

Royal Bank of Canada

Statement on Lobbying and Political Contributions



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This backgrounder 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) strategic priorities of, and includes information about, Royal Bank of Canada and certain of its subsidiaries, as appropriate and as stated herein (referred to as “RBC”, “we”, “us” or “our” in this backgrounder). The series supplements our annual ESG reporting, which provides an overview of our focus areas, 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](#) (both available at rbc.com).

At a glance

- RBC does not use corporate funds to donate to political candidates or parties.
- RBC and RBC Foundation® do not make donations to charitable organizations for the purpose of political advocacy or to any political organizations or parties.
- The RBC USA Holdco Corporation Federal Political Action Committee (RBC Holdco PAC) is non-partisan and provides eligible employees an opportunity to participate in the political process by making voluntary political contributions to candidates for elected office and appropriate political organizations. The RBC Holdco Pac’s day-to-day activities are overseen by a board of directors, which approves RBC Holdco PAC contributions to candidates.
- RBC employees who make political contributions or perform political activities must do so on their own behalf, at their own expense and on their own time, and not as representatives of RBC or using RBC resources of any kind.
- Relevant RBC policies include:
 - Code of Conduct
 - Enterprise Lobbying Policy
 - Canadian Lobbying Procedures
 - United States Lobbying Procedures
 - Anti-Bribery and Anti-Corruption Policy
 - Conflicts of Interest Policy and Conflicts of Interest Control Standards for Gifts and Entertainment
 - Global Community Investment Policy
- Related RBC documents include:
 - [Public Accountability Statement \(PAS\)](#)
 - [ESG Performance Report](#)
 - [About Governance and Integrity Statement](#)

RBC is a leading business and brand based on a longstanding reputation and wide range of programs and policies that reflect our values and are embedded in our business segments and functional groups across the company. We believe that corporate citizenship is about integrity, business ethics and responsible governance. It's about delivering sustainable growth and value for our stakeholders.

It all starts with a commitment to conducting ourselves with integrity, in every action and transaction, in every part of our business; being transparent and accountable; and contributing 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.

Active and constructive engagement in consultations on public policy is an important part of responsible corporate citizenship. RBC believes that open dialogue between government, the public and the business community leads to greater understanding and contributes to informed government decision-making, benefiting our shareholders, our clients and the communities we serve. We are committed to high ethical standards in all of our relationships with government officials. RBC is subject to significant government regulation and risks generated by new, complex and evolving legislative and regulatory requirements that impact nearly every aspect of our business operations. As such, our clients, employees and shareholders have a measurable stake in the outcome of certain public policy discussions.

We participate in policy advocacy by communicating in a legal and appropriate manner with policymakers and regulators on issues that impact our business. Our lobbying efforts focus primarily on issues that affect our business, and we report our lobbying activity as required to strive for transparency and accountability. We endeavour to act in a manner that demonstrates respect for democratic institutions, including the duty of public office holders to serve the public interest.

RBC has internal and external policies that govern our behaviour in matters of corporate citizenship. The Board of Directors of the Royal Bank of Canada (Board) plays an important oversight role in RBC's public advocacy

activities and political participation. The independent governance committee of the Board is responsible for ensuring the Board stays informed on the issues related to corporate citizenship, government relations, and the status and adequacy of efforts to develop and maintain effective relationships with regulators and governments. The governance committee receives regular reports on advocacy initiatives in Canada and the U.S., including information on the focus of our advocacy efforts, engagement with key officials on regulatory and legislative reform, and involvement with trade associations and other industry participants. In the U.S., the Board of Directors of RBC USA Holdco Corporation reviews yearly reports on activities related to the RBC Holdco PAC.

Transparency and accountability are fundamental to maintaining integrity in our lobbying efforts. Together with the RBC [Code of Conduct](#), our Enterprise Lobbying Policy, our Canadian and U.S. lobbying procedures and other controls, we strive to ensure we are compliant with laws respecting communication with government officials in every jurisdiction in which we operate. In response to both regulatory changes and emerging best practices, we continue to review and re-evaluate our reporting practices to help ensure our disclosures meet the needs of our stakeholders. Over the years, shareholder engagement has helped RBC expand its level of disclosure and create or modify corporate policies related to political engagement.

