



Corporate Responsibility 101: A Resource for Students

This document has been prepared to help answer the most common questions students ask about corporate responsibility at RBC. For additional information, please visit rbc.com/responsibility and click on “Approach.”

How does RBC define “corporate responsibility”?

The meaning of the term “*corporate responsibility*” is much debated. It can also be called *corporate social responsibility*, *corporate accountability*, *sustainability*, *the triple bottom line* or *corporate citizenship*.

At RBC, we tend to use the terms “corporate responsibility” and “sustainability” interchangeably, and define the concept as:

“behaving with integrity, sustaining our company’s long-term viability, being transparent and accountable, and contributing to the future well-being of all our stakeholders.”

At RBC, corporate responsibility is not a standalone “program.” It includes, but is not limited to community relations and donations.

RBC considers corporate responsibility to have a number of elements, shown in the graphic below.



What are the hallmarks of responsible corporations?

We believe that truly responsible companies:

- operate with integrity and demonstrate sound corporate governance principles;
- provide full and plain disclosure of financial results;
- disclose reliable performance data on key non-financial items that may represent risks or opportunities;

- make a positive economic impact by creating employment and a well-trained workforce, paying taxes, and purchasing goods and services responsibly;
- adopt fair and progressive people management practices, respect human rights, and encourage diversity in the workforce;
- support community programs through donations, sponsorships and employee volunteerism;
- work towards environmental sustainability, reducing their environmental footprint while having a positive impact through their products and services;
- Further, we also believe that financial service companies can demonstrate responsibility by contributing to economic prosperity, including support for small business, innovation and entrepreneurship, and community economic development initiatives.

Why does RBC engage in corporate responsibility activities?

The basic responsibility of a company is not about solving the problems of the world. Our job is to conduct business profitably, with integrity and in a way that aligns with societal values.

At RBC, our goal is to behave with integrity every day, in every transaction, in every part of our business, sustaining our company’s long-term viability, being transparent and accountable, and contributing to the future well-being of all our stakeholders.

In this way, corporate responsibility is about good governance. It’s about solid risk management. It’s about delivering a good return to investors. It’s about strong consumer protection, active community relations, leading-edge human resource practices and employee relations. It’s about responsible supplier chain management. It’s about paying a fair share of taxes and obeying the law.

The world has started to use the term “corporate responsibility” as shorthand for some or all of these things. But in many ways, we think “corporate responsibility” is just a new term for good business practices of good sustainable companies.

What is the RBC Blueprint for Doing Better?

When it comes to corporate responsibility, companies are often expected to be everything to everyone. For a company like RBC, with more than 15 million clients in 38 countries and more than 70,000 employees worldwide, managing diverse stakeholder expectations can be a challenge. Over the last few years, our stakeholders have grown in number and influence. In 2007, we developed a new strategic approach so we could better manage their expectations and continue to make a positive economic, environmental and social impact.

We started with a full assessment of RBC's global business strategy. Then we mapped out stakeholder interests, and benchmarked the practices of leading financial institutions and other industry leaders worldwide. We prioritized current and emerging issue areas.

After further evaluation, we developed an overall framework, vision and direction for managing and prioritizing the diverse elements that comprise corporate responsibility, and dubbed the plan our "RBC Blueprint for Doing Better."

Our vision: we will continue to demonstrate integrity in our business practices, and provide leadership in the workplace and the marketplace. Our two key areas of focus will be diversity and the environment. We will remain a strong supporter of the communities in which we do business and will maintain transparent sustainability reporting practices.

Why did RBC select 'diversity' as a priority?

Diversity can be a competitive advantage not only when it comes to developing intellectual capital, but also for ensuring the growth of companies and countries.

Financial services companies like RBC depend on intellectual capital, and no asset is more significant than people. There is a global war for talent, and we believe we must be an employer of choice for new employees by leveraging the diversity of our current and future workforce.

Of our millions of clients in Canada, the percentage of new Canadians and visible minorities is growing – and we expect much of our future growth to come from these markets. Managing and leveraging diversity is a critical issue for financial services companies, and we believe this will help us differentiate ourselves from the competition, and deliver better customer service.

