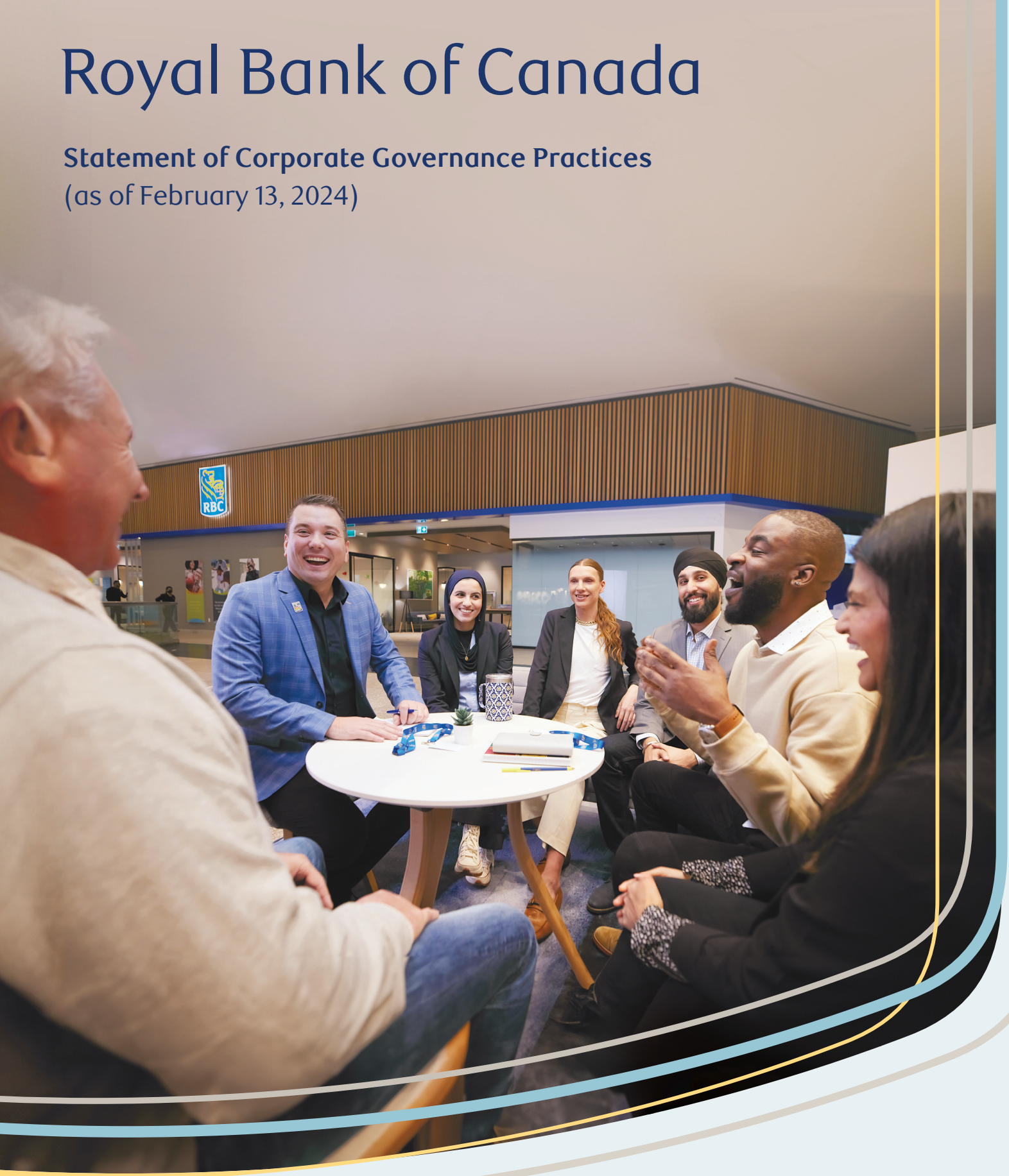
Royal Bank of Canada

Statement of Corporate Governance Practices

(as of February 13, 2024)



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 1*995 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 meeting of shareholders, our approach to compensation, our approach to managing environmental, social and governance (ESG) matters, including our ESG-related objectives, vision, commitments, goals, metrics and, targets (including our diversity goals, our initial 2030 interim emissions reduction targets (interim targets) and our ultimate goal of achieving net-zero in our lending by 2050, our commitment to help our clients as they transition to net-zero, our commitment to advance net-zero leadership in our own operations and our Purpose Framework), our strategies to identify, mitigate and adapt to ESG-related risks, our approach to ESG-related opportunities, the risk environment and the effectiveness of our risk monitoring and statements made by our President and Chief Executive Officer and our Chair of the Board. 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 and targets, as well as the ways we intend to address ESG 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 ESG-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 more and better ESG-related data and standardization of ESG-related measurements and methodologies (including climate data, diversity metrics, and social indicators); climate-related conditions and weather events; 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 ESG-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 ESG-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, 2023 (2023 annual report) and the Risk management section of our quarterly report to shareholders for the three-month period ended January 31, 2024 (Q1 2024 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 2023 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 2023 annual report, as updated by the Economic, market and regulatory review and outlook section of our Q1 2024 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 2023 annual report and in the Risk management section of our Q1 2024 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 ESG-related (including climate- and diversity-related) objectives, vision, commitments, goals, metrics and targets.

RBC's commitment to achieving net-zero emissions in our lending by 2050 is not inclusive of the activities of and the assets under management or administration by RBC Global Asset Management (RBC GAM)[1] and RBC Wealth Management (RBC WM)[2].

RBC's activities described in this document and ESG-related metrics, data and other information relevant to its activities and commitments contained in this document are or may be based on assumptions, estimates and judgements. Any commitments, goals and targets discussed in this document are aspirational. Our ESG-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. 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. For further cautionary statements relating to ESG-related metrics, data and other information in this document refer to the "Important notice regarding this Report" section in RBC's most recent ESG Progress Report.

Any references to "ESG", "sustainable finance", "carbon neutral", "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. 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 ESG-related initiatives of any third parties, whether named herein or otherwise, which may involve information and events that are beyond our control.

1 RBC GAM includes, but is not limited to, the following wholly owned indirect subsidiaries of RBC: RBC Global Asset Management Inc. (including Phillips, Hager & North Investment Management), RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited, RBC Global Asset Management (Asia) Limited and BlueBay Asset Management LLP.

2 RBC WM includes, but is not limited to, the following affiliates of RBC: (a) RBC Dominion Securities Inc. (Member – Canadian Investor Protection Fund), RBC Direct Investing Inc. (Member – Canadian Investor Protection Fund), Royal Mutual Funds Inc., RBC Wealth Management Financial Services Inc., Royal Trust Corporation of Canada and The Royal Trust Company, which are separate but affiliated subsidiaries of the Bank; and (b) Brewin Dolphin Holdings PLC and its subsidiaries.