Related community activities

We believe that a company "does well by doing good"; that is, by having a positive social, environmental and economic impact on our communities on behalf of stakeholders, including clients and prospective clients, consumers, and governments and regulators. We consider stakeholder engagement to be an integral part of our approach to doing business, above and beyond our corporate citizenship 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.

Annually, we produce the [PAS](#), which encompasses relevant activities related to RBC and its prescribed affiliates and declarants in Canada.

Our [ESG Performance Report](#) includes information on our support for community and charitable donations to a broad range of causes around the world. For more information about our programs, plans, goals and performance highlights, visit rbc.com/community-social-impact/index.html.

Lobbying

In addition to our Code of Conduct, our Enterprise Lobbying Policy covers circumstances where RBC employees may have contact with public officials who play a role in developing legislation, regulations or other government actions. Where such contact occurs, the policy requires that appropriate processes and controls be put in place to ensure these contacts comply with the applicable rules, regulations and internal requirements.

The majority of our activities take place in Canada, particularly at the federal level, and in the U.S.

Canada

We communicate with the government in an open and transparent way that is consistent with the federal Lobbying Act and other applicable laws and regulations. In Canada, members of the Board are not registered to lobby on behalf of RBC. Information on those authorized to lobby on behalf of RBC, including any third parties, is publicly disclosed in accordance with applicable laws.

The President and Chief Executive Officer (CEO) of the Royal Bank of Canada is responsible for ensuring that employees who lobby are informed of their obligations, including under the federal Lobbying Act, and of their duty to abide by the principles of the Lobbyists' Code of Conduct.

Employees who lobby on behalf of RBC are authorized by senior management. In addition, we register employees who lobby on our behalf, as required by applicable laws and regulation, including the President and CEO of the Royal Bank of Canada and other key senior executives.

Employees who are authorized to communicate on behalf of RBC must comply with the Canadian federal Lobbyists' Code of Conduct and other relevant laws, including keeping a running log of every reportable

communication that has taken place, responding promptly to all emails received regarding lobbying activity, providing information on all reportable, relevant communications and seeking guidance from Regulatory & Government Affairs when necessary.

On a monthly basis, RBC reports on its federal lobbying activities and any other reportable activities. These monthly reports and any other required filings are the overall responsibility of the Royal Bank of Canada's Vice-President of Government Affairs.

A full list of our Canadian reportable communications, and additional information on reportable communications, can be found at:

Office of the Commissioner of Lobbying of Canada – lobbycanada.gc.ca/en/

British Columbia – lobbyistsregistrar.bc.ca

Alberta – albertalobbyistregistry.ca

Saskatchewan – sasklobbyistregistry.ca

Manitoba – lobbyistregistrar.mb.ca

Ontario – oico.on.ca

Quebec – commissairelobby.qc.ca

New Brunswick – oic-bci.ca

Nova Scotia – novascotia.ca/sns/lobbyist

Newfoundland and Labrador – gov.nl.ca/dgsnl/registries/lobbyists/

Yukon – yukonlobbyistregistry.ca/en

United States

The U.S. Congress provides public access to our federal lobbying disclosure reports, including reporting on RBC's quarterly expenditures on lobbying-related activities, the subject matter of issues RBC lobbies on and the name(s) of any individual(s) registered to lobby on RBC's behalf at disclosures.house.gov. As at December 31, 2022, RBC had two registered federal lobbyists in the U.S. Certain employees are registered as lobbyists at the state and local levels. This activity mainly encompasses procurement lobbying.

