



ROYAL BANK OF CANADA

# Corporate Citizenship

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)  
INVESTOR REPORT 2017



## Caution regarding forward-looking statements

From time to time, we 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 2017 Environmental, Social and Governance (ESG) Investor Report, in filings with Canadian regulators or the U.S. Securities and Exchange Commission (SEC), in reports to shareholders and in other communications. Forward-looking statements in this document include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals, our tax equity investments in wind and solar projects, as well as our social, economic, environmental and governance-related impacts and objectives. We have included forward-looking information in this document to assist our stakeholders in understanding our financial performance objectives, vision and strategic goals, as well as our social, economic, environmental and governance-related impacts and objectives. This information may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as “believe”, “expect”, “foresee”, “forecast”, “anticipate”, “intend”, “estimate”, “goal”, “plan” and “project” and similar expressions of future or conditional verbs such as “will”, “may”, “should”, “could” or “would”.

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, 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 and that our financial performance objectives, vision and strategic goals, and social, economic and environmental impacts and objectives will not be achieved. We caution readers not to place undue reliance on these 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: credit, market, liquidity and funding, insurance, operational, regulatory compliance, strategic, reputation, legal and regulatory environment, competitive and systemic risks and other risks discussed in the risks sections of our Annual Report for the

year ended October 31, 2017 (2017 Annual Report) and the Risk management section of our Quarterly Report for the three month period ended January 31, 2018 (Q1 2018 Report to Shareholders); including global uncertainty and volatility, elevated Canadian housing prices and household indebtedness, information technology and cyber risk, including the risk of cyber-attacks or other information security events at or impacting our service providers or other third parties with whom we interact, regulatory change, technological innovation and non-traditional competitors, global environmental policy and climate change, changes in consumer behaviour, the end of quantitative easing, the business and economic conditions in the geographic regions in which we operate, the effects of changes in government fiscal, monetary and other policies, tax risk and transparency and environmental and social risk.

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. Material economic assumptions underlying the forward-looking statements contained in this document are set out in the Market and Regulatory Review and Outlook section and for each business segment under the Strategic and Priorities and Outlook headings of our [2017 Annual Report](#), as updated by the Overview and outlook section in our Q1 2018 Report to Shareholders. 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 risks sections of our [2017 Annual Report](#) and in the Risk management section of our Q1 2018 Report to Shareholders.

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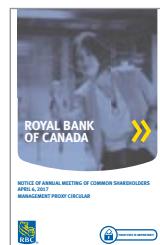
-  Priority ESG issue
-  2017 Highlights
-  Independently assured key performance indicator

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Annual Report 2017



2017 Management  
Proxy Circular



2017 Public  
Accountability  
Statement



Policy and program  
background papers

CEO  
Message

(REUTERS/Gary He)



# CEO Message

## CEO Message

2017 witnessed a global economy seemingly growing in confidence. Markets hit record levels, ignoring the uncertainty and global stress being created by rising friction on many fronts, including trade protectionism, climate change, nuclear proliferation, immigration, and the impact of new technologies on work and society.

During times of uncertainty, having a clearly-defined **Purpose** matters. At RBC, we are united behind this common focus: to help our clients thrive and our communities prosper.

We remain constant in our belief that how we act is just as important as what we achieve. Our principles-led approach entrenches our values of integrity, accountability and a commitment to diversity and inclusion into the decisions we make every day.

Our focus on prosperity means helping our clients succeed, providing opportunity for our employees and having a long-term positive economic impact. But it also means building and investing in our communities, driving positive environmental and societal change and innovating towards a more sustainable future.

Artificial intelligence (AI) was a dominant theme this year, moving into the mainstream and beginning to drive innovation across industries and businesses. As a proud partner in Canada's innovation ecosystem, we've established **Borealis AI**, opening labs in Toronto, Edmonton and Montreal, to pursue both fundamental and applied research in machine learning. We are committed to not only drive innovation for our clients around the world, but to advance the technology more broadly to further cement Canada's position as a global destination for AI research and ventures.

Yet as we support this next generation of technology and embrace the economic opportunity it represents, we must equally weigh its impact on society and how we live and work. While this new world of work undoubtedly offers tremendous opportunity for many, for those entering the workforce, attaining the right skills has never been more difficult. How we educate and prepare the next generation of Canadians has simply not kept pace. It's the quiet crisis that's been simmering just below the surface of the digital revolution.

As a Canadian leader we have a responsibility to address this challenge and contribute to a positive and lasting solution. We call it **RBC Future Launch**. Announced this year, it's our 10-year, \$500 million pledge to help young people build the skills, capabilities and networks required to succeed in a rapidly-changing world. Building on our long-standing commitment to youth, the program encompasses a number of initiatives, such as the recent launch of a

"no resume required" paid internship program that values skill over experience. But this is just the beginning. In addition to further developing our own programs, which includes a focus on continuous learning and ongoing training and development for our employees worldwide, I'm calling on our peers across industry, education and government to step up and help develop the workforce of the future. Our country's prosperity depends on it.

As we address the challenges of our times and transition to the future world of work, we must also address the legacy of our past and support the transition to a low carbon economy.

As a company, we continue to assess our own global operations with a commitment to reducing carbon emissions, improving energy efficiency and promoting clean innovation. But beyond that, as a financial institution, we recognize we have a role to play in accelerating the move to a low-carbon economy and to mitigate the risks associated with climate change. To reinforce our commitment, we recently published a **Climate Change Position Statement** and continue to focus on our environmental priorities. This year we underwrote \$5.1 billion in green bonds, an increase of nearly 50% over last year. We are supporting the growth and evolution of the clean-tech and renewable energy sectors and exploring ways to help our clients globally as they look to reduce carbon emissions and address climate change. As government actions begin to drive change, they cannot succeed without industry innovation and market solutions. Together, we must focus the energy conversation on how cleanly we can produce it, how safely we can transport it and how we can invest in the next generation of clean energy. We are committed to shaping those solutions and helping to develop a clear transition plan for Canada.

Our Vision is to be considered among the world's most trusted and successful financial institutions. Inherent in that vision is a promise to contribute to a better and more sustainable future - for the economy, society and the environment. As this Report demonstrates, we are taking the necessary and confident steps today that will help shape a more prosperous tomorrow.



David McKay  
President & Chief Executive Officer, Royal Bank of Canada

## Who we are

Royal Bank of Canada (RBC®) is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. Our success comes from the 80,000+ employees who bring our Vision, Values and strategy to life so we can help our clients thrive and communities prosper. As Canada's biggest bank, and one of the largest in the world based on market capitalization, we have a diversified business model with a focus on innovation and providing exceptional experiences to our 16 million clients in Canada, the U.S. and 35 other countries.



## Our business segments

### Personal & Commercial Banking

- › Financial services leader in Canada with a presence in the Caribbean and the U.S.
- › Number 1 or 2 market share in all key Canadian Banking product categories

### Capital Markets

- › Premier North American investment bank with select global reach in Europe, Asia and other international locations
- › Ninth largest global investment bank by fees<sup>1</sup>

### Investor & Treasury Services

- › Leading global asset services provider and Canadian transaction bank with an integrated client offering
- › Provides short-term funding and liquidity management services for RBC

### Insurance

- › Canada's largest bank-owned insurer and among the fastest growing insurance organizations in the country
- › Offers reinsurance solutions for clients globally

### Wealth Management

- › Largest mutual fund company and wealth advisory business in Canada
- › Growing presence in U.S. private and commercial banking and wealth management
- › Top-five wealth manager globally<sup>2</sup>

<sup>1</sup> Dealogic, based on global investment bank fees, Fiscal 2017.

<sup>2</sup> Scorpio Partnership Global Private Banking Benchmark, 2017.

## Our strategy for success

### Purpose-driven

Helping clients thrive and communities prosper

### Performance-focused

#### Vision

We are guided by our Vision to be among the world's most trusted and successful financial institutions, and driven by our **Purpose**, we aim to be:

➤ **The undisputed financial services leader in Canada**

➤ **The preferred partner to corporate, institutional and high net worth clients in the U.S.**

➤ **A leading financial services partner valued for our expertise in select global financial centres**

#### How We Will Win

Sustainable Growth



Exceptional Client Experience



Best Talent



Simplify. Agile.  
Innovate.



Community & Social Impact



### Principles-led

#### Our Values

➤ **Client First**

We will always earn the right to be our clients' first choice

➤ **Collaboration**

We win as One RBC

➤ **Accountability**

We take ownership for personal and collective high performance

➤ **Diversity & Inclusion**

We embrace diversity for innovation and growth

➤ **Integrity**

We hold ourselves to the highest standards to build trust

## Material ESG issues

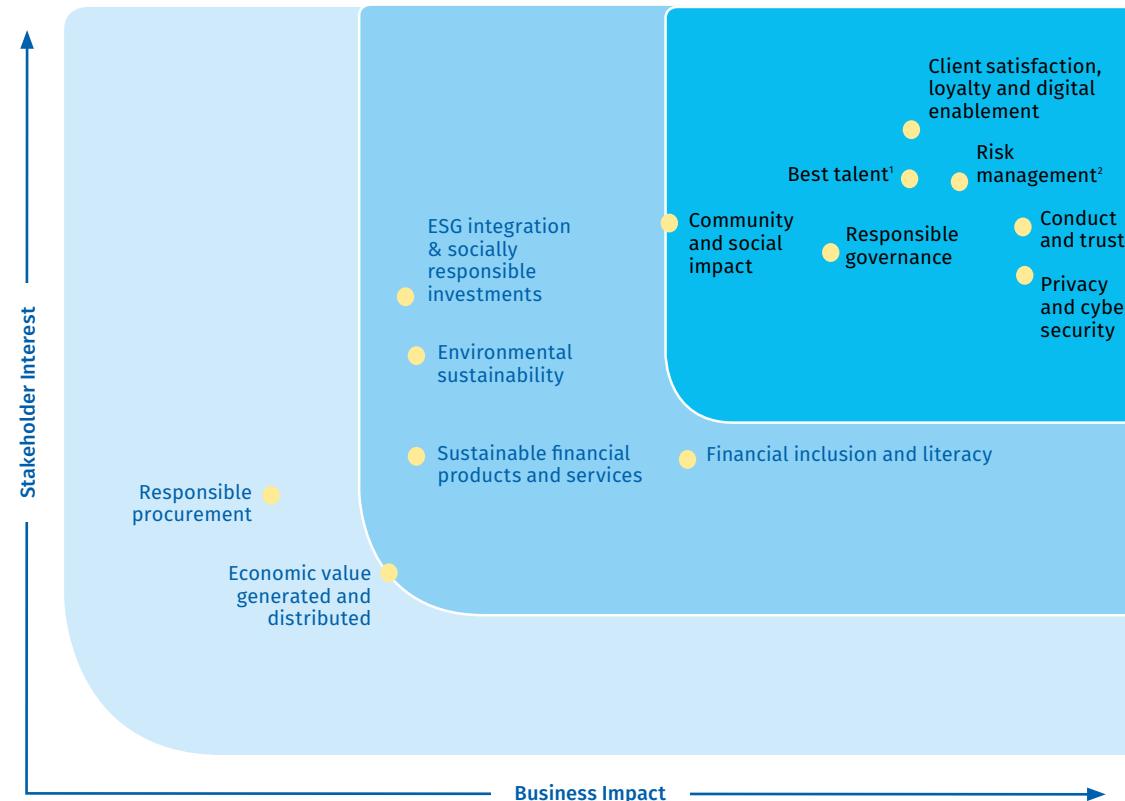
We strive to be forward-looking so that we can achieve our **Purpose** of helping clients thrive and communities prosper. We identify and respond to existing and emerging global issues that present risks and opportunities for our business segments and our stakeholders. We have the skills and experience to make a meaningful and valuable difference when it comes to managing these issues. The pace of global change continues to accelerate and our operating environment is becoming more and more complex. To achieve sustainable growth we must address issues such as technological disruption, shifting demographics and societal expectations for corporate behaviour. When appropriate, our response to these issues may be to change the way we do business. Where these issues reside within our sphere of influence, and where they are most material to us, we will move beyond a reactive response and drive positive change.

