

Statement of Corporate Governance Practices

We are committed to high standards of governance, consistent with regulatory expectations and evolving best practices aligned with our strategy and risk appetite. We believe good governance contributes to effective and transparent oversight by establishing the processes, practices and structures through which we work to meet our strategic objectives and achieve long-term value for our shareholders.

These core principles drive our approach to corporate governance:

Ethical Culture

By setting the tone at the top, the board champions the values of trust, integrity and good governance.

Stewardship

Directors are the stewards of RBC, exercising independent judgment in overseeing management and safeguarding the interests of shareholders.

Strategic Oversight

Directors are key advisors to management, advising on strategic direction, objectives and action plans, taking into account business opportunities and RBC's risk appetite.

Risk Oversight

The board oversees the frameworks, policies and systems to identify and manage risks to the businesses and seeks to embed a strong risk management culture throughout RBC.

Independence

Independence from management is fundamental to the board's effective oversight and mechanisms are in place to ensure its independence.

Accountability

Transparency is a key component of good governance. The board is committed to clear and comprehensive financial reporting and disclosure and constructive shareholder engagement.

Continuous Improvement

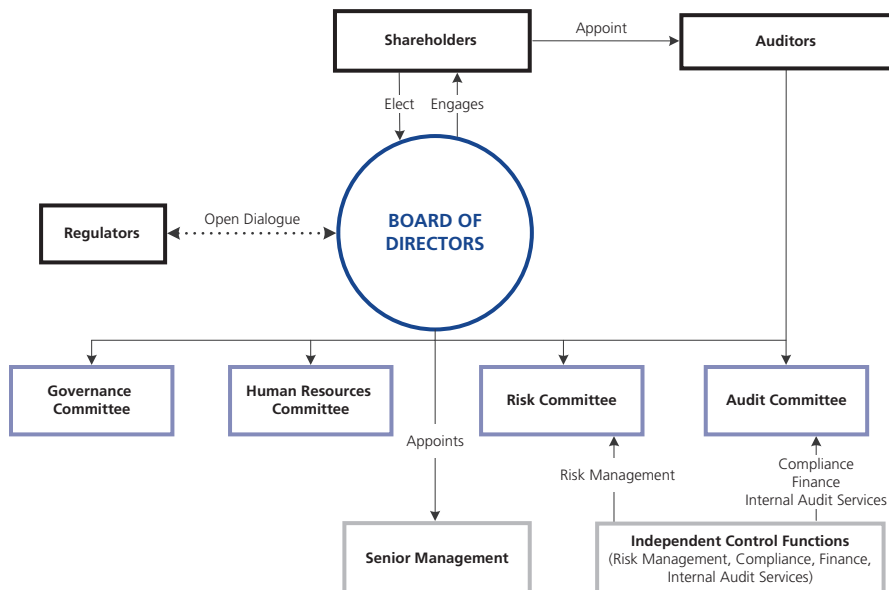
The board is committed to continuous improvement of its corporate governance principles, policies and practices.

The board exercises its authority in accordance with the RBC Code of Conduct, our By-laws, the *Bank Act*, and other applicable laws and regulations, including those imposed by the Canadian Securities Administrators (CSA), the Toronto Stock Exchange, the New York Stock Exchange (NYSE), the NASDAQ Global Market (NASDAQ) and the U.S. Securities and Exchange Commission.

Governance structure

The fundamental relationships among the board, its committees, management, shareholders and other stakeholders are established by our governance structure.

Through this framework our ethical values and strategic and corporate objectives are set, and plans for achieving those objectives and monitoring performance are determined.



Board structure

Board of Directors Independent Board Chair: Kathleen Taylor			
Audit Committee All Independent	Human Resources Committee All Independent	Governance Committee All Independent	Risk Committee All Independent

The board and each of its committees have a mandate which identifies areas of responsibility and oversight. The Governance Committee annually reviews the committees' mandates to appropriately allocate responsibilities, taking into account regulatory guidance and best practices. This ensures that the board and its committees are adaptive and responsive to new requirements and best practices, and that oversight is efficient and streamlined. Mandates of the board and each committee are available on our website at rbc.com/governance.

The Governance Committee recommends membership and Committee Chair succession plans. In the normal course and, subject to annual reappointment by the board, directors serve on a committee for a minimum of three years. Each committee, through its Chair, reports to the board following each meeting.