Governance

Our approach to governance **1**
The core principles that drive our approach 1
Our governance structure 2
What the directors oversee 4
Our approach to subsidiary governance 5

Culture and conduct **5**
Our Code of Conduct 5
Financial reporting hotline 6
Conflicts of interest 6

Environmental, social and governance matters **7**
Helping create long-term, sustainable value 7
Diversity and inclusion in action 12
Cyber risk oversight 13
Engaging with shareholders and other stakeholders 14

Board independence **14**
Assessing director independence 15
Guidelines to address other professional activities 15
Maintaining independence 15

Nominating, developing and evaluating board members **16**
Finding the right director candidates 16
How to submit a nomination 17
Evaluating candidates for the board 17
Board size considerations 17
Majority voting 17
Tenure policy 18
Helping directors succeed in their roles 18
Evaluating the board, committees, chairs and directors 21
Director compensation 23

The information in this document is as of February 13, 2024, 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 not just about overseeing RBC and its practices, but doing so in a way that is transparent, accountable and with integrity. It involves an independent board actively engaging with all stakeholders, knowing the business and its risks, constructively challenging management, understanding the opportunities and challenges of a changing industry and economy, and setting robust standards and principles that will guide RBC in delivering on its Purpose of helping clients thrive and communities prosper while enhancing value for our 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

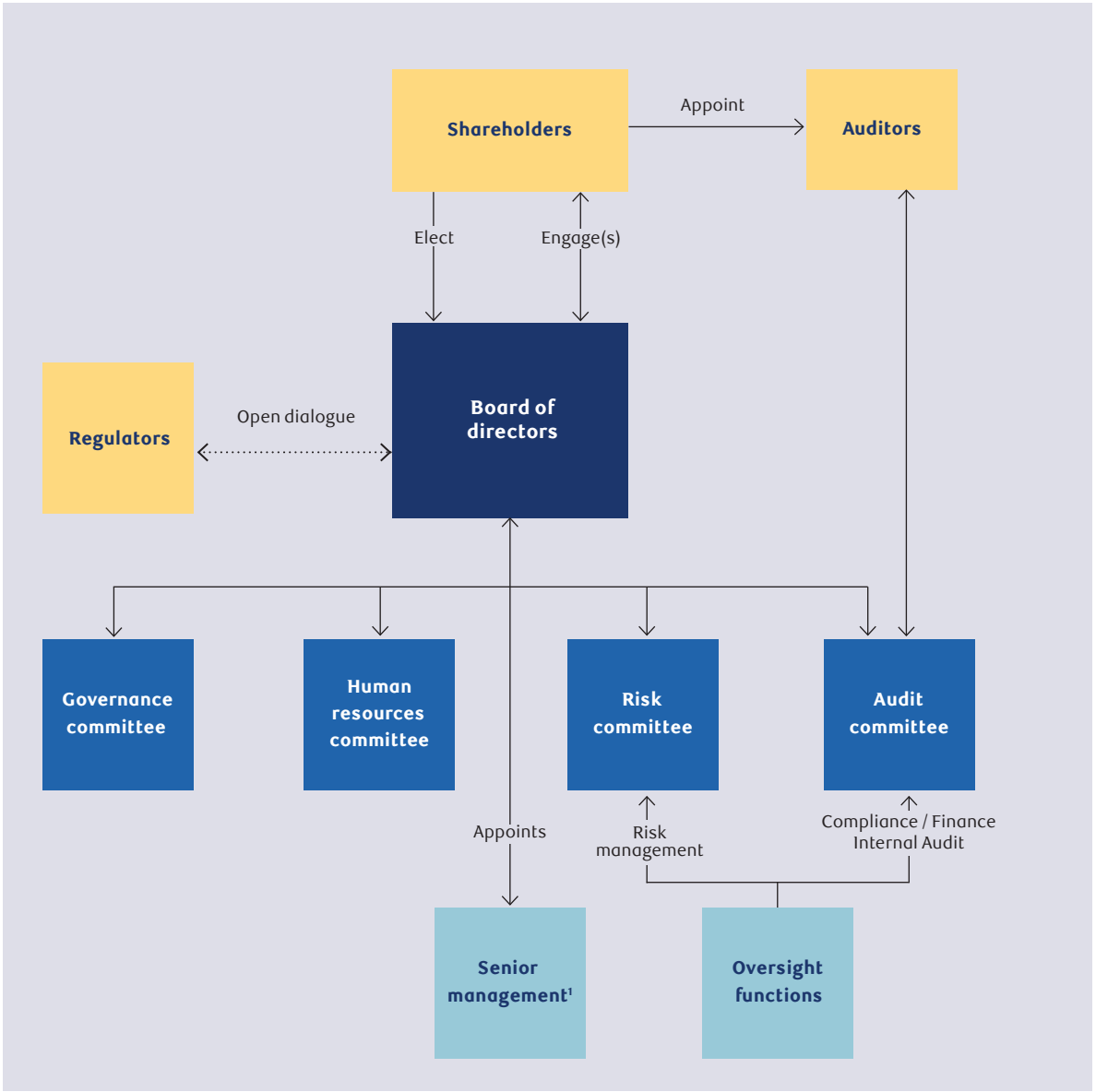
The board is committed to continuously improving its corporate governance principles, policies and practices.

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 members 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 and reviews management's performance and effectiveness. The *Bank Act* and the Corporate Governance Guidelines of the Office of the Superintendent of Financial Institutions (OSFI) 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 16 and 17 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 most 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 21) 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 our key 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.

What the directors oversee

Culture and conduct	• Establish the tone from above and champion RBC values, as set out in the bank's Code of Conduct • 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 serve • 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
Strategic planning	• Oversee our strategic direction, plans and priorities and ensure they align with our risk appetite • Discuss and challenge management in setting enterprise strategy and monitor its implementation and effectiveness • Annually approve the strategic plan, taking into account the opportunities and risks of our businesses • Approve our financial objectives and operating plans, including significant capital allocations, expenditures and transactions that exceed delegated authorities • Review and approve the RBC organizational structure • Review the results of the annual assessment of business performance
Risk management	• Oversee and approve our risk appetite framework • Oversee strategic risk management by approving risk management frameworks and policies • Promote a strong risk culture and monitor that conduct adheres to the enterprise-wide risk management framework • Meet with regulators, including to discuss our risk appetite and control environment
Financial reporting and internal controls	• Approve the quarterly and annual financial reports • Oversee compliance with applicable audit, accounting, financial reporting, legal and regulatory requirements • Oversee the qualifications, performance and independence of the external auditors and the performance of the internal audit function • Monitor the implementation and maintenance of effective internal control systems, including management information systems, and assess their adequacy and effectiveness
Talent management and succession planning	• 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 • 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 • Annually review and approve the CEO's mandate • Review strategies and programs for the assessment and development of talent and for increasing diversity and inclusion at all levels of the organization
Environmental and social	• Oversee the bank's approach to environmental and social (E&S) matters, including the bank's approach to corporate citizenship and ESG, its management of E&S risks and opportunities, and how we conduct our business to meet high standards of E&S responsibility • Review and approve our enterprise climate strategy, the RBC Climate Blueprint, and assess progress against it • Oversee the bank's key E&S disclosures, including the ESG Progress Report and the Climate Report
Corporate governance	• Establish appropriate structures and procedures to allow the board to function effectively and independently • Develop and implement corporate governance principles and guidelines, and monitor best governance practices