Beyond considering global economic and social trends and their impact, we regularly analyze stakeholder feedback, industry trends and reports, and independent research. This helps us understand the issues that matter most to our stakeholders — including our clients, shareholders and investors, and employees — and to our business.

## Identification of our material ESG issues

In 2017, we commissioned a globally recognized sustainability consultancy to review our material ESG issues with the objective of validating our current understanding of the issues most relevant to our business and of most interest to our stakeholders. We also surveyed 350 employees and interviewed business leaders across RBC on their views of our most material issues. And we benchmarked ourselves against our top-ranked global and Canadian peers.

## Materiality Matrix



<sup>1</sup> "Best Talent" includes these priorities: Leaders Driving Sustainable Growth, Thriving in the New World of Work and Exceptional Employee Experience. Key topics that relate to these priorities include: diversity and inclusion, employee engagement, training and development, and mental health and well-being.

<sup>2</sup> Risk management includes the topic of environmental and social (E&S) Risk Management.

In addition to the peer benchmarking assessment and our surveys and interviews, we reviewed the results against the disclosure requirements and information requests of other groups that make up our main audience for disclosure; i.e., socially responsible investment (SRI) analysts and rating agencies, clients, civil society and regulators.

The results of the material ESG issues assessment were reviewed and validated by senior leaders across the enterprise representing Legal, External Reporting, Communications, Group Risk Management, Corporate Environmental Affairs, Regulatory and Government Affairs, and Human Resources. During these reviews, we discussed and validated the survey, interview and external benchmarking results, as well as the degree of alignment of these issues with our business strategy.

The results of our assessment process showed that our existing ESG issues remain the same since our last assessment in 2013. Based on this, we have sought to focus our ESG disclosure on the issues that have the most stakeholder interest and that have the largest impact on our business. We have a multi-year objective to ensure that disclosure in these areas is an accurate reflection of our business strategy and performance management. You will see some resulting changes in this year's Report.

## Disclosure aligned with business strategy

In coming years, we aim to deepen our disclosure of the material ESG issues that have the most stakeholder interest and the largest business impact, through increased engagement and collaboration with the respective internal teams and business leaders. Our focus will be on understanding our line of business's strategic plans and objectives, monitoring the progress of each management approach and reporting the results internally and externally. We will take a continuous improvement mindset, focused on embracing the disclosure of the most relevant performance metrics. We also invite every stakeholder to provide feedback on our material ESG topics (or propose new ones) by sending an email to [corporatecitizenship@rbc.com](mailto:corporatecitizenship@rbc.com).

## United Nations Sustainable Development Goals (SDGs)

The [United Nations Sustainable Development Goals](#) (SDGs) address the world's most pressing social and environmental issues by establishing 17 internationally agreed-on goals (also known as the "Global Goals"), and by providing a mechanism for aligning governments, businesses and societies on meeting the 2030 target date for achievement of the goals. They are the result of the largest consultation in UN history, which encompassed 83 national surveys engaging seven million people over three years to create goals that are universally representative of values in the developing and developed regions of the world. The SDGs are gaining recognition worldwide as nations and corporations begin to prioritize the areas that are most applicable to them. Using the goals as a common framework will enable comparable measurement and increase transparency around progress at the global, national and sub-national levels.

Because we are a purpose-driven organization, many of our programs, investments, initiatives and services already contribute to the SDGs. We will continue to evaluate how our philanthropy, products and services, and operations align with the goals, and we will highlight our performance metrics against the most relevant targets – those that are most central to our business strategy and within our sphere of influence. Specific goals and targets that align with our business strategy are referenced throughout this Report; however, the majority of our contributions come from the programs and initiatives funded through the RBC Foundation® program.

For more information on how we are achieving the SDGs through RBC Foundation's activities, please see page 64 and our new [RBC® Community and Social Impact Portal](#) coming in spring 2018.

## Aligning our ESG priorities with our Purpose

We hold ourselves to the highest standards and know we must conduct our business responsibly to build trust. We define corporate citizenship as an approach to business in which we work to make a positive impact on society, the environment and the economy.

The adjacent table illustrates our priority ESG issues, which are identified with  and explained in the various sections of this Report. These are underpinned by a foundation of strong governance and integrity.

Our priorities and associated activities detailed in this Report help RBC create and preserve long-term value, and demonstrate how we are fulfilling our [Purpose](#).

## Helping clients thrive and communities prosper

### LONG-TERM VALUE CREATION

VALUE FOR Clients	VALUE FOR Employees	VALUE FOR Society	ENVIRONMENTAL Sustainability
<input checked="" type="checkbox"/> Client satisfaction and loyalty <input checked="" type="checkbox"/> Digital enablement <input checked="" type="checkbox"/> Privacy <input checked="" type="checkbox"/> Cyber security <input checked="" type="checkbox"/> Sustainable financial products and services <input checked="" type="checkbox"/> ESG integration and socially responsible investments <input checked="" type="checkbox"/> Financial inclusion and literacy	<input checked="" type="checkbox"/> Leaders driving sustainable growth <input checked="" type="checkbox"/> Thriving in the new world of work <input checked="" type="checkbox"/> Exceptional employee experience	<input checked="" type="checkbox"/> Economic value generated and distributed <input checked="" type="checkbox"/> Community and social impact	<input checked="" type="checkbox"/> Environmental footprint reduction <input checked="" type="checkbox"/> Promotion of environmental sustainability

### Governance & Integrity

- Responsible governance
- Risk management
- Conduct and trust
- Responsible procurement

## Statement of Performance

# Statement of performance

Governance and Integrity	2017	2016	2015
<input checked="" type="checkbox"/> <b>Responsible governance</b>			
Number of board members	<b>13</b>	15	16
Percentage of independent directors <sup>1</sup>	<b>92%</b>	93%	94%
Percentage of women directors	<b>38%</b>	33%	31%
<input checked="" type="checkbox"/> <b>Conduct and trust</b>			
Percentage of employees who completed the Code of Conduct training on time	<b>99.1%</b>	99.2%	99.0%
<input checked="" type="checkbox"/> <b>Risk management</b>			
Percentage of employees who completed the Introduction to Risk Management at RBC training on time	<b>99.8%</b>	99.8%	99.7%
Percentage of employees who completed the Combating Money Laundering and Terrorist Financing training on time	<b>98.7%</b>	98.6%	98.8%
Number of E&S risk management policies reviewed and updated <sup>2</sup>	<b>3</b>	0	2
Number (% change over the previous year) of credit risk assessment reviews by the E&S Risk Management team	<b>1,942 (53%)<sup>3</sup></b>	1,272 (1%)	1,262 (14%)
Value (% change over the previous year) of total environmental risk assessments conducted	<b>\$15.6 billion (82%)<sup>3</sup></b>	\$8.6 billion (4%)	\$8.2 billion (n/a)
<input checked="" type="checkbox"/> <b>Responsible procurement</b>			
Value of goods and services purchased globally	<b>\$7.4 billion</b>	\$7.5 billion	\$7.6 billion

<sup>1</sup> The Bank Act requires that the Chief Executive Officer be a member of the board and, as Chief Executive Officer, David McKay is affiliated with RBC and is not independent. All other members of the board are independent.

<sup>2</sup> E&S risk management policies are reviewed periodically, generally, every three years. The number of E&S Risk Management policies typically reviewed on an annual basis is between one and three.

<sup>3</sup> The fluctuation in 2017 was primarily due to a large increase in reviews conducted across U.S. and European transactions volumes for RBC Capital Markets®, particularly for large portfolios with numerous properties, each of which requires an individual review and report.

## Statement of Performance

Value for Clients	2017	2016	2015
<input checked="" type="checkbox"/> <b>Client satisfaction and loyalty</b>			
Percentage of client households in Canada that hold multiple RBC products <sup>1</sup>	<b>23% <sup>a</sup></b>	23%	24%
<input checked="" type="checkbox"/> <b>Digital enablement</b>			
Percentage of financial service transactions performed in self-serve channels <sup>2</sup>	<b>84% <sup>a</sup></b>	82%	81%
90 day digital active user rate <sup>3</sup>	<b>47% <sup>a</sup></b>	44%	N/A
<input checked="" type="checkbox"/> <b>Privacy</b>			
Percentage of employees who completed the Fundamentals of Privacy and Security training on time	<b>99.0%</b>	99.7%	99.3%
<input checked="" type="checkbox"/> <b>Sustainable financial products and services</b>			
Total exposure to renewable energy companies <sup>4</sup>	<b>\$4.0 billion</b>	\$3.3 billion	\$3.4 billion
Value of green bonds underwritten by RBC	<b>\$5.1 billion<sup>5</sup></b>	\$2.6 billion	\$3.4 billion
Volume of carbon credits traded through RBC Capital Markets Carbon Emissions Trading Group (measured in tonnes of carbon dioxide equivalents or tCO <sub>2</sub> e)	<b>241 million</b>	96 million	165 million
Investment in affordable housing made by RBC Capital Markets Tax Equity Group (USD)	<b>\$836 million</b>	\$805 million	\$628 million
Investment in renewable energy made by RBC Capital Markets Tax Equity Group (USD)	<b>\$321.3 million</b>	\$149.2 million	\$110.5 million
Value of U.S.-based municipal bonds that drive positive social impact (USD)	<b>\$921 million</b>	\$1.8 billion	\$2.9 billion
<input checked="" type="checkbox"/> <b>ESG integration and socially responsible investments</b>			
Total value of socially responsible investments under management by RBC companies <sup>6</sup>	<b>\$5.5 billion</b>	\$4.5 billion	\$4.3 billion
<input checked="" type="checkbox"/> <b>Financial inclusion and literacy</b>			
Total amount invested in financial literacy/education programs	<b>\$2.3 million</b>	\$2.2 million	\$1.7 million

<sup>a</sup> PwC provided limited assurance over this indicator. Please see page 78 for PwC's assurance statement.

<sup>1</sup> As determined through Canadian Financial Monitor administered by Ipsos Reid, which surveyed 12,000 Canadian households annually. Data based on RBC results for the fiscal year. RBC includes Personal & Commercial Banking and Wealth Management.

<sup>2</sup> Self-serve channels include ATMs (automated teller machines), IVR (interactive voice response), Online Banking and Mobile Banking.

<sup>3</sup> Ratio of digital active users (distinct clients with at least one open product who authenticated in Online Banking or Mobile Banking during the period from August 1 - October 31, 2017) to total clients.

<sup>4</sup> As at October 31, 2017. Calculated based on "Authorized" amount.

<sup>5</sup> Green bond issuance globally has increased in 2017 to US\$122 billion versus US\$84 billion in 2016. There have been over 100 new issuers in this space globally, and with this market growing, RBC was able to increase the amount of bonds underwritten in 2017.

<sup>6</sup> Assets, managed by us, that are beneficially owned by clients, as at October 31, 2017, that have an ESG screen applied to their portfolio. See our [Corporate Governance and Responsible Investment](#) website for further information.