RBC Code of Conduct

We hold ourselves to the highest standards of conduct to build the trust of our clients, investors, colleagues and community. The RBC Code of Conduct (Code) promotes standards of ethical behaviour that apply to directors, senior management and all employees.

The board approves the Code and collaborates closely with management to set the tone at the top and promote a strong governance culture that influences RBC at every level. The Code sets out fundamental principles that guide the board in its deliberations and reflect the Bank's global businesses, and new and emerging risk areas.

Our Code fosters an open environment in which questions and concerns may be brought forward. It creates a frame of reference for dealing with sensitive and complex issues, and provides for accountability if standards of conduct are not upheld.

Waivers of the application of the Code are considered only in exceptional circumstances. In the case of executive officers and directors, waivers must be reported to the Governance Committee or the board, and must be publicly disclosed in accordance with law.

No waivers from the Code were granted in 2016 for executive officers or directors.

To enhance understanding of the values and principles outlined in our Code, we have implemented an online learning program that requires employees annually to demonstrate their familiarity with the Code and certify that they are in compliance. Directors are required to acknowledge each year that they have read and understand the Code and certify they are in compliance. We have also adopted policies and procedures to address more specific aspects of ethical business conduct, such as anti-bribery, anti-corruption and insider trading.

Regular reporting on ethics and compliance to the Governance Committee assists the board in monitoring compliance with the Code. Our Code has been filed with securities regulators at sedar.com and is available at rbc.com/governance.

RBC reporting hotline

Our stakeholders rely on the accuracy of our financial reporting. We have established mechanisms for directors, officers, employees and third parties to report, on a confidential and anonymous basis, any allegations of wrongdoing relating to accounting, auditing or internal accounting controls. Details on our reporting hotline can be found at rbc.com/governance. All credible issues would be investigated internally or by an independent external party and any significant issues would be raised to the Chair of the Audit Committee.

Conflicts of interest

In practice, conflicts of interest can arise as a result of professional and contractual arrangements, directorships and other business interests. Where the personal or business interests of directors and executive officers may conflict with those of RBC, they are required to disclose the nature and extent of a conflict of interest at the earliest possible date. Such disclosure must be made in writing or by requesting to have it entered in the minutes of the meeting. In the event of a conflict of interest, the director or executive officer will leave the relevant portion of the meeting and the director will not vote or participate in the decision.

Independence of the board

To be effective, the board must be independent of management. The board has adopted a Director Independence Policy, which incorporates the 'affiliated persons' regulations under the *Bank Act* and the definition of 'independence' in CSA Guidelines. This policy has been filed with securities regulators at sedar.com and is available on our website at rbc.com/governance. It sets higher standards for members of our Audit Committee and our Human Resources Committee.

All 2017 director nominees are **independent** except for our CEO.

Assessing independence

A director will be considered independent only if the director is unaffiliated with RBC and the board has determined that the director has no direct or indirect material relationship with RBC that could interfere with the exercise of his or her independent judgment.

Information concerning personal and business relationships between each director and RBC, including the provision of banking and financial services, is used by the board in its determination of director independence. This information is collected through due diligence that includes the following sources:

- directors' responses to an annual detailed questionnaire;
- biographical information of directors; and
- internal records and reports on relationships between directors, entities affiliated with directors and RBC.

Relationships between a director and RBC are tested against the materiality thresholds set out in the RBC Director Independence Policy. We also take into account all other facts and circumstances that we deem relevant in determining whether the relationships could reasonably be expected to interfere with the exercise of the directors' independent judgment. We consider the nature and extent of these relationships and their importance not only to the director and to RBC, but also to entities with which the director is affiliated.

Determinations of independence

The board has analyzed the direct and indirect material relationships between each director nominee and RBC. On advice from the Governance Committee, the board has affirmatively determined that 12 of the 13 nominees (92%) in this Circular for election as directors are independent. The *Bank Act* requires that the CEO be a member of the board and, as CEO, Mr. McKay is affiliated with RBC and is not independent.

Board committees are composed entirely of independent directors. We have also determined that every member of our Audit Committee and our Human Resources Committee meets the additional independence requirements for membership on audit committees and compensation committees.