RBC
Blueprint
for Doing Better™

Why did RBC choose the 'environment' as a priority?

Financial services companies aren't considered high-impact when it comes to the environment, but many of our clients are. So, as their bank, we have an indirect impact through our lending and investment activities. Like many companies, we must also manage our own footprint responsibly and know that we can have an impact through how we purchase goods and services as well.

In 2007, we unveiled the RBC Environmental Blueprint, a strategy that built on our strong history, with a new vision of how we will move forward with issues like climate change, biodiversity, forests and water. The RBC Environmental Blueprint lays out our three priorities:

- To reduce the intensity of our environmental footprint
- To promote environmentally responsible business activities
- To offer environmental products and services.

What about community relations?

While our new focus areas are diversity and the environment, we remain committed to supporting local communities through donations, sponsorships and employee participation. As one of Canada's largest corporate donors, and with a tradition of philanthropy that dates back to 1891, RBC supports the arts, athletics, health and wellness, education, social and civic causes, and we will continue to do so under the RBC Community Blueprint umbrella. In 2007, we contributed more than \$82.8 million to community causes worldwide, through donations of more than \$47.7 million, and an additional \$35.1 million in sponsorship of community events and national organizations.

Who are your stakeholders?

At RBC, we strongly believe that a company "does well by doing good", across the broad range of elements included under the umbrella term of "corporate responsibility", while respecting and considering the needs of shareholders and stakeholders including:

- clients and consumers;
- current and prospective employees;
- investors and analysts;
- our partners in the voluntary sector, including NGOs and activists;
- government and regulators;
- suppliers and prospective suppliers.

RBC
Environmental
Blueprint™

RBC
Community
Blueprint™

What is RBC's corporate responsibility budget?

How do you measure ROI for your CR program?

These are questions we get all the time. They sound easy, and people expect a quick sound byte for an answer. But there aren't any quick answers.

This is because corporate responsibility happens in all parts of our company, as shown in the diagram on page one. You could say that at RBC, corporate responsibility is functionally decentralized, because it is integrated right into our businesses.

Who or what department is responsible for corporate responsibility? How many people work in the CR department?

At RBC, our whole company, every employee, is responsible for behaving responsibly, and it's built right into our Code of Conduct, which reads:

"It is our duty as a corporate citizen to add value to society while earning a profit for our shareholders. RBC companies take responsibility for the effects of their actions, both social and economic."

However, the world at large is becoming increasingly interested in getting a holistic picture of how all the elements of corporate responsibility fit together. More and more, companies like RBC are expected to provide integrated reporting and communications about the full range of initiatives that fall under the "corporate responsibility" umbrella: as such, we have assigned formal responsibility for these duties within Corporate Citizenship, a group that includes Corporate Responsibility, Corporate Environmental Affairs and Donations.

How do I get a job in "corporate responsibility" at RBC?

Corporate responsibility permeates throughout the company. In fact, we have a wide range of departments responsible for activities that could fall under the "corporate responsibility" umbrella. These include Human Resources, Procurement, Environmental Risk Management, Community Sponsorships, Donations, Real Estate Operations, Government and Regulatory Affairs, Finance, Compliance and Corporate Communications.

Applicants interested in employment at RBC should apply online at: rbc.com/uniquecareers

What awards has RBC won for corporate responsibility?

We are proud to be recognized for our leadership in corporate responsibility. For a full list of awards we have won and current indices on which RBC is listed, please visit rbc.com/responsibility and look under "Approach."

What SRI indices is RBC listed on?

RBC continues to be rated well by research companies and listed on indices for socially responsible investors (SRI).

In 2006, we were included on the Dow Jones Sustainability Index, the Jantzi Social Index, and the FTSE4Good Index, all recognizing the world's financial, social and environmental leaders.

What is RBC's approach to sustainability reporting?

For more than 500 years, the traditional method of reporting financial results has been the "single bottom line" approach, which takes into account a company's assets and liabilities, with the shareholder as the company's main focus.