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 our key 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 for our clients, employees, communities we serve and shareholders. 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 demands 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 enhanced board and committee reporting on culture and conduct risks, such as client complaint handling and outcomes, organizational and employee conduct and risk culture, as well as the impact on the integrity of financial markets and on our reputation.

The governance committee meets with the Chief Human Resources Officer, Chief Risk Officer, Chief Legal 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 as more frequently required to ensure continued alignment with evolving regulatory expectations and industry best practices.

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 **sedarplus.ca**.

The board did not grant any waivers of our Code of Conduct to executive officers or directors in fiscal 2023.

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

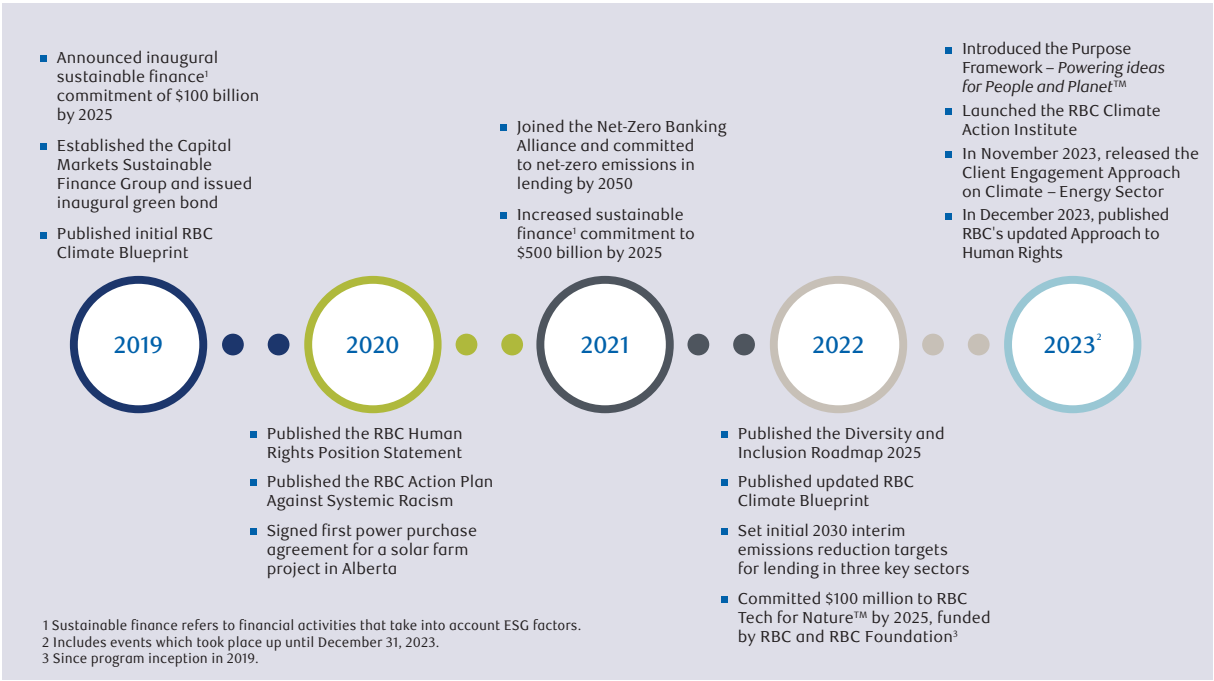
In practice, conflicts of interest can arise as a result of professional and contractual arrangements, directorships and other personal or business interests. As part of its oversight of conduct review, the governance committee establishes and monitors procedures to resolve conflicts of interest. Where 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*. 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* and internal procedures.

Environmental, social and governance matters

Helping create long-term, sustainable value

RBC has a long history of supporting environmental, social and governance (ESG) causes and initiatives. From the days of RBC's first community investment in 1891, we have been active in the communities where we live and work and engage on important issues relevant to society. In recent years, we have accelerated our focus on ESG with the goal of creating long-term, sustainable value for our stakeholders.



1 Sustainable finance refers to financial activities that take into account ESG factors.
2 Includes events which took place up until December 31, 2023.
3 Since program inception in 2019.

A purpose-driven approach to business

We are collectively facing pressing societal challenges that could undermine our prosperity: urgent environmental crises, a rapidly changing workforce and growing inequalities. What enabled the world to thrive and prosper in the past is not a formula for success in the future. RBC has a vested interest in helping to address these challenges. Like our clients, our colleagues, our shareholders and the communities we serve, we benefit directly from the healthy environments in which we operate, the talent that enables our bank to grow, as well as the diverse and vibrant communities that make us strong.

In 2023, we introduced our Purpose Framework – *Powering Ideas for People and Planet*, which aims to create clarity and structure around three societal ambitions where RBC can have a meaningful impact. RBC plans to help accelerate the transition to a greener economy, equip people with skills for a thriving future and drive more equitable prosperity in the communities where we operate through five contribution areas: mobilize climate action, support financial wellbeing, invest for skills, champion inclusion and strengthen community resilience. The Purpose Framework builds on existing ESG strategic programs while recognizing emerging issues that are relevant to the future success of both RBC and the communities where we live and work.