Board interlocks and other board memberships

To ensure our directors have sufficient time and energy to devote to their responsibilities at RBC, and that no circumstances arise that could impact their independent thinking, we monitor the other public company boards on which our directors serve. Directors are required to pre-notify the Board Chair, Governance Committee Chair or Secretary of the Bank before accepting directorships on the board of any company or organization, whether public or private.

Board Interlock Policy	No more than two RBC board members may serve on the same public company board. Currently no RBC director serves on another public company board with another RBC director.
Service on public company audit committees	Members of the Audit Committee may serve on the audit committees of only three public companies, including RBC.

Other independence mechanisms

The board has established other important governance policies and practices to enhance board independence.

External advisors	To ensure access to independent advice, each board committee and, with the approval of the Board Chair, individual directors, may engage external advisors at the expense of RBC.
In camera sessions	To facilitate open and candid discussion among the directors, the Board Chair and Committee Chairs lead sessions attended only by independent directors. In fiscal 2016 independent directors' sessions were held at all board and regularly scheduled committee meetings.

Independent Chair of the Board

An independent, non-executive Board Chair enhances management's accountability and the board's independent oversight. The Board Chair leads meetings of the board and of shareholders. She is responsible for the management, development and effective functioning of the board. While she does not serve as a member of any board committee, she attends and participates at all committee meetings. The Board Chair does not have a casting or deciding vote in the event of a tie of board member votes.

Kathleen Taylor is our independent Board Chair.

In carrying out her duties, the Board Chair:

- advises the CEO on major issues and serves as a liaison between the board and senior management;
- participates in the orientation of new directors and the continuing development of current directors; and
- together with the Governance Committee is responsible for conducting the board's effectiveness evaluation, as more completely explained on pages 37 and 38, and planning board succession and recruitment.

The board reviews and approves the Board Chair's mandate, which is available at rbc.com/governance. The Governance Committee, under the direction of its Chair, annually assesses the effectiveness of the Board Chair in fulfilling the requirements of her mandate.

Role of the board

The board makes major policy decisions, participates in strategic planning, and reviews management's performance and effectiveness. The *Bank Act* specifies certain important matters that must be dealt with by the board, such as approval of financial statements and declarations of dividends. By formal resolution, the board reserves for itself the right to make certain decisions and delegates others to management. In some matters, management's discretion is limited by dollar thresholds beyond which board approval is required. You can read our board's mandate on our website at rbc.com/governance.

Directors are elected to oversee RBC management, with the goal of **enhancing long-term shareholder value**.

Key areas of board oversight

Responsibility	Activities
Culture of integrity	<ul style="list-style-type: none"> • Championing the Bank's values, as set out in our Code of Conduct, and satisfying itself that a culture of integrity is maintained throughout RBC.
Strategic planning	<ul style="list-style-type: none"> • Overseeing our strategic direction and formulation of our plans and priorities, ensuring alignment with the Bank's risk appetite. • Annually approving the strategic plan, which takes into account, among other things, the opportunities and risks of the businesses. • Discussing aspects of strategy and, within the context of our enterprise-wide performance management framework, monitoring implementation of strategic initiatives. • Reviewing and approving the Bank's organizational structure. • Approving our financial objectives and operating plans, including significant capital allocations, expenditures and transactions that exceed delegated authorities. • Reviewing results of an annual assessment of business performance.

Responsibility	Activities
Risk management	<ul style="list-style-type: none"> • Overseeing and approving the Bank's Risk Appetite Framework. • Through its four committees, overseeing strategic risk management by approving risk management frameworks and policies, and monitoring risk conduct at RBC. • Promoting a strong risk culture and ensuring conduct aligns with the Bank's enterprise-wide risk management framework. • Meeting with regulators on the Bank's risk appetite and control environment.
Financial reporting and internal controls	<ul style="list-style-type: none"> • Overseeing compliance with applicable audit, accounting and financial reporting requirements. • Requiring management to implement and maintain effective systems of internal control, including management information systems. • Through the Audit Committee, assessing the adequacy and effectiveness of systems of internal control. • Approving the quarterly and annual financial reports.
Talent management and succession planning	<p>Together with the Human Resources Committee:</p> <ul style="list-style-type: none"> • Reviewing strategies and programs for assessment and development of senior talent. • Supervising succession planning processes, which include selection, appointment and the development of the CEO and Group Executive. • Evaluating and approving compensation of the CEO and senior management team in a manner consistent with prudential incentives. • Annually reviewing and approving the mandate of the CEO.
Governance	<ul style="list-style-type: none"> • Through the Governance Committee, monitoring best practices in governance, developing corporate governance principles and guidelines, and establishing appropriate structures and procedures to allow the board to function effectively and independently of management.