But since the 1990s, there has been an emerging recognition that there are "hidden" liabilities and assets on a company's balance sheet. An increasing number of investors believe companies that show superior management of sustainability factors (including management of social, environmental and governance issues) are gaining an edge over their competitors. Or, to put it another way, shareholders are recognizing that there is more to a company than meets the eye in its quarterly financials.

As a result, companies like RBC are being asked by investors, analysts and clients to report on our environmental and social performance. In fact, hardly a week goes by without someone – researchers, investment analysts, advocacy groups and clients – contacting us for information about our policies, products, services and programs in areas that fall under the "corporate responsibility" umbrella.

But compared to financial reporting, sustainability reporting is still in its infancy, with a great deal of debate among various stakeholders about which performance indicators are the most relevant and which format is the most useful.

RBC has adopted a multi-pronged approach to sustainability reporting. Our goal is to provide an appropriate level of detail on issues that are relevant to each stakeholder in the format that is most appropriate to them. As such, we provide sustainability information in a number of places, rather than in one long, printed 'sustainability report.' We believe that this approach is more useful for stakeholders and a better use of our resources, too.

How do you choose what to report?

It's not always easy to determine what information we should measure, track and report. Topics that are important to one stakeholder may be irrelevant to another, and there are resource implications to tracking and measuring every indicator.

In determining what to report, we pay attention to a number of stakeholders, guidelines, frameworks and best practices, and regularly consult with experts to help us understand emerging trends.

We strive to balance competing expectations, and report on programs and processes that are relevant to our key stakeholders. We also pay close attention to areas of content that are appearing in the reporting of other financial services companies around the world.

Does RBC report on its corporate responsibility initiatives? Where do I find your reports?

We strive to provide an appropriate level of disclosure for all our key stakeholders and produce a number of reports:

- Our Corporate Responsibility website (rbc.com) has the most detailed information about our sustainability programs and performance, and contains a GRI (Global Reporting Initiative) index.
- RBC's annual Corporate Responsibility Report is a summary of how we are striving to make a positive economic, social and environmental impact, and is intended for general use by all stakeholders. The Canadian edition of this document also contains our "Public Accountability Statement," as required by Canadian law. This report is available online at rbc.com;
- Our Corporate Responsibility Review is a short summary of our full report and is available in branches and online.
- Our Annual Report contains a topline review about corporate responsibility, and is intended for shareholders, also available in print and online.

Does RBC advertise about or promote its corporate responsibility?

We prefer to let our actions speak louder than our words, and tend not to pursue advertising or marketing opportunities to promote our overall approach to corporate responsibility. However, we do actively promote a limited number of key community programs, such as our support for amateur athletics and after-school programs.

What are some of RBC's milestones in corporate responsibility?

RBC's long history of corporate responsibility contains many significant "firsts." In fact, RBC takes corporate responsibility so seriously that in 1980, we embedded it in our first formal employee Code of Conduct. Here are some highlights from our other "firsts."

Corporate Responsibility Firsts

- 1891:** Our first donation on record, \$250 to the Springhill Mine accident relief fund.
- 1902:** We hire our first woman: Jennie Moore from Vancouver.
- 1929:** We start our corporate art collection.
- 1943:** We publish the first issue of Royal Bank Monthly Letter, devoted to topics of citizenship.
- 1947:** We are the first sponsor of the Canadian Olympic Association.
- 1979:** We establish an Equal Employment Opportunity program.
- 1987:** We produce our first report outlining our contribution to society and the economy.
- 1991:** We are the first chartered bank in Canada to publish a privacy code.
- 1992:** We are the first North American signatory to the United Nations policy on the environment.
- 1992:** We are the first bank in Canada to provide Braille statements.
- 2000:** We are the first Canadian bank to be named to the Dow Jones Sustainability Index.
- 2003:** We are the first Canadian bank to adopt the Equator Principles, to assess the social and environmental impacts of large-scale project finance deals, and we also sign the revised version in 2006.
- 2004:** We are a founding member of the Canadian Aboriginal and Minority Supplier Council.
- 2007:** We are the only Canadian bank to be named one of the "Global 100 Most Sustainable Corporations in the World."