



# Environmental Strategy:

managing the risks and capitalizing on the opportunities of environmental sustainability

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Nelson A. Switzer, M.Eng.  
Senior Manager, Corporate Environmental Affairs

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# Outline

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- Defining Environmental Sustainability
- RBC and Environmental Sustainability
- Corporate Environmental Affairs
- Environmental Issues
- Risks and Opportunities
- Stakeholders
- RBC's Environmental Priorities
- Developing a Strategy
- Building an Environmental Product
- Questions, Comments and Ideas



# *Defining Environmental Sustainability*

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For RBC:

The ability to provide short- and long-term returns for our shareholders, clients, and employees while preserving our *economy* and *environment* for future generations.

For your business:

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# ***RBC and Environmental Sustainability***

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- What came first
  - Environmental Risk Management
    - Credit and portfolio risk management
- What came next
  - Corporate Environmental Affairs
    - Strategy
    - Policy
    - Environmental Risk Management
    - Corporate Environmental Responsibility
    - Stakeholder engagement
    - Communication and Reporting



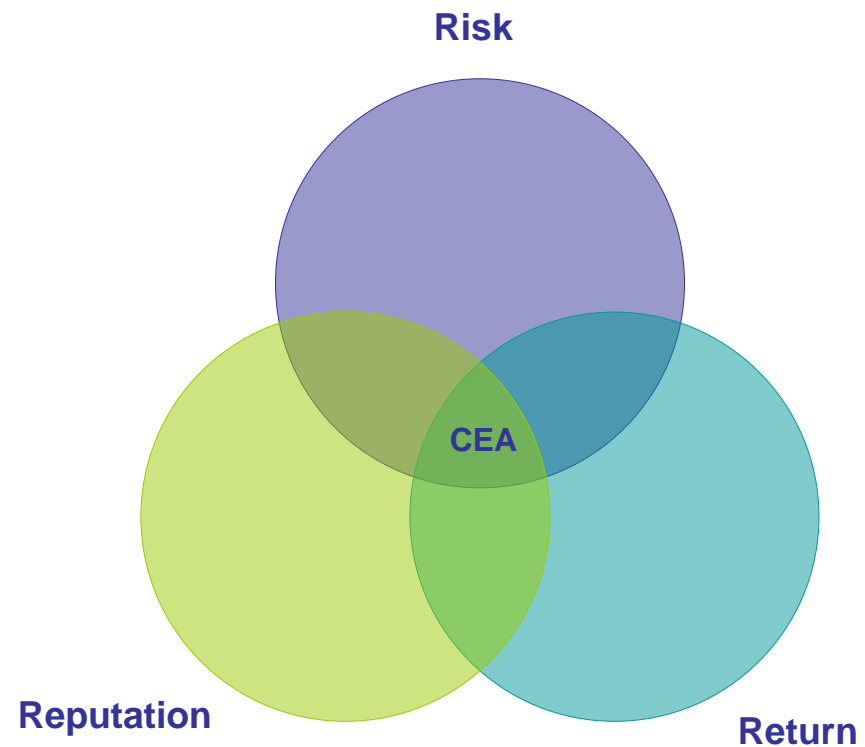
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# Corporate Environmental Affairs

The CEA mandate is designed to:

- Ensure environmental risks are managed
- Drive returns
- Protect and enhance RBC's reputation



# RBC's Environmental Priorities

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- Environmental Issues
  - Climate change
  - Biodiversity
    - Forests
    - Indigenous peoples
  - Water
- Environmental Activities
  - Reduce our footprint and manage environmental risks in our own operations
  - Responsible lending & investment
  - Business growth and products and services



# *Environmental Issues (examples)*

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- Physical: environment
  - Climate change
  - Biodiversity
  - Water
- Behavioural: consumption
  - Land use planning
  - Paper
  - Energy
  - Pollution
- Social
  - Rights of indigenous peoples



# *Risks and Opportunities (examples)*

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- Risks
  - financial loss
  - credit risk
  - liability
  - pollution
  - shareholder resolution
  - carbon risk
- Opportunities
  - New markets
  - Secure investment
  - Partnership
  - Reduce risk
  - Manage stakeholders
  - Increase returns

## Reputation



# ***Stakeholders (examples)***

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- Clients
- Shareholders (and ratings firms and indices)
- Employees (executives and others)
- Community
- Government & Regulators
- NGOs
- Media
- Competitors
- Suppliers



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# Developing a Strategy: how to

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1. Commitment - assess your business interest
  - a) Identify the environmental issues material to your business
  - b) Determine the risks and opportunities associated with these issues
2. Stakeholders - determine who cares about how you manage these issues
3. Options - evaluate options for managing these issues
4. Prioritize – determine which options to address
  - a) Ease
  - b) Cost
  - c) Risk
  - d) Return

Hint: Always involve your stakeholders – both internal and external. Consider how your initiatives may affect them.

# ***Developing a Strategy: how to*** ***(cont'd)***

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5. Implementation – develop programs and initiatives to manage priority environmental issues and activities
6. Track – measure success
  - a) Increased returns
  - b) Fewer losses
  - c) Media attention (positive/negative)
7. Redress – use tracking data to assess, improve, adapt or abort activities



# ***Building an Environmental Product: some advice***

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- Unique and practical
- Establish a link between the environmental attributes of the product and the consumer
- Provide opportunities for like-minded people to meet
- Be genuine and take action in your own operations



# *Questions, Comments and Ideas*

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Thank you

Further information:  
[www.rbc.com/environment](http://www.rbc.com/environment)

Nelson A. Switzer, M.Eng.  
Senior Manager, Corporate Environmental Affairs  
[nelson.switzer@rbc.com](mailto:nelson.switzer@rbc.com)



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