Greening Your Business
What’s Right for Your Company?

Sandra Odendahl, Director, Corporate Environmental Affairs
Supply Chain & Logistics Conference, May 2010
Overview

I. About RBC
II. Why Sustainability?
III. Going Green: Integrating Sustainability into business
IV. Banking and the Environment: RBC’s Journey
V. What Next?
I. About RBC

- Assets ~ $655 billion; Market capitalization ~ $77.6 billion.
- Approximately 80,000 employees in 50 countries
- Major operations in Canada, US, UK and the Caribbean
- Over 1700 branches and more than 4,800 ABMs
- Business areas:
  - RBC Canadian Banking (~44% of revenue)
  - RBC Capital Markets
  - RBC Wealth Management
  - RBC US and International Banking
  - RBC Insurance

Largest Canadian bank, 5th largest bank in North America
Largest Company on the TSX
II. Why Environmental Sustainability?
II. Why Environmental Sustainability?

- Moral and ethical obligation
  - Don’t “spend the principal”
- Triple bottom line view of business
  - People, planet, profits
- Ecological limits
  - The economy and society exist within the natural environment, which has finite capacity
Sustainability strategies must reflect these new realities

Challenging economic conditions, heightened competition, volatile markets

Society’s priorities have evolved – Baby-boomers want balance of Wealth, Wellness and World, Gen Y expect it

Limited government leadership and money

II. Why Environmental Sustainability?
What Does it mean for Business?

1. Improved Operational Efficiencies
2. Regulatory risk mitigation
3. Improved access to capital
4. Market Differentiation
5. Employee Engagement
6. Drive Innovation

Sustainability strategies must reflect these new realities
III. Going green: Your guide for the journey

A step-by-step approach to environmental sustainability
III. Going Green
Integrating sustainability into business

1. Commit to Change
2. Understand What matters
3. Focus Your Vision
4. Create Your Plan
5. Make it Mainstream
III. Integrating Sustainability into Business

Step 1: Commit to Change

• Assessment
  – Where are we now?
  – Know how the business works

• Board of directors commitment

• Executive support and leadership

• Policy

• Staff

• Committees and/or champions
Integrating Sustainability into Business

Step 2: Understand what matters

Understand your environmental aspects.

• Understand your inputs, operations, and outputs

• Where does the natural environment affect your business?

• How does your business affect the natural environment?

Supply chain (indirect impacts)

Operations

Products/Services

Waste: to air, water, and land
Understand your stakeholders

- Who are they?
- Which ones do you really care about?
- What do they expect?
Integrating Sustainability into Business

Step 2: Understand what matters

Play the “What if” Game

• What if energy costs double?
• What if biggest customer asked us to reduce packaging?
• What if major competitor launched “green campaign”?
• What if ____________?
• Pick priority issues
  – Issues that have an Impact on business
  – Business has an impact on this issue
  – Stakeholders care

• Who do you want to be?
  – Eg: Minimise use of non-renewable resources (plastics, fossil fuels, etc)
Integrating Sustainability into Business

Step 4: Create Your Strategic Plan

• Key projects and initiatives
  – Will they impact the organisation?
  – Benefits to brand, cashflow, market share?
  – Cost/benefit

• Prioritise
• Targets
• Timelines
• How will you measure success?
Step 5: Make it Mainstream

- Resources, roles, responsibilities, authorities
- Implementation
- Training
- Communication
- Documentation
- Report to executives
- Continuous improvement
- Reach out and Collaborate
IV. Banking and the Environment: RBC’s Journey
Banking and the Environment: RBC’s Journey

Understanding Our Environmental aspects

Operational Footprint

Supply Chain
- Paper
- Electronics
- Office supplies
- Furniture

Operations
- Electricity use
- Paper use
- GHG emissions

Responsible Lending

- Business loans
- Commercial mortgages
- Contaminated site development
- Corporate lending
- Project finance
- Clean tech finance
- Investment banking

Products & Services

- Emissions trading
- Eco-mortgages
- Equity Research
- SRI funds
- Green rewards
- E-Statements
- Green incentives
Banking and the Environment: RBC’s Journey
Our Key Stakeholders

- **Shareholders**

- **Analysts & Regulators**
  - Dow Jones Sustainability Index, Jantzi Research, Carbon Disclosure Project, Desjardins Environment Fund, Securities Regulators, PAS, etc
  - Federal and provincial environmental regulations impact on clients, operations

- **Clients and the General Public**
  - Pension funds and other prospective RBC clients requesting CSR info
  - 40% of Canadians are “Strong Environmentalist Buyers”

- **Environmental activists**
  - Forest Ethics; Rainforest Action Network; Bank Track

- **Employees**
  - Environmental and CSR initiatives having a direct impact on firms' attractiveness to recruits and are a determining factor in employee retention and engagement
  - In a recent RBC survey, 91.3% of employees said it was Very Important to work for a company with a strong record of corporate social responsibility
Banking and the Environment: RBC’s Journey

Our Sustainability Continuum

What?
- Avoid Legal Liability
- Manage Risks
- Reduce Costs
- Sell New Products & Services
- Integrate Into Strategy

Why?
- Shareholders
- Stakeholders

Donate
Our vision is to be the leader among Canadian financial institutions and top tier among US peers in identifying, managing, and championing environmental issues, helping make RBC the first choice for clients, shareholders, and employees. ....... how?
RBC’s environmental strategy is based on our environmental aspects, our stakeholders and our priority issues. Its objectives are to:

