

# Modern Slavery Act Statement 2016

This statement is made on behalf of Royal Bank of Canada and certain of its subsidiaries<sup>1</sup> (collectively “RBC”, “we”, “us” or “our”) pursuant to section 54(1) of the U.K. Modern Slavery Act 2015 (the “Act”) and sets out the steps that RBC has taken to ensure that slavery and human trafficking are not taking place in our supply chains or our business during our financial year ended 31 October 2016.

<sup>1</sup>This statement is made on behalf of the following RBC entities: Royal Bank of Canada; RBC Europe Limited; RBC Investor Services Trust; RBC Global Asset Management (UK) Limited; and Royal Bank of Canada Holdings (U.K.) Limited.

The U.K. government’s Guidance on compliance with the Act says the term “modern slavery” includes the offences of slavery, servitude, forced or compulsory labour and human trafficking. Slavery and human trafficking are contradictory to our Purpose, Vision and Values and have no place in or around our organization. We strive to maintain the highest professional and ethical standards and we expect the same from our suppliers.

## Background

RBC is Canada’s largest bank, and one of the largest banks in the world, based on market capitalization. We are one of North America’s leading diversified financial services companies, and provide personal and commercial banking, wealth management, insurance, investor services and capital markets products and services on a global basis. We have over 80,000 full- and part-time employees who serve more than 16 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 35 other countries.

Royal Bank of Canada’s Board of Directors (the “Board”) is committed to high standards of governance, consistent with regulatory expectations and evolving best practices. Our [Corporate Governance Framework](#) provides an overview of our corporate governance structure, policies and practices, and describes the core principles that guide our approach to governance. We believe that good governance is an essential component of an ethical corporate culture that builds trust and value for all stakeholders. We continually strengthen our governance practices, bringing focus to priorities such as board diversity, board member expertise and executive compensation. The Governance Committee of the Board’s [mandate](#) includes responsibility for advising the Board in applying governance principles, monitoring developments in corporate governance and adapting best practices. The Governance Committee also has oversight of our approach to government and regulatory affairs and corporate citizenship.

Our management team in Canada and abroad oversees our global corporate framework to ensure that RBC’s culture and operations reflect our Purpose, Vision and Values.

Our Purpose is to help clients thrive and communities prosper.

Our Vision is to be among the world’s most trusted and successful financial institutions.

Our Values are as follows:

<b>Client First:</b>	We will always earn the right to be our clients’ first choice
<b>Collaboration:</b>	We win as One RBC
<b>Accountability:</b>	We take ownership for personal and collective high performance
<b>Diversity &amp; Inclusion:</b>	We embrace diversity for innovation and growth
<b>Integrity:</b>	We hold ourselves to the highest standards to build trust

We hold ourselves to the highest standards so that we can earn the trust of clients, colleagues and community partners. We believe that this approach is a cornerstone of a responsible business.

## RBC as an Employer

We are committed to our Purpose, Vision and Values which positively impact the way we serve our clients and our communities, how we communicate with one another, the way we approach our work, and the way our leaders lead. We expect everyone in our organization worldwide to respect the human rights of our employees, act with integrity and comply at all times with the letter and spirit of laws, regulations and rules that apply to us. If instances arise where these expectations are not met, we respond within the law and appropriately. We do not tolerate slavery or human trafficking in our organization, or by our employees.

We have measures in place that seek to mitigate the risk of slavery and human trafficking in relation to employment, including the following:

- We adhere to all applicable labour and employment laws, regulations and rules.
- We make our employment decisions in a non-discriminatory manner. When employees and contract workers begin working at RBC, and annually thereafter, they receive training on RBC’s [Code of Conduct](#) (the “Code”) which sets out the ethical principles by which all employees, contract workers and members of the Board are bound. These principles include a clear statement as to the individual and collective accountability for the social and economic effects of business decisions and other actions on each of the communities in which RBC has a presence including compliance with all applicable laws regarding non-discrimination and human rights. We have had a Code of Conduct for over 30 years. The Governance Committee of the Board is responsible for annually reviewing and approving the Code and for reviewing periodic reports on compliance with the Code and on employees’ and contract workers’ familiarity with the Code.
- We are aware of the UN Framework and Guiding Principles on Business and Human Rights (the Ruggie Framework), a global standard aimed at preventing adverse impacts to human rights resulting from or linked to corporate business activities. The Code reflects the spirit of the Universal Declaration of Human Rights, and states that “RBC companies are committed to promoting equal opportunity in all dealings with employees, customers, suppliers and others.” Adhering to the Code demonstrates our commitment to those who govern us and forms the basis for our relationships with everyone we deal with.
- Breaches of the Code, or failures to report an actual or possible breach of the Code, will be subject to corrective or disciplinary action which is RBC’s response to unacceptable behaviour and can range from reprimands and impact on performance ratings and compensation, to termination of a working relationship with RBC. 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, respectively, and must be publicly disclosed.