## Statement of Performance

<b>Value for Employees<sup>1</sup></b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Total number of employees <sup>2</sup>	<b>80,504</b>	80,193	77,664
Women	<b>59%</b>	61%	62%
Women in middle management and above	<b>45% <sup>a</sup></b>	46%	46%
Women executives	<b>44% <sup>a</sup></b>	41%	39%
Visible minorities <sup>3,4</sup>	<b>35%</b>	34%	33%
Visible minorities in middle management and above	<b>36% <sup>a</sup></b>	35%	34%
Visible minority executives	<b>17% <sup>a</sup></b>	16%	15%
Persons with disabilities overall <sup>4,5,6</sup>	<b>7.0%</b>	7.4%	7.7%
Persons with disabilities (Employment Equity) <sup>6,7</sup>	<b>4.0%</b>	4.4%	4.7%
Indigenous peoples <sup>4,8</sup>	<b>1.4%</b>	1.5%	1.5%
<b>Thiving in the new world of work</b>			
Paid internships, <sup>9</sup> co-op and work-term placements <sup>10</sup>	<b>1,774</b>	N/A	N/A
Total hours of instructor-led and web-based training	<b>1.3 million</b>	1.3 million	1.2 million
Total invested in direct and indirect formal training and career development	<b>\$193.8 million</b>	\$184.5 million	\$178.2 million
Total invested per employee in formal training and development	<b>\$2,368</b>	\$2,360	\$2,294
<b>Exceptional employee experience</b>			
Employee Opinion Survey response rate	<b>92%</b>	92%	90%
Employee Engagement Index <sup>11</sup>	<b>85 <sup>a</sup></b>	85	85
Percentage of employees who are proud to be part of RBC <sup>12</sup>	<b>94%</b>	95%	95%
Average tenure of RBC employees	<b>11 years</b>	11 years	11 years
Diversity and Inclusion Index score <sup>13</sup>	<b>85%</b>	84%	83%

<sup>a</sup> PwC provided limited assurance over this indicator. Please see page 78 for PwC's assurance statement.

<sup>1</sup> Metrics for women, visible minorities, persons with disabilities and Indigenous peoples represent Employment Equity data as of October 31 for each year presented, for our business in Canada governed by the Employment Equity Act. Given variations in legal definitions and restrictions in legislation around the world, comprehensive data on these four designated groups are available only in Canada. Please note that 2015 and 2016 figures have been restated due to a change in technology systems used.

<sup>2</sup> Includes City National Bank and BlueBay Asset Management, and refers to the number of individuals employed globally full-time and part-time, which differs from the full-time equivalent (FTE) statistic. The number of FTEs is reported in our [2017 Annual Report](#) on page 12.

<sup>3</sup> In Canada, visible minorities are defined as persons (other than Indigenous peoples) who are non-Caucasian in race or non-white in colour.

<sup>4</sup> Based on employee self-identification.

<sup>5</sup> Total percentage of employees in Canada who self-identify as having a long-term or recurring physical, mental, sensory, psychiatric or learning impairment.

<sup>6</sup> Please see our [Diversity & Inclusion Blueprint 2020](#) for further information.

<sup>7</sup> Proportion of employees in Canada who self-identified as persons with disabilities and who also (a) consider themselves to be disadvantaged in employment by reason of that impairment, or (b) believe

that a employer or potential employer is likely to consider them to be disadvantaged in employment by reason of that impairment, and includes persons whose functional limitations owing to their impairment have been accommodated in their current job or workplace (see the [Employment Equity Act \(Canada\) definition](#)).

<sup>8</sup> Indigenous peoples is a collective name for the original peoples of North America and their descendants. In Canada, the term Aboriginal peoples is also used for individuals identifying themselves as First Nations, Inuit or Métis.

<sup>9</sup> There were zero unpaid internships in 2017.

<sup>10</sup> These figures cover our operations in Canada. Data for 2016 and 2015 are not available.

<sup>11</sup> Engagement is a measure of employee alignment, commitment and enablement as evidenced by employees' responses to select items in the annual Employee Opinion Survey, administered by Willis Towers Watson.

<sup>12</sup> Results based on Employee Opinion Survey responses.

<sup>13</sup> The Diversity and Inclusion Index is a composite of seven items on fairness, openness, flexibility and diversity support that measure inclusiveness at RBC through our annual Employee Opinion Survey, administered in spring 2017.

## Statement of Performance

Value for Society	2017	2016	2015
<input checked="" type="checkbox"/> <b>Community and social impact</b>			
Cash donations	\$86.2 million	\$77.0 million	\$70.6 million
Community investments <sup>1</sup>	\$13.8 million	\$14.1 million	\$12.4 million
Commercial initiatives <sup>2</sup>	\$75.1 million	\$55.1 million	\$38.5 million
<input checked="" type="checkbox"/> <b>Environmental Sustainability</b>			
<input checked="" type="checkbox"/> <b>Environmental footprint reduction<sup>3</sup></b>			
Scope 1 (heating fuels) emissions from energy use (tonnes CO <sub>2</sub> e)	24,676 <sup>a</sup>	23,230	25,640
Scope 2 (electricity and steam) emissions from energy use (tonnes CO <sub>2</sub> e)	96,917 <sup>a</sup>	85,049	84,285
Total GHG emissions (tonnes CO <sub>2</sub> e)	121,592	108,279	109,925
Total GHG emissions intensity (tonnes CO <sub>2</sub> e/FTE)	2.08	2.08	2.10
Total energy use, all properties (MWh)	633,915	593,448	617,219

<sup>a</sup> PwC provided limited assurance over this indicator. Please see page 78 for PwC's assurance statement.

<sup>1</sup> Community investments include our support for employee volunteerism, contributions to non-profits that are not registered charities, gifts in-kind, community economic development and community investment program management.

<sup>2</sup> "Commercial initiatives", as defined by London Benchmarking Group, refers to business-related activities in the community, usually undertaken by commercial departments to directly support the success of the company, promote its corporate and brand identities and other policies, in partnership with charities and community-based organizations.

<sup>3</sup> 2017 data are representative of all properties in Canada, the U.S. and the British Isles, representing 90% of our global floor area including City National Bank. Increases in absolute energy are primarily due to the inclusion of City National Bank for the first time in 2017.



## Awards and recognition

As a financial services company, our brand is an important driver of our success. We have built our reputation through adherence to our Purpose and Values, the quality and engagement of our people, and the maintenance of a high standard of client satisfaction. In 2017, we were recognized with the following awards:

- Dow Jones Sustainability North America Index member
- FTSE4Good Index member
- Corporate Knights' Global 100 Most Sustainable Corporations in the World
- Corporate Knights' Best 50 Corporate Citizens in Canada
- Vigeo EIRIS World 120 Index member

Awards related to specific topics can also be found in other chapters.

# Governance & Integrity

Governance &  
Integrity



## Integrity is one of our Values

Responsible governance and integrity underpin our business and are integral to our vision to be among the world's most trusted and successful financial institutions. We hold ourselves to the highest standards for ethical behaviour and transparency. With every action, procedure, and policy, we aim to deliver on our promise of accountability to all of our stakeholders. Our Board of Directors actively engages with our management team to ensure we have the right strategy, talent and risk management to identify suitable opportunities for growth and continue to create long-term value.



### Our priorities

- Responsible governance
- Conduct and trust
- Risk management
- Responsible procurement

For more information on our programs, policies and practices related to Responsible Governance, Conduct and Trust, and Risk Management, please see our [About Governance and Integrity background paper](#).





## Responsible governance

We are committed to the highest standards of governance, consistent with regulatory expectations, evolving best practices, our strategy and our risk appetite. We believe good governance is an essential component of an ethical corporate culture. Governance contributes to effective and transparent oversight by establishing the processes, practices and structures through which we work to meet our strategic objectives and achieve long-term value for our shareholders.

Our [Corporate Governance Framework](#) provides an overview of our corporate governance structure, policies and practices, and describes the core principles that guide our approach to governance.

As stated in its [mandate](#), the Governance Committee serves as the nominating committee responsible for recommending to the Board of Directors individuals qualified to become directors. The Committee oversees the Board's annual effectiveness evaluation process. It is responsible for advising the Board on applying governance principles, monitoring developments in corporate governance and adapting best practices to the needs and circumstances of RBC. The Committee also has oversight of our approach to government and regulatory affairs and corporate citizenship. The skills, commitment and conduct that are expected of new and current directors are laid out in our Director Effectiveness Framework.

### These core principles drive our approach to corporate governance:



For more information on our governance structure, the Corporate Governance Framework, the Director Effectiveness Framework, candidate nomination guidelines and criteria, the Board diversity policy, and skills and experience, please see the [2017 Management Proxy Circular](#).

Key performance indicator	Target	2017	2016	2015
Number of board members	N/A	13	15	16
Percentage of independent directors <sup>1</sup>	Substantial majority <sup>2</sup>	92%	93%	94%
Percentage of women directors	≥ 30% <sup>3</sup>	38%	33%	31%

<sup>1</sup> The Bank Act requires that the Chief Executive Officer be a member of the board and, as Chief Executive Officer, David McKay is affiliated with RBC and is not independent. All other members of the board are independent.

<sup>2</sup> Substantial majority as defined by the RBC Director Independence Policy.

<sup>3</sup> See page 35 of our [2017 Management Proxy Circular](#).



## Conduct and trust

We hold ourselves to the highest standards of integrity. Our [Values](#), especially our Value of Integrity, and our [Code of Conduct](#) (the “Code”) guide us and set expectations for ethical behaviour and decision-making. They help us decide how we serve our clients and treat each other with respect, transparency and fairness. Our Code protects clients, investors, employees, RBC and our communities by providing a common understanding of what's acceptable and what's not.

One hundred percent of our employees are assigned mandatory training and, as a condition of employment, must commit to and acknowledge the Code of Conduct annually. Our Learning Management system automatically assigns mandatory compliance courses to all employees and calculates the appropriate due date. We monitor and measure the timeliness of each employee's completion.

Key performance indicator	2017	2016	2015
Percentage of employees who completed the Code of Conduct training on time	99.1%	99.2%	99.0%

### 2017 Highlights

- 💡 Maintained policies applicable to all RBC employees, designed to ensure proper handling of inside information and to prevent the inappropriate use of inside information. In 2017, 2,539 employees were classified as “monitored employees” under these policies due to their access to inside information. Of the monitored employees, 99% completed the mandatory Inside Information and Personal Trading for Monitored Employees training.
- 💡 Continued to build on our existing enterprise-wide Anti-Corruption program in line with escalating global regulatory scrutiny of bribery and corruption. The program also takes into consideration the corresponding rise in related enforcement activity and increasing cross-border collaboration between enforcement agencies. A key component of the program is our standalone Anti-Bribery Anti-Corruption Risk and Controls Self-Assessment (RCSA). The RCSA is rolled out enterprise-wide on an annual basis to ensure continued adherence to key regulatory requirements, adoption of global risk management best practices and alignment of RBC's regulatory standards with the ISO 37001 Anti-Bribery Management Standard. Results of the annual RCSA inform the identification and enhancement of new and existing anti-bribery and anti-corruption initiatives at RBC on a risk-proportionate basis.
- 💡 Strengthened the governance around our business practices to ensure objectivity in all our business dealings. This included updating our Code of Conduct to reinforce that we always put the needs of our clients first, that we always ensure proper authorization before promoting products and services, and that we do not facilitate tax evasion in connection with either corporate tax affairs or servicing our clients.

