

# Minutes of the 154<sup>th</sup> annual meeting of common shareholders of Royal Bank of Canada

Saskatoon, Saskatchewan, April 5, 2023



The 154<sup>th</sup> annual and special meeting of common shareholders of Royal Bank of Canada was held in person at and via live webcast broadcasted from the Delta Hotel Bessborough, Saskatoon, Saskatchewan on Wednesday, April 5, 2023 at 9:30 a.m. (Central Standard Time).

Kim Ulmer, Regional President for Manitoba, Saskatchewan, Nunavut and Northwestern Ontario, provided a land acknowledgement to begin the meeting.

## **Appointment of the Chair and Secretary**

In accordance with the by-laws of the Bank and as designated by the directors, Kathleen Taylor, Chair of the Board, acted as chair of the meeting and Karen McCarthy, Senior Vice-President, Associate General Counsel and Secretary, acted as secretary of the meeting.

## **Quorum and appointment of the scrutineers**

The Chair remarked at the large turnout in person in both rooms as well as on webcast. She declared that as a quorum was present among common shareholders, the meeting was properly convened.

The Chair then called the meeting to order and, as authorized by the by-laws, appointed Tara Israelson and Pina Pacifico, representatives of Computershare Trust Company of Canada, to act as scrutineers.

The Secretary reviewed the procedures to submit questions during the meeting as stated in the rules of conduct of the meeting.

The Chair provided an overview of the meeting agenda and reminded participants to review the caution regarding forward-looking statements.

## **Introductory remarks**

The Chair remarked on the pleasure of being in Saskatoon for this in-person shareholder meeting and noted the Bank's more than 100-year history in the Canadian prairies. She commented on the Bank's 2022 financial performance and congratulated David McKay for being named Canada's Outstanding CEO of the Year<sup>®</sup> by the National Post. She highlighted how the Board plays a central role in supporting the Bank's leadership team as well as its oversight and responsibility relating to talent and advancing diversity and inclusion. The Chair highlighted the Board's continuous stewardship in 2022, particularly noting the efforts related to the Bank's climate strategy.

The Chair highlighted the appointment of Mirko Bibic as an RBC director, and noted that David Denison would be retiring from the Board and not be standing for re-election. She thanked Mr. Denison for his contributions and dedicated service to the Bank. She also mentioned her own retirement from the RBC Board and the transition to Jacynthe Côté as incoming Board Chair.

## **President and Chief Executive Officer's report**

David McKay, President and Chief Executive Officer, began his address with reflections on his visit to Saskatoon, meeting with young Indigenous leaders as well as with clients, including farmers and food producers from the province and RBC colleagues in the region.

Mr. McKay highlighted current challenges that are impacting every aspect of peoples' lives, including inflation, divisions in society and across generations, and the existential threat of climate change. He remarked that with these challenges, RBC's Purpose is more important than ever. He talked about how RBC is putting ideas into action to help clients

balance short-term prosperity with long-term progress.

Mr. McKay addressed the global financial landscape and mentioned the unintended consequences that the remarkable pace of interest rates increases to fight inflation had on certain banks but noted that the banking system remains stable and resilient. Mr. McKay emphasized RBC's financial and strategic strength, stability and ability to manage risk and capital as well as its size, scale and strong liquidity and capital ratios. He highlighted RBC's strong financial and business performance in 2022.

Mr. McKay cited the proposed acquisition of HSBC Canada and noted the positive benefits that such a transaction will provide to the Bank, its clients and to the Canadian economy. He also highlighted RBC's performance in the United States, the United Kingdom and Europe. He noted that RBC is now one of the largest wealth managers in the U.K., Ireland and Channel Islands following the successful acquisition of RBC Brewin Dolphin.

Mr. McKay mentioned the ways in which RBC delivers differentiated client experiences including partnerships with leading brands, the loyalty program and technology. He reiterated that RBC is well positioned to help make progress possible towards a more inclusive, sustainable and prosperous future. Which is why RBC invested more than \$154 million globally through cash donations and community investments in 2022.

Mr. McKay expressed the importance of addressing the climate transition and the role that the Bank can play in helping clients reduce their emissions. He reiterated the Bank's commitment to supporting net-zero emissions and spoke to the release of the Bank's initial set of interim emissions reduction targets in oil & gas, automotive and power generation. He also highlighted launch of the RBC Climate Action Institute. He commented on the progress made working with clients and leaders in the agriculture sector and noted the role that this sector can play in leading towards economic and net-zero ambitions.

Mr. McKay thanked RBC's clients, communities, shareholders and employees. He also recognized the Board for their support and guidance. Mr. McKay gave thanks the outgoing Chair, Ms. Taylor, for her years of hard work and dedicated service.

(The Secretary has retained with the records of the Bank a copy of the President and Chief Executive Officer's report to shareholders.)

### **Business of the meeting**

#### **Auditor's report, annual financial statements and management proxy circular**

The Chair introduced Claire Cornwall and Lona Mathis of PriceWaterhouseCoopers LLP, the Bank's auditor for the 2023 fiscal year. She noted that the shareholders had received the auditor's report and the financial statements.

The Chair called for questions from shareholders on the financial statements. The Chair responded to a question from a proxyholder about credit risks of oil and gas lending and related-financial statement disclosures by noting that Bank's documents, including all of its climate disclosures, articulate the Bank's approach to managing the energy transition.

In response to a comment from the proxyholder about separation of participants into two rooms, the Chair stated that the large number of in-person participants necessitated two rooms. She added that every meeting participant, whether attending in person – irrespective of their meeting room – or online, were able to fully participate in the meeting.

As there were no further questions, the Chair indicated that shareholders had received the notice of meeting and the management proxy circular.

(The Secretary has retained with the records of the Bank a copy of the 2022 annual report, which includes management's discussion and analysis and a copy of the notice of meeting and management proxy circular.)

The Secretary then reviewed the voting procedures, highlighting that only registered common shareholders and duly appointed proxyholders were entitled to vote on matters at the meeting and that a simple majority of the votes cast on each matter would constitute approval of the matter, with the exception of the amendment to by-law three of the Bank which had to be approved by a special resolution adopted by not less than two-thirds of the votes cast.

#### Election of directors

The Chair proceeded with the election of directors, indicating that the number of directors to be elected had been fixed by the Board at 12. She also noted that one of the director nominees, Mirko Bibic, was standing for election for the first time.

The Secretary read the names of the following individuals proposed for election as directors: Mirko Bibic, Andrew A. Chisholm, Jacynthe Côté, Toos Daruvala, Cynthia Devine, Roberta L. Jamieson, David McKay, Maryann Turcke, Thierry Vandal, Bridget van Kralingen, Frank Vettese and Jeffery Yabuki.

Jody Diakow nominated each of the persons named by the secretary to be elected as a director of the Bank to hold office until the close of the next annual meeting of common shareholders or until their successors are elected or appointed.

The Chair called for questions or comments from shareholders and proxyholders. As there were no questions, she declared the nominations closed and put the motion to a vote.

#### Appointment of the auditor

Aaron Martyniw moved a motion for the appointment of the auditor for the 2023 fiscal year:

RESOLVED that PricewaterhouseCoopers LLP be appointed auditor of the Bank until the close of the next annual meeting of common shareholders.

The Chair called for questions or comments. The Chair responded to a question raised in regard to the

nomination of the directors and potential conflicts of interest. She stated that the Board takes the issue of conflict of interest seriously and mentioned there are procedures in place to mitigate any such instances. As there were no other questions, the Chair put the motion to appoint the auditors to a vote.

#### Shareholder advisory vote on the approach to executive compensation

The Chair introduced the shareholder advisory vote on the approach to executive compensation disclosed in the management proxy circular. She noted that, in considering the Bank's approach to compensation in the future, the Board would take into account the results of the vote, together with other feedback from shareholders.

Richard Azinwi moved a motion for approval of the advisory resolution:

RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in the management proxy circular delivered in advance of the annual meeting of common shareholders.

The Chair called for questions or comments. A proxyholder commented that he recommends to vote against this motion each year because of the compensation ratio. The Chair put the motion to a vote.

#### Amendment to the stock option plan

The Chair introduced the amendment to the Bank's stock option plan as described in the management proxy circular.

Shazna Francisco moved a motion for approval of the amendment to the Bank's stock option plan.

RESOLVED, to amend the Bank's stock option plan to extend the exercise period of stock options that expire during a blackout period or shortly thereafter to 10 business days following the end of such blackout period.

The Chair called for questions or comments. As there were none, the Chair put the motion to a vote.

#### Amendment to by-law three

The Chair introduced the amendment to by-law three of the Bank to increase the maximum aggregate consideration limit of first preferred shares from \$20 billion to \$30 billion and to modify such limit to only include first preferred shares outstanding at any given time, as described in the management proxy circular.

Josh Opheim moved a motion for approval of the amendment to the by-law three.

RESOLVED, to amend subsection 1.1.2 of by-law three of the Bank to increase the maximum aggregate consideration limit of first preferred shares from \$20 billion to \$30 billion and to modify such limit to only include first preferred shares outstanding at any given time.

The Chair called for questions or comments from shareholders. As there were none, the Chair put the motion to a vote.

#### Shareholder proposals

The Chair introduced the first shareholder proposal submitted by B.C. General Employees Union (BCGEU), as set out in schedule A of the management proxy circular. She also mentioned that BCGEU submitted another proposal that was subsequently withdrawn following discussions with the Bank. Ms. Pullman presented the proposal relating to the divestment of polluting intensive assets being submitted to a vote. The Chair called for questions or comments. A proxyholder commented in support of the proposal.

The Chair proceeded with the next proposal which was submitted by BCGEU with support of the Union of British Columbia Indian Chiefs, relating to free, prior and informed consent affecting Indigenous peoples, and set out in schedule A of the management proxy circular. Grand Chief Stewart Phillip presented this proposal. The Chair called for questions or comments. In response to commentaries and questions from proxyholders on

the Coastal GasLink pipeline, on the United Nations Declaration on the Rights of Indigenous Peoples and the Equator Principles, she highlighted the steps taken by the Bank to ensure that stakeholders are heard and that legal and proper procedures are followed before entering into financings.

The Chair proceeded with the third proposal, which was submitted by the Shareholder Association for Research & Education (SHARE) jointly with BCGEU, and set out in schedule A of the management proxy circular. Ms. Pullman presented this proposal relating to a request for the Bank to conduct a third-party racial equity audit. The Chair called for questions or comments. A proxyholder commented on the impact certain petrochemical industries have on communities in Louisiana.

The Chair introduced the shareholder proposal submitted by the Comptroller of the City of New York, as set out in schedule A of the management proxy circular. Amna Khan presented this proposal relating to absolute greenhouse gas reduction goals. The Chair called for questions or comments. Proxyholders commented on the Trans Mountain pipeline expansion, the need to adopt absolute reduction goals to meet net-zero commitments, and the limitations of intensity targets. A proxyholder provided a comment in support of the proposal.

The Chair proceeded with the shareholder proposal submitted by Ramin Eshraghi-Yazdi, as set out in schedule A of the management proxy circular. Richard Brooks presented this proposal relating to the phasing-out of lending of fossil fuel exploration and development. The Chair called for questions or comments. Proxyholders commented on the impact of methane gas export terminals on the coast of the Gulf of Mexico and the Coastal GasLink pipeline. A shareholder commented on the need to continue to support the Canadian oil and gas sector.

The Chair introduced the next proposal submitted by Vancity Investment Management Ltd., as set out in schedule A of the management proxy circular. Edmund Ho presented this proposal relating to disclosure of the chief executive officer to median

worker pay ratio. The Chair called for questions or comments, and one proxyholder commented that he supported this proposal.

The Chair proceeded with the final two proposals submitted by Mouvement d'éducation et de défense des actionnaires (MÉDAC), as set out in schedule A of the management proxy circular. The Chair also mentioned that MÉDAC submitted three other proposals that were subsequently withdrawn following discussions with the Bank. Willie Gagnon presented the two proposals submitted to a vote relating to, respectively: (1) advisory vote on environmental policy, and (2) circular economy. The Chair called for questions or comments. As there were no questions, the Chair then put the eight shareholder proposals to a vote.

The Chair announced that voting was closed.

The Chair then introduced a video showcasing RBC's enduring belief in the power of ideas and how it makes ideas happen in order to help clients thrive and communities prosper.

### Question period

The Chair opened the question period. The Secretary reviewed the procedures to submit questions.

Mr. McKay addressed the comments related to the topic of climate change, the Bank's climate strategy, and the financing of fossil fuels which were raised during the shareholder proposals business session of the meeting. Mr. McKay reaffirmed the importance of an orderly, inclusive and just transition in the complex journey to get to net-zero and highlighted some of the Bank's initiatives in support of the transition, including setting initial interim emissions reductions targets and working with clients, governments, business and society collectively to reach the goals. He commented on the risks of a disorderly transition, including food and energy insecurity as well as geopolitical instability and noted that the Bank is advocating for the need to work together to ensure an informed, practical and inclusive journey to reach net-zero.

Mr. McKay discussed the importance of free, prior and informed consent and how it is based on building relationships with partners who are going to be directly impacted. He mentioned that while RBC will participate and support moving forward beyond the Equator Principles, it has to be led by governments and Indigenous communities given the complexity of the issue. He stressed that the fundamental tenet is to build relationships, dialogue and communication.

Mr. McKay addressed the Coastal GasLink pipeline project and noted that the project had support of 20 indigenous communities and their elected leaders and regulatory approval from governments. He stated that First Nations communities in the area have an economic interest in the project and mentioned the economic model for First Nations participation in the project. He reiterated that the Bank does not operate the project and that it is only one of over 20 financiers of the project. He stated that the project itself has strong support of the communities and governments involved as well as financial benefits, and he highlighted that exporting lower emitting liquid natural gas to the world helps other countries reduce reliance on coal and diesel.

In response to a question regarding defunding fossil fuel projects on Indigenous lands, Mr. McKay repeated that the Coastal GasLink project was approved by First Nations along the route of the pipeline as well as government approval of the project. The project is beneficial to the communities involved which is why it received that support.

Mr. McKay addressed comments about the importance of taking the impact of climate change seriously by stating that RBC shares the sense of urgency about climate change. He mentioned that RBC adopted emissions targets internally that align with the one-and-a-half degree scenario, which is a higher standard than the government. He also mentioned the RBC Climate Action Institution as a way to work with government to understand how policy has to change. He acknowledged that there is

much work to be done on all sides, including changing consumption and mobility behaviours.

With respect to a comment about the oil and gas industry workforce, Mr. McKay stated that the Indigenous communities have long-term equity ownership and an economic interest in the project, results in long-term economic benefits for communities including reinvestment in education, healthcare and prosperity to the communities.

Mr. Gagnon spoke about the three proposals that were withdrawn by MÉDAC and which are contained in schedule A of the management proxy circular.

Two comments were raised about topics that had already been addressed by Mr. McKay.

### Voting results

The Secretary announced the preliminary voting results based on the scrutineers' report and advised that final voting results would be posted on the Bank's website and on sedar.com. The preliminary voting results were shown during the live webcast.

On the election of directors, a substantial majority of the votes cast at the meeting were voted in favour of each of the 12 nominees named in the management proxy circular, as specified below:

<b>Nominee</b>	<b>Votes for (%)</b>	<b>Votes withheld (%)</b>
Mirko Bibic	99.28	0.72
Andrew A. Chisholm	99.57	0.43
Jacynthe Côté	98.13	1.87
Toos N. Daruvala	99.48	0.52
Cynthia Devine	99.49	0.51
Roberta L. Jamieson	99.51	0.49
David McKay	99.57	0.43
Maryann Turcke	94.83	5.17
Thierry Vandal	98.52	1.48
Bridget A. van Kralingen	98.93	1.07
Frank Vetteze	99.55	0.79
Jeffery W. Yabuki	99.21	0.79

On the other proposals, PricewaterhouseCoopers LLP was appointed as the auditor of the Bank, the advisory vote on the approach to executive compensation was approved, the ordinary resolution

to amend the Bank's stock option plan was adopted, the special resolution to amend by-law three of the Bank was adopted, and the eight shareholder proposals were defeated, as specified below:

<b>Proposal</b>	<b>(%) Votes for</b>	<b>(%) Votes withheld</b>
Appointment of the auditor	99.42	0.58
Advisory resolution on the approach to executive compensation	<b>Votes for</b> 95.69	<b>Votes against</b> 4.31
Ordinary resolution to approve amendment to stock option plan	<b>Votes for</b> 97.22	<b>Votes against</b> 2.78
Special resolution to approve amendment to by-law three	<b>Votes for</b> 97.64	<b>Votes against</b> 2.36
Shareholder proposal no. 1: Pollution-intensive assets	<b>Votes for</b> 7.15	<b>Votes against</b> 92.85
Shareholder proposal no. 2: Free, prior and informed consent of Indigenous Peoples	<b>Votes for</b> 26.67	<b>Votes against</b> 73.33
Shareholder proposal no. 3: Racial equity audit	<b>Votes for</b> 42.24	<b>Votes against</b> 57.76
Shareholder proposal no. 4: Absolute greenhouse gas reduction goals	<b>Votes for</b> 17.17	<b>Votes against</b> 82.83
Shareholder proposal no. 5: Phase-out lending and underwriting of fossil fuel exploration and development	<b>Votes for</b> 6.76	<b>Votes against</b> 93.24
Shareholder proposal no. 6: Disclosure of the pay ratio	<b>Votes for</b> 12.98	<b>Votes against</b> 87.02
Shareholder proposal no. 7: Advisory vote on environmental policies	<b>Votes for</b> 18.76	<b>Votes against</b> 81.24
Shareholder proposal no.8: Circular economy	<b>Votes for</b> 10.81	<b>Votes against</b> 89.19

(The Secretary has retained with the records of the Bank a copy of the scrutineers' report.)

The Chair reiterated how the Board places great importance on RBC's value of diversity and inclusion, and on constructive engagement with shareholders. She stated that the Board values the recommendation for a further equity audit. She acknowledged that engaging with shareholders is an important way to continue to strengthen the Bank's commitment to advancing diversity and representation, strengthening inclusion and enabling greater economic inclusion.

#### **Closing remarks and termination of meeting**

On behalf of the Board of Directors and shareholders, the Chair thanked the Bank's employees for their dedication and commitment to the success of its clients, which continues to be a true competitive advantage. She also thanked Mr. McKay and the executive team for their values-led leadership, their focus on environmental and social matters. Finally, she thanked the city of Saskatoon for hosting the meeting.

As there was no further business to transact, the Chair declared the annual and special meeting of common shareholders terminated.

(signed) Kathleen Taylor  
Chair of the meeting

(signed) Karen McCarthy  
Secretary