

# Royal Bank of Canada

**Statement of Corporate Governance Practices**  
(as of February 11, 2025)



## Caution regarding forward-looking statements

From time to time, Royal Bank of Canada and its subsidiaries (collectively, “RBC”, “the bank”, “we”, “us” or “our”) make written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the *United States Private Securities Litigation Reform Act of 1995* and any applicable Canadian securities legislation. We may make forward-looking statements in this Statement of Corporate Governance Practices (document), in other filings with Canadian regulators or the U.S. Securities and Exchange Commission, in reports to shareholders, and in other communications. In addition, our representatives may communicate forward-looking statements orally to analysts, investors, the media and others. Forward-looking statements in this document include, but are not limited to, statements relating to the expected timing and business of the annual and special meeting of shareholders, our approach to compensation, our approach to managing sustainability matters (including our diversity goals, the ambitions described in our Purpose Framework, and the strategies outlined in our Climate Blueprint, Skills Blueprint and Equitable Opportunities Blueprint). The forward-looking statements contained in this document represent the views of management and are presented for the purpose of assisting our stakeholders in understanding our vision, commitments, goals, priorities and targets, as well as the ways we intend to address sustainability matters, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as “believe”, “expect”, “expectation”, “aim”, “achieve”, “suggest”, “seek”, “foresee”, “forecast”, “schedule”, “anticipate”, “intend”, “estimate”, “goal”, “strive”, “commit”, “target”, “objective”, “plan”, “outlook”, “timeline” and “project” and similar expressions of future or conditional verbs such as “will”, “may”, “might”, “should”, “could”, “can”, “would” or negative or grammatical variations thereof.

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct, that our sustainability-related or other objectives, vision and strategic goals will not be achieved, and that our actual results may differ materially from such predictions, forecasts, projections, expectations or conclusions.

We caution readers not to place undue reliance on our forward-looking statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include, but are not limited to, the need for active and continuing participation and action of various stakeholders (including governmental and non-governmental organizations, other financial institutions, businesses and individuals); technological advancements; the evolution of consumer behaviour; evolving social views on sustainability-related topics; varying decarbonization efforts across economies; the need for thoughtful climate policies around the world; the challenges of balancing emission reduction targets with an orderly and inclusive transition and geopolitical factors that impact global energy needs; our ability to gather, analyze and verify data; our ability to successfully implement various initiatives (including sustainability-related initiatives) throughout the bank under expected time frames; the risk that initiatives will not be completed within a specified period, or at all, or with the results or outcome as originally expected or anticipated by the bank; the compliance of various third parties with agreements, our policies and procedures and their commitments to us; financial market conditions; our business operations; our financial results, condition and objectives; regulatory compliance (which could lead to us being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, penalties and fines); and cyber, strategic, reputation, legal and regulatory environment, competitive, model and systemic risks and other risks discussed in the risk sections of our annual report for the year ended October 31, 2024 (2024 annual report) and the Risk management section of our quarterly report to shareholders for the three-month period ended January 31, 2025 (Q1 2025 report to shareholders). Additional factors that could cause actual results to differ materially from the expectations in such forward-looking statements can be found in the risk sections of our 2024 annual report, as may be updated by subsequent quarterly reports.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events, as well as the inherent uncertainty of forward-looking statements.

Material economic assumptions underlying the forward-looking statements contained in this document are set out in the Economic, market and regulatory review and outlook section and for each business segment under the Strategic priorities and Outlook headings in our 2024 annual report, as updated by the Economic, market and regulatory review and outlook section of our Q1 2025 report to shareholders and as may be updated further by subsequent quarterly reports. Except as required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

Additional information about these and other factors can be found in the risk sections of our 2024 annual report and in the Risk management section of our Q1 2025 report to shareholders, which may be updated further by subsequent quarterly reports.

## Important notice regarding this Statement of Corporate Governance Practices

This document includes information about a number of RBC's sustainability-related (including climate- and diversity-related) objectives, vision, commitments, goals, metrics and targets.

Certain aspects of RBC's climate strategy are not inclusive of the investment advisory or broker-dealer activities, or the assets under management or administration, of RBC Global Asset Management (RBC GAM)<sup>1</sup> or RBC Wealth Management (RBC WM)<sup>2</sup>.

RBC's ambitions, strategies and approaches, described in this document, including sustainability-related metrics, data and other information relevant to such ambitions, strategies and approaches, are or may be based on assumptions, estimates and judgements. Any commitments, goals and targets discussed in this document are aspirational. Our sustainability-related commitments, goals, and targets, as well as the disclosures of our progress against such commitments, goals and targets, have been, and in the future may need to be, restated, changed or recalibrated as available data improve and as climate science, transition pathways and market practices regarding standards, methodologies, metrics and measurements evolve, which may result in us withdrawing from or modifying our membership in certain frameworks, principles and initiatives. The achievement of RBC's commitments discussed in this document will depend on the collective efforts and actions across a wide range of stakeholders outside of its control, and there can be no assurance that they will be achieved.

Any references to "sustainability", "ESG", "sustainable finance", "decarbonization", "net-zero" or similar terms in this document are intended as references to the internally defined criteria of RBC and not to any jurisdiction-specific regulatory definition that may exist. This document reflects RBC's sustainability-related strategies, positions, approaches, policies, procedures, criteria, objectives, vision, commitments and goals as of the date of this document, which are subject to change at any time in RBC's sole discretion without notice. We have no obligation to update the information or data in this document.

All references to websites are for your information only. The content of any websites referred to in this document, including via website link, and any other websites they refer to are not incorporated by reference. This document is also not intended to make representations as to the sustainability-related initiatives of any third parties, whether named herein or otherwise, which may involve information and events that are beyond our control.

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<sup>1</sup> RBC GAM operates through indirectly wholly owned subsidiaries of the bank including, but not limited to: RBC Global Asset Management Inc. (including Phillips, Hager & North Investment Management), RBC Indigo Asset Management Inc., RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited and RBC Global Asset Management (Asia) Limited.

<sup>2</sup> RBC WM operates through indirectly wholly owned subsidiaries of the bank including, but not limited to: (i) RBC Dominion Securities Inc. (Member – Canadian Investor Protection Fund), RBC Direct Investing Inc. (Member – Canadian Investor Protection Fund), Royal Mutual Funds Inc., RBC Phillips, Hager & North Investment Counsel Inc., RBC Capital Markets, LLC, RBC Wealth Management Financial Services Inc., Royal Trust Corporation of Canada and The Royal Trust Company; (ii) City National Bank and its subsidiaries; and (iii) Brewin Dolphin Holdings Limited and its subsidiaries.



# Governance

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The information in this document is as of February 11, 2025, unless stated otherwise. All dollar amounts are in Canadian dollars, unless stated otherwise.

In this document, “RBC”, “the bank”, “we”, “us” and “our” mean Royal Bank of Canada; “common shares” means RBC common shares unless the context indicates otherwise; and “shareholder” and “you” mean a holder of common shares, unless the context indicates otherwise.

All references to websites are for your information only. The content of any websites referred to in this document, including via website link, and any other websites they refer to are not incorporated by reference in, and do not form part of, this document.

## Our approach to governance

We are committed to high standards of governance that are consistent with regulatory expectations and evolving best practices that are aligned with our strategy and risk appetite. We believe that good governance is more than overseeing RBC and its practices – it requires transparency, accountability and integrity. It means having an independent board that actively engages with stakeholders, understands the business and its risks, constructively challenges management, navigates the complexities of a changing world and upholds robust standards and principles to guide RBC in delivering on its Purpose of helping clients thrive and communities prosper, while enhancing value for its shareholders.

### The core principles that drive our approach



#### Culture and conduct

By setting the tone from above, the board champions the values of trust, integrity and good governance.



#### Stewardship

Directors are the stewards of RBC, exercising independent judgment in overseeing management and safeguarding the interests of shareholders and other stakeholders.



#### Strategic oversight

Directors are key advisors to management, advising on strategic direction, objectives and action plans, taking into account business opportunities and the bank's risk appetite.



#### Risk oversight

The board oversees the frameworks, policies and systems to identify and manage risks to the businesses and seeks to embed a strong risk-aware culture throughout RBC.



#### Independence

Independence from the bank and management is fundamental to the board's effective oversight, and mechanisms are in place to ensure its independence.



#### Accountability

Transparency is a hallmark of good governance. The board is committed to clear and comprehensive financial reporting and disclosure and to constructive shareholder and stakeholder engagement.