## Sales conduct and business practices

We understand that the trust and loyalty our clients and employees place in RBC are core to our **Purpose** as a company. We strive to earn that trust by listening to our clients, understanding their needs and goals, and proposing advice and solutions that are in their best interests. Whether it's day-to-day personal, business or corporate banking, we want to be the best bank to help our clients achieve their goals.

### Enterprise level governance frameworks

We focus on how we achieve our results by doing what's right for clients. This is embedded in our culture, our mandates and our compensation programs. The RBC **Code of Conduct**, the Risk Conduct and Culture Framework and the Enterprise Risk Management Framework serve as foundations to promote a risk-aware culture of "doing what's right." These two frameworks, along with the Enterprise Risk Appetite Framework, guide all other business risk frameworks and associated employee conduct. The Board of Directors establishes the tone and oversees the implementation of these frameworks, which establish high ethical standards for employees and the company, with an expectation that employees will act with integrity in everything they do. For more information on our Enterprise Risk Policy Architecture, please see page 56 of our [2017 Annual Report](#).

We hold ourselves to the highest standards of conduct to build the trust of our clients, investors, colleagues and community. For more information on our risk conduct and culture as well as the desired outcomes, please see page 57 of the [2017 Annual Report](#).

Because we are driven by the imperative of helping customers thrive, we rely on our employees to ensure this sentiment is always top of mind, for them personally and for the corporation as a whole. We regularly seek feedback from employees, learn about their experiences and develop action plans to address the issues raised. Where their feedback and experiences do not align with our commitment to helping clients thrive, or with our **Code of Conduct**, we act quickly to resolve these issues.

For more information on the avenues available to our employees to encourage a culture of doing what's right, please see page 2 of the [About Value for Employees](#) background paper.

### Employee conduct and practices

We define our risk conduct and culture as a shared set of behavioural norms that sustains our core values and enables us to proactively identify, understand and act upon our risks. This protects our clients, safeguards our shareholders' value and supports the integrity, soundness and resilience of financial markets.

Risk behaviour expectations are in place and articulated through:

- Our **Values**
- The **Code of Conduct**
- Risk management principles
- Risk appetite statements
- Regulatory conduct rules, practices and policies
- Performance management processes and
- The Enterprise Risk Conduct and Culture Framework

Conduct and trust

## Lobbying and political contributions

Active and constructive engagement in consultations on public policy is an important part of responsible corporate citizenship. RBC and its Board of Directors believes that an open dialogue among government, the public and the business community leads to greater understanding. Such dialogue contributes to informed government decision-making, benefiting our shareholders, customers and the communities we serve.

We are committed to high ethical standards in all of our relationships with government officials. RBC is subject to significant government regulation and to risks generated by new, complex and evolving legislative and regulatory requirements, which have an impact on nearly every aspect of our business operations. As such, our customers, employees and shareholders have a measurable stake in the outcome of certain public policy discussions. Through our Regulatory & Government Affairs group, we participate in policy advocacy by communicating in a legal and appropriate manner with policymakers and regulators on issues that have an impact on our business. Our lobbying efforts focus primarily on issues that affect our business, and we report our lobbying activity to ensure transparency and accountability. At all times, we act in a manner that demonstrates respect for democratic institutions, including the duty of public office holders to serve in the public's interest.

RBC has internal and external policies that govern our behaviour in matters of corporate citizenship. RBC public advocacy activities and political participation are overseen by the Board of Directors. The independent Governance Committee of the Board of Directors is responsible for staying an informed on the status of issues related to corporate citizenship and government relations, and the status and adequacy of efforts to develop and maintain effective relationships with regulators and governments. The Governance Committee receives regular reports on advocacy initiatives in Canada and the U.S., including information on the focus of our advocacy efforts, engagement with key officials on regulatory and legislative reform, and involvement with trade associations and other industry participants. In the U.S., the Board of Directors of RBC USA Holdco Corporation reviews quarterly reports on lobbying and PAC-related activities.

Transparency and accountability are fundamental to maintaining integrity in our lobbying efforts. Together with the RBC [Code of Conduct](#), our Enterprise Lobbying Policy, our Canadian and U.S. Lobbying Procedures and other controls, we ensure compliance with laws respecting communication with government officials in every jurisdiction in which we operate. We continually re-evaluate our reporting practices to ensure our disclosures meet the needs of our stakeholders. Over the years, shareholder engagement has led us to expand our level of disclosure and create or modify corporate policies related to political engagement. We continually review our practices and reporting in response to both regulatory changes and emerging best practices.

For more information on our governance structures and responsibilities, approach, public policy positions taken, 2017 political contributions and a list of memberships and associations, please see the [RBC Statement on Lobbying and Political Contributions](#).



## Risk management

Risk is present in virtually all aspects of a financial services company's business. Accordingly, sound risk management practices are fundamental to our long-term success. An informed and responsible approach to risk management is a core competency of RBC. Our goal is to ensure that business activities and transactions provide an appropriate balance of return for the risks assumed, and remain within our risk appetite.

Our view of risk is not static. An important component of our enterprise risk management approach is to ensure that continuously evolving top risks and emerging risks are appropriately identified, managed and incorporated into existing risk management assessment, measurement, monitoring and escalation processes. These practices ensure management is forward-looking in its assessment of risks to the organization.

The ability to manage risk well is supported by our strong risk conduct and culture, and an effective risk management approach. RBC has a suite of enterprise-wide risk management frameworks, which are reviewed and updated on an annual basis and approved by the Board of Directors and/or its committees. These frameworks are supported by policies and procedures that are reviewed periodically and that establish requirements for identifying, assessing, managing and monitoring risks at the enterprise, business and function levels.

There is mandatory training on risk, and 100% of our employees must complete the Introduction to Risk Management at RBC course biennially. Employees must also complete the Combating Money Laundering and Terrorist Financing course annually. Our Learning Management system automatically assigns mandatory compliance courses to all employees and calculates the appropriate due date. We monitor and measure the timeliness of each employee's completion.

Key performance indicator	2017	2016	2015
<b>Risk Management Training</b>			
Percentage of employees who completed the Introduction to Risk Management at RBC training on time	<b>99.8%</b>	99.7%	n/a
Percentage of employees who completed the Combating Money Laundering and Terrorist Financing training on time	<b>98.7%</b>	98.8%	98.6%



## Environmental and social risk management

E&S risks are potential issues associated with a client, transaction, product, supplier or activity that could create a financial, operational, legal and/or reputational risk to RBC. E&S issues include, but are not limited to, site contamination, waste management, land and resource use, biodiversity, water quality and availability, climate change, environmental regulation, human rights, Indigenous peoples' rights and consultation, and community engagement. E&S risk policies, which are updated a minimum of every three years, seek to identify sectors, clients and business activities exposed to E&S issues, apply enhanced due diligence and escalation procedures, and establish requirements to manage, mitigate and monitor E&S risk. We have been a signatory to the Equator Principles since 2003 and annually report on the Equator Principles to ensure projects we finance and advise on are developed in a socially responsible manner and reflect sound environmental management practices. We recognize the growing interest in the impacts of climate change on our business, and as such we seek to identify, assess and mitigate climate-related risks that have a material impact on our business.

### Governance & Integrity

#### Risk management

Key performance indicator	2017	2016	2015
<b>E&amp;S Risk Management</b>			
Number of E&S risk management policies reviewed and updated <sup>1</sup>	3	0	2
<b>E&amp;S Risk Transaction Reviews</b>			
Number (% change over the previous year) of credit risk assessment reviews by the E&S Risk Management team	1,942 (53%) <sup>2</sup>	1,272 (1%)	1,262 (14%)
Value (% change over previous year) of the total environmental risk assessments conducted	\$15.6 billion (82%) <sup>2</sup>	\$8.6 billion (4%)	\$8.2 billion (n/a)

<sup>1</sup> E&S risk management policies are reviewed periodically, generally, every three years. The number of E&S Risk Management policies typically reviewed on an annual basis is between one and three.

<sup>2</sup> The fluctuation in 2017 was primarily due to a large increase in the reviews conducted across U.S. and European transaction volumes for RBC Capital Markets, particularly for large portfolios with numerous properties, each of which requires an individual review and report.

## 2017 Highlights

### Policy updates and disclosure

- Published [FY2017 Climate Change Position Statement & Disclosure](#), which identifies our approach to climate-related risks and opportunities. This approach is structured according to the Financial Stability Board's (FSB's) Taskforce on Climate-related Financial Disclosures (TCFD) recommendations, and focuses on governance, strategy, risk management, and metrics and targets. We will assess the materiality of climate-related risks and opportunities for our business. This will include a scenario analysis to identify and assess the impact of the transition<sup>1</sup> and physical<sup>2</sup> risks of climate change on our business. Following this work, we will provide enhanced climate-related disclosures that consider the TCFD recommendations.
- Identified global environmental policy and climate change as an emerging risk in our [2017 Annual Report](#).
- Published our first [Modern Slavery Act Statement 2016](#), which sets out the steps that RBC has taken to prevent slavery and human trafficking from taking place in our supply chain or business.
- Maintained our focus on measuring risk conduct and culture practices and outcomes.
- Provided additional detail on E&S risk management in the RBC Enterprise Risk Management Framework. This includes updated definitions of credit risk management framework and reputation risk management framework by providing an updated definition of E&S risk and explicitly referring to E&S risk within the context of the broader risk taxonomy.
- Initiated the review of our enterprise-wide policy on E&S risk management, which will be completed in 2018. The review will establish the requirements for identifying, assessing and managing of E&S issues that may pose E&S risks to RBC.
- Reviewed and updated our enterprise-wide policy on E&S risk management for projects, designed to ensure that we meet our commitments as an Equator Principles financial institution.

→ Completed the review and update of our E&S risk management policies for commercial lending in Canada and the Caribbean. These policies establish environmental and social due diligence requirements for business financial services in Canada and for business and corporate banking in the Caribbean. In 2018, we will initiate the review and update our environmental and social risk management policy for Capital Markets and the National Client Group.

### Monitoring of risk conduct and issues

- In support of our risk conduct and culture practices, gauged employee sentiment toward "doing what's right" based on specific questions in our Employee Opinion Survey in order to make process improvements.
- Established a mechanism to monitor trends in E&S issues and to assist in identifying those that may pose reputation risk to RBC. This includes the use of an external third-party platform to track, monitor and report internally on E&S issues and trends.
- Applied continuous improvements to conduct monitoring processes.
- Experienced no material operational risk loss events during fiscal 2017 (see page 86 of our [2017 Annual Report](#)).

### Partnerships and collaboration

- Joined the Equator Principles Designated Countries Working Group, established to examine the distinction between Designated (High Income OECD<sup>3</sup>) and non-Designated countries to ensure that a robust E&S risk assessment framework is applied globally.
- Joined a global project to pilot the recommendations of the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD), coordinated by the United Nations Environment Programme Financial Initiative. RBC and 15 global financial institutions will work collaboratively with the support of external experts to develop scenarios, indicators and methodologies to identify and assess the impact of the transition and physical risks of climate change on our business.

<sup>1</sup> Transition risks are risks resulting from the transition to a lower-carbon economy and may entail policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change ([Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017](#)).

<sup>2</sup> Physical risks are risks resulting from the physical impacts of climate change, and may be event-driven (acute) or longer-term shifts (chronic) in climate patterns ([Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017](#)).