– Manage **risks**
– Drive **returns**
– Protect and enhance **reputation**

The strategy is activated through the **RBC Environmental Blueprint**…
• RBC has a solid track record of environmental management, starting with first Policy on Environment and Environmental Risk Manager in 1992

• Environmental Blueprint is a summary of RBC’s medium and longer term aspirations and commitments

• Publicly released in October 2007 following review and support from the enterprise

• Includes:
  – Updated corporate environmental policy
  – Priority environmental issues
  – Priority activities
  – Stakeholder engagement, philanthropy, governance and reporting
Priority issues

- Climate Change
- Forests/Biodiversity
- Water

Priority Activities

i. Reduce our environmental footprint
ii. Risk Management & Responsible Lending
iii. Environmental products and services
iv. Community Engagement
Recent Successes

i. Reducing our Environmental Footprint

• Opened the RBC Centre, a new facility in Toronto. This building qualifies for Leadership in Energy and Environmental Design (LEED) Gold certification for New Construction.

• Royal Bank Plaza, Royal Bank’s iconic gold head office in downtown Toronto, was recently certified LEED-Gold for Existing Buildings.
i. Reducing our Environmental Footprint

- **Green powered branches:** Opened our 100th new green powered branch in December 2009.

- **Paper sourcing:** Converted all office paper purchased in Canada, US and UK to Forest Stewardship Council (FSC) certified or other sustainably sourced paper.

- **Offset the carbon dioxide emissions** associated with RBC’s participation in the 2010 Olympic Torch Relay, Vancouver 2010 Olympic and Paralympic Winter Games.

- **Standards updated:** Updated electrical, mechanical and architectural standards for our Canadian branch network to improve energy efficiency and water use.

- **Server virtualization program:** To date, server virtualization program has resulted in the removal and purchase avoidance of over 3,400 new physical units, with annual energy savings of over 8,000 MWh.

- **Employee Environmental Stewardship Guidelines:** 80,000+ staff globally. The guidelines cover electricity, water, paper, waste, recycling and travel.
Recent Successes

ii. Responsible Lending

Building knowledge on green buildings:

- Published lender guide on green buildings
- Published lender guide on retrofits
- Hosted workshops for lenders on Financing Green Buildings
- Releasing white paper on green buildings and LEED for our clients
- Currently have a number of LEED Accredited Professionals on staff
ii. Responsible Lending

- **Policy:** Drafted an environmental risk management policy for all corporate lending activities enterprise-wide. The policy will be implemented in 2010, and replaces a policy originally implemented in 2000.

- **Gap Analysis:** Assessed the regional differences or gaps in the consistent application of environmental risk management policies across RBC operations in Canada, the United States, the Caribbean, and the British Isles.

- **Transaction Risk Reviews:** Conducted detailed environmental credit risk assessments on over 750 environmentally complex transactions in Canada and the United States.

- Applied the *Equator Principles* to six large projects, all of which were situated in OECD countries.

- **Portfolio Analysis:** Quantified exposure of the largest borrowers in our Canadian loan and investment portfolio to climate change risks and regulations.

- **Renewable Energy Analysis:** Analysed our financing of carbon friendly technologies and the clean-tech sector in our loan and investment portfolio.
Recent Successes

iii. Green Products and Services

Launched RBC’s Greening Your Business portal for small- and medium-sized businesses:

- Free tools to help businesses become more sustainable
- Includes the 48-page “Greening your business: A guide to getting started”
iii. Green Products and Services

- Energy Saver mortgages and loans
  - Subsidised energy audit, eco-efficient renovation advice, line of credit
- Retail SRI Mutual Funds
- Financing energy efficiency retrofits
  - Solar rooftops
- GHG emissions trading, brokerage
- Renewable energy
  - Project finance
  - Small renewables
- Renewable power investment banking
- Equity Research
- LEED certified affordable Housing

There must be a Business Case
Recent Successes

iv. Community Engagement

• **Sponsored** a number of cleantech and green building related events, reports and organizations.

• Conducted extensive **stakeholder engagement** with the Alberta government, NGOs, academics, Aboriginal leaders, industry associations and corporate clients regarding the environmental and social impacts of oil sands.

• **Consultation with the federal Environment Minister’s** office on the design of Canada’s proposed cap and trade system.


• Proactively collaborated with **non-governmental organizations**, including WWF Canada, Nature Conservancy of Canada, the Canadian Boreal Initiative and the Pembina Institute.

• The **2009 Canadian Water Attitudes Study**, commissioned by Unilever and RBC, included an online survey administered by Ipsos Reid in February 2009.

• Committed more than $21 million to 223 organizations worldwide working in the areas of watershed protection and access to clean drinking water through the **Blue Water Project**.
V. What Next?

• Streamlining
  – Focus on what makes sense for your company

• Eco-efficiency first
  – Is there a business case?
  – Can it save money?

• Implications of a price on carbon?

• Green Procurement
  – Supply chain matters

• Consumers weary (and wary) of greenwash
  – Walk the talk

• Making use of committed volunteers
  – Employees who care will be urged to contribute

• There is no finish line
  – Constantly evolving area
Thank you!

For more information on RBC and the environment, visit

rbc.com/environment

For more information on how to green your business, visit

rbc.com/business-advice