#### Continuous improvement

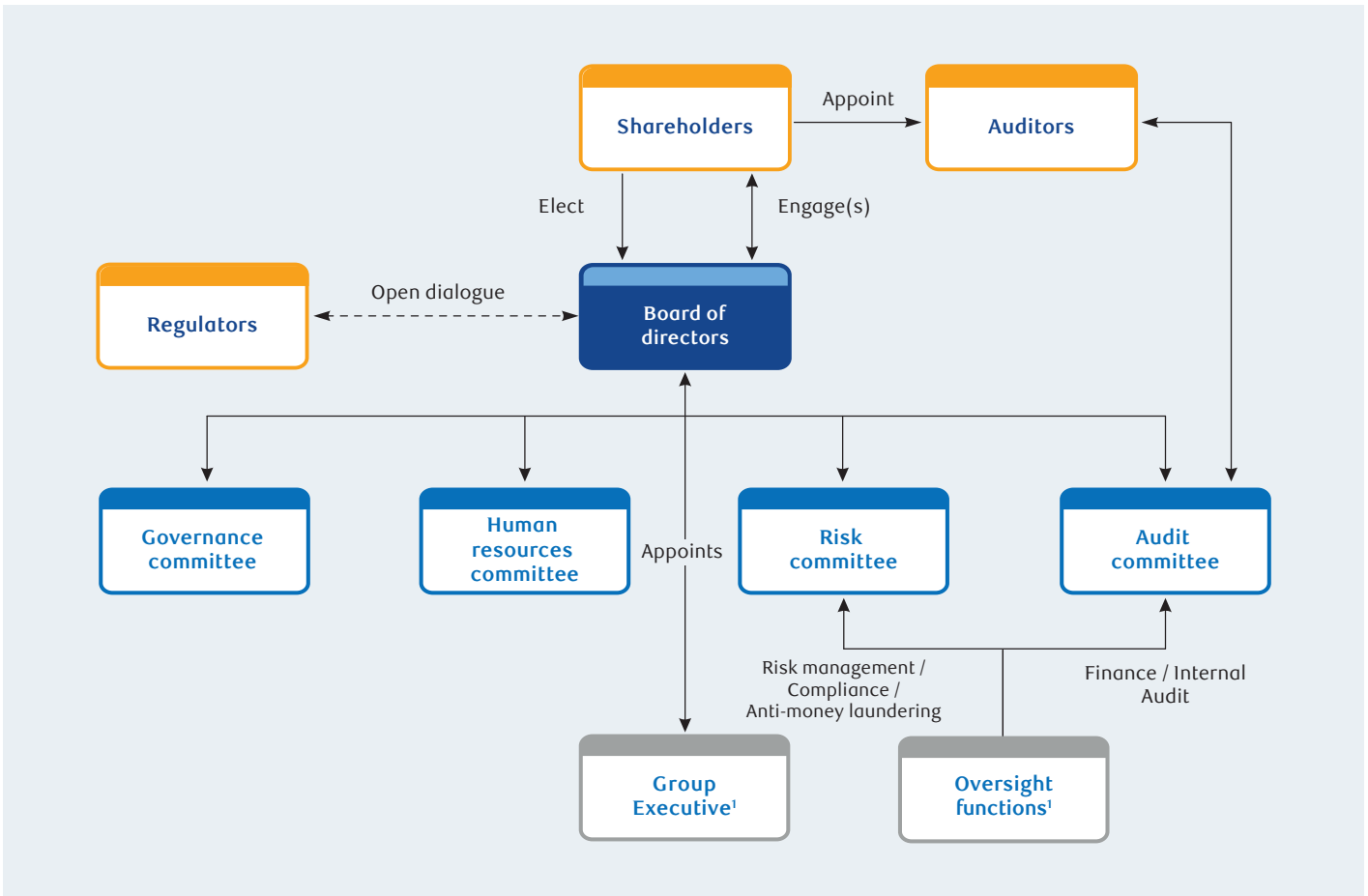
The board is committed to continuously improving its corporate governance principles, policies and practices.

The board exercises its authority in accordance with the *Bank Act* (Canada) and other applicable laws and regulations, including those of the Canadian Securities Administrators, the Toronto Stock Exchange, the New York Stock Exchange and the U.S. Securities and Exchange Commission.

## Our governance structure

Our governance structure establishes the fundamental relationships among the board, its committees, management, shareholders and other stakeholders.

We define the values that set the tone of our organizational culture as well as our strategic and corporate objectives, and we determine our plans for achieving and monitoring performance through this structure.



¹ The board approves the appointment of the Group Executive as well as the heads of the oversight functions who are not members of the Group Executive.

### Role of the board

**Directors oversee management and aim to enhance long-term shareholder value.**

The board makes major policy decisions, participates in strategic, financial and risk planning, oversees major transactions and reviews management's performance and effectiveness. The *Bank Act* (Canada) and the Office of the Superintendent of Financial Institutions' (OSFI) Corporate Governance Guideline specify important matters the board must address, such as the approval of financial statements and declarations of dividends, enterprise strategy and risk appetite. The board reserves the right to make certain decisions and delegates others to management. Management requires board approval for matters that exceed certain dollar thresholds.

### **Role of the governance committee**

The governance committee oversees board renewal and nominates directors for election or re-election (see pages 15 to 16 for more information on nominating board members). The governance committee also recommends committee membership and committee chair successors and oversees the process for board chair succession. Directors serve on two committees at a time, and many directors serve on every committee during their tenure as director.

The governance committee reviews board, committee and chair mandates, which outline areas of responsibility and oversight, and allocates responsibilities as required, taking into account regulatory guidance and industry best practices. These reviews ensure that the board, its committees and the board and committee chairs are adaptive and responsive to new requirements and continue to practice strong oversight.

The governance committee chair, as well as each committee chair, reports to the board following each committee meeting.

### **Role of the board chair**

**Jacynthe Côté is our independent board chair.**

Having an independent, non-executive board chair enhances management's accountability and the board's independent oversight. The board chair leads board and shareholder meetings and is responsible for the management, development and effective functioning of the board. While she does not serve on any board committee, she attends and participates in committee meetings. The board chair does not have the deciding vote if a board vote results in a tie.

Among other things, the board chair also:

- advises the CEO on major issues and liaises between the board and senior management
- participates in the orientation of new directors and the continuing development of current directors
- with the governance committee, conducts the board's effectiveness evaluation (as outlined on page 20) and plans board succession and recruitment
- interacts with directors and senior executives throughout the year
- meets with regulators, shareholders and stakeholders on behalf of the board, and
- periodically attends board meetings and meets with independent directors of certain subsidiaries.

The board reviews and approves the board chair's mandate, while the governance committee, under the direction of its chair, annually assesses the effectiveness of the board chair in fulfilling her mandate.

**You can find the mandates of the board, board chair, board committees and committee chairs at [rbc.com/governance](https://www.rbc.com/governance).**

## What the directors oversee

<b>Culture and conduct</b>	<ul style="list-style-type: none"> <li>• Establish the tone from above and champion RBC values, as set out in the bank's Code of Conduct</li> <li>• Set and expect the highest standards of conduct and integrity at RBC to build and maintain the trust of the bank's clients, shareholders, employees and communities we operate in</li> <li>• Promote a respectful environment and encourage employees to help shape our culture by speaking up and challenging behaviours when they do not align with RBC values</li> </ul>
<b>Strategic planning</b>	<ul style="list-style-type: none"> <li>• Oversee our strategic direction, plans and priorities and ensure they align with our risk appetite</li> <li>• Discuss and challenge management in setting enterprise strategy and monitor its implementation and effectiveness</li> <li>• Annually approve the strategic plan, taking into account the opportunities and risks of our businesses</li> <li>• Approve our financial objectives and operating plans, including significant capital allocations, expenditures and transactions that exceed delegated authorities</li> <li>• Review and approve the RBC organizational structure</li> <li>• Review the results of the annual assessment of business performance</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>• Oversee and approve our risk appetite framework</li> <li>• Oversee strategic risk management by approving risk management frameworks and policies</li> <li>• Promote a strong risk-aware culture and monitor that conduct adheres to the enterprise-wide risk management framework</li> <li>• Meet with regulators, including to discuss our risk appetite and control environment</li> </ul>
<b>Financial reporting and internal controls</b>	<ul style="list-style-type: none"> <li>• Approve the quarterly and annual financial reports</li> <li>• Oversee compliance with applicable audit, accounting, financial reporting, legal and regulatory requirements</li> <li>• Oversee the qualifications, performance and independence of the external auditors and the performance of the internal audit function</li> <li>• Monitor the implementation and maintenance of effective internal control systems, including management information systems, and assess their adequacy and effectiveness</li> </ul>
<b>Talent management and succession planning</b>	<ul style="list-style-type: none"> <li>• Supervise succession planning processes, which include the selection, appointment and development of the CEO, the Group Executive and heads of the oversight functions who are not members of the Group Executive</li> <li>• Evaluate and approve the compensation of the CEO, the Group Executive and heads of the oversight functions who are not members of the Group Executive in a manner consistent with prudential incentives</li> <li>• Annually review and approve the CEO's mandate</li> <li>• Review strategies and programs for the assessment and development of talent and for increasing diversity and inclusion for all employees at all levels of the organization</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>• Oversee the bank's approach to sustainability matters, including community investment, management of environmental and social (E&amp;S) risks and opportunities and how we conduct business to meet high standards of E&amp;S responsibility</li> <li>• Review and approve the RBC Purpose Framework – <i>Ideas for People and Planet</i><sup>TM</sup>, as well as (i) our enterprise climate strategy to support the transition to a low-carbon and resilient economy – the RBC Climate Blueprint; (ii) our enterprise strategy to help our employees and the communities where we operate keep pace with the changing world of work – the RBC Skills Blueprint; and (iii) our enterprise strategy for providing fair and inclusive opportunities to our clients, employees and the communities where we operate – the RBC Equitable Opportunities Blueprint, as well as assess progress against each strategy</li> <li>• Oversee the bank's key enterprise-wide sustainability disclosures, including annual enterprise sustainability reporting, the Human Rights Position Statement and the Statement Regarding Modern Slavery</li> </ul>
<b>Corporate governance</b>	<ul style="list-style-type: none"> <li>• Establish appropriate structures and procedures to allow the board to function effectively and independently</li> <li>• Develop and implement corporate governance principles and guidelines and monitor best governance practices</li> </ul>