<sup>3</sup> Organisation for Economic Co-operation and Development



## Responsible procurement

RBC purchases goods and services from thousands of suppliers in Canada and around the world, providing a direct contribution to these economies. We make it a priority to practice responsible and sustainable procurement and we seek to manage our supply chain effectively. We have a principles-based [Supplier Code of Conduct](#) and we monitor our suppliers' acknowledgment of this Code. It sets out our expectation that suppliers will adhere to human rights, labour and employment standards legislation, and treat employees fairly and with respect.

Diversity and Inclusion is a core value at RBC, and this commitment extends to the supplier community. As a major purchaser of goods and services, we recognize the impact we have on the supplier community where we operate and, conversely, the supplier community's impact on our products and services. Supplier diversity is integral to our procurement strategy and we strive to have an inclusive supply chain. Our goal is to advance equality of opportunity globally to businesses owned by women, Indigenous peoples, minorities/visible minorities, LGBT, people with disabilities and veterans and service disabled veterans.

Key performance indicator	2017	2016	2015
Total value of goods and services purchased globally	\$7.4 billion	\$7.5 billion	\$7.6 billion

### Total value of goods and services purchased globally in 2017



<sup>1</sup> "Rewards" refers to cards, loyalty, rewards, and credit and debit payment programs.

### 2017 Highlights

- Reached 112% of our goal to have a diverse supplier spend.
- Launched a new inclusive supplier sourcing policy to enable diverse suppliers to compete in the procurement sourcing process at RBC. This policy mandates the inclusion of at least one diverse supplier in all request for proposal (RFP) processes with exceptions made only where senior procurement leadership has provided their approval. In 2018, our focus will be to identify more Indigenous suppliers and to build a cohesive U.S. and European program to enable supplier diversity and increase inclusion in the procurement process in those geographic regions. We will also begin planning for our next three-year Supplier Diversity (SD) program, to run from 2019 – 2021.
- Trained over 200 procurement staff and supplier managers in our Responsible Procurement strategy and program. The objective was to increase awareness of responsible procurement and ensure staff understood how to apply environmental and social screening criteria to all material procurement engagements.
- Offered the RBC Enhanced Supplier Development Program to Certified Diverse Suppliers to grow their business and help them understand the procurement process at large organizations so they could present their proposals effectively to win. This program was offered to 25 suppliers in 2017. Our two workshops on Marketing and Facilities/Real Estate attracted over 50 participants.



## Awards and recognition

- Best Overall Governance, Excellence in Governance Awards (Governance Professionals of Canada)
- Best Overall Corporate Governance – International, 2017 Corporate Governance Awards (Corporate Secretary)
- 2017 Corporate Leader Award – won by Director of RBC Global Procurement, Kiruba Sankar (Women Business Enterprise)
- 2017 Procurement Business Advocate of the Year – won by Director of RBC Global Procurement, Kiruba Sankar (Canadian Aboriginal & Minority Supplier Council)

## Beyond this Report

These additional documents provide information on the policies, programs and practices related to corporate governance, codes of conduct, risk management and responsible procurement.

- About Governance and Integrity at RBC  
[rbc.com/community-sustainability/\\_assets-custom/pdf/about-governance-integrity.pdf](http://rbc.com/community-sustainability/_assets-custom/pdf/about-governance-integrity.pdf)
- Royal Bank of Canada: Annual Report 2017  
[rbc.com/investorrelations/pdf/ar\\_2017\\_e.pdf](http://rbc.com/investorrelations/pdf/ar_2017_e.pdf)
- 2017 Management Proxy Circular  
[rbc.com/investorrelations/pdf/2017englishproxy.pdf](http://rbc.com/investorrelations/pdf/2017englishproxy.pdf)
- Ombudsman Report  
[rbc.com/ombudsman/pdf/2017report.pdf](http://rbc.com/ombudsman/pdf/2017report.pdf)
- RBC Corporate Governance  
[rbc.com/governance/](http://rbc.com/governance/)
- Supplier Diversity at RBC  
[rbc.com/sourcing/supplier\\_diversity.html](http://rbc.com/sourcing/supplier_diversity.html)



Value for  
Clients

Value for  
Clients

## Providing an exceptional client experience is part of our strategy

More than ever before, we are focused on providing an exceptional client experience by creating a digitally-enabled relationship bank that is simple to deal with and delivers more value to clients. We are learning from and working with our clients to develop the next generation of products. Our size and scale give us an advantage in using data to better understand our clients, anticipate their future needs and offer them increasingly personalized solutions, while investing in keeping their information private and secure. Our digital and innovation strategies are fundamental to creating exceptional client experiences, driving customer loyalty and acquiring new clients. The work we've done to serve clients as we move toward a more digital future helped us earn two top consumer rankings from J.D. Power in Canadian retail banking. RBC received the award for Highest in Customer Satisfaction Among the Big Five Retail Banks for the second year in a row in the Canadian Retail Banking Satisfaction Study, and also attained the ranking of Highest in Customer Satisfaction Among Canadian Mobile Banking Apps in the inaugural Canadian Banking App Satisfaction Study.



### Our priorities

- Client satisfaction and loyalty
- Digital enablement
- Privacy
- Cyber security
- Sustainable financial products and services
- ESG integration and socially responsible investments
- Financial inclusion and literacy

For more information on our programs, policies and practices related to how we provide value to our clients, please see our [About Value for Clients](#) background paper.





## Client satisfaction and loyalty

Helping clients thrive is part of our [Purpose](#) and we are innovating to provide a more seamless, end-to-end client experience across all of our businesses. To achieve this, in 2017 we focused on three priorities:

- ⌚ Delivering exceptional client experiences
- 💻 Empowering our employees with the right tools, capabilities and resources to deliver value to our clients
- 🕒 Delivering higher-quality, more personalized insights to meet and anticipate the evolving needs of our clients

Key performance indicator	2017	2016	2015
Percentage of client households in Canada that hold multiple RBC products (transaction accounts, investments and borrowing products) <sup>1</sup>	23% <small>a</small>	23%	24%
Peer average <sup>2</sup>	17%	17%	17%

a PwC provided limited assurance over this indicator. Please see page 78 for PwC's assurance statement.

<sup>1</sup> As determined through Canadian Financial Monitor administered by Ipsos Reid, which surveyed 12,000 Canadian households annually. Data based on RBC results for the fiscal year. RBC includes Personal & Commercial Banking and Wealth Management.

<sup>2</sup> Peers include the Bank of Montreal (BMO), Scotiabank (BNS), the Canadian Imperial Bank of Commerce (CIBC) and the Toronto-Dominion (TD) Bank.

### 2017 Highlights



#### Delivering exceptional client experiences

- ✍ Collaborated with strategic partners to create the ecosystems in which our customers live and work. We offer employee health care expense management for commercial clients. We also integrate invoicing, accounting and financial insights into our business banking platform so that entrepreneurs can spend more time growing their business.
- ✍ Developed the Business Owner Planning initiative, which helps Canadian business owners plan for personal and business milestones through regular discussions about succession planning and financial goals. Since its launch, we have seen an increase in the number of clients that have both a business and personal financial relationship with us.
- ✍ Rolled out additional client functionality through RBC One, our online portal through which clients will be able to access all Investor & Treasury Services (I&TS) products and services. Enhancements and additions are being introduced on an iterative basis as part of our agile development approach.
- ✍ Piloted the new Premier Banking initiative, aimed at providing an integrated banking experience for high net worth clients who have simplified banking and credit needs but still require personalized attention to help them meet their day-to-day financial needs. There was very strong offer take-up in the pilot, and plans are underway for a national launch in 2018.
- ✍ Increased overall client satisfaction with RBC Dominion Securities®, our wealth management business in Canada, to 63% from 60% in 2016.
- ✍ Enhanced the Mortgage Renewal Tool to provide additional functionality to allow employees to tailor the renewal to meet the clients' needs. This tool gives clients and employees an easy, end-to-end solution to renew a mortgage, with embedded advice and 'what-if' tools. At launch, 10,000 mortgage renewals targeted for completion used this tool, representing 25% of all eligible mortgages nationally.

## Empowering our employees

-  Introduced Money in Motion, a program to help RBC financial advisors support the financial needs of multi-generational families. This comprehensive program consists of a multi-phased approach to improving client engagement with family members (spouse/children). It educates advisors about the succession and wealth planning challenges our clients face. The program also provides a module-based financial literacy program for clients aged 16 and older who are looking to build wealth knowledge and financial independence.
-  Helped our advisors better understand nuances in preferences, attitudes and behaviours between female and male investors. As noted in our [Women and Wealth Transfer Report](#), 84% of women have full or joint responsibility for overseeing the family investment portfolio. Because of their longer lifespans, women will likely inherit twice (from their parents and from their partner). Some research also indicates 70% of women change advisors within one year of their partner passing away.
-  Established a recruitment committee at RBC Dominion Securities to help attract high-performing women sales professionals from different industries. This was part of an overall effort to better attract, retain and develop female advisors.
-  Delivered the RBC Learning Map Experience to more than 20,000 employees in order to help colleagues in every role understand the forces of change in financial services, our strategy and our investments to become a digitally-enabled relationship bank. Employees across Canada participated in interactive team discussions about how we will create exceptional client experiences.
-  Launched Catalyst Lab, an initiative to improve and expedite branch control processes by increasing automation. The re-design resulted in the liberation of 100,000 advisory hours for client-focused activities.
-  Launched the Client-Centricity Challenge, a global initiative to embed client-centricity behaviours across the I&TS business. Through a series of 90-day task teams, employees are encouraged to innovate to enhance the client experience and take personal accountability to meet and exceed clients' objectives

## Delivering higher-quality, more personalized insights

-  Produced the Wealth Transfer Report (WTR), a global, client-centric research paper that helps prepare clients for future wealth transfer events. This Report is the result of an eight-month study to learn how prepared high net worth and ultra high net worth individuals in North America, the U.K. and Asia are to give and receive wealth. Some 65,000 data points from 3,530 respondents were collected, and based on the success of our flagship report, we released four supplemental point-of-view whitepapers throughout the year. These covered wealth transfer from the perspectives of women, business owners, millennials and families, and explored how each group builds financial knowledge, manages financial affairs and prepares to transfer wealth.
-  Developed a data transformation lab to build a curated view of personal clients across our Canadian Wealth Management and Canadian Banking businesses, which enables better targeting and servicing of shared clients.
-  Launched the new Innovation Lab, kick-started with the acquisition of Wiser Investments, a Toronto-based fintech (financial technology) company. Through this lab, we can develop digital tools for our retail and institutional businesses, enhance our investment expertise and reinforce our ability to work effectively with investment dealers in a changing marketplace.
-  Launched RBC InvestEase, a digital-first, lower-cost, online investing service with personalized advice and automatic portfolio rebalancing.



## Digital enablement

Our digital and innovation strategies are fundamental to creating exceptional client experiences, driving customer loyalty and acquiring new clients. As we integrate into our customers' digital lives, we are collaborating with an ever broader range of global partners and working in new ways to design and build products, processes, technology and services in a faster, simpler, more adaptable and cost effective way. We're proud to be a champion for Canadian innovation, particularly the transformational technologies of blockchain and artificial intelligence (AI). As one of the leading voices on AI in Canada, we have established the research institute **Borealis AI** to pursue curiosity-driven research in machine learning. This will help not only to drive our own innovation, but also to secure Canada's position as a global destination for AI research and ventures.

These are the four strategic objectives of our digital strategy:



Be the leading Canadian app in the financial services market.

Revolutionizing the mobile customer experience through personalization and dominate customer interactions.

Become the North American leader in digital client acquisition and sales.

Be the most trusted global bank through joint leadership in authentication and biometrics.