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

Key highlights of how we supported our societal ambitions in 2023[1]

We have demonstrated action against the five contribution areas underpinned by the three ambitions as noted below:

Mobilize Climate Action

Help the transition to net-zero by advancing initiatives that address climate change and those that support nature

- Launched the RBC Climate Action Institute to bring together economists, policy analysts and business strategists to help research and advance ideas that can contribute to Canada's climate progress
- Committed $48 million in 2023 toward venture capital and growth equity funds to support climate innovation
- In 2023, RBC Tech for Nature supported 150 partners in clean tech, agriculture, energy and nature-based climate solutions through $21+ million in community investments funded by RBC and the RBC Foundation, an increase of 72% since 2022
- In November 2023, released the Client Engagement Approach on Climate – Energy Sector which formalizes RBC Capital Markets' approach to engagement with its energy sector clients on their plans for the energy transition[2]

Support Financial Wellbeing

Enable individuals and small businesses to build confidence, establish financial security and reach their goals through dedicated products, services, and ecosystem partnerships

- Launched Canada's new First Home Savings Account in April 2023 to help Canadians save tax free for their first home, making it available through multiple channels, including RBC Direct Investing, RBC InvestEase® and RBC in-branch advisors
- Launched My Money Matters™, a new digital destination with comprehensive content, resources, and tools to help Canadians take control of their financial wellbeing
- Enhanced NOMI® Forecast, recognized for Best Use of AI for Customer Experience[3] – RBC's cutting-edge capability that provides clients with a seven-day view into their future cashflow – to include bill payments, e-transfers, investment contributions and salary payments
- RBC's collaboration with McGill University had 35,000+ registrations for the McGill Personal Financial Essentials course in 2023. Available to all Canadians without cost, the program is a part of RBC's effort to support financial wellbeing, helping individuals build confidence, establish financial security and reach their goal

1 Includes events which took place up until December 31, 2023.
2 Additional information about the Client Engagement Approach on Climate – Energy Sector is available at the end of Schedule A.
3 The Digital Banker Digital CX Awards 2023.

Invest for Skills Co-create solutions and support the delivery of programs that help people to find meaningful work today and prepare them for the jobs of tomorrow	• Over 3 million hours invested by our global workforce in building their technical and business skills[1] • RBC Foundation launched the RBC Foundation® Green Skills Scholarship in partnership with Universities Canada, focused on supporting students' green skills education in key sectors, including buildings and construction, agriculture and food production, transportation, waste management and recycling, and renewable energy • Through RBC Emerging Artists, RBC and RBC Foundation provided $11+ million to approximately 250 charities and not-for-profit organizations to create exposure, networking and training opportunities, helping thousands of artists establish and grow their careers, totalling $130+ million invested to support more than 44,000 artists since 2004 • Through RBC Future Launch®, RBC and RBC Foundation provided over $65.1 million in 2023, helping Canadian youth access meaningful employment through practical work experience, skill-development opportunities, networking and mentorship, and mental wellbeing supports and services. Since 2017, RBC Future Launch has reached 6.9+ million Canadian youth and provided $393+ million in support through 900+ partner programs
Champion Inclusion Embody a culture of inclusivity and belonging by enhancing and supporting opportunities that help employees, clients, and communities thrive	• Launched a new Accessibility Office and Accessibility Plan in compliance with legislation to mitigate barriers that impact our clients and employees who have visible or invisible disabilities[2] • RBC continued its focus on diversity and inclusion. During fiscal 2023, RBC employees who identify as women and as Black, Indigenous or people of colour made up 43% and 25% of new executive appointments[3], respectively, which was below our annual goal of appointing 50% women and 30% Black, Indigenous or people of colour as new executives. As of October 31, 2023, executive representation was 43% women and 24% Black, Indigenous or people of colour[4]. Our overall goal is 50% women and 30% Black, Indigenous or people of colour executive representation by 2025, as set out in RBC's Diversity and Inclusion Roadmap 2025[5] • In December 2023, published a progress update[5] against the three areas of focus of the RBC Action Plan Against Systemic Racism that was launched in 2020: enabling economic growth and wealth creation, investing in the future, and redefining inclusive leadership • In December 2023, we published RBC's updated Approach to Human Rights, which includes our updated Human Rights Position Statement and describes how RBC will work to continue integrating its commitment to respect human rights into operational policies and procedures across the organization
Strengthen Community Resilience Help communities adapt for the immediate and future needs generated by a rapidly changing world through community investment and engagement activities	• $172+ million given globally through donations and community investments together with the RBC Foundation, including nearly $800,000 in humanitarian and relief support efforts globally as well as climate disaster response efforts in Canada[6] • Launched the RBC Communities Together Fund, enabling RBC employees to help address pressing needs in their region through team volunteer events. In 2023, the fund supported 880+ volunteer projects, engaging 2,800+ employees in six countries, mobilizing $1.3+ million in grants and tracking 13,000+ volunteer hours

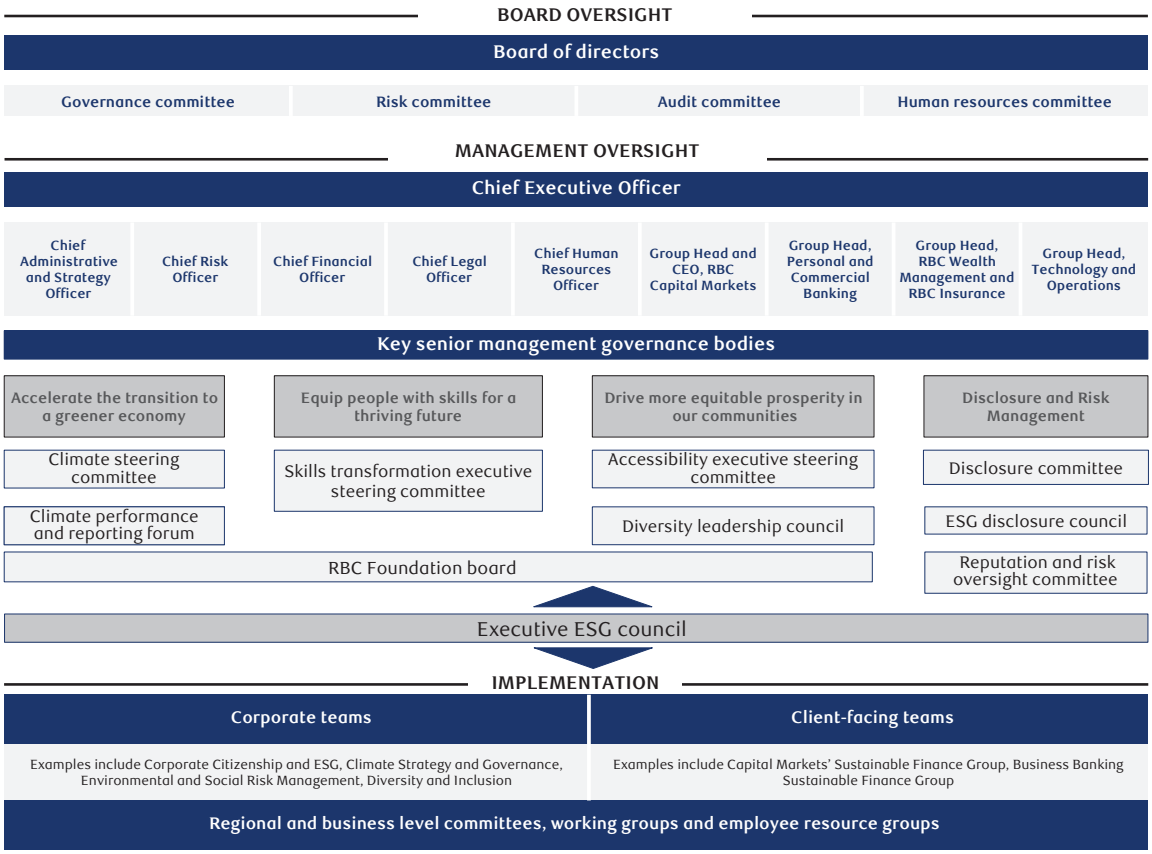
1 Learning hours encompass the cumulative time devoted to various learning initiatives during fiscal 2023.
2 Pursuant to the *Accessible Canada Act*.
3 Represents data for our businesses in Canada governed by the *Employment Equity Act*. A new executive appointment is the appointment of an internal employee or external hire as a first-time Vice-President, Senior Vice-President or Executive Vice-President. Based on self-identification.
4 Represents data for our businesses in Canada governed by the *Employment Equity Act*.
5 Available at **rbc.com/diversity**.
6 Includes the total community investment made by RBC and RBC Foundation to registered charities, non-profits and for-profit social enterprises, including investments made through RBC Tech for Nature, the RBC Foundation Green Skills Scholarships, RBC Emerging Artists, RBC Future Launch, the RBC Communities Together Fund and the value of employee volunteer time and gifts in kind.