Director orientation

The Governance Committee oversees director orientation to facilitate a smooth and timely integration into their new role as members of the board. This year the Governance Committee reviewed its approach to director orientation, considering director feedback, peer benchmarking and best practices. We enhanced orientation materials, expanded orientation sessions with management and introduced a new director mentorship program that pairs new directors with experienced members.

New director orientation is a **collaborative effort** between the board, management and the Secretary.

New directors meet with the Board Chair, Committee Chairs, Group Executive and other key senior management to discuss our strategy and businesses, the culture of RBC and its board. New directors are also invited to attend committee meetings that they are not a member of to familiarize themselves with RBC. They receive a comprehensive orientation guide which explains the role and expectations of being a director, a summary of our structure and corporate governance principles, and other key policies and procedures, including our Code of Conduct and Director Independence Policy.

Director continuing education and board information needs

The Governance Committee oversees director education, providing directors with an ongoing program to assist them in understanding their responsibilities, as well as keeping their knowledge and understanding of our businesses current. Directors identify their

continuing education needs through annual board and committee evaluations and regular feedback to the Board Chair and Committee Chairs. New Committee Chairs also receive materials and meet with executive sponsors and the Secretary to familiarize themselves with their responsibilities as Chairs.

Our educational program includes presentations by external experts and senior executives on the business and regulatory environment, and on specialized and complex aspects of our operations. Areas of shared concern or oversight are covered in joint education sessions across two or more committees.

We maintain an **online resource library** to keep our directors updated with relevant information.

Directors may attend all committee education sessions, even if they are not a member of that committee. Directors also receive educational materials and updates between board meetings on matters that affect our businesses. To ensure timely access to information, we use a secure board portal to provide directors with a comprehensive package of information prior to each board and committee meeting.

Periodically the board participates in tours of our operations to familiarize directors with our businesses. In 2016, directors had the opportunity to meet with senior executives in Montreal, Quebec and Los Angeles, California.

Our online resource library gives directors access to information on relevant topics, including notifications about educational opportunities outside of RBC. Directors participated in external educational activities including events held by the Bank Governance Leadership Network, the Global Risk Institute and the Group of Thirty Consultative Group on International Economic and Monetary Affairs, Inc.

We also purchase memberships for our directors in the Institute of Corporate Directors and the National Association of Corporate Directors to allow them access to additional education opportunities such as conferences, presentations and seminars.

During the 2016 fiscal year, directors attended the following education sessions:

Quarter	Educational presentations	Attendance
Q1 2016	<ul style="list-style-type: none"> Overview of subsidiary oversight at RBC Cybersecurity update City National Bank – Integration ‘Deep Dive’ Trends in director orientation and education Shareholder engagement principles and practices Operational risk update Sensitivity of net interest income to changes in interest rates 	<ul style="list-style-type: none"> Board Board Board Governance Governance Risk Audit & Risk
Q2 2016	<ul style="list-style-type: none"> Blockchain: Is it the Future of Finance or a Passing Craze? Business overview – Quebec operations Aftershocks of the Great Oil ‘Quake’ of 2015 RBC Europe Limited – Perspectives on subsidiary governance Overview of the Bank’s stress testing programs Cybersecurity preparedness and readiness update 	<ul style="list-style-type: none"> Board Board Board Audit Risk Audit & Risk
Q3 2016	<ul style="list-style-type: none"> Update on the Brexit referendum Canadian Federal Government update The Future of Banking (external consultant) CEO compensation and benchmarking with peers from independent compensation consultant Capital markets compensation trends Central funding update through a ‘risk lens’ RBC balance sheet through a ‘risk lens’ IFRS 9: Oil & Gas scenarios 	<ul style="list-style-type: none"> Board Board Board HR HR Risk Risk Audit & Risk

Quarter	Educational presentations	Attendance
Q4 2016	Agile Gallery Walk: New ways of working Competitive assessment of director compensation Leadership development strategies Assessment and strengthening of the Bank’s risk conduct Retail credit risk overview: Canadian Banking Reputational, environmental and social considerations in credit decisions IT Risk Update: Logical access, eMessaging & 3 rd party risk Anti-Money Laundering update Accounting policy updates	Board Governance HR HR & Risk Risk Risk Risk Audit & Risk Audit & Risk

Nominating committee

With a view to the long-term strategic focus of RBC, the Governance Committee has oversight responsibility for board renewal and acts as the Bank’s nominating committee. Directors are elected by the shareholders at each annual meeting to serve for a term expiring on the date of the next annual meeting.