Reimagine everyday banking experiences to differentiate and delight with simplicity.

Value for Clients

In 2017, we focused on three priorities:

⌚ Continuing to develop **digital banking products**

⌚ Leveraging our digital products and platforms to provide clients with better **insights** on their financials

⌚ Creating new digital experiences for clients to access financial **advice**

Key performance indicator	2017	2016	2015
Percentage of financial service transactions performed in self-serve channels <sup>1</sup>	84% <small>a</small>	82%	81%
90 day digital active user rate <sup>2</sup>	47% <small>a</small>	44%	N/A

a PwC provided limited assurance over this indicator. Please see page 78 for PwC's assurance statement.

1 Self-serve channels include ATMs, IVR (interactive voice response), Online Banking and Mobile Banking.

2 Ratio of digital active users (distinct clients with at least one open product who authenticated in Online Banking or Mobile Banking during the period from August 1 - October 31, 2017) to total clients.

## 2017 Highlights

### Digital banking products

- Launched Siri e-transfer. RBC was the first Canadian bank to do this, building on our market-leading, free, person-to-person money transfer services for chequing account clients.
- Introduced seamless *Interac* e-Transfer payments within iMessage. By enjoying bill payments through Siri and person-to-person transfers through iMessage, our clients can now send a transfer without leaving their iMessage window.
- Launched the MyBusiness Dashboard digital platform, which provides business owners with a current and complete summary of their business performance at a glance, at any time, on any device. With invoicing, accounting and financial insights aggregated in one easy dashboard, clients can seamlessly manage their full financial service needs in a single place with a single sign-on.

### Digital insights

- Introduced NOMI Insights and NOMI Find & Save, two AI-enabled services that offer our clients insights into their financials and a fully automated savings solution that identifies and automatically saves money in a client's cash account. Both are firsts in Canadian banking.
- Introduced CreditView Dashboard, which empowers clients to stay informed and educated on their financial health. It lets them see what credit products they have on file, their credit score and a digital simulator to help them understand how credit works. The simulator is a first among Canadian banks.
- Launched True House Affordability, Neighbourhood Explorer and Home Value Estimator, three digital tools that empower clients to make the best decisions in their home buying experience. The affordability component helps clients understand just how much they can afford to spend and connects them with a Mortgage Specialist almost instantly. The explorer and estimator tools empower consumers with the capability and content they need to know more about home buying.

 Launched the Advisor's Virtual Assistant (AVA) application for iOS and Android devices in Canada and the U.S. This is part of our vision to strengthen the client-advisor relationship through digital enablement and data-driven insights. AVA offers a competitive mobile experience for our advisors by allowing them to have complete access to critical client insights while they are on the go. RBC is the first financial institution to bring this type of digital enablement to investment advisors in Canada. In the U.S., AVA is helping us to offer a more comprehensive and competitive experience. The initial release of AVA has been downloaded by more than 40% of our field advisors.

### Digital advice

- Launched MyAdvisor, a new digital experience that enables mutual fund advisors and clients across Canada to connect in real time using live video. Both client and advisor can view and adjust the information-rich dashboard in real time.
- Introduced video banking to RBC business clients, who can now connect face-to-face with us wherever and whenever they want through their computer, tablet or mobile device. RBC was the first Canadian bank to provide remote video banking.
- Provided peer-to-peer coaching and support to RBC employees so they have the knowledge and confidence to speak with and educate clients on our digital offerings. Our more than 5,000 "digital navigators" coached their peers so they could engage with clients and help make their online experience with us simple, safe and productive.

 Privacy

Protecting our clients' privacy and safeguarding their personal, business and financial information is a cornerstone of our business and will always be one of our highest priorities. As we transition to a digitally-enabled relationship bank, RBC is constantly looking to create value for customers, investors and employees by creating new products and services for clients while protecting their privacy. We conduct privacy risk assessments as part of our privacy program and set high standards for privacy risk management with our service providers. At RBC, privacy is not an afterthought – product development teams engage experts at the earliest stages to ensure the rights of the individual are respected and client data is safeguarded.

The RBC Privacy Risk Management program is global in nature; its oversight is managed by specialists in each country in which we operate. The Chief Privacy Officer provides direction and oversight of our Privacy Risk Management program globally. Our Privacy Risk Management program is based on the Organization for Economic Cooperation and Development (OECD) privacy principles, which include cyber security as part of the Security Safeguards principle. Our approach to cyber security is discussed on page 33.

Our Privacy Policies and Privacy Principles serve as the foundation for how we operate and explain how RBC collects, uses and shares information. We may use service providers to perform specialized services on our behalf such as cheque-printing, research, marketing, mail distribution or data processing. Our service providers may at times be responsible for processing or handling personal information. They are provided only the information necessary to perform the services. In addition, we require them to protect the information in a manner that is consistent with our privacy policies and security practices. In the event of a breach, suppliers are required to notify us of any actual or suspected privacy breaches, security breaches or losses of information so that RBC is able to manage these events within its normal incident management process.

One hundred percent of our employees are assigned mandatory training and must complete the Fundamentals of Privacy and Security course biennially. Our learning management system automatically assigns mandatory compliance courses to all employees and calculates the appropriate due date. We monitor and measure the timeliness of course completion.

Key performance indicator	2017	2016	2015
Percentage of employees who completed the Fundamentals of Privacy and Security training on time	99.0%	99.7%	99.3%

### 2017 Highlights

- 💡 Enhanced our education and awareness efforts across the organization.
- 💡 Added and aligned resources in light of emerging privacy risks and upcoming regulations, such as the General Data Protection Regulation in Europe.

- 💡 Began working toward compliance with the European Union General Data Protection Regulation, which comes into force in May 2018. This new law ensures strict privacy rights and data protections for European residents.



## Cyber security

Information technology and cyber risks are significant, not only for the financial services sector, but also for other industries in Canada and around the globe. The volume and sophistication of cyber attacks continue to increase and could result in business interruptions, service disruptions, theft of intellectual property and confidential information, litigation and reputational damage. The RBC security strategy supports our strategic direction and is designed to safeguard our clients' data. We have successfully implemented protective security controls, increased technical threat detection capabilities and deepened our relationships with financial institutions and global cyber organizations for increased intelligence sharing and incident response.

We continue to heighten our risk posture with improvements made in foundational security capability. There is continued vigilance and investment in cyber security due to several factors. These include an increase in sophistication of external attacks together with gaps in logical access controls, complexity in third-party ecosystem management and increasing regulatory pressure.

We continue to develop our cyber defense capabilities in an effort to support our business model, protect our systems and enhance the client experience on a global basis. We do this by seeking to employ industry best practices and collaborating with peers and experts to provide our customers with confidence in their financial transactions. The adoption of emerging technologies, such as cloud computing, artificial intelligence and robotics, calls for continued focus and investment to manage our risks effectively.

In 2017, we focused on three priorities:

- Talent recruitment and raising employee awareness
- Partnerships and investment in research
- Strategy and capability development

### 2017 Highlights

#### **Talent recruitment and raising employee awareness**

- Made significant investments in our 2017 priorities, which were supported by hiring the right talent and expanding strategic partnerships.
- Improved employee awareness of phishing threats, methods and consequences, resulting in reduced risk to RBC.

#### **Partnerships and investment in research**

- Expanded cyber intelligence partnerships to improve proactive investigations and reduce cyber crime.
- Launched research labs with top Canadian universities to examine advanced cyber security issues (Quantum Cryptography) and develop approaches to new threats.



#### **Strategy and capability development**

- Continued to evolve our cyber capabilities to keep pace with the threat and regulatory landscape. We added enhanced capabilities across the National Institute of Standards and Technology (NIST) framework, which has increased our capability to defend our expanded technology footprint.
- Refreshed our cyber security strategy and expanded threat modelling to business processes and technology layers to identify critical risks.
- Improved insider threat detection through leading edge cyber analytics capability.



## Sustainable financial products and services

Climate change is one of the most pressing issues of our time and we believe that financial institutions have an important role to play in the transition to a low-carbon economy. We are committed to helping clients respond to climate-related risks and opportunities with our products and services and advice. We are also committed to accelerating the flow of capital to clients engaged in efforts to mitigate and adapt to climate change, and to those providing products and services that enable others to do so.

Key performance indicator	SDG indicator	2017	2016	2015
Total exposure to renewable energy companies <sup>1</sup>	7.2.1 <sup>2</sup>	\$4.0 billion	\$3.3 billion	\$3.4 billion
Value of green bonds underwritten by RBC	N/A	\$5.1 billion <sup>3</sup>	\$2.6 billion	\$3.4 billion
Volume of carbon credits traded through RBC Capital Markets Carbon Emissions Trading Group (tCO <sub>2</sub> e)	N/A	241 million	96 million	165 million
Investment in affordable housing made by RBC Capital Markets Tax Equity Group (USD)	11.1 <sup>4</sup>	\$836 million	\$805 million	\$628 million
Investment in renewable energy made by RBC Capital Markets Tax Equity Group (USD)	N/A	\$321.3 million	\$149.2 million	\$110.5 million
Value of U.S.-based municipal bonds that drive positive social impact (USD)	N/A	\$921 million	\$1.8 billion	\$2.9 billion

<sup>1</sup> As at October 31, 2017. Calculated based on "Authorized" amount.

<sup>2</sup> Renewable energy share in the total final energy consumption.

<sup>3</sup> Green bond issuance globally has increased in 2017 to US\$122 billion versus US\$84 billion in 2016. There have been over 100 new issuers in this space globally, and with this market growing, RBC was able to increase the amount of bonds underwritten in 2017.

<sup>4</sup> By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

### 2017 Highlights

#### Products and services

Played an important role in the development of the green bond market. In 2017, we participated as underwriter for \$5.1 billion in green bonds. In April we hosted nearly 100 participants at RBC's fourth annual Green Bond Conference in Toronto. We also issued a green bonds market report titled [Green is the New Black](#).