Key financial sector policy positions in calendar year 2022

Issue	Primary government office	Key developments and RBC's positions/activities	Jurisdiction
Consumer issues	Government of Canada	RBC participated, both directly and through industry associations, in discussions to improve the framework relating to consumer protection for federally regulated banks.	Canada
Technology/data use	Government of Canada and other relevant stakeholders	RBC participated, both directly and through industry associations, in discussions regarding updates to the policy and regulatory framework to reflect technological changes. Important areas of focus included consultations on issues like open banking and privacy legislation.	Canada
Payments system	Government of Canada and other relevant stakeholders	RBC actively participated in government consultations on payments-related issues, including the oversight of the retail payment system, interchange fees and efforts to modernize the Canadian payments system.	Canada
Taxation	Government of Canada and other relevant stakeholders	RBC advocated, both directly and through industry associations, for the principle of tax neutrality, and in favour of an efficient tax system that supports growth, investment and international competitiveness.	Canada
Financial regulatory reform	U.S. Senate, U.S. House of Representatives, Federal Reserve System, Securities & Exchange Commission (SEC), Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC)	RBC participated, both directly and through industry associations, in discussions and written comments on issues related to climate risk management principles and potential guidance, Dodd-Frank Act Section 1071 regarding small business loan reporting, potential reforms to Community Reinvestment Act regulations and legislation regarding the LIBOR transition.	United States
Financial institutions/ investments/securities	U.S. Senate, U.S. House of Representatives, SEC	RBC engaged in advocacy efforts related to market structure, including Regulation National Market System (NMS), issues related to climate-related disclosures, SEC Regulation Best Interest and SEC Rule 15c2-11.	United States
Tax	U.S. Senate, U.S. House of Representatives	RBC engaged in discussions related to reforming the U.S. tax code, including the Low Income Housing Tax Credit (LIHTC), the deductibility of tax refunding bonds, private activity bonds, direct-pay bonds, bank-qualified bonds, infrastructure finance, the cap on federal deduction for state and local taxes (SALT), revisions to the Base Erosion Anti-Abuse Tax (BEAT) and retirement savings.	United States

Memberships and associations

In addition to our direct engagement with government officials, we are also members of associations that may have interactions with government officials on matters of interest to the financial services industry. These associations, such as the Canadian Bankers Association, promote public policy objectives important to RBC, our clients and the broader community. Membership in, or financial support of, these various groups does not mean that RBC supports every position taken by these organizations or their other members. Where these positions differ from those of RBC, we are committed to voicing our views as appropriate through our employees who serve on the boards and committees of these groups or publicly as necessary.

RBC provides disclosure on lobbying as part of our commitment to transparency, including a list of organizations and trade associations that may lobby government and to which we pay membership dues of greater than \$50,000 per year.

The following are key organizations and trade associations RBC belongs to or is affiliated with that may engage in lobbying governments and that we currently pay membership fees to:

Membership fees of C\$50,000-C\$100,000:

- [Business Council of Canada](#)
- [Loan Syndications and Trading Association](#)
- [The Canadian Chamber of Commerce](#)
- [UK Finance](#)
- [Structured Finance Association](#)

Membership fees of C\$100,000-C\$200,000:

- [Association for Financial Markets in Europe](#)
- [Institute of International Bankers](#)

Membership fees over C\$200,000:

- [Canadian Bankers Association](#)
- [Canadian Life and Health Insurance Association](#)
- [Futures Industry Association](#)
- [Investment Industry Association of Canada](#)
- [Securities Industry and Financial Markets Association](#)
- [The Investment Funds Institute of Canada](#)

In the U.S., trade associations annually report to their members the percentage of membership dues that are attributed to lobbying activity expenditures. These expenditures are non-deductible as defined under section 162(e) of the Internal Revenue Code and are reported during the calendar quarter in which the dues are paid.

RBC's U.S. non-deductible lobbying activity expenditures as at December 31, 2022

Trade association	Lobbying activity expenditures
Futures Industry Association (FIA)	US\$14,880.00
Historic Housing Tax Credit Coalition	US\$2,500.00
Institute of International Bankers (IIB)	US\$17,868.40
Global Business Alliance (GBA, formerly the Organization for International Investment (OFII))	US\$15,600.00
Loan Syndications and Trading Association (LSTA)	US\$2,100.00
Structured Finance Association (SFA)	US\$45,100.00
Securities Industry and Financial Markets Association (SIFMA)	US\$109,308.24
The Affordable Housing Tax Credit Coalition (AHTCC)	US\$19,250.00
Total	US\$226,606.64

RBC and RBC Foundation community investments

Our community investments are intended to support our social impact priorities. Community investments, including donations made through RBC or the RBC Foundation, include strict guidelines with respect to the nature of these community investments, including that they not be used for political advocacy or religious/sectarian purposes.