- RBC has robust internal policies and procedures such as our enterprise-wide Respectful Workplace Policy which is aimed at creating a working environment that is based on our core values and fosters a diverse and inclusive environment. Our Respectful Workplace Policy is reviewed annually.
- We have an established Anti-Money Laundering (AML) Program inclusive of policies and procedures on anti-money laundering and anti-terrorist financing, anti-bribery and anti-corruption, and economic sanctions designed to prevent the use of our financial services for the perpetration of financial crime, including slavery and human trafficking. We train all employees and contract workers to look for red flags for money laundering.
- At RBC, all our employees have a shared responsibility for not only doing things right, but more importantly doing the right thing. We have employee misconduct and complaint policies and procedures, through which employees and external stakeholders can escalate concerns, including those related to slavery and human trafficking, without fear of reprisals. Employees are consistently encouraged to speak up should they have any concerns. Such policies and procedures are applied across RBC and reminders of these policies are incorporated into training courses. Further, links are provided on our intranet page to ensure that escalation channels are well understood and accessible to all of our employees and contract workers. Our Employee Ombudsman Office publishes a [report](#) annually which summarizes the types of issues that employees reported to the Employee Ombudsman Office during each fiscal year.

RBC is committed to embracing diversity and building an inclusive culture where all employees are valued and respected.

## RBC as a Responsible Procurer

RBC purchases a broad range of goods and services from international, national, regional and local suppliers. Our principal supply chain includes suppliers of technology and other office equipment, property and facilities management services, business travel, merchandise suppliers, conference providers, recruitment agencies and various other professional and financial-related services. We have made it a priority to practice responsible sourcing and to manage our supply chain effectively.

We seek to partner with suppliers whose ethical principles align with our own, and expect them to operate fair and ethical workplaces. To ensure that we deal only with reputable suppliers, we have developed detailed, risk-based supplier on-boarding and assessment procedures.

We adopted a principles-based [Supplier Code of Conduct](#) (the “Supplier Code”) in 2013. Under the Supplier Code, suppliers are required to comply with human rights, labour and employment standards legislation and treat their employees fairly and with respect. In particular, suppliers must be able to demonstrate adherence to the following in their workplaces:

- no use of child labour; discrimination and harassment of employees are prohibited
- freedom of employees to raise concerns and speak up without fear of reprisal
- appropriate and reasonable employee background screening (including investigations of prior criminal activity to ensure the integrity and good character of employees)
- implementation of clear and uniformly applied employment standards that meet or exceed legal and regulatory requirements, and
- an expectation that suppliers provide healthy and safe workplaces.

We expect suppliers to fully adhere to the Supplier Code and we may periodically monitor and audit their compliance as part of our overall supplier management regime. To ensure that our controls drive a consistent approach to third party supplier engagement and oversight that mitigates risk, including those relating to slavery and human trafficking, we have established a defined framework and implemented various policies and guidelines.

We have also introduced a [Supplier Diversity Program](#) aimed at advancing equality of opportunity to businesses owned by women, aboriginal peoples, minorities, members of LGBT communities, people with disabilities and service-disabled veterans. RBC has embedded these supplier diversity processes into day-to-day procurement activities and incorporated supplier diversity goals into certain performance metrics.

RBC's procurement managers are required to participate in responsible procurement training sessions that focus on supplier diversity, employment practices, health and safety and the environment. These training programs ensure that relevant employees and contract workers have a broad understanding of our tools, processes and policies that promote dealing only with reputable suppliers.

## Conclusion

RBC's approach to corporate citizenship is about integrity and good governance. These are the foundation of a responsible business. The actions we take and the procedures and policies we follow become the sum of our efforts to achieve the highest standards for ethical behaviour and transparency. This is how we earn the trust of our clients and community partners, and deliver on our promise of accountability to all of our stakeholders. Acting with integrity contributes to our strength and stability as an organization. RBC remains committed to ensuring that slavery and human trafficking is not taking place in our businesses and in our supply chains. We will be reviewing our policies, procedures and practices to assess what enhancements we can make to help further prevent slavery and human trafficking in the future.

Signed by



David I. McKay  
President and Chief Executive Officer, Director, Royal Bank of Canada

April 26, 2017