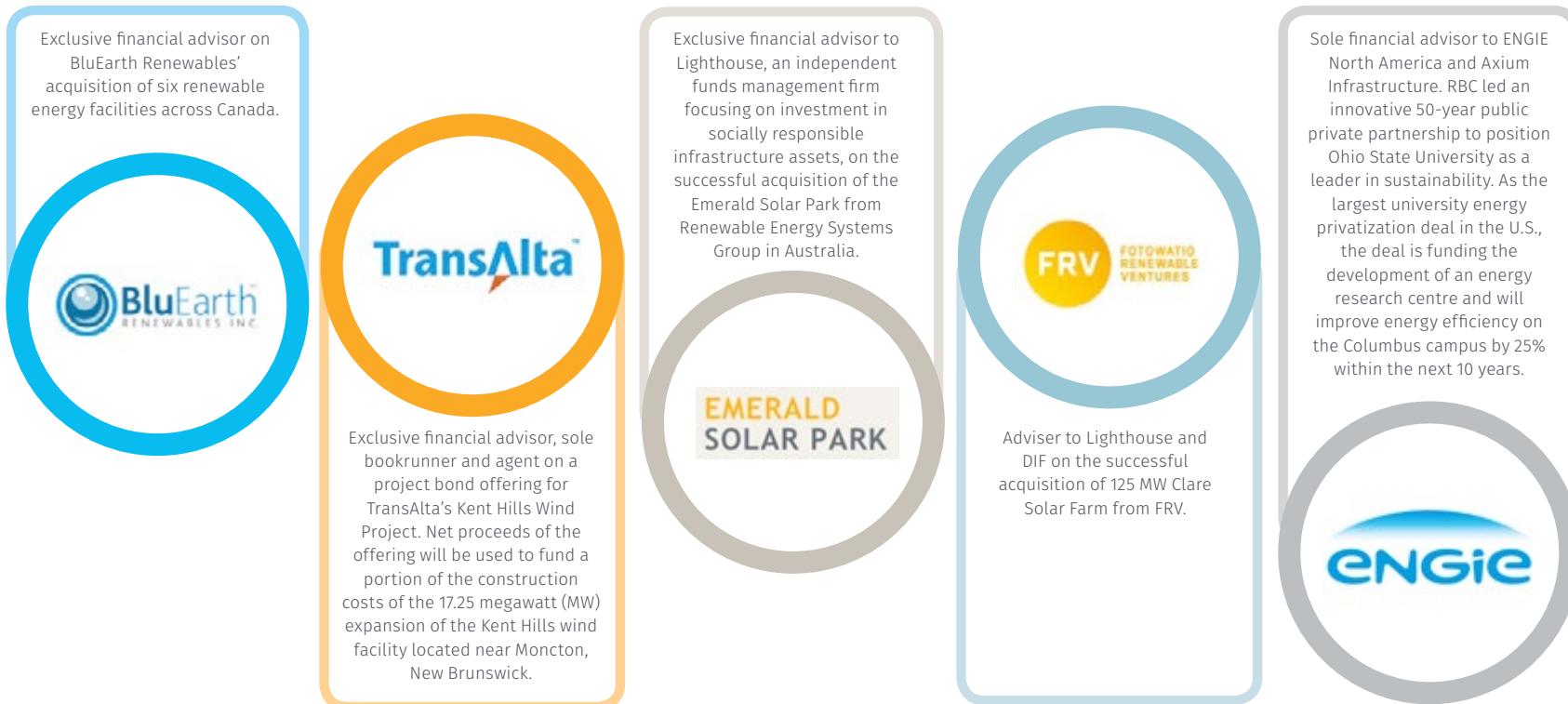
Did more than \$100 million in cleantech commercial banking business with approximately 40 clients in the Greater Toronto Region alone. We are the only Canadian financial institution with a dedicated, nation-wide, cleantech advisory team.

Have made tax equity investments of US\$581 million in U.S.-based wind and solar projects since 2015. Tax equity offers an attractive return for investors like RBC and provides valuable capital to clients to grow their business, all while delivering environmental benefits.

Have made U.S. municipal bond investments totaling USD 5.9 billion since 2014. Municipal bonds finance water and sewer facilities, primary and secondary education, bridges and tunnels, hospitals, affordable housing, senior care, and public transportation. The proceeds of these bonds provide employment opportunities during project development as well as post-construction maintenance.

## Value for Clients

Engaged in numerous renewable energy financing transactions; a subset is shown below.



## Advice

Created educational materials designed to help Canadian manufacturers understand what carbon cap and trade means for them. This was achieved via an internal partnership between our Environmental Affairs and Capital Markets' Emissions Trading Groups.

Provided advice to clients on how to protect their homes against flooding through a partnership with the Intact Centre on Climate Adaptation.

Published two reports on carbon pricing policy in April and October through the RBC Economics department.



## ESG integration and socially responsible investments

Our commitment to integrate ESG factors into our investment process spans the entire RBC organization. We have a dedicated Corporate Governance and Responsible Investment (CGRI) team in our RBC Global Asset Management® (RBC GAM) business. The role of this team is to advance ESG integration through research, thought leadership, company engagement, proxy voting, collaboration with other investors and engagement with lawmakers or regulators.

Our latest research paper, [Responsible Investing: The Evolution of Ownership](#), notes that responsible investing has evolved considerably in its sophistication and range of approaches over the past 30 years. The evolution has been from SRI focused on excluding companies that were not compatible with an investor's beliefs to a range of strategies today, including ESG integration, engagement and impact investing. The study shows that many investors believe strongly that incorporating ESG factors into the investment process can mitigate risk and add value. Accordingly, a significant number of institutions plan to increase (or establish) allocations to strategies that incorporate ESG factors in the near term.

Our approach to responsible investment has four strategic priorities:

**Integrating ESG:** We believe that the proper disclosure and consideration of ESG risks and opportunities by the companies or countries in which we are invested will enhance the long-term, sustainable performance of those investments. Accordingly, we seek to integrate ESG factors into our investment process when doing so may have a material impact on our investment risk or return.

**Governance and resourcing:** We aim to ensure that we have dedicated resources to lead our efforts in corporate governance and responsible investment.

**Engagement:** Engaging with management or directors of the companies in which we are invested is another tool we use to maximize our investment returns and lower our risk. Portfolio managers and analysts meet with the companies in which they invest on an ongoing basis and often discuss risks and opportunities relating to ESG factors. We also engage proactively on ESG issues when we have identified them as being particularly material for a company.

**Mission alignment:** We enable clients to align their investment portfolios with their mission and values, in addition to ESG integration. With more and more investors seeing investments as an expression of their values and beliefs, mission alignment of portfolios provides investors an additional way to further causes they support and achieve market-rate returns.

Key performance indicator	2017	2016	2015
SRI assets under management by RBC GAM (Canada)	\$2.4 billion	\$1.2 billion	\$1.1 billion
SRI assets under management by RBC GAM (U.S.)	\$1.1 billion	\$1.2 billion	\$1.1 billion
SRI assets under management by RBC Wealth Management® (U.S.)	\$2.0 billion	\$2.1 billion	\$2.1 billion
<b>Total value of SRI assets under management by RBC companies<sup>1</sup></b>	<b>\$5.5 billion</b>	<b>\$4.5 billion</b>	<b>\$4.3 billion</b>

<sup>1</sup> Assets managed by us that are beneficially owned by clients, as at October 31, 2017, and that have an ESG screen applied to their portfolio. See our [Socially Responsible Investing](#) page for further information. Services provided in respect of assets under management include the selection of investments and the provision of investment advice.

## 2017 Highlights

### Integrating ESG

- ✍ Continued to develop and enhance the internal ESG reporting provided to our investment teams to help facilitate their respective ESG integration processes. For example, we enhanced the monthly portfolio-level ESG analysis reports provided to our equity teams by including ESG data from multiple providers and highlighting issuers whose ESG scores have recently deteriorated. We also started producing carbon footprint reporting for a test group of eight equity and fixed income funds with a view to eventually expand this reporting.
- ✍ Received an A+ for our overall strategy and governance as well as our approach to active ownership in listed equities from the United Nations Principles for Responsible Investment (UN PRI). As a signatory to the UN PRI, our approach to ESG integration and responsible investment is assessed each year by the UN PRI based on its assessment methodology. We also received an A in every other category with the exception of one where we were awarded a B.
- ✍ Provided access to impact investing opportunities through our Access Capital Community Investment Strategy (Access Capital), an investment solution offered through our U.S. operations to clients in the U.S. This strategy allows investors to pursue competitive investment returns while also achieving measurable social impacts. For example, the strategy builds stronger communities through its support of low- and moderate-income home buyers, affordable rental housing units, small business administration loans and economic development projects.
- ✍ Introduced new impact reports for clients, including a portfolio carbon footprint analysis and a report on board gender diversity. These impact reports expanded the understanding of ESG risks in client portfolios.
- ✍ As part of our commitment to socially responsible investing, RBC Foundation has transitioned 49% of its endowment to [PH&N Vision Funds](#) which employ exclusionary screens, which exclude certain controversial industries altogether and qualitative “best-of-sector” screening, where companies are compared to their industry peers based on environmental, social and corporate governance (ESG) practices.

### Governance and resourcing

- ✍ Expanded our CGRI team with an additional proxy voting analyst.
- ✍ Expanded the research coverage of our current ESG research providers. Also, we initiated the process of performing due diligence on an additional ESG research provider that uses innovative technologies to uncover ESG-related insights.

### Engagement

- ✍ Engaged with issuers on equity compensation plans, still one of our most frequent ESG engagement topics. Our Proxy Voting Guidelines set out detailed criteria we expect to be reflected in the terms of equity compensation plans. Poorly structured plans can lead to a weak link between pay and performance. We often find that compensation disclosure is insufficient and direct engagement can provide a better understanding of the actual link between pay and performance.
- ✍ Engaged with issuers that had no female directors on the board and no policy on board diversity, following our implementation of a formal proxy voting guideline on board diversity in 2016. Overall, we have been encouraged by the outcomes of these engagements but see this as an area where there is still significant room for improvement.
- ✍ Participated in a UN PRI organized collective engagement initiative on cyber security. This collective engagement involves talking to over 60 companies about cyber security risk, examining how this risk is being managed by the investee companies, and seeking improved disclosure and transparency on this issue.

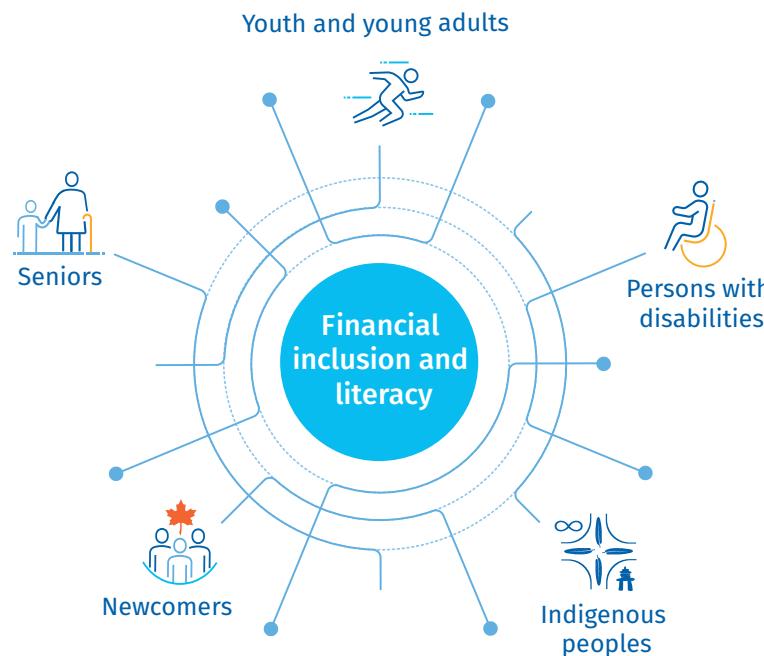


## Financial inclusion and literacy

Helping people feel empowered with the knowledge, skills and confidence they need to make smart, everyday financial decisions and work toward reaching their goals is core to RBC. We offer a variety of resources, support, information and tools, online and in person, to cater to everyone's individual needs, considering how, when and where they need our support. We also support not-for-profit organizations that deliver financial education programming. In Canada, our financial literacy outreach is geared to youth and young adults, persons with disabilities, Indigenous peoples, newcomers and seniors. We value the trust our traditionally under-served clients continue to place in us as we strive to create the society we all aspire to, for our generation and for generations to come. Our financial inclusion efforts help to stimulate and grow the economy in our communities, while also promoting social and environmental well-being and contributing to the financial well-being of traditionally under-served groups.

Key performance indicator	2017	2016	2015
Total amount invested in financial literacy/education programs	\$2.3 million	\$2.2 million	\$1.4 million

Our financial inclusion and literacy activities span these focus areas:



 Youth and young adults

RBC is committed to helping youth and young adults thrive. This includes ensuring they are able to easily and comfortably access advice, banking services and financial products specific to their life-stage needs. We continue to provide traditional products such as low-cost/no-cost accounts, rebate-eligible credit cards and low-interest credit lines. However, we realize that the challenge for most youth and young adults is not their ability to access banking services and financial products but their understanding of financial matters, including how to make and manage a budget or understand the terms of financial products. RBC is trying to address this gap in multiple ways.