For reasons of accountability, reputational risk and tax benefit, RBC places restrictions on the types of organizations it makes community investments to. Organizations eligible for RBC and RBC Foundation community investments are limited to the following:

- In Canada, qualified donees under Canada Revenue Agency (CRA) guidelines, as well as incorporated not-for-profit organizations. RBC may also fund program management costs at select for-profit organizations that support social impact priorities at scale. The RBC Foundation may only make donations to CRA qualified donees.
- In the U.S., organizations designated under s. 501 (c) (3) of the U.S. Income Tax Code; schools, colleges and universities; and any other charitable organization permitted under local RBC community investment policies.

There are numerous entities that are not eligible to apply for or receive community investments from RBC or the RBC Foundation including, but not limited to, political organizations or parties, trade associations, advocacy organizations, chambers of commerce and professional organizations. RBC and RBC Foundation do not make donations to charitable organizations for purposes of political advocacy or to any political organizations or parties.

A complete list of the charities that receive funding from the RBC Foundation can be found on the CRA website (search “RBC Foundation”).

Political contributions and involvement

RBC supports the communities where we live, work and do business. We also accept accountability for the social and economic effects of our business decisions. We take pride in the value of our contributions and encourage employee volunteerism and participation in general political processes.

The RBC Code of Conduct states that RBC employees who make political contributions or perform political activities must do so on their own behalf, at their own expense and on their own time, and not as representatives of RBC or using RBC resources of any kind. Employees are informed that certain jurisdictions impose restrictions on political contributions or engagement, including volunteer activities and lobbying, by corporations or employees of companies. Employees are advised to review various jurisdictional laws, regulations and policies before making a political contribution. Employees who have questions are informed of how to seek clarity and guidance with their managers or Compliance.

Effective January 1, 2018, RBC does not use corporate funds to donate to political candidates or parties. Information on our historical Canadian corporate political contributions at the provincial level is available at:

- British Columbia* – elections.bc.ca
- Alberta* – elections.ab.ca
- Saskatchewan – elections.sk.ca
- Manitoba* – electionsmanitoba.ca/en
- Ontario* – elections.on.ca/en.html
- Quebec* – electionsquebec.qc.ca/english
- New Brunswick* – electionsnb.ca
- Nova Scotia* – electionsnovascotia.ca
- Prince Edward Island* – electionspei.ca
- Newfoundland and Labrador – elections.gov.nl.ca/elections

* Corporate contributions are currently illegal.

Corporations are prohibited from making political contributions directly to federal candidates or political parties. RBC’s political activities, including political contributions, are restricted by federal and state laws and regulations including those regarding the administration of the RBC Holdco PAC. The RBC Holdco PAC provides opportunities for eligible employees to support federal candidates whose views the RBC Holdco PAC believes are consistent with RBC’s commitment to a fair, transparent and competitive U.S. financial marketplace. It is supported by voluntary contributions of eligible RBC employees who are U.S. citizens or lawful permanent residents residing in the U.S. The RBC Holdco PAC’s day-to-day activities are overseen by a board of directors, which approves RBC Holdco PAC’s contributions to candidates.

RBC operates one Political Action Committee (PAC) at the federal level. RBC does not operate or contribute to any “Super PACs”. RBC does not operate any PACs at the state level. In addition, due to RBC’s business activities, federal, state and local pay-to-play rules further limit corporate and individual employee contributions.

RBC publicly discloses employee PAC contributions as required by law. All reportable political contributions can be found at [fec.gov](https://www.fec.gov). This database includes RBC Holdco PAC contributions as well as reportable contributions by RBC employees. Contributions for the last six calendar years can be found in the table below.

2017	2018	2019	2020	2021	2022
US\$28,000	US\$32,500	US\$25,000	US\$44,000	US\$59,500	US\$38,500

In addition, RBC makes contributions in the U.S. to a limited number of state- and local-level ballot initiatives as permitted by law. Contributions that are reportable by RBC to the Municipal Securities Rule Making Board can be found at emma.msrb.org/MarketActivity/PoliticalContributions.aspx.