

# Modern Slavery Act Statement 2017

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 2017.

<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 Investor Services Bank S.A.; RBC Global Asset Management (U.K.) 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 a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. Our success comes from the 81,000+ employees who bring our Vision, Values and strategy to life so we can help our clients thrive and communities prosper. As Canada’s biggest bank, and one of the largest in the world based on market capitalization, we have a diversified business model with a focus on innovation and providing exceptional experiences to our 16 million clients in Canada, the U.S. and 34 other countries. Learn more at [rbc.com](http://rbc.com).

We are proud to support a broad range of community initiatives through donations, community investments and employee volunteer activities. See how at <http://www.rbc.com/community-sustainability/>.

RBC is committed to high standards of governance, consistent with regulatory expectations and evolving best practices aligned with our strategy and risk appetite. Our Statement of [Corporate Governance Practices](#) provides an overview of our corporate governance structure, principles, policies and the practices of RBC’s Board of Directors (the “Board”), 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 developing and recommending to the Board governance frameworks, principles and policies, monitoring developments and adapting best practices to our needs and circumstances. 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. We believe that this approach is a cornerstone of a responsible business.

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

## 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 and contractors, 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 and contractors.

We have measures in place that seek to mitigate the risk of slavery and human trafficking in relation to our employees, 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 begin working at RBC, and annually thereafter, they receive training on RBC’s [Code of Conduct](#) (the “Code”) which promotes standards of ethical behavior that apply to directors, senior management and all employees. This includes a clear statement as to our accountability for the social and economic effects of our business decisions on the communities where we live, work and do business and our compliance with laws regarding non-discrimination and human rights in the jurisdictions where we operate. 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’ 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 promotes equal opportunity in all dealings with RBC employees, contract workers, clients and others we deal with.” 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, are subject to corrective or disciplinary action 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 directors of the Board and specific executive officers, waivers must be approved by the Board (or a designated Board committee member), and must be publicly disclosed as required by law and/or RBC policies.

- 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.
- 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 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. We also have in place an Employee Ombudsman Office (EOO), which is an impartial and informal resource available to all RBC employees and retirees, at all levels and from all locations globally. The EOO can help employees and retirees explore and consider options to help resolve conflicts, problematic issues or concerns on a confidential and off-the-record basis.

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

## RBC as a Responsible Corporate Citizen

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. These policies are 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 financial crime. RBC works to identify and investigate potential cases of human trafficking as a predicate offence under the Proceeds of Crime legislation, and we are active participants in FINTRAC's successful "Project Protect Canada" initiative, which targets human traffickers.

## 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, assessment and reassessment policies and procedures. RBC conducts reassessments on a frequency dictated by the level of risk and importance of each supplier.

To minimize risks in our supply chain, 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 that in their workplaces:

- child labour is not used;
- discrimination and harassment of employees are prohibited, including any discrimination or harassment based on any characteristic protected by law;
- employees are free to raise concerns and speak up without fear of reprisal; appropriate and reasonable employee background screenings are undertaken (including investigations of prior criminal activity to ensure the integrity and good character of the suppliers' employees);
- clear and uniformly applied employment standards are used that meet or exceed legal and regulatory requirements; and
- an expectation that suppliers provide healthy and safe workplaces and provide all their employees with adequate information and instruction on health and safety concerns and to enable their employees to meet their responsibilities for the maintenance of a healthy and safe workplace.

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 implemented a process that tracks changes in risk profile and identifies any negative news related to our highest risk suppliers; this allows us to flag and assess any activities that would violate our Supplier Code. In instances where corrective actions are required, these are discussed with the supplier and tracked through to completion.

We also have a [Supplier Diversity Program](#) aimed at advancing equality of opportunity to businesses owned by women, aboriginal peoples, minorities/visible minorities, members of LGBT communities, people with disabilities, veterans 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, business ethics and responsible governance. These are the foundations 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 preventing slavery and human trafficking from taking place in our businesses and in our supply chains. In 2017, we updated our Reputation Risk Management Framework, which is approved annually by the Risk Committee of our Board, to include reference to our requirements under the Act. We will review our policies, procedures and practices on an ongoing basis to determine any enhancements we can make to help further prevent slavery and human trafficking in our business and supply chains.

Signed by



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

April 27, 2018