Education and advice	Community involvement
<p><b>Student Hub</b></p> <p>The RBC Student Hub is an online resource that offers advice, tips and tools to youth, young adults and parents on a variety of topics, including the basics of banking, managing money during school, budgeting and establishing a financial plan. The RBC Student Hub also includes a student budget calculator to help predict the costs of post-secondary education, as well as advice on credit.</p> <p><b>It All Adds Up program</b></p> <p>In 2017, we continued our financial literacy outreach with <a href="#">It All Adds Up</a>, a program designed to help youth better understand financial matters. One element of the program, introduced in 2013 with partner <a href="#">WE</a>, is a curriculum that provides practical lessons around financial literacy themes. The program has been promoted to teachers and has been downloaded more than 10,000 times to date. A second element of It All Adds Up is a pilot launched in 2016 in Greater Toronto and Greater Vancouver high schools, in partnership with Karrikins. Now in year two, the pilot contains three classroom workshops that are facilitated by educators and deliver critical financial concepts in a youth-relevant manner. More than 32,000 youth had experienced an in-classroom workshop by the end of our 2017 fiscal year.</p>	<p>We have created tailored spaces on campuses across Canada to support students' financial wellness and their journey into adulthood. These alternate branches are designed to be inviting and relevant to young people, providing them with the tools, resources and knowledge, right in their community, to prepare for their financial future. RBC now has new branch formats at McMaster University, the University of British Columbia and the University of Calgary, with more locations to come in 2018. They are part of an overall strategy to help youth and young adults on their path to financial literacy.</p>

## Seniors

We have a long-standing commitment to help Canadians enjoy a fulfilling and comfortable retirement. By offering relevant, ongoing education, advice and products, we help seniors prepare to financially support their new retirement lifestyle and any future life changes.

### Education and advice

We understand that as a senior's retirement life changes, they are often challenged with protecting their finances and preparing themselves and loved ones for changes in health. We work with seniors in their communities to provide ongoing education and advice on important topics like how to use technology to securely access finances. For instance, in 2017, we piloted a new education series, delivered across Canada, called "How Seniors Can Identify and Protect Themselves from Fraud".

To better support the evolving needs of our senior clients and their families, we continue to partner with non-financial services experts to identify how certain issues may impact their lives and access to their finances. In 2017, we continued to develop thought leadership with our research partnership with the University of Waterloo – School of Aging and Health Sciences. We also continued to share educational content with participants' families to help them better understand and support their loved ones.

### Products and services

We offer ongoing seniors' rebates and discounts on traditional products like everyday bank accounts and credit cards to help seniors make the most of what they have. In 2017, we expanded these rebates to support the lifestyle needs of newer retirees who may be traveling to the United States with the introduction of no-fee U.S. dollar banking products. We provided these in a partnership with the Canadian Association for Retired Persons (CARP).



## Persons with disabilities

We are committed to providing clients with disabilities the same opportunity to access our products and services. We seek for them to benefit from the same services, in the same place as other customers – and in an equitable way. We also aim to provide a professional environment that promotes barrier-free access for all clients, and that respects or exceeds applicable legislation.

Our customer service accessibility guidelines, policies, practices and procedures are based on these principles:

Dignity	Independence	Integration	Equal opportunity
Service is provided in a way that allows the person with a disability to maintain self-respect and the respect of other people.	Service is provided in a way that allows the person with a disability to do things on their own without unnecessary help or interference from others.	Service is provided in a way that allows the person with a disability to benefit from the same products and services, in the same place, and in the same or similar way as other clients, unless an alternate measure is necessary to enable the person with a disability to access products and services.	The person with a disability is given the opportunity to access RBC products and services in a manner that is equal to that given to other clients.

Value for  
Clients

For more information on accessible client service at RBC, including our approach to websites, branches, telephone services, ATMs, print materials and RBC employees, please visit [Accessibility at RBC](#).

## Value for Clients



We have long recognized and valued the contributions that newcomers make to the social and economic development of Canada. As the financial marketplace evolves, so does our strategy. We will continue to refine our approach to engaging newcomers. We focus on improving the client experience and our value proposition to better support the settlement, adaptation and integration of newcomers moving to Canada. In addition to ensuring our products, services and processes meet client needs, we want to better engage with this client segment by leveraging our digital platforms and partnering with community organizations to provide a more holistic service to help them settle in Canada.

Products and services	Partnerships	Community involvement
<ul style="list-style-type: none"><li>■ Integrated banking solutions and credit programs that help newcomers get their first credit card, auto loan and home equity financing, with no credit history required.</li><li>■ Introduced newcomer offers on select products. For example, fee-waiver offers on select bank accounts for up to nine months, preferred rates on foreign exchange transactions, a free safe deposit box for up to two years, preferred interest rates on select guaranteed investment certificates (GICs), credit rebates for business clients.</li><li>■ Gave newcomers the ability to move money to more than 120 different countries by using the RBC International Money Transfer function within RBC Online Banking.</li><li>■ Continued to offer service in over 200 languages, in person or via audio conferencing through our branch network and Advice Centres.</li><li>■ Provided financial literacy materials for newcomers including temporary foreign workers and international students, available in multiple languages.</li></ul>	<p>We support organizations and sponsor programs that promote the interests of newcomers, including education and career placement programs. We offer resources aimed at education and enablement specific to newcomers, including advice events on specific financial topics. In 2017, we ran a five-month pilot with <b>ACCES Employment</b> to host virtual webinars on various topics chosen to help newcomers with their job search in Canada. The webinars also covered financial literacy topics to educate newcomers on how banking works and included virtual mentoring sessions with newcomers and RBC employees. We ran similar webinars with <b>AEIP SUCCESS</b> to help newcomers find employment in Canada before they arrived. Over 2,800 unique registrants attended these webinars.</p> <p>In addition to the above, RBC provides <b>Immigrant Access Fund Canada</b> a line of credit to support the organization's work in providing microloans to skilled immigrants. These microloans help newcomers in obtaining Canadian accreditation and upgrading or training to help them return to employment in their pre-immigration profession or trade.</p>	<p>Our first Alternate Branch Format (ABF) tailored to newcomers opened in Brampton, Ontario in January 2018. There, RBC staff not only provide banking-related products and services but, together with our community partners, help newcomers with their overall settlement journey.</p> <p>RBC is the title sponsor of the <b>RBC Top 25 Canadian Immigrant Awards</b>, a prestigious awards program that showcases the contributions newcomers have made to Canada's culture and economy.</p> <p>In 2017, we launched the <b>RBC Top 25 Canadian Immigrant's Youth Award</b>, honouring the newest generation of Canadian immigrants. The award recognizes the achievements of young immigrants who are making a difference in their adopted country through achievement and/or service, and who show great potential as long-term nation builders.</p>

For more information on services for newcomers at RBC, please visit [Newcomers to Canada](#).

 Indigenous communities

By sharing financial expertise and resources, we're working with Indigenous peoples<sup>1</sup> to build sustainable communities and to enable them to achieve their goals of economic self-sufficiency, prosperity and sustainable growth. We are doing this by focusing on three strategic areas:

Knowledge sharing	Access to financial services	Employer of choice
<p>We partner with Indigenous communities on teacher training, mentoring and developing educational materials pertaining to financial literacy for community members. Throughout 2017, RBC delivered a variety of financial literacy sessions for the Kettle and Stony Point First Nation community. This follows our 2016 collaboration with the Enactus team, at Lambton College, and Kettle and Stony Point First Nation, in southern Ontario, to customize financial literacy curriculums. The sessions ranged from financial goal setting and budgeting to banking know-how and credit-score improvement. They are now being delivered out of a new in-community business hub (<a href="#">the Cube</a>)<sup>2</sup>, with continued support from the Royal Eagles (see description on the right). For more information, please see page 10 of the <a href="#">2017 RBC Aboriginal Partnership Report: A Chosen Journey</a>.</p>	<p>RBC continued its long-standing commitment to providing access to financial services for Indigenous governments, businesses, not-for-profits and community members. These services include infrastructure financing, economic development initiatives, in-community branches, remote banking services, housing loan programs, trust and investment services for land claim settlements. Detailed examples can be found on page 24 of the <a href="#">2017 RBC Aboriginal Partnership Report: A Chosen Journey</a>.</p>	<p>RBC is an active employer of Indigenous youth and students through a number of programs including the Indigenous Summer Internship and Pursue Your Potential programs.</p> <p>We support our existing Indigenous employees through an employee resource group (an employee-run fellowship group) for First Nations, Inuit and Métis employees in Canada. The group is called the Royal Eagles. It has grown from three members in 1990 to about 200 members across Canada in 2017, and its objectives are to:</p> <ul style="list-style-type: none"><li>■ Enhance Indigenous cultural awareness at RBC</li><li>■ Provide networking and mentoring for Indigenous employees</li><li>■ Support recruitment and retention of Indigenous employees</li><li>■ Act as a resource at RBC and a liaison with Indigenous communities</li></ul>

<sup>1</sup> Indigenous peoples is a collective name for the original peoples of North America and their descendants. In Canada, the term Aboriginal peoples is also used, for individuals identifying themselves as First Nations, Inuit or Métis.

<sup>2</sup> The Cube at Kettle & Stony Point (KSP) is a collaborative effort between Lambton College and the local First Nation community and will focus on providing entrepreneurial education and start-up support for residents of Kettle and Stony Point First Nation.

For more information on our work with Indigenous communities, please see the following:

- [2017 RBC Aboriginal Partnership Report: A Chosen Journey](#)
- [Aboriginal Banking website](#)



## Awards and recognition

- Highest in Customer Satisfaction Among the Big Five Retail Banks in Canada 2017 for the second year in a row (J.D. Power)
- Highest in Customer Satisfaction Among Canadian Mobile Banking Apps (J.D. Power)
- Financial Institution of the Year, 2017 Canadian FinTech and AI Awards (Digital Finance Institute)
- Winner of three Loyalty360 Customer Awards (Platinum Award for Customer Experience and Engagement, Bronze Award for Loyalty and Advocacy, and Customer Service Innovation Award for the RBC Rewards® program)
- 2017 Canadian CIO of the Year Award – won by Bruce Ross, Group Head of RBC Technology & Operations (Information Technology Association of Canada)
- RBC Investor & Treasury Services® named the #1 fund administrator globally and in Luxembourg for the fifth consecutive year (R&M Fund Accounting and Administration Survey)
- RBC Investor & Treasury Services recognized with three awards at the 2017 Global Investor Awards: Fund Administrator of the Year – Global, #1 Custodian – Highest Global Total Score (Unweighted) and #1 Sub-Custodian – Canada
- Best Global Retail Bank for the third time (Retail Banker International (RBI) awards)
- RBC Global Asset Management Inc. named Morningstar Steward of the Year (Morningstar Canada<sup>†</sup>)
- Best Trade Finance Provider in Canada for fifth consecutive year (Global Finance magazine)

## Beyond this Report

The following documents include detailed information on our strategy, policies and programs governing how we develop products and services, what industry codes of conduct we observe, what our privacy and cyber security practices are, and how we engage stakeholders.

- About Value for Clients at RBC  
[rbc.com/community-sustainability/\\_assets-custom/pdf/about-value-clients.pdf](http://rbc.com/community-sustainability/_assets-custom/pdf/about-value-clients.pdf)
- Royal Bank of Canada: Annual Report 2017  
[rