

Royal Bank of Canada

# Modern Slavery Act Statement 2019



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This document constitutes Royal Bank of Canada's Modern Slavery Act Statement for 2019. This statement is made on behalf of Royal Bank of Canada ("the Bank") and a number 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"). This is our fourth statement pursuant to the Act. Set out below are the policies and processes that were in place to prevent slavery and human trafficking from taking place in our operations and supply chain during our fiscal year of 1 November 2018 to 31 October 2019.

<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.

Slavery and human trafficking are contradictory to our [Purpose, Vision, and Values](#). We do not tolerate slavery or human trafficking within our organization or in those of our suppliers and subcontractors. We expect everyone in our organization to act with integrity and comply at all times with the letter and spirit of the laws, regulations, and rules that apply to RBC in all the regions in which we operate. If instances arise where these expectations are not met, we will respond in an appropriate manner.

## Our Business, Governance, and Supply Chain

RBC is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. Our success comes from the 85,000+ employees who bring our Vision, Values, and strategy to life to help our clients thrive and our 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 an exceptional experience to our 17 million clients in Canada, the U.S., and 34 other countries.

We believe that good governance is the essential foundation of a respectful and inclusive corporate culture that earns trust from and builds value for our clients, shareholders, employees, and communities. The Governance Committee of the Bank's Board of Directors (the "Board") is responsible for monitoring trends in corporate governance and advising the Board on the effectiveness of corporate governance at RBC. The Governance Committee is also responsible for overseeing corporate citizenship matters, including environmental, social, and governance matters. Our [Statement of Corporate Governance Practices](#) provides an overview of our corporate governance structure, principles, policies, and practices.

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 financially-related services. We have made it a priority to establish a responsible and fair sourcing process while managing our supply chain

effectively. We assess, identify, and monitor areas within our supply chain where there may be a risk of slavery and human trafficking (e.g. hotels, supplier staff in off-shore locations).

## Our Frameworks and Policies

### Code of Conduct

At RBC, holding ourselves to the highest standards of integrity plays a critical role in achieving our Purpose, which is to help clients thrive and communities prosper, and our Vision of being among the world's most trusted and successful financial institutions. Our Values and [Code of Conduct](#) guide us and set expectations for our behaviour and decision-making. Our Code of Conduct is the roadmap we follow to serve our clients with the highest standards of integrity. It also lays the foundation for how we work together in a respectful, transparent, and fair environment. The Code of Conduct reflects the spirit of the Universal Declaration of Human Rights and forms the basis for all our relationships. It applies to all RBC employees, contract workers, and members of the Board.

### Conduct and Culture

To build and maintain the trust of our clients, investors, colleagues, and the community, the Board sets and expects the highest standards of conduct at RBC. The Board, with management, sets the tone from above and promotes an open and transparent culture at RBC.

The RBC Enterprise Conduct Framework and Enterprise Risk Management Framework serve as foundations to promote a risk-aware culture of "Doing What's Right." These two frameworks, along with the Enterprise Risk Appetite Framework, guide our other business risk frameworks, risk management processes and procedures, and employee conduct. The Board, both directly and through its Governance Committee, oversees the management of conduct throughout the entire organization, including the implementation of enterprise frameworks and policies. In particular, RBC has a specific suite of environmental and social (E&S) risk management policies that covers human rights impacts.

RBC also adheres to external standards on social risk governance. RBC was the first Canadian financial institution to become a signatory to the [Equator Principles](#) (EP) in 2003. As a signatory, we report annually on projects assessed according to the EP framework. Our most recent report can be found [here](#).

### Financial Crimes and Anti-Money Laundering

We also have an enterprise-wide Anti-Money Laundering (AML) program designed to deter, detect, and report suspected money laundering and terrorist financing activities across our organization. The AML program's policies and procedures are designed to prevent the use of our financial services for financial crime or terrorist financing, including slavery and human trafficking. The AML program is regularly evaluated to ensure that it remains consistent with industry standards, best practice, and all applicable laws, regulations, and guidance.

### Supplier Code of Conduct

Among other requirements, our [Supplier Code of Conduct](#) (the "Supplier Code") requires suppliers and subcontractors to comply with human rights, labour, and employment standards legislation and to treat their employees with fairness and respect. In particular, suppliers must be able to demonstrate the following in their workplaces:

- Respect for the dignity of their own employees and others and adherence to the principles of diversity;
- Child and/or forced or compulsory labour is not used;
- Discrimination and harassment of employees is prohibited, including 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 conducted, including investigations of prior criminal activity, to ensure the integrity and good character of the suppliers' employees;

- Clear and uniformly applied employment standards that meet or exceed legal and regulatory requirements are applied; and
- Healthy and safe workplaces are provided, and all employees have access to adequate information and instruction on health and safety concerns that enables them to meet their responsibilities to maintain a healthy and safe workplace.