ESG governance and oversight model

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

In 2023, we created a cross-enterprise executive ESG council to advance progress on ESG priorities, supporting the bank's Purpose of helping clients thrive and communities prosper. The executive ESG council acts as the central hub for liaising with different groups across the enterprise to drive collective impact. Decision-making by the executive ESG council is guided by alignment with the RBC Purpose Framework, with recommendations put forward to members of the Group Executive for input, as required.

The model below depicts the organizational structure for the governance of ESG matters at RBC.



Board governance of ESG

The board and its committees provide oversight of the bank's strategic approach to ESG 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 across the bank.

Board	Responsible for the bank's business plan, strategy, risk appetite and culture. It oversees our strategic approach to climate change, which includes how we manage climate-related risks and opportunities, our enterprise approach to social matters including diversity and inclusion and corporate citizenship, and our governance structure, principles and guidelines.
Governance committee	Advises the board on ESG matters, including climate change, and provides oversight and coordination over ESG for the board and its committees. Also advises on the status and adequacy of the bank's efforts to meet high standards of conduct and environmental and social (E&S) responsibility. Oversees key ESG disclosures for the board and the bank's corporate citizenship strategy.
Risk committee	Oversees significant and emerging risks to the bank, including E&S risks. Each year, it recommends for board approval our Enterprise Risk Appetite Framework, which incorporates consideration of E&S risks when making risk management decisions.
Audit committee	Oversees the bank's financial reporting, internal controls over financial reporting and disclosure controls and procedures, including the E&S risk-related disclosures (including climate change) in the bank's annual report.
Human resources committee	Oversees the bank's compensation principles, policies and programs. Recommends for board approval, CEO and Group Executive compensation, including short-term incentives, which consider environmental sustainability, and social and governance practices and mid- and long-term incentives, which, beginning in fiscal 2023, include a medium-term climate modifier based on progress against the strategic priorities of the RBC Climate Blueprint. Responsible for talent management and human resources strategies including diversity and inclusion and health and wellness.

Spotlight on key 2023 ESG highlights at the board and its committees

Our approach to corporate governance is covered in detail throughout this document. The highlights listed below focus on E&S governance initiatives.

Environment	Social	Governance of E&S
✓ Board participated in an education session on external perspectives and insights on climate-related matters ✓ Board engaged regularly with management on the evolving climate change landscape and trends, and received updates on the bank's climate strategy and actions in response ✓ Board received an update on the Canadian Banking strategy, which included a focus on building sustainable communities ✓ Governance committee reviewed and approved the 2022 Climate Report ✓ Governance committee received updates on trends on investor and proxy advisor perspectives with regards to ESG, including climate ✓ Audit committee received updates on the evolving ESG disclosure landscape, including regulatory and standard-setting developments in relation to climate change, and the bank's advocacy actions in response ✓ Risk committee received updates on E&S risks, including industry trends, regulatory developments and stakeholder perspectives in relation to climate change ✓ Results of annual stress testing, which included climate-related physical and transition climate risk events, were discussed with the audit and risk committees	✓ Board attended an Indigenous-focused education session on economic reconciliation at Wanuskewin Heritage Park and to gain a deeper understanding of the history of Indigenous peoples in the region ✓ Governance committee reviewed and recommended the board approve the 2024 global community investment commitment and RBC Foundation budget ✓ Governance committee reviewed and approved the 2022 Public Accountability Statement ✓ Governance committee reviewed and approved the 2022 Modern Slavery Act (U.K. and Australia) Statement ✓ Human resources committee received regular executive talent reports, including diversity leadership metrics for women and Black, Indigenous and people of colour ✓ Human resources committee received and discussed the Annual Report on Employee Engagement, which included results from the Employee Engagement Survey	✓ Board approved the Enterprise Risk Appetite Framework and risk committee approved the Enterprise Reputation Risk Management Framework, which both incorporate consideration of E&S risks ✓ Board approved the Code of Conduct, with enhancements to align with diversity and Indigenous inclusion terminology ✓ Governance committee received regular reporting on culture and conduct, including updates on reputation risk from an E&S perspective ✓ Governance committee reviewed and approved the 2022 ESG Performance Report ✓ Governance committee discussed stakeholder engagement including the board's response to ESG-related shareholder proposals ✓ Governance and audit committees jointly 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 from external experts on the evolving landscape ✓ Governance and audit committees jointly received and discussed the Purpose Framework – *Powering Ideas for People and Planet* ✓ Board approved CEO and Group Executive compensation for fiscal 2023[1], which considered environmental sustainability, social and governance practices in the bank's short-term incentive program, and a climate modifier to the mid- and long-term incentive programs

Executive compensation program

As more fully described on pages 72 and 77-78 of our 2024 management proxy circular, our executive compensation program rewards executives for successfully executing on the bank's strategy, which includes ESG strategic priorities.

For more information about our approach to ESG matters in 2023, please see our ESG Progress Report, Climate Report and Public Accountability Statement, which are available at rbc.com/esgreporting.

1 The board approved CEO and Group Executive compensation in November 2023.

Diversity and inclusion in action

Diversity and inclusion is a core value of our organization. We believe that diversity and inclusion is an engine for innovation and economic prosperity. As Canada's biggest bank, and one of the largest in the world based on market capitalization[1], we remain committed to our diversity and inclusion vision to be among the most inclusive and successful companies, putting diversity into action to help employees, clients and communities thrive. We also seek to attract, develop and retain the right talent from the entire talent pool, which requires considering a diverse range of skills and backgrounds and embracing differences. Bringing our vision to life involves setting clear objectives – informed by meaningful consultation, as well as measuring and disclosing our progress and being accountable to our stakeholders. The board encourages diversity and inclusion at all levels as it provides RBC access to a wider pool of talent and helps drive creativity, innovation and growth. It oversees RBC's diversity and inclusion strategic priorities, which are supported by our Diversity and Inclusion Strategic Roadmap 2025[2], focused on advancing diversity, strengthening inclusion and enabling economic inclusion. The board receives regular updates on the implementation of diversity and inclusion strategic priorities and monitors key performance measures.

Board Diversity Policy

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 serve.

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 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.

Diverse representation at the board

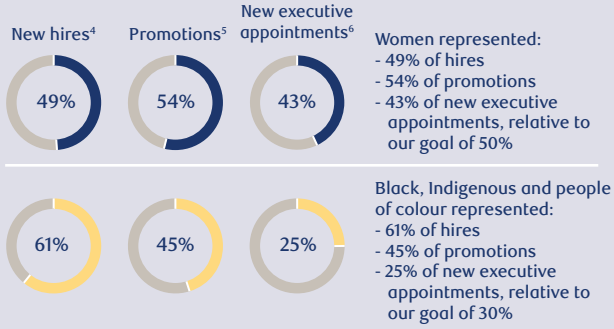
When identifying and nominating director candidates, the governance committee considers representation of women, Black, Indigenous and people of colour and other historically underrepresented groups.

Every 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 help identify high-priority candidates with specific skills, competencies or attributes, including diversity as set out in the Board Diversity Policy.

Diversity of the executive team

Diversity is integrated in our approach to talent management, which is highlighted on page 58 of our 2024 management proxy circular. We believe a stronger future relies on a pipeline of leaders who bring diversity of thought, experiences and abilities. We align our talent strategies and succession planning with our business strategies and leadership model and we assess, identify and develop executives and high-potential talent to build leadership capabilities with a goal to enable a diverse group of leaders who will drive our performance and lead RBC into the future.

Continuing our focus on diversity and inclusion



The representation of talent in executive and senior management is a reflection of the diversity of our talent pipeline, which helps to drive performance and greater innovation. RBC's talent planning process includes a focus on the development and sponsorship of emerging leaders from historically underrepresented groups[7] with programs in place to accelerate their development, including Women in Leadership and STEPS (our leadership programs for women), as well as Ignite and INTRO (our leadership programs for individuals who identify as Black, Indigenous and people of colour).

1 As at October 31, 2023.
2 Available at **rbc.com/diversity**.
3 Throughout this document we will refer to Black, Indigenous and people of colour. These terms recognize the unique histories of racism that Black and Indigenous people have lived through. Referring to Black, Indigenous and people of colour is not intended to be a catch-all as RBC recognizes that not all racialized people experience racism in the same way. LGBTQ+ is the acronym for Lesbian, Gay, Bisexual, Transgender, Queer, Plus all non-straight, non-cisgender identities.
4 Hires includes new external hires and rehires globally excluding City National Bank and RBC Brewin Dolphin; based on self-identification; excludes summer interns, students and co-ops.
5 Promotions are defined as an upward change in Global Grade (e.g. position level). Excludes summer interns, students, co-ops, City National Bank and RBC Brewin Dolphin. Values represent data from our global operations. Based on self-identification.
6 Represents data for our businesses in Canada governed by the *Employment Equity Act*. 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. Based on self- identification.
7 A group that is historically underrepresented may include those who self-identify as women, Black, Indigenous, people of colour, LGBTQ+ and/or persons with disabilities.

We also consider representation when identifying development opportunities for our high-potential employees, such as inclusion on executive staffing lists, directorships on subsidiary boards, focused development plans and participation in formal development and mentoring programs. Recognizing that what gets measured gets managed, we set specific time-bound goals[1] to advance diverse representation across our leadership team. While we have been making progress, we acknowledge there is still more to do to accelerate the pace of change. During fiscal 2023, people who identify as women and as Black, Indigenous or people of colour made up 43% and 25% of new executive appointments respectively; below our annual goals of 50% and 30%, respectively. Additionally, at all levels, people who identify as women accounted for 54% of promotions in fiscal 2023, while people who identify as Black, Indigenous or people of colour represented 45%. We nonetheless still need to do more to further increase representation at the executive level to reach our goals, and we have a number of programs and initiatives in place to enhance hiring and recruitment, build a pipeline of diverse talent, drive equitable opportunities for pay, promotion and development and drive accountability for our diversity and inclusion strategic priorities. As of October 31, 2023, executive representation was 43% women and 24% Black, Indigenous or people of colour[2]. Our overall goal is 50% women and 30% Black, Indigenous and people of colour executive representation by 2025, as set out in RBC's Diversity and Inclusion Roadmap 2025.[3]

Our executive appointment goals are a key enabler for driving continued progress on representation. We enable leaders across our businesses to support staffing goals in a number of ways, such as building a stronger pipeline to support diverse candidate slates, driving equitable opportunities for promotion and establishing programs to develop the skills, capabilities and experiences of our diverse talent across RBC. Against a competitive talent marketplace, our strategies for talent management, leadership development and succession planning all contribute to our goal of a leadership team that exhibits diverse thought, experiences and abilities. The annual talent planning process includes an added focus on the development and sponsorship of potential leaders from historically underrepresented groups. However, we recognize that the impact of our numerous programs and initiatives to advance diversity and representation and strengthen inclusion is not always realized immediately and time is required to grow and develop the diverse leaders of tomorrow.

As of the date of our 2024 management proxy circular, 30% (3 out of 10) of the executive officers who make up the Group Executive identify as women. Due to the small size of this group and the 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, we do not establish specific diversity targets at the Group Executive level. All members of the Group Executive speak English fluently, one speaks French fluently and two can speak another language.[4]

The RBC Enterprise Diversity Leadership Council, which is chaired by the CEO and comprises senior executives from across our enterprise, promotes diversity and inclusion and oversees strategies and action plans with measurable outcomes for RBC. We believe that in order to speak up for inclusion, we need to speak about inclusion, and we continue to empower, enable and engage our colleagues, our clients and the communities we serve to have meaningful conversations through our diversity portal at **rbc.com/diversity**.

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.

1 Per RBC's Diversity and Inclusion Roadmap 2025, our goal is to achieve representation of 30% Black, Indigenous or people of colour executives and 50% women executives by 2025.
2 Represents data for our businesses in Canada governed by the *Employment Equity Act*.
3 Available at **rbc.com/diversity.**
4 The numbers include multiple responses among members of the Group Executive who can speak more than one language.

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 2023 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 see our 2023 ESG Progress Report and visit **rbc.com/cyber.** In addition, our 2023 annual report contains a detailed description of the bank's approach to risk management, including how it manages cyber and IT risks.

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 throughout the year on a variety of topics. In 2023, this included strategic, financial and risk-related matters as well as the macro and operating environment. It also included engagement on cybersecurity, artificial intelligence, ESG matters such as climate, and diversity and inclusion, in addition to matters relating to executive compensation and financial consumer protection.

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:

Board of directors	Stakeholders can communicate with the directors or the board chair as described at **rbc.com/governance**.
Management	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.
Investor Relations	Investor Relations is responsible for communicating with the investing public on behalf of RBC.
Live broadcasts	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 see the back cover of our 2024 management proxy circular for the contact details of the board chair, secretary and Investor Relations.

Board independence

With the exception of our CEO, all 2024 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* 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 **sedarplus.ca** and is available at **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*, 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 or private), 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.

Board interlock policy	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.
Service on public company audit committees	No member of the RBC audit committee may serve on an audit committee of more than two other public companies.

Maintaining independence

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

Access to management	All independent directors have unrestricted access to management and RBC employees.
External advisors	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.
***In camera* sessions**	The board chair and committee chairs lead sessions without management to facilitate open and candid discussion among the directors.

In fiscal 2023, all board and regularly scheduled committee meetings had an *in camera* session without management.

Nominating, developing and evaluating board members

Finding the right director candidates

We regularly engage independent search firms to help identify high-priority candidates.

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

The governance committee oversees board renewal and nominates directors for election to the board. Fundamental to 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 rapidly changing and increasingly competitive global marketplace, challenging macroeconomic environment and rapidly evolving regulatory landscape. 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 (see page 20 of our 2024 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.

Finding the right director candidates

How to submit a nomination

Shareholders	Shareholders may submit candidates to the board chair.
Under the *Bank Act*	In accordance with the *Bank Act*, qualifying shareholders may submit a formal proposal to nominate an individual for director.
Under the Proxy Access Policy	The RBC Proxy Access Policy provides an additional way for shareholders to submit director nominations and can be found at **rbc.com/governance**.
Individuals and other stakeholders	Individuals and other stakeholders may also submit candidates to the board chair.

Contact information can be found on the back cover of our 2024 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 priority 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, 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, diversity and inclusion, accountability and collaboration.

Our director effectiveness framework lays out the skills, commitment and conduct we expect from new and current directors (see page 21 for more on this). In line with our Board Diversity Policy and our commitment to further improve diversity among board members, the governance committee also considers other important factors such as gender and non-gender diversity, ethnicity, race, ancestral origin, age, geography, background, sexual orientation and other dimensions of diversity. In particular, it considers the level of representation of women, Black, Indigenous and people of colour and other underrepresented groups when considering candidates to nominate.

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.

Directors	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.
Board chair	The board chair's term is five years.
Committee chairs	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.

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* 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

Orientation

- In-depth orientation guide covering our governance principles and policies including our Code of Conduct and Director Independence Policy
- Strategic and business deep-dives with members of the Group Executive and senior management
- Onboarding sessions with oversight functions, governance and legal executives to advise directors on their obligations and the internal controls and practices in place at RBC
- Attendance at committee meetings even if a director is not a member
- Committee chair orientation with executive sponsors and the secretary

Integration

- Mentorship program matching new directors with experienced members
- One-on-one meetings with the board chair and committee chairs to enhance their understanding of the board's culture and dynamics
- Ongoing engagement with members of the Group Executive and senior management to deepen knowledge of our strategic objectives and foster open dialogue and constructive relationships

Personal development

- Education sessions and materials:
  - presentations by senior executives on various topics including specialized and complex aspects of our businesses and operations
  - RBC Speaker Series, where external guest speakers provide insights on a variety of topics, including the economic and political landscape as well as emerging industry, regulatory and market trends
  - areas of shared concern or oversight covered in joint educational sessions across committees
  - daily and weekly media updates and investor relations reports on key topics, the bank's media presence and market trends
  - regular updates about educational opportunities outside RBC

Directors have full access to committee meetings and education sessions regardless of committee membership. They also receive educational materials and updates between board meetings on matters relevant to our businesses.

- Tailored programming:
  - programs to address the particular needs of each director based on their background, experience and personal focus areas
  - opportunities relevant to directors at large financial institutions (e.g., Global Risk Institute, Group of Thirty, Bank Governance Leadership Network)
- Membership at the Institute of Corporate Directors (Canada) and National Association of Corporate Directors (U.S.)

Periodically, the board also participates in tours of our operations to further learn about our businesses. Ahead of our 2023 annual and special meeting of common shareholders, the board and its committees held meetings in Saskatoon, Saskatchewan. The meetings gave directors the opportunity to deepen their knowledge of our Canadian Banking business in the Manitoba, Saskatchewan, Nunavut and Northwestern Ontario region, engage with local employees and senior leadership teams as well as meet with clients in the region. During the visit, several directors, including the board and risk committee chairs, attended a panel discussion, co-hosted by RBC and the University of Saskatchewan, focused on exploring innovation to drive climate-smart agriculture. Additionally, Ms. Jamieson and the CEO engaged in an Indigenous Student Roundtable at the University of Saskatchewan. Directors and members of the Group Executive also attended an Indigenous-focused education session on economic reconciliation at Wanuskewin Heritage Park, a national historic site and cultural centre in Saskatchewan that works to advance the understanding and appreciation of the evolving cultures of the Northern Plains Indigenous peoples.

Focus on continuous education

The board and management remained 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 across the board and its committees are organized around the themes of market, macroeconomic environment, technological and digital, environmental, social and governance, and regulatory 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 2023	Data management, governance and regulatory trends, including demands and challenges on the financial services sector	Board
	Insights from the RBC Capital Markets® Canadian Bank CEO Conference	Board
	Deep dive on funding and liquidity risk management practices and areas of focus	Audit, Risk
	Industry review of director compensation trends	Governance
	Review of RBC's commercial real estate portfolio through a risk lens	Risk
Q2 2023	Overview of cybersecurity and Information Technology risk concepts	Board
	Indigenous-focused education session on economic reconciliation	Board
	Impact of Basel III regulatory reforms	Audit
	Overview of the ESG landscape	Audit, Governance
	Update on regulatory and standard-setting developments relating to ESG and climate disclosures	Audit, Governance
	Financial Crisis Management Team update in response to Q2 2023 U.S. banking sector events	Audit, Risk
	Recent developments in RBC's Operational Resilience Program	Risk
	Review of Capital Markets leveraged lending through a risk lens	Risk
Q3 2023	External perspectives and insights on RBC's approach to climate-related matters	Board
	IFRS 17 Insurance: overview of new accounting standard including expected transition impacts, implementation status and go live updates	Audit
	Review of results and key highlights from the 2023 proxy season: Canadian and U.S. financial institutions	Governance
	Downturn readiness and financial resilience: overview of the evolution of credit risk management capabilities and tools	Risk
Q4 2023	Buy-side investor perspective on expectations on banks and RBC in the current macro environment	Board
	Strategic disruption in banking: a perspective on future winners across client segments	Board
	Perspectives on regulatory expectations in anti-money laundering	Audit
	U.S. regulatory horizon 2023: overview of key regulatory developments	Audit
	ESG, with a focus on climate disclosure and controls in an evolving landscape	Audit, Governance
	Key issues and updates on regulatory and government affairs	Governance
	Leadership strategy for developing leaders for today and the future	Human resources

RBC External Speaker Series presentation

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.

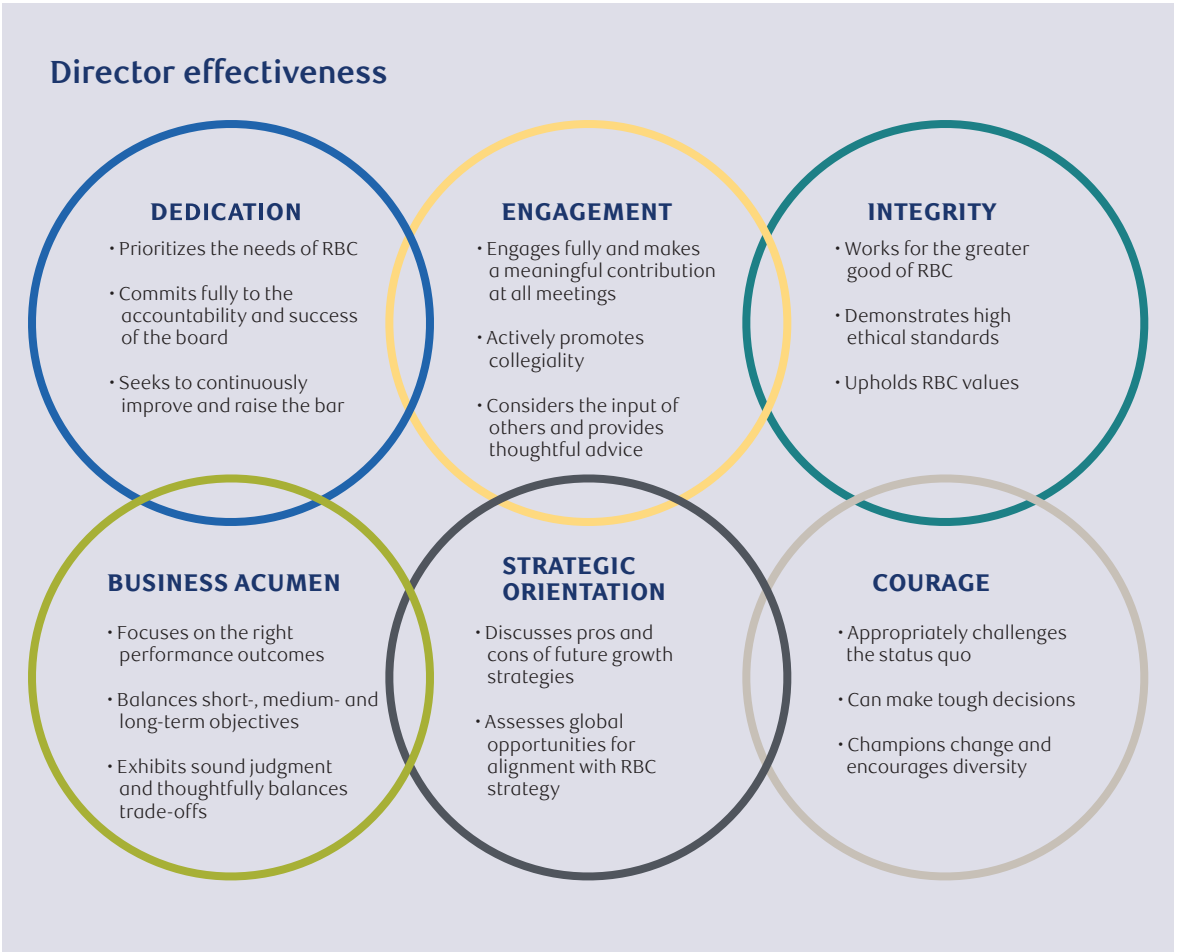
Expectations of our directors

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.

Each year we retain an independent consultant to facilitate the evaluation process.



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 directors, including the CEO.

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.

Canadian comparator group

Financial institutions
- Bank of Montreal
- The Bank of Nova Scotia
- Canadian Imperial Bank of Commerce
- Manulife Financial Corporation
- Sun Life Financial Inc.
- The Toronto-Dominion Bank

Non-financial institutions
- BCE Inc.
- Canadian National Railway Company
- Enbridge Inc.
- Nutrien Ltd.
- Suncor Energy
- TC Energy Corporation

U.S. and international reference group

U.S. financial institutions
- Bank of America Corporation
- Citigroup Inc.
- JPMorgan Chase & Co.
- PNC Financial Services Group, Inc.
- U.S. Bancorp
- Wells Fargo & Company

International financial institutions
- Australia and New Zealand Banking Group Limited
- Commonwealth Bank of Australia
- National Australia Bank
- Westpac Banking Corporation

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, 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 2023, 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 2024.

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

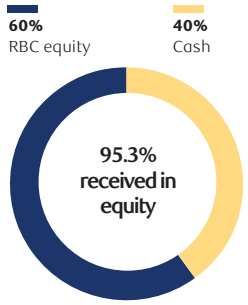
Directors are required to own RBC equity with a total aggregate value of at least four times the total director retainer ($1,360,000 in fiscal 2023) within five years of joining the board. Directors must own at least 1,000 RBC common shares as part of this investment.

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 2023) 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.

Breakdown of annual director retainer



As of November 1, 2023, the board chair must also invest at least 60% ($165,000 in fiscal 2023) 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. Mr. Chisholm serves on the board of RBC U.S. Group Holdings LLC, (IHC) our U.S. intermediate holding company. In fiscal 2023, Mr. Chisholm was paid an annual IHC director retainer of US$ 168,333.[1]

1 Effective January 1, 2023, the annual IHC director retainer increased from US$135,000 to US$175,000.