charity they've helped
- We encourage our employees to share their volunteering experiences so they can inspire others to take part

Employee donations

One of the ways our employees can help communities prosper is by making a financial donation to a charitable organization that is close to their heart. Our goal is to make it easy for employees to make donations to their favourite cause right from work.

- We encourage employees to learn about the needs in our communities, as well as the specific causes RBC supports, and to share what they've learned with others
- We provide employees with easy ways to donate
- In Canada, we hold one of the country's largest annual employee giving campaigns, where we offer payroll deduction, credit card and gift of security donation payment options
- Employees around the world can make donations using our online community involvement hub, with 'at a glance' dashboards so they can track their giving
- We encourage employees to donate to disaster relief campaigns

Employee fundraising

There are many worthwhile community organizations that need support, and RBC employees worldwide dedicate countless hours to raise money and awareness for causes they care about.

- The RBC Race for the Kids is our cornerstone employee participation and fundraising initiative, held in cities worldwide and raising millions of dollars for children's and youth's charities worldwide
- RBC employees who take advantage of our formal pledged participation grant program tend to take part in runs, walks and bike rides, mainly to support health-related organizations
- We thank employee teams that take part in pledged charitable fundraising events such as runs and walks by making a donation to the charity they've helped

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When we say "RBC" we're referring to all of our businesses and functions around the world.