## Our Due Diligence Processes

As a financial services company, the ability to manage risk is one of our core competencies and is supported by our strong risk culture and risk management approach. We define E&S risk as the risk that an environmental or social issue associated with a client, transaction, product, supplier, or activity will lead to operational, legal, reputation, or other risks or increase the risk of financial losses.

### Group Risk Management

Our E&S risk policies seek to identify sectors, clients, and business activities that may be exposed to E&S risks, apply enhanced due diligence and escalation procedures as necessary, and establish requirements to manage, mitigate, and monitor E&S risk. Our Group Risk Management team is responsible for developing and maintaining policies to identify, assess, monitor, and report on E&S risk and providing regular reviews and updates. Business segments and corporate functions are responsible for incorporating E&S risk management requirements into their operations.

Our Policy on E&S Risk Management for RBC Capital Markets and Personal & Commercial Banking's National Client Group sets out the minimum E&S risk review requirements to be used by RBC Capital Markets and the National Client Group when engaging in corporate lending and debt and equity underwriting. Its purpose is so that these activities are conducted with due regard for the impact of E&S issues on credit, reputation, and legal risk to RBC. It includes requirements for screening clients for adherence to International Labour Organization standards, including the prohibition of child and forced or compulsory labour. Similarly, our Policy and Procedure on E&S Risk Management in our Business Financial

Services group provides guidance on assessing borrower E&S risk in credit transactions. Additionally, our Enterprise Anti-Money Laundering Compliance Management Framework covers client due diligence and Know Your Client processes that aim to detect the use of our services for financial crimes, including those relating to modern slavery.

### Procurement

We expect suppliers and their subcontractors to comply with the Supplier Code. When companies register to become suppliers through our fair sourcing process, they agree to operate in accordance with the principles and expectations set out in this code. RBC maintains the right to monitor our suppliers' compliance with the Supplier Code and to audit their control environment. We are also entitled to request information from our suppliers on their adherence to Supplier Code requirements, including those relating to child and forced or compulsory labour. We have a process to risk assess suppliers at the inception of the business relationship, and we track changes in their risk profiles and identify negative news related to our highest risk suppliers. This allows us to baseline the supplier's risk profile and subsequently flag and assess any activities that would violate our Supplier Code. Any instances where corrective actions are required are discussed with the supplier and tracked from beginning to completion. No instances were raised for review in 2019.

### RBC Global Asset Management (GAM)

The RBC GAM (including RBC Global Asset Management (U.K.) Limited) approach to responsible investment sets out how E&S issues are integrated throughout the investment process across all asset classes and how GAM will work as active, engaged owners. The group encourages consideration of material E&S factors when they have the potential to impact the value of investments. Social factors include, but are not limited to, human rights, employee relations and working conditions, discrimination, child labour, forced or compulsory labour, and health and safety. The group is also a signatory to the [United Nations Principles for Responsible Investment](#), a voluntary and aspirational set of investment principles that encourages the incorporation of material environmental, social, and governance considerations into the investment process, including human rights and labour standards. For more information, see RBC GAM's most

recent Corporate Governance and Responsible Investment Report on the [Responsible Investing website](#).

## Our Training

Understanding and complying with the Code of Conduct is a condition of working at RBC, and employees must complete a related training course and attestation annually. We also provide training on financial crime, risk awareness, and responsible procurement.

We train all employees and contract workers to look for indicators of financial crime, and employees are required to complete a mandatory training course and attestation annually. 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 trafficking. For detailed information about our approach to anti-money laundering, see our [website](#).

In addition, we completed a comprehensive review and update of our Risk Awareness training program, which will be rolled out to all employees across the organization in 2020. The training focuses on:

- Risks that RBC faces and how we categorize them according to the factors that impact them and the degree of control and influence we have over different types of risks;
- Our guiding risk principles, which all employees must follow to help manage and mitigate risks; and
- Behaviours, judgments, decisions, and actions that result in good conduct outcomes.

Our 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 enable relevant employees and contract workers to have a broad understanding of our tools, processes, and policies that promote procuring products and services only from reputable suppliers.

## Our Support for Speaking Up

Our Leadership Model, which sets out key behaviours expected of our workforce, encourages speaking up for the good of RBC, and our Code of Conduct requires all employees to report misconduct. While employees are encouraged to speak to their manager, Human Resources manager, or Compliance contact so issues can be resolved quickly and objectively, other channels are also available.

On April 30, 2019, we introduced our global Conduct Hotline. This is a confidential channel for all employees to raise concerns and report misconduct. A third-party independent of RBC administers the Conduct Hotline, and employees can use it to track the status of their report anonymously. Clients can raise concerns through our [website](#) and have access to the [RBC Ombudsman](#) dispute resolution process. In addition, we have a reporting mechanism in place through which any person can report a supplier who violates the Supplier Code.

## Conclusion

RBC remains committed to preventing slavery and human trafficking from taking place in our businesses and in our supply chains. We will continue to 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.

Signed by



**Dave McKay**  
**President and Chief Executive Officer, Director, Royal Bank of Canada**

**April 30, 2020**