## Our approach to subsidiary governance

### **RBC takes an enterprise-wide approach to subsidiary governance.**

The board and its committees oversee subsidiary governance at an enterprise level and the governance committee coordinates this oversight. Effective oversight by the board is supported by defined mechanisms for escalating subsidiary risk and governance issues, formal and informal touchpoints between the board, senior management and local subsidiaries and regular enterprise-wide subsidiary reporting and approval of key enterprise-wide frameworks. In addition, the board chair and committee chairs periodically attend subsidiary board and committee meetings and meet with independent directors of certain subsidiaries.

The corporate governance of RBC subsidiaries is managed by the Subsidiary Governance Office through a network of global subsidiary offices that act as regional corporate governance hubs. This centralized governance model brings together global oversight and local expertise, driving consistency, transparency and responsiveness to evolving business needs, best practices and regulatory requirements and expectations while maintaining strong oversight and escalation mechanisms.

Our policies on subsidiary board composition and functioning enhance our strong governance. Active and engaged subsidiary boards play a key role in overseeing our legal entities. Many have independent directors with specific skills and experience to support the RBC board in advancing the strategic priorities of RBC and its subsidiaries while providing oversight and effective challenge to management. We continue to focus on the representation of women, as well as other underrepresented groups on our subsidiary boards aligned to enterprise diversity and inclusion strategies, and leverage the subsidiary board experience to build talent for growth across the enterprise.

## Culture and conduct

The board sets and expects the highest standards of conduct at RBC to build and maintain the trust of our clients, employees and shareholders, as well as the communities we operate in. The board, with management, sets the tone from above and promotes an open and transparent culture at RBC. We recognize that the board's responsibility to oversee culture and conduct is broad and requires that we adopt a continuous improvement mindset towards our practices.

To that end, the governance committee oversees the management of culture and conduct and monitors emerging trends and best practices through board and committee reporting on culture and conduct risks, such as client outcomes, organizational and employee conduct and risk culture, as well as the impact on the integrity of the financial markets we operate in and on our reputation.

The governance committee meets with the Chief Human Resources Officer, Chief Risk Officer, Chief Legal and Administrative Officer and Chief Compliance Officer to review key matters and progress on programs that strengthen enterprise culture and conduct risks practices.

We also encourage our employees to help shape our culture by speaking up and challenging behaviours when they do not align with our values.

### **Our Code of Conduct**

The RBC Code of Conduct establishes standards of required behaviours that apply to directors, senior management, all employees and contract workers, including the responsibility to be truthful, respect others, comply with laws, regulations and our policies and engage in sales practices that are fair and not misleading.

The board closely collaborates with management to set the tone from above and promote a strong governance culture that influences RBC at every level and across all our global businesses. Consistent with industry standards, the board approves the Code of Conduct every two years or more frequently as required to ensure continued alignment with evolving regulatory expectations and industry best practices. The board last approved the Code of Conduct in December 2024.

Our Code of Conduct sets out fundamental principles that guide the board in its deliberations. It creates a frame of reference for properly addressing sensitive and complex issues and requires directors, senior management, employees, and contract workers to report misconduct and outlines our accountabilities if standards of conduct are not upheld.

RBC fosters an open and transparent environment where employees can speak up and raise concerns through various channels without any form of retaliation. The RBC global conduct hotline is a confidential channel that is accessible to all employees to raise concerns and report misconduct. A third-party, independent of RBC, administers the hotline and employees can use it anonymously.

We have an online learning program and annual employee testing and acknowledgement to demonstrate that employees are familiar with and understand the values and principles outlined in our Code of Conduct. Directors must acknowledge each year that they have read and understand the Code of Conduct and certify that they are in compliance with it. We also have policies and procedures to address more specific aspects of fair business conduct, such as anti-bribery, anti-corruption, and insider trading policies.

Waivers of the application of the Code of Conduct are considered only in exceptional circumstances. In the case of executive officers and directors, these waivers must be reported to the governance committee or the board and must be publicly disclosed in accordance with applicable law.

A copy of our Code of Conduct is available at **rbc.com/governance** and has been filed with Canadian securities regulators at **www.sedarplus.com**.

**The board did not grant any waivers of our Code of Conduct to executive officers or directors in fiscal 2024.**

## Financial reporting hotline

Our stakeholders rely on the accuracy of our financial reporting. Employees and contract workers, senior management, directors and third parties are encouraged to report, on a confidential and anonymous basis, any allegations of wrongdoing relating to accounting, auditing or internal accounting controls via the RBC global conduct hotline. Details on our reporting hotline can be found at **rbc.com/governance**. Issues are investigated internally or by an independent external party, and any significant issues are raised with the audit committee chair.

## Conflicts of interest

In practice, conflicts of interest can arise as a result of professional and contractual arrangements, directorships and other personal or business interests. As part of its oversight of conduct review, the governance committee establishes and monitors procedures to resolve conflicts of interest. Where the personal or business interests of directors and executive officers may conflict with those of RBC, they must disclose the nature and extent of the conflict of interest as soon as possible in writing or by requesting to have it entered in the minutes of the meeting. In the event of a conflict of interest, the director or executive officer in question will leave the meeting when the issue is discussed and, in the case of a director, will not vote or participate in the decision.

The governance committee is responsible for overseeing transactions with directors and senior officers of the bank who are related parties as defined under the *Bank Act* (Canada). It periodically approves the procedures governing permitted transactions with related parties and receives regular reports to ensure that transactions with related parties comply with the *Bank Act* (Canada) and internal procedures.

# Sustainability<sup>1</sup> matters

## A purpose-driven approach to create long-term, sustainable value

RBC has a long history of supporting sustainability matters and initiatives. From the days of RBC's first community investment in 1891, we have been active in the communities we operate in, and we engage on important issues relevant to our business and society.

Our Purpose Framework – *Ideas for People and Planet*<sup>TM</sup> aims to address certain pressing societal challenges that could impact the success of our business, both today and into the future: urgent environmental crises, a rapidly changing workforce and growing inequalities. It identifies our three ambitions which can help address these challenges and where we believe we can have a meaningful impact: support the transition to a net-zero economy, equip people with skills for a thriving future and drive more equitable opportunities for prosperity. Our ambitions aim to align to RBC's strategy and goals, which are focused in areas where our impact can be meaningful to the businesses we are in and the communities we operate in.

In January 2025, the board approved the strategies that underpin these three ambitions: the revised RBC Climate Blueprint, the RBC Skills Blueprint and the RBC Equitable Opportunities Blueprint. The following section provides an overview of these blueprints and key highlights for 2024.

We will measure and track our progress and evolve our strategies to be responsive to the needs of our clients and communities.

## RBC Purpose Framework – *Ideas for People and Planet*



<sup>1</sup> "Sustainability" in this section of the document refers to environmental and social matters.

## The RBC Climate Blueprint

The RBC Climate Blueprint, which represents our climate strategy, was originally published in 2019 and was last revised in January 2025. It outlines the priorities and actions to support our goal to be the bank of choice for the transition to a low-carbon and resilient economy.<sup>1</sup>

Our strategy is to support our clients across sectors in the transition, while focusing first on the areas that we believe present the greatest opportunities and risks.<sup>2</sup> RBC provides financing to support the growth of low-carbon energy, while also providing financing to meet current energy needs, including traditional sources of energy such as oil and gas. RBC is playing its role in helping our clients in the transition to a low-carbon economy, including supporting clients in high-emitting, hard-to-abate sectors in their efforts to decarbonize. The transition will depend on the collective efforts and actions of a wide range of parties, and to advance climate solutions, RBC is engaging, informing, and collaborating with others. As part of this journey, we are committed to integrating climate considerations into our business and operations, including reducing emissions in our operations and supply chain.

We will continue to update our climate strategy to reflect the impact certain external factors, such as the complex and evolving nature of climate-related measurement methodologies, may have on our strategy.

### Key 2024 highlights

- Completed the first year of client engagement under RBC's Client Engagement Approach on Climate – Energy Sector, which outlines RBC Capital Markets' approach to engagement with its energy sector clients on their plans for the transition<sup>3</sup>
- Released The RBC Climate Action Institute's inaugural annual report on Canada's net-zero progress, exploring the challenges and opportunities for Canada's climate journey
- RBC Tech for Nature supported 140+ community investment partners in areas such as agriculture, energy and nature-based climate solutions through \$29 million in community investments, an increase of 38% from 2023. Since 2019, RBC, RBC Foundation and RBC Foundation USA have invested \$90 million of the \$100 million commitment by 2025 to help address climate change and biodiversity loss, with the remainder to be invested in 2025
- Announced plans to accelerate the retrofit of the Canadian branch network where we are responsible for heating, ventilation and air conditioning equipment by investing \$35 million over three years (2025–2027) in the first phase through the installation of energy efficient, low-carbon heating and cooling systems such as heat pumps, which will replace aging equipment

## The RBC Skills Blueprint

RBC has an interest in helping those within and beyond our workforce develop skills to thrive as the world of work changes. Providing our employees and communities where we operate with support to develop in-demand skills and pursue meaningful careers is important to sustain our culture of high performance and to help improve lives in these communities. Our goal is to help our employees and communities where we operate keep pace with the changing world of work to drive mobility, innovation and resilience.<sup>4</sup>

### Key 2024 highlights

- Over 3 million hours collectively invested by our workforce in building their technical, personal and business skills<sup>5</sup>
- Through the RBC Foundation Green Skills Scholarships Program, RBC Foundation, in partnership with Universities Canada, awarded scholarships of up to \$5,000 to 40 students aged 25+ in 2024 committed to returning and reskilling within buildings and construction, agriculture and food production, transportation, waste management and recycling, and renewable energy
- Through RBC Emerging Artists, RBC and RBC Foundation donated over \$10 million in 2024 to approximately 200 charities and not-for-profit organizations to help equip the next generation of creatives with skills for a thriving future. Since 2004, investment in arts organizations have reached over \$140 million, supporting over 51,500 creatives

<sup>1</sup> Please refer to the RBC Climate Blueprint (available at [rbc.com/our-impact](https://www.rbc.com/our-impact)) for more information on this blueprint, including how certain key words used in this paragraph are defined.

<sup>2</sup> Certain aspects of RBC's climate strategy are not inclusive of the investment advisory or broker-dealer activities, or the assets under management or administration, of RBC Global Asset Management (RBC GAM) or RBC Wealth Management (RBC WM). RBC GAM operates through indirectly wholly owned subsidiaries of the bank including, but not limited to: RBC Global Asset Management Inc. (including Phillips, Hager & North Investment Management), RBC Indigo Asset Management Inc., RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited and RBC Global Asset Management (Asia) Limited. RBC WM operates through indirectly wholly owned subsidiaries of the bank including, but not limited to: (i) RBC Dominion Securities Inc. (Member–Canadian Investor Protection Fund), RBC Direct Investing Inc. (Member–Canadian Investor Protection Fund), Royal Mutual Funds Inc., RBC Phillips, Hager & North Investment Counsel Inc., RBC Capital Markets, LLC, RBC Wealth Management Financial Services Inc., Royal Trust Corporation of Canada and The Royal Trust Company; (ii) City National Bank and its subsidiaries; and (iii) Brewin Dolphin Holdings Limited and its subsidiaries.

<sup>3</sup> The Client Engagement Approach on Climate – Energy Sector is available at [rbc.com/climate](https://www.rbc.com/climate).

<sup>4</sup> Please refer to the RBC Skills Blueprint (available at [rbc.com/our-impact](https://www.rbc.com/our-impact)) for more information on this blueprint, including how certain key words used in this paragraph are defined.

<sup>5</sup> Training hours encompass the cumulative time devoted to various learning initiatives in 2024, including technical, business and compliance related training from our Learning Management System. In addition, training hours include business-segment-led training and informal learning hours, including learning hours in leadership development programs, diversity and inclusion learning events and hours spent in learning applications. Excludes City National Bank as this subsidiary has not been integrated onto our primary human resources (HR) platform.

- Through RBC Future Launch, RBC and RBC Foundation provided \$59 million in 2024, helping set up Canadian youth in the communities we operate in with skills needed for a thriving future. Since 2017, RBC Future Launch has reached over 8.4 million Canadian youth and provided \$451 million of the \$500 million commitment by 2025 through more than 960 partner programs

## The RBC Equitable Opportunities Blueprint

In the face of widening inequalities, providing fair and inclusive opportunities is important for the wellbeing of society and for the long-term success of our business. RBC looks for ways to turn ideas into action and help our clients become more financially stable, improve the strength and resilience of our communities, and develop our employees' career potential. While we recognize that we cannot do this alone, we are dedicated to doing our part. Our goal is to be known by our clients, communities and employees for providing fair and inclusive opportunities for prosperity.<sup>1</sup>

### Key 2024 highlights

- Continued to help Canadians navigate their personal relationships with money by expanding My Money Matters™ (originally launched in October 2023), a website with content, resources and tools (visited over 2.5 million times since launching) and continued to expand access to Mydoh®, RBC's money management application for households, which has reached over 230,000 Canadians since 2021, helping youth build their financial literacy skills
- In connection with the HSBC Canada acquisition, RBC committed to provide \$7 billion in financing for the construction, retrofitting and renovation of affordable and sustainable housing in Canada over five years<sup>2</sup>
- Established the RBC Foundation Community Infrastructure Fund with the goal of helping increase accessibility and environmental sustainability in our communities. In 2024, RBC Foundation provided over \$6 million to 35 projects across Canada to support retrofits, repairs and upgrades of existing community spaces, as well as the construction of new spaces
- Continued to receive external validation of the actions RBC has taken to create a welcoming and inclusive place to work through recognition as one of Canada's Top 100 Employers<sup>3</sup>, Canada's Best Diversity Employers<sup>3</sup>, Canada's Best Workplaces for Women<sup>4</sup>, and one of the Best Places to Work for Disability Inclusion in Canada in 2024<sup>5</sup> in the inaugural Canada 100 Disability Equality Index

## Sustainability governance and oversight model

Our sustainability governance model is designed to balance the board and its committees' oversight of sustainability-related matters with subject-matter expertise rooted within functions and businesses across the bank.

The executive sustainability council is designed to provide strategic advisory on sustainability topics, including climate. In 2024, the membership of the executive sustainability council was refreshed with Group Executive delegates for each business segment and function.

In addition, in 2024, we continued to evolve our climate governance, establishing a climate executive council to oversee the bank's climate strategy, including progress against goals and targets, and make decisions related to strategic climate matters. It also provides recommendations to Group Executive on significant climate decisions for management approval, such as updates to our strategy, targets and goals.

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<sup>1</sup> Please refer to the RBC Equitable Opportunities Blueprint (available at [rbc.com/our-impact](https://www.rbc.com/our-impact)) for more information on this blueprint, including how certain key words used in this paragraph are defined.

<sup>2</sup> Based on the Canada Mortgage and Housing Corporation MLI Select affordability, accessibility and energy efficiency criteria for multi-unit rental housing projects (for more information, please visit [www.cmhc-schl.gc.ca](https://www.cmhc-schl.gc.ca)). Eligible projects that contain affordable housing units may also include certain components that meet some of the energy efficiency or accessibility criteria.

<sup>3</sup> MediaCorp Canada Inc.

<sup>4</sup> Great Place to Work Institute.

<sup>5</sup> Disability:IN.



The following model depicts the organizational structure for the governance of sustainability-related matters at RBC.

### BOARD OVERSIGHT

Board of directors

Governance committee

Risk committee

Audit committee

Human resources committee

### MANAGEMENT OVERSIGHT

Chief Executive Officer

Chief Legal  
and  
Administrative  
Officer

Chief Risk  
Officer

Chief  
Financial  
Officer

Chief Human  
Resources  
Officer

Group Head,  
RBC Personal  
Banking

Group Head,  
RBC  
Commercial  
Banking

CEO and  
Group Head,  
RBC Capital  
Markets

Group Head,  
RBC Wealth  
Management

Group Head,  
RBC  
Insurance

Group Head,  
Technology &  
Operations

Key senior management governance bodies

Strategy and Oversight

Disclosure and Risk Management

Executive Sustainability Council

Accessibility Executive  
Steering Committee

Disclosure Committee

Climate Executive Council

Diversity Leadership Council

ESG Disclosure Council

RBC Foundation Board

Reputation Risk Oversight Committee

Responsible AI Executive  
Steering Committee

### IMPLEMENTATION

Corporate teams

Client-facing teams

Examples include Sustainability & Impact, Climate Strategy & Governance, Environmental & Social Risk Management, Diversity & Inclusion

Examples include Capital Markets' Sustainable Finance Group, Business Banking Sustainable Finance Group

Regional and business-level committees, working groups and employee resource groups

## Board oversight of sustainability

The board and its committees provide oversight of the bank's strategic approach to sustainability matters, including climate change, with specific subject-matter expertise, groups and functions responsible for relevant programs, products, policies and performance rooted within the business segments and functions across the bank.

Key responsibilities	Spotlight on key 2024 highlights
<b>Board</b>	
<ul style="list-style-type: none"> <li>Responsible for the bank's business plan, strategy, risk appetite and culture</li> <li>Oversees our strategic approach to sustainability, which includes how we manage climate-related risks and opportunities (including target setting and monitoring progress towards those targets), community investment, as well as our enterprise approach to social matters including diversity and inclusion</li> </ul>	Engaged with management on the evolving climate change landscape and trends and received an update on the bank's climate strategy and actions in response
	Received an update on the bank's climate strategy, including external perspectives, RBC's Client Engagement Approach on Climate – Energy Sector and trends in client activities
	Received an update on the Personal Banking retail strategy, which included a discussion on sustainable finance
	Reviewed and approved the Enterprise Risk Appetite Framework which incorporates consideration of E&S-related risks
	Reviewed the updated Sustainable Finance Framework
<b>Audit committee<sup>1</sup></b>	
<ul style="list-style-type: none"> <li>Oversees the bank's financial reporting, and related internal controls and disclosure controls and procedures, including the E&amp;S-related disclosures in the bank's annual report</li> <li>Supports the governance committee in overseeing annual enterprise sustainability reporting</li> </ul>	Oversaw the bank's annual financial reporting process and recommended the bank's annual report, including E&S-related disclosures, for approval by the board
	Received updates on the evolving ESG disclosure landscape, including regulatory and standard-setting developments in relation to climate change such as OSFI Guideline B-15 – Climate Risk Management (OSFI Guideline B-15), and the bank's advocacy actions in response (also received by the governance committee)
	Received an update on RBC's ESG disclosure strategy and controls including an overview of RBC's ESG reporting journey and mandatory disclosure requirements, supplemented with industry insights on the evolving landscape (jointly with the governance committee)
	Reviewed the 2023 Climate Report, ESG Report and Public Accountability Statement
<b>Governance committee<sup>1</sup></b>	
<ul style="list-style-type: none"> <li>Advises the board on sustainability matters, including climate change, and provides oversight and coordination over sustainability for the board and its committees</li> <li>Advises on the status and adequacy of the bank's efforts to meet high standards of environmental and social responsibility</li> <li>Oversees sustainability disclosures including annual enterprise sustainability reporting</li> </ul>	Reviewed the Client Engagement Approach on Climate – Energy Sector
	Reviewed and approved the 2023 Climate Report, ESG Report and Public Accountability Statement
	Received updates on trends on investor and proxy advisor perspectives regarding ESG, including climate as well as updates on stakeholder engagement including the board's response to ESG-related shareholder proposals
	Received an update on the evolving ESG disclosure landscape, including OSFI Guideline B-15 and the greenwashing amendments to the <i>Competition Act</i> (Canada)
	Reviewed and approved the 2023 Statement Regarding Modern Slavery (Canada, U.K. and Australia) and reviewed the RBC Human Rights Position Statement
	Received updates on the third-party racial equity audits of the bank's employment practices and business and commercial practices (also received by the human resources committee) and a presentation of the initial development of RBC's Reconciliation Action Plan framework
	Reviewed and discussed Sustainability & Impact's 2025 strategy (jointly with the audit committee) and reviewed and recommended the board approve the 2025 global community investment commitment and the RBC Foundation budget
<b>Human resources committee</b>	
<ul style="list-style-type: none"> <li>Oversees the bank's compensation principles, policies and programs</li> <li>Recommends for board approval, CEO and Group Executive compensation, including incentives, which consider environmental sustainability, social and governance factors</li> <li>Responsible for talent management and human resources strategies</li> </ul>	Reviewed and recommended the board approve CEO and Group Executive compensation for fiscal 2024, which considered environmental sustainability, social and governance practices in the bank's short-term incentive program and a discretionary climate-based modifier <sup>2</sup> related to progress towards the strategic priorities of the RBC Climate Blueprint <sup>3</sup> to the mid- and long-term incentive program, as more fully described on page 76 of our 2025 management proxy circular
	Received updates on executive staffing and progress on representation goals at each regular meeting
	Received updates on the third-party racial equity audits of the bank's employment practices and business and commercial practices (also received by the governance committee)
<b>Risk committee</b>	
<ul style="list-style-type: none"> <li>Oversees significant and emerging risks to the bank, including E&amp;S risks</li> <li>Recommends for board approval our Enterprise Risk Appetite Framework, which incorporates consideration of E&amp;S risks when making risk management decisions</li> </ul>	Approved the updated Enterprise Policy on Capital Adequacy which incorporated climate-related risks pursuant to OSFI Guideline B-15
	Reviewed the results of annual stress testing, which included climate-related physical and transition risk events (jointly with the audit committee)
	Received updates on E&S risks, including industry trends, regulatory developments and stakeholder perspectives in relation to climate change
	Reviewed and recommended the board approve the Enterprise Risk Appetite Framework and approved the Enterprise Risk Management Framework, which incorporate consideration of E&S risk

1 Beginning January 30, 2025, the audit committee assumed responsibility for approving the bank's annual enterprise sustainability reporting. Previously, the governance committee was responsible for approving the bank's annual enterprise sustainability reporting.

2 Excludes the CEO and Group Head, RBC Capital Markets, who participates in the Capital Markets Compensation Program. Refer to pages 77 to 78 of our 2025 management proxy circular for our discussion of how sustainability factors are incorporated into the Capital Markets Compensation Program.

3 The board approved CEO and Group Executive compensation in December 2024 (fiscal 2025), prior to the adoption by the board of the revised RBC Climate Blueprint, the RBC Skills Blueprint and the RBC Equitable Opportunities Blueprint.

## Providing fair and inclusive opportunities

Maintaining a workplace where our employees are supported to perform at their best, effectively collaborate, drive innovation, and grow professionally helps to bring our Purpose to life and generate value for our clients and communities. RBC strives to deliver this support through policies and programs that are intended to foster greater inclusion and fairness for all employees.

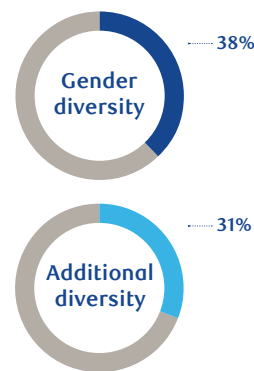
The board encourages diversity and inclusion at all levels of the organization. Through its human resources committee, it oversees RBC's diversity and inclusion strategic priorities and receives regular updates on their implementation. We have several programs and initiatives in place to promote and incorporate fairness and inclusivity for all employees within our recruiting and hiring processes, leadership pipeline, and our pay, promotion and development practices, in line with the RBC Equitable Opportunities Blueprint.

Further details on our approach to diversity and inclusion, including our strategic priorities can be found at [rbc.com/diversity](https://www.rbc.com/diversity).

### Our commitment to a diverse and balanced board<sup>1</sup>

Balanced and diverse representation is critical to successful board oversight. We firmly believe that the board should reflect the diversity of our clients, employees, shareholders and the communities we operate in.

To help achieve our diversity objectives, the board has approved a Board Diversity Policy which states that diversity is a critical lens through which the governance committee assesses each director candidate in seeking representation on the board of the full range of characteristics necessary to meet our goals of excellence, innovation and success. Pursuant to our commitment to a balanced and diverse board, gender and non-gender diversity, ethnicity, race, ancestral origin, age, geography, background, sexual orientation and other dimensions of diversity are always important factors considered by the governance committee. The Board Diversity Policy also requires that men and women each comprise at least 35% to 45% of directors.



5  
nominees are women

4  
nominees are Black, Indigenous, people of colour or LGBTQ+

Each year, the governance committee completes a self-assessment that measures, among other things, its effectiveness in guiding the board toward its diversity objectives. It also reviews the board's composition and any anticipated vacancies through the lens of our Board Diversity Policy. The governance committee regularly engages independent search firms to support the identification of candidates with specific skills, competencies or attributes it regards as key to the long-term strategic success of RBC.

### Executive and senior management diversity<sup>1</sup>

The representation of talent among executive and senior management reflects the diversity of our leadership pipeline, which helps to drive performance and greater innovation. Our leadership representation reflects our ongoing efforts with respect to evolving routines for comprehensive successive planning and executive appointments. In 2024, we met our goals<sup>2</sup> for the percentage of Black, Indigenous and people of colour executives in Canada (27% as at October 31, 2024, compared to our 2024 goal of 27%) and for new Black, Indigenous and people of colour executive appointments<sup>3</sup> (35% for 2024, relative to our annual goal of 30%). And while representation of women in leadership remained stable, we did not meet our goals<sup>2</sup> for the percentage of women executives in Canada (43% as at October 31, 2024, compared to our 2024 goal of 48%) and for new women executive appointments (44% for 2024, relative to our annual goal of 50%). We continue to identify opportunities to evolve our actions to foster an inclusive leadership pipeline.

<sup>1</sup> Based on self-identification. Pursuant to National Instrument 58-101 — *Disclosure of Corporate Governance Practices*, the bank is required to disclose whether it has adopted a written policy relating to the identification and nomination of women directors and the annual and cumulative progress in achieving the policy's objectives. The bank is also required to disclose how the governance committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. Finally, the bank is also required to disclose whether it has adopted a target regarding women on its board and in executive officer positions as well as the number and proportion of directors and executive officers who are women.

<sup>2</sup> Our goals are aspirational in support of our efforts to provide fair and inclusive access to hiring and advancement opportunities for all employees.

<sup>3</sup> A new executive appointment is the appointment of an internal employee or external hire as a first-time Vice-President, Senior Vice-President or Executive Vice-President. HSBC Canada executives who joined RBC at the acquisition date are not included in new executive appointments.

As of the date of this document, 42% (5 out of 12) of the executive officers who make up the Group Executive self-identify as women. We do not establish specific diversity goals at the Group Executive level as this team is included among our broader representation goals<sup>1</sup> for our Canadian executive team. As with all leadership roles we need to carefully consider a broad range of criteria – most importantly, the appropriate matching of business needs to enhance long-term value for our shareholders and the proven skills and capabilities of new appointees. All members of the Group Executive speak English fluently, one speaks French fluently and one can speak another language.

## Cyber risk oversight

Trust and security are more important than ever, and RBC is focused on cybersecurity and safeguarding the security of our systems and the confidentiality of our clients' information. Our security strategy supports our strategic direction and is designed to safeguard data entrusted to us by our clients. Globally, the volume and sophistication of cyber-attacks continue to increase; the resulting implications could include business interruptions, service disruptions, financial loss, theft of intellectual property and confidential information, litigation, enhanced regulatory attention and penalties and reputational damage.

The board of directors and its risk committee play an active role in overseeing how the bank manages these risks. The board, which includes members with technology and digital experience, oversees the strategic direction, plans and priorities of the bank and ensures they align with our Enterprise Risk Appetite Framework which the board approves annually. The board receives an annual cybersecurity update that provides an overview of the cyber threat landscape, evolving regulatory expectations and the bank's strategic approach to managing cybersecurity. Additionally, the board participates in education sessions focused on cybersecurity and information technology (IT), including sessions focused on key cyber and IT risk concepts and the bank's strategies for mitigating such risks. Management proactively keeps the board apprised of all significant matters or key updates that arise between regularly scheduled board and committee meetings. This includes key cybersecurity incidents or developments such as those involving critical vendors, third parties or peers.

The risk committee assists the board in overseeing our risk management and reviews significant risks, including IT and cyber risks. The Chief Risk Officer regularly updates the risk committee on current notable risk matters, including evolving external risks related to IT and cyber such as third-party outages and software vulnerabilities, as well as current and anticipated trends in cyber events. The risk committee annually reviews the recommended enterprise-wide stress test scenarios and results, which in fiscal 2024 included stress testing exercises addressed at cyber threats, among several other top and emerging risks. The risk committee also reviews and approves the enterprise risk management framework and supporting risk management frameworks, including the enterprise information technology risk management framework which establishes expectations for pragmatic IT risk management and governance.

Under the board's oversight, we continue to enhance our security capabilities, educate our customers and workforce, and deepen our relationships with governments, law enforcement and academia to advance our cyber defences in thwarting the threats targeting the financial sector. We achieve this through continued investment in cyber technologies, driving the education and awareness of our clients and workforce, and leveraging emerging technologies.

For more information on how we safeguard the security of our systems and the confidentiality of our clients' information, please visit [rbc.com/cybersecurity](https://www.rbc.com/cybersecurity).

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<sup>1</sup> Our goals are aspirational in support of our efforts to provide fair and inclusive access to hiring and advancement opportunities for all employees.

## Engaging with shareholders and other stakeholders

**Continuous and open dialogue with shareholders and other stakeholders is a key priority for us.**

RBC engages with our shareholders and other stakeholders year-round on a range of topics, including strategic, financial, and risk-related matters within the broader macro and operating environment as well as climate, human capital and diversity and inclusion, and governance. The board encourages all stakeholders to provide timely and meaningful feedback, facilitates constructive engagement and regularly reviews the bank's engagement with shareholders and stakeholders for alignment with best practices.

There are many ways people can engage with us and access important information:

<b>Board of directors</b>	Stakeholders can communicate with the directors or the board chair as described at <a href="https://www.rbc.com/governance">rbc.com/governance</a> .
<b>Management</b>	The CEO and other members of the Group Executive, senior management, Investor Relations, and the Corporate Secretary's Department meet regularly with financial analysts, investors and other stakeholders. The CEO, Group Executive and senior management also attend industry conferences from time to time.
<b>Investor Relations</b>	Investor Relations is responsible for communicating with the investing public on behalf of RBC.
<b>Live broadcasts</b>	We broadcast our quarterly earnings calls with analysts live and archive them on our Investor Relations site for a period of three months after each call. Shareholders can also participate in our annual meeting of shareholders via a live webcast.

Please refer to the back cover of our 2025 management proxy circular for the contact details of the board chair, secretary and Investor Relations.

## Board independence

**With the exception of our CEO, all 2025 director nominees are independent.**

To be effective, the board must be independent. To this end, the board has adopted a Director Independence Policy that incorporates the "affiliated persons" regulations from the *Bank Act* (Canada) and the definition of "independence" from the Canadian Securities Administrators guidelines. It also sets additional standards for members of our audit committee and our human resources committee. The Director Independence Policy is filed with Canadian securities regulators at [www.sedarplus.com](https://www.sedarplus.com) and is available at [rbc.com/governance](https://www.rbc.com/governance).

### Assessing director independence

Directors are independent only if they are unaffiliated with RBC and the board has determined that they have no direct or indirect material relationship with RBC that could interfere with their independent judgment.

To determine whether directors are independent, the board uses information about their personal and business relationships with RBC, including their personal banking and financial services information. The board collects this information from sources such as:

- director responses to an annual detailed questionnaire
- director biographical information, and
- internal records and reports on relationships between directors, entities affiliated with directors and RBC.



The board tests relationships between directors and RBC using materiality thresholds set out in our Director Independence Policy. The board also considers other facts and circumstances it deems relevant to determine whether any of these relationships could reasonably be expected to interfere with a director's independent judgment. It considers the nature and extent of these relationships and their importance not only to directors and to RBC, but also to entities with which directors are affiliated.

Under the *Bank Act* (Canada), the CEO must be a member of the board. He is the only director who is not independent.

## Guidelines to address other professional activities

Directors must notify the board chair, governance committee chair and secretary before they engage in any new professional activities, including as a director (public, private or not-for-profit), employee, advisor or consultant. The board chair and governance committee chair assess whether the director will have sufficient time and energy to devote to RBC responsibilities and evaluate potential circumstances that could impact independent thinking, including conflicts of interest.

<b>Board interlock policy</b>	No more than two RBC board members may serve as director on the same public company board. Currently no RBC director serves on another public company board with another RBC director.
<b>Service on public company audit committees</b>	No member of the RBC audit committee may serve on an audit committee of more than two other public companies.

## Maintaining independence

**In fiscal 2024, all board and regularly scheduled committee meetings had an *in camera* session without management.**

The board has established other important ways to maintain its independence.

<b>Access to management</b>	All independent directors have unrestricted access to management and RBC employees.
<b>External advisors</b>	Each board committee and, with the approval of the board chair, individual directors may engage external advisors at the expense of RBC to ensure they have access to independent advice.
<b><i>In camera</i> sessions</b>	The board chair and committee chairs lead sessions without management to facilitate open and candid discussion among the directors.

## Nominating, developing and evaluating board members

### Finding the right director candidates

**We regularly engage independent search firms to help identify candidates.**

The board derives its strength from the diverse competencies, skills and experience of its members.

The governance committee oversees board renewal and nominates directors for election to the board. The committee's purpose is to build a board that is composed of directors who possess the talent and experience to support the future strategic objectives of RBC, with strong risk discipline in the context of a financial services transformation shaped by an increasingly competitive global marketplace, evolving expectations of regulators and other stakeholders and by macroeconomic, technological and geopolitical developments. The committee reviews board composition and any anticipated board vacancies through the lens of the Board Diversity Policy. RBC shareholders elect the directors at each annual meeting to serve until the next annual meeting.

Every year, the governance committee works with the board chair to review the credentials of candidates proposed for election or re-election to the board and assess their competencies and experience against those that the board believes, as a whole, it should possess. As part of this analysis, the committee maintains a matrix (refer to page 22 of our 2025 management proxy circular) indicating the major competencies and major experience that each director contributes.

The governance committee considers the results of the board and director effectiveness evaluations in its assessment of the skills and competencies needed to support our strategic objectives.



## How to submit a nomination

<b>Shareholders</b>	Shareholders may submit candidates to the board chair.
<b>Under the Bank Act (Canada)</b>	In accordance with the <i>Bank Act</i> (Canada), qualifying shareholders may submit a formal proposal to nominate an individual for director.
<b>Under the Proxy Access Policy</b>	The RBC Proxy Access Policy provides an additional way for shareholders to submit director nominations and can be found at <a href="https://www.rbc.com/governance">rbc.com/governance</a> .
<b>Individuals and other stakeholders</b>	Individuals and other stakeholders may also submit candidates to the board chair.

Contact information can be found on the back cover of our 2025 management proxy circular.

## Evaluating candidates for the board

The governance committee and the board chair work together to consider all qualified individuals and maintain an evergreen list of candidates.

The board selects independent nominees possessing business and professional expertise, including relevant financial services industry and risk management expertise, senior-level involvement in major organizations, international experience and a history of achievement and performance at the highest level. Residency and familiarity with geographic regions relevant to our strategic objectives are also considered.

To best support the bank in achieving its Purpose of helping clients thrive and communities prosper, all director nominees are required to have experience in environmental, social or governance matters. They must also share a commitment to the RBC values of integrity, putting the client first, accountability, collaboration and diversity and inclusion.

Our director effectiveness framework lays out the skills, commitment and conduct we expect from new and current directors (refer to page 20 for more information). In line with our Board Diversity Policy, the governance committee also considers various dimensions of diversity.

## Board size considerations

**This year, 13 nominees are standing for election as a director.**

When determining its optimal size, the board balances two competing priorities:

- the business need for diversity of skills, experiences, perspectives and backgrounds that align with the near- and long-term strategic objectives of RBC and reflect its diverse client and stakeholder base, and
- the need to be small enough to facilitate open and effective dialogue and thorough and responsive decision-making.

Regulatory requirements and succession planning also play key roles in the board's determination of its optimal size.

## Majority voting

The board's Majority Voting Policy states that any nominated director in an uncontested board election must immediately tender their resignation if they are not elected by at least a majority (50% plus 1 vote) of the votes cast in their election. The board will determine whether to accept the resignation within 90 days. Absent exceptional circumstances, the board will accept the resignation, making it effective immediately.

A director who tenders a resignation will not participate in any meeting where the board or a committee is considering their resignation. RBC will promptly issue a news release with the board's decision. If the board determines not to accept the resignation, the news release will fully state the reasons for that decision.

## Tenure policy

We have a tenure policy that outlines term limits in order to:

- balance the benefits of experience with the need for new perspectives, and
- achieve ongoing board renewal.

<b>Directors</b>	A director's term lasts 15 years or until they reach the age of 70, whichever comes first. New directors may serve for at least six years, regardless of their age.
<b>Board chair</b>	The board chair's term is five years.
<b>Committee chairs</b>	A committee chair's term is three years, which may be extended for up to two years, if appropriate, considering the expertise required to lead the relevant committee.

The board, upon the recommendation of the governance committee, may waive the term and/or age limits for a director and the term of the board chair or a committee chair. In 2024, the board approved the extension of the human resources committee chair's tenure until the end of calendar 2025.

Term limits do not take precedence over our annual director effectiveness evaluation. Nominations for re-election as director will be based on the needs of the board and RBC given its strategic objectives and will take into consideration the results of the effectiveness evaluation and peer reviews.

A director is expected to submit their resignation to the board chair if:

- their qualifications, independence or other credentials change
- they no longer meet the eligibility rules under the board's conflict of interest guidelines, or
- they are no longer qualified under the *Bank Act* (Canada) or other applicable laws.

The governance committee will make a recommendation to the board on whether it should accept the resignation. A director who tenders a resignation does not participate in the discussion or decision-making process.

## Helping directors succeed in their roles

The board strives to ensure that new directors receive a thorough introduction to their role and all directors have access to the resources they need to focus on ongoing development. The governance committee is responsible for making the transition of new directors as seamless as possible and equipping them with the right tools to succeed and make valuable contributions to the board and RBC.

Our principles-based approach reflects three key pillars to facilitate an agile and adaptive board.

## Our principles-based approach to director development



Periodically, the board holds meetings in key jurisdictions to further learn about our businesses and connect with local senior management, employees and directors of key subsidiaries. In October 2024, the board and its committees held meetings in New York, New York, as described in the table below.

### Focus on continuous education

The board and management remain focused on the key issues impacting RBC as well as our clients, employees, shareholders, communities and other stakeholders. We take a coordinated approach to education with the board and its committees organized around the themes of market, macroeconomic environment, data management and cybersecurity, artificial intelligence, environmental, social and governance, regulatory and geopolitical matters. Directors also attended several smaller events with executives and employees, giving directors the opportunity to gain further insights into RBC's businesses and functions throughout the year.

Quarter	Education	Attended or received materials
Q1 2024	External perspectives on RBC's climate strategy and update on global climate developments Overview of RBC's approach to managing a liquidity crisis due to an idiosyncratic event Update on RBC's information management (data) risk profile	Board Audit, Risk Risk
Q2 2024	Update on cyber threat landscape, evolving regulatory expectations and RBC's strategic approach Overview of accounting requirements for acquisitions, including the application of International Financial Reporting Standards (IFRS) 3 – <i>Business combinations</i> and the impairment requirements of IFRS 9 – <i>Financial Instruments</i> Environmental, Social and Governance disclosure and standard-setting developments	Board Audit  Audit, Governance
Q3 2024	RBC Borealis update on data and artificial intelligence (AI) at RBC Review and highlights of the 2024 Canadian and U.S. financial industry annual general meeting season Update on key Canadian, U.S. regulatory and governmental developments Corporate governance trends and developments in Canada and the U.S. Review of RBC's personal lending portfolio through a risk lens	Board Governance  Governance Governance Risk
Q4 2024	Buy-side investor perspective on the financial industry, markets and RBC Insights on global wealth management, including trends, disruptions, and strategic opportunities Review of upcoming changes to the Institute of Internal Auditors Standards Review of environmental, social and governance mandatory disclosure requirements, supplemented with industry insights on the evolving regulatory landscape Leadership strategy, including the impact of internal and external pressures on leaders and plans to build a future-ready winning culture Review of RBC's U.S. operations through a risk lens Review of the regulatory landscape of financial consumer protection <b>New York, New York meetings</b> Panel discussion on the U.S. macro-environment, capital markets and broader economic trends Fireside discussion on U.S. politics, global trends, Canada-U.S. relations and the Canadian economy Panel discussion on the U.S. elections and the potential impacts to Canada and RBC Review of the regulatory landscape of money-laundering expectations and learnings from industry peers	Board Board Audit Audit, Governance  Human resources  Risk Risk  Board Board Board Audit, Risk



## Evaluating the board, committees, chairs and directors

The board and its committees annually review their effectiveness as part of their commitment to continuously improve their oversight, guidance and constructive challenge of management. Managed by the governance committee, this process also includes separate evaluations of the board chair and each committee chair as well as a self-assessment and a peer review of each director. The results inform the board's development of priorities and action plans for the following year. The evaluations also form part of the governance committee's assessment of the skills and competencies director nominees need for election or re-election.

**In 2024, we retained an independent consultant to facilitate the evaluation process.**

### Expectations of our directors

Our director effectiveness framework identifies the key characteristics and behaviours the board considers essential for each director to fulfil their role successfully. This framework forms the basis of the peer evaluation components of the assessment and reflects the director's commitment to improvement at a board and individual level.

### Annual evaluations

Annual evaluations of the board and each committee are supplemented with input from members of the Group Executive on areas such as board and committee processes, materials, interaction with management and overall effectiveness. We review our evaluation and effectiveness frameworks annually to align them with best practices and regulatory guidance.

## Director effectiveness

### DEDICATION

- Prioritizes the needs of RBC
- Commits fully to the accountability and success of the board
- Seeks to continuously improve and raise the bar

### ENGAGEMENT

- Engages fully and makes a meaningful contribution at all meetings
- Actively promotes collegiality
- Considers the input of others and provides thoughtful advice

### INTEGRITY

- Works for the greater good of RBC
- Demonstrates high ethical standards
- Upholds RBC values

### BUSINESS ACUMEN

- Focuses on the right performance outcomes
- Balances short-, medium- and long-term objectives
- Exhibits sound judgment and thoughtfully balances trade-offs

### STRATEGIC ORIENTATION

- Discusses pros and cons of future growth strategies
- Assesses global opportunities for alignment with RBC strategy

### COURAGE

- Appropriately challenges the status quo
- Can make tough decisions
- Champions change and encourages diversity

Updates on priorities and action plans are provided to the board and committees by the board chair and committee chairs on a regular basis throughout the year. This approach creates an effectiveness evaluation that is an ongoing, dynamic part of the functioning of the board and its committees.



Feedback is collected through questionnaires administered by an independent consultant and through meetings between the board chair and the committee chairs as well as one-on-one meetings between the board chair and each director.

The **board** is evaluated by all directors and the Group Executive.

The **board chair** is evaluated by all independent directors.

The **committees** and **committee chairs** are evaluated by committee members and applicable members of the Group Executive and senior management.

Each **independent director** completes a personal and peer review.

The independent consultant analyzes the feedback and peer reviews and prepares the reports.

The board and governance committee review the **board and board chair reports**. The governance committee chair reports to the board on the effectiveness of the board chair.

The governance committee and applicable committees review the **committee and committee chair reports**. The board chair also reviews the **committee chair reports**.

The board chair reviews the **independent director peer reviews** with each director. The governance committee chair reviews the **board chair's performance assessment and peer reviews** with the board chair.

Priorities and action plans are developed for the **board** and **committees** as well as the **committee chairs** and the **board chair**.

Development opportunities are identified, as required, for each **independent director**.

Reports and peer reviews are taken into consideration during the re-nomination process.

## Director compensation

### Our approach to compensation

Experienced, focused and talented directors are essential to achieve our strategic objectives within our risk appetite and provide effective guidance to and oversight of management. The governance committee is responsible for all aspects of director compensation and annually reviews the amount and form of non-executive director compensation, taking the following into account:

- size, complexity and geographic scope of RBC
- expected time commitment of directors
- overall expertise and experience required
- need for compensation that is fair and positions RBC to attract highly qualified directors, and
- alignment of interests between directors and shareholders.

### Decision-making process

The governance committee assesses the design and competitiveness of director compensation in the context of industry best practices and with reference to a core Canadian comparator group of companies (including financial institutions) of similar size, complexity and geographic scope to RBC. It also considers a broader reference group of U.S. and international financial institutions of similar size, complexity, business mix, scale of operations outside their home country and financial condition.

	<b>Canadian comparator group</b>	<b>Non-financial institutions</b>
	<b>Financial institutions</b> <ul style="list-style-type: none"> <li>• Bank of Montreal</li> <li>• Canadian Imperial Bank of Commerce</li> <li>• The Bank of Nova Scotia</li> <li>• The Toronto-Dominion Bank</li> <li>• Manulife Financial Corporation</li> <li>• Sun Life Financial Inc.</li> </ul>	<ul style="list-style-type: none"> <li>• BCE Inc.</li> <li>• Canadian National Railway Company</li> <li>• Enbridge Inc.</li> <li>• Nutrien Ltd.</li> <li>• Suncor Energy</li> <li>• TC Energy Corporation</li> </ul>
	<b>U.S. and international reference group</b>	<b>International financial institutions</b>
	<b>U.S. financial institutions</b> <ul style="list-style-type: none"> <li>• Bank of America Corporation</li> <li>• Citigroup Inc.</li> <li>• JPMorgan Chase &amp; Co.</li> <li>• PNC Financial Services Group, Inc.</li> <li>• U.S. Bancorp</li> <li>• Wells Fargo &amp; Company</li> </ul>	<ul style="list-style-type: none"> <li>• Australia and New Zealand Banking Group Limited</li> <li>• Commonwealth Bank of Australia</li> <li>• National Australia Bank</li> <li>• Westpac Banking Corporation</li> </ul>

### Compensation structure

We believe in a simple and transparent compensation structure. Each non-executive director is paid a flat annual fee covering all of their responsibilities, meeting attendance and work performed during the year, including membership on two board committees. The board chair and the committee chairs each receive an additional retainer.

Directors are also reimbursed for travel and other expenses incurred to attend board, committee and other meetings or business at the request of RBC. Directors do not receive any additional travel or meeting fees and are paid in Canadian dollars, regardless of country of residence.

In fiscal 2024, RBC directors were compensated as follows:

Annual retainers	(\$)
Director	340,000
Board chair	275,000
Committee chair	60,000

David McKay, as President and Chief Executive Officer (CEO) of RBC, does not receive any director compensation.

Non-executive directors do not receive stock options and do not participate in RBC pension plans.

## No changes to compensation

There are no changes recommended or approved for 2025.

## Alignment of director and shareholder interests

The board believes the following three measures effectively align the interests of our directors and shareholders.

### 1. Equity ownership requirement

Directors are required to own RBC equity with a total aggregate value of at least four times the total director retainer (\$1,360,000 in fiscal 2024) within five years of joining the board. Directors must own at least 1,000 RBC common shares as part of this investment.

### 2. Investment of director fees

Director investments in RBC equity are facilitated through the director share purchase plan (for common shares) and the director deferred stock unit plan (for director deferred stock units or DDSUs). DDSUs are notional units that have the same value as RBC common shares. When a DDSU is credited to or redeemed by a director, its value is calculated using the average closing price on the TSX of a common share over the five preceding trading days.



Directors must invest at least 60% (\$204,000 in fiscal 2024) of their annual director retainer (the equity portion) in either common shares or DDSUs. Until a director owns at least 1,000 common shares, the equity portion of the director retainer is paid in common shares. Shares are purchased at market price. Directors may invest up to 100% of the cash portion of their annual director retainer in either DDSUs or common shares. Directors cannot sell common shares purchased with the equity portion of their annual director retainer or redeem any DDSUs until they retire from the board.

The board chair must also invest at least 60% (\$165,000 in fiscal 2024) of the annual board chair retainer in either RBC common shares or DDSUs. The board chair cannot sell shares purchased with the equity portion of the annual director or board chair retainers or redeem any DDSUs until retirement from the board.

### 3. Restrictions on trading and hedging RBC securities

Directors cannot:

- sell RBC securities directly or indirectly if they do not own or have not fully paid for them (a short sale)
- directly or indirectly buy or sell a call or put on RBC securities, or
- enter into equity monetization transactions that would have an effect equivalent to creating call or put rights in respect of RBC securities or other financial instruments designed to hedge or offset a decrease in the market value of RBC securities.

## Compensation for membership on subsidiary boards

Non-executive directors may be asked to serve as directors of RBC subsidiaries and are paid for their services and reimbursed for travel and other expenses. Both Mr. Chisholm and Mr. Vettese serve on the board of RBC US Group Holdings LLC (RBC US), our U.S. intermediate holding company. In fiscal 2024, Mr. Chisholm was paid an annual RBC US director retainer of US\$175,000. Mr. Vettese was appointed to the board of RBC US effective June 17, 2024, and was paid a pro-rated portion of the annual RBC US director retainer in the amount of US\$72,917.