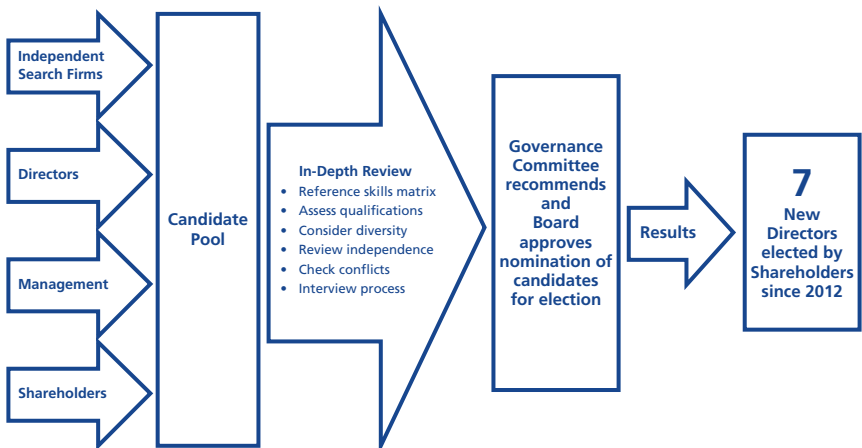
An independent search firm is engaged to help identify high potential candidates.

Identification, assessment and nomination of new RBC directors

The board derives its strength from the background, diversity, qualities, competencies and experiences of its members.

Every year, the Governance Committee works with the Board Chair to review the credentials and experience of candidates proposed for election to the board and to assess their competencies and experience against those that the board, as a whole, should possess. As part of this analysis, we maintain a matrix indicating the major competencies and expertise contributed by each director. You can find this matrix on page 16.

The Governance Committee also considers the results of the board and director effectiveness evaluations and feedback from management in its assessment of the skills and competencies needed by the board to support the strategic objectives of RBC. It uses this analysis to determine the qualities and backgrounds it should seek in new board members to add value to the organization.



Nomination by shareholders

Any shareholder who wishes to recommend a candidate to be considered by the Governance Committee may submit the candidate's name and biographical information, including background, qualifications and experience to the Board Chair using the contact information at the back of this Circular. In addition, the *Bank Act* provides a formal process for shareholders, holding in aggregate 5% of RBC shares, to nominate director candidates in our proxy circular.

Evaluating candidates for the board

The Governance Committee, together with the Board Chair, considers all qualified individuals and maintains an evergreen list of potential candidates. We select independent nominees possessing business judgment, business and professional expertise, international experience, a history of achievement and performance at the highest level and residency in, and familiarity with, geographic regions relevant to our strategic objectives.

The skills, commitment and conduct that are expected of new and current directors are laid out in our Director Effectiveness Framework, found on page 37. The Governance Committee also focuses on diversity, including gender diversity, when considering candidates for nomination to the board.

Tenure and term limits

To balance the benefits of experience with the need for new perspectives, we have tenure policies that seek to achieve ongoing renewal. Term limits do not take precedence over our annual director effectiveness evaluation, which is detailed on page 38. A director is expected to submit his or her resignation to the Board Chair where the:

- qualifications, independence or other credentials of the director change;
- director no longer meets eligibility rules under the board's conflict of interest guidelines; or
- director is no longer qualified under the *Bank Act* or other applicable laws.

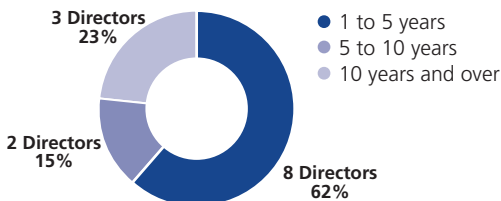
The Governance Committee will make a recommendation to the board on whether to accept the resignation. A director who tenders a resignation does not participate in the discussion or decision-making process.

Our Tenure Policy can be summarized as follows:

Directors*	<ul style="list-style-type: none"> • Earlier of a 15-year term or reaching the age of 70. • New directors may serve for at least six years, regardless of age.
Board Chair	<ul style="list-style-type: none"> • 8-year term with a review after five years of continuous service to plan for an orderly succession.
Committee Chairs	<ul style="list-style-type: none"> • 3-year term, which may be extended for up to two years if appropriate, having regard to the expertise required for leadership of the relevant committee.

* For directors who joined the board prior to May 27, 2011, the term limit is calculated starting on the date of the 2012 Annual Meeting.

The tenure of directors standing for election at the 2017 meeting can be summarized as follows:



Our director nominees have an average tenure of **5.4 years**.

Majority Voting Policy

The board has in place a written Majority Voting Policy. In an uncontested board election, any nominated director must immediately tender his or her resignation if not elected by at least a majority (50% plus 1 vote) of the votes cast in his or her election. The board will determine whether to accept the resignation within 90 days. Absent exceptional circumstances, the board will accept the resignation. A resignation will be effective when accepted by the board.

A director who tenders a resignation pursuant to this policy will not participate in any meeting of the board or committee at which the resignation is considered. RBC will promptly issue a news release with the board's decision. If the board determines not to accept the resignation, the news release will fully state the reasons for that decision.

Board size

When determining its optimal size, the board balances two competing priorities:

- (i) a business need for diversity of experiences, perspectives and backgrounds that align with the Bank's near and long-term strategic objectives and reflect its diverse client and stakeholder base; and
- (ii) the need to be small enough to facilitate open and effective dialogue and thorough and responsive decision-making.

13 nominees are standing for election as directors.

Regulatory requirements and succession planning also play a key role in the board's consideration of its size.

Diversity

In keeping with our business imperative to attract and retain the best talent, the board recognizes the benefits of promoting diversity, both within RBC and at the board level. We are committed to diversity and inclusion at all levels, as it provides us access to a wider pool of talent and drives creativity, innovation and growth.

Board Diversity Policy

RBC has played a leadership role in promoting board diversity in corporate Canada. In 2012, we were one of the first signatories of the Catalyst Accord, a call to action to increase the representation of women directors of FP500 boards to 25% by 2017. In 2015, RBC was a founding member of the Canadian chapter of the 30% Club, an organization with an aspirational objective of 30% women on boards by 2020.

38% of our director nominees are women.

To assist in meeting our diversity objectives and to ensure there are no systemic barriers or biases in our policies and practices, the board has approved a written Board Diversity Policy. The board currently has a diversity objective that each gender comprises at least 30% of directors.

Every year, the Governance Committee completes a self-assessment that measures, among other things, its effectiveness in guiding the organization towards its diversity objectives.

The nominees for election to the board at the 2017 Annual Meeting include five women of a total 13 director nominees (38%). Over the past five years, the representation of women on the board has remained consistently over 30%. Currently the Board Chair and two Committee Chairs are women.

The Governance Committee reviews board composition and any anticipated board vacancies in light of our Board Diversity Policy and objectives. Pursuant to our Board Diversity Policy and our commitment to a balanced and diverse board, diversity of gender, age, geography, background and ethnicity are always important factors considered by the Governance Committee.

Diversity of the executive team

Diversity is integrated into our approach to talent management, which is highlighted on page 73. We consider different dimensions of diversity, including gender, race and ethnicity, when staffing executive and senior manager roles. This includes the CEO and executive officers reporting to the CEO (the Group Executive). We do not establish specific diversity targets at the level of the Group Executive due to the small size of this group and the need to carefully consider a broad range of criteria. As of the date of this Circular, two of the nine (22%) executive officers who make up the Group Executive are women.

RBC has had a Diversity Leadership Council chaired by the CEO since 2001, which provides a strong tone from the top. This Council, composed of senior executives from across all businesses, develops diversity strategies and action plans with measurable outcomes. The representation of women in executive and senior manager roles is an important measure of our progress in building a diverse leadership pipeline for senior leadership positions. We are focused on accelerating the development of women to strengthen our succession bench through a number of different initiatives including our Women in Leadership Program. Diversity is a consideration in identifying development opportunities for our high potentials, such as inclusion on executive staffing lists, targeted development plans, and participation in formal development and mentoring programs.

As at October 31, 2016, representation of women executives in Canada was 41%, exceeding our representation goal of 40% by 2017. We believe every staffing matters when it comes to making meaningful change and accordingly have set ambitious diversity staffing goals in addition to representation goals. Our staffing goal for new executive appointments is set at 50% for women. We believe setting aspirational goals will help drive continued efforts in this area. Annually, the Human Resources Committee reviews a report on executive talent management, which among other things, tracks progress in diversity.

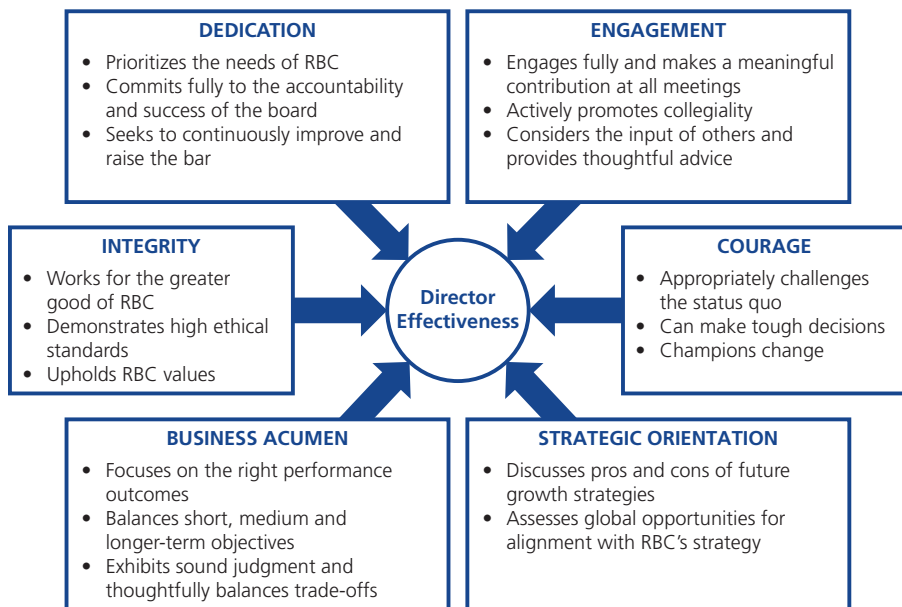
Board, committee and director effectiveness evaluations

The board and its committees annually review their effectiveness as part of a commitment to continuously improve their oversight, guidance and constructive challenge of management. This evaluation is managed by the Governance Committee, and includes separate evaluations of the Board Chair and each Committee Chair, as well as a peer review of each director. The results help the board develop priorities and action plans for the following year. The evaluations also form part of the Governance Committee's assessment of the skills and competencies needed by the board to support the strategic objectives of RBC, and inform their consideration of director nominee candidates.

An **independent consultant** is engaged to design and administer the evaluations.

Expectations of our directors

Our director effectiveness framework identifies the key characteristics and behaviours that the board considers essential for any director to successfully discharge his or her oversight responsibilities. This framework forms the basis of the peer evaluation components of the evaluation, and reflects the board's commitment to continuous improvement on an organizational and individual level.



"Purpose-driven, Principles-led & Performance-focused"

Annual evaluations

The annual evaluations of the board and each committee are supplemented by input from Group Executive on areas such as board and committee processes, materials, interaction with management and overall effectiveness. We review our evaluation and effectiveness frameworks annually to align them with best practices and regulatory guidance.

Who undergoes Assessment?	Board	Board Chair	Committees and Committee Chairs	Individual Directors
Who performs the Assessment?	All directors and Group Executive	All directors (including CEO)	Committee members and applicable senior management	All directors (including CEO)
Process	<ul style="list-style-type: none"> Questionnaire Report ⁽¹⁾ reviewed by Governance Committee (GC) and board 	<ul style="list-style-type: none"> Questionnaire Feedback provided to GC Chair Report ⁽¹⁾ reviewed by GC and board 	<ul style="list-style-type: none"> Questionnaire (including assessment of Committee Chairs) Report ⁽¹⁾ reviewed by committee 	<ul style="list-style-type: none"> Personal and peer review Report ⁽¹⁾ consolidates ratings and commentary One-on-one meetings with Board Chair
Outcomes	<ul style="list-style-type: none"> Priorities and action plans developed 	<ul style="list-style-type: none"> GC Chair reports to the board on the effectiveness of the Board Chair Priorities and action plans developed 	<ul style="list-style-type: none"> Feedback on Committee Chairs provided to the Board Chair Priorities and action plans developed 	<ul style="list-style-type: none"> Board Chair identifies development opportunities Peer feedback taken into account during re-nomination process

(1) As part of its engagement, the independent governance consultant analyzes the results and prepares the reports.

Updates on priorities and action plans are provided to the board and committees by the Committee Chairs and the Board Chair on a regular basis throughout the year. This creates an effectiveness evaluation that is an ongoing, dynamic part of the functioning of the board and its committees.

Compensation at RBC

Directors' compensation

The Governance Committee reviews the amount and the form of compensation of non-executive directors. Board compensation at RBC is designed based on our compensation principles to align the interests of directors with those of our shareholders. Detailed disclosure of board compensation is provided under the heading 'Directors' compensation' starting on page 17 of this Circular.

Executive compensation

The board is responsible for decision-making and oversight with respect to the Bank's compensation principles, policies and programs, including the management of compensation risk. Our shareholders participate annually in an advisory vote on our approach to executive compensation.

The Human Resources Committee acts as the compensation committee of the board and assists the board in carrying out its responsibilities with respect to executive compensation matters. This committee advises the board on compensation and human resources principles, as well as related policies, programs and plans designed to achieve our strategic goals and financial objectives within acceptable risk tolerances. For more information refer to the Human Resources Committee's report on page 24 and the Compensation discussion and analysis beginning on page 43 of this Circular.

Subsidiary governance

The board and its committees play a key oversight role in our enterprise-wide approach to subsidiary governance, with the Governance Committee coordinating oversight.

The Subsidiary Governance Office manages the governance of the Bank's subsidiaries with a network of global offices which act as regional governance hubs bringing together local governance expertise with global oversight. This centralized approach provides consistency and transparency, enabling RBC to be responsive to evolving business needs, regulatory requirements and expectations, and best practices.

Strong governance is enhanced through our policies on subsidiary board composition and functioning. Active and engaged subsidiary boards play a key role in oversight of our legal entities, with many of our subsidiary boards having independent directors, who are recruited for specific skills and experience and to assist the subsidiary board in providing effective challenge to management.

RBC takes an **enterprise-wide approach** to the governance of its subsidiaries.

Shareholder engagement and communications

Continuous and open dialogue with shareholders is a key priority for the board and the Board Chair. Shareholders are encouraged to provide timely and meaningful feedback. The board has well-developed practices to facilitate constructive engagement with the Bank's investor base and proactively considers and adopts, as suitable for RBC, emerging best practices of board engagement with shareholders.

The table below outlines the key contacts and methods that shareholders can use to engage with RBC and access important information:

Board of Directors	Shareholders can: <ul style="list-style-type: none"> • communicate with the independent directors as indicated on our governance website at rbc.com/governance; or • write to the Board Chair at the address provided at the back of this Circular.
Management	The CEO, Group Executive and senior management, the Senior Vice-President Performance Management & Investor Relations, and the Secretary meet regularly with financial analysts and/or institutional investors.
Investor Relations	Our Investor Relations group is responsible for maintaining communications with the investing public. Investor Relations staff are available to shareholders by email, telephone or mail as indicated at the back of this Circular.
Live Broadcasts	Quarterly earnings calls with analysts are broadcast live and, for a period of 3 months after each call, are archived on our Investor Relations website at rbc.com/investorrelations . Our Annual Meeting is broadcast live and remains available until the following Annual Meeting on our Investor Relations website.

Additional governance disclosure

The following documents are available on our governance website at rbc.com/governance:

- Corporate Governance Framework
- RBC Code of Conduct
- Mandates of the board, committees, Board and Committee Chairs and CEO
- Corporate Citizenship Report and Public Accountability Statement
- Director Independence Policy
- Statement of Corporate Governance Practices
- Summaries of any significant differences between our governance practices and the NYSE corporate governance listing standards and the NASDAQ stock market rules.

Printed versions of any of these documents can also be obtained free of charge from the Secretary, using the contact information at the back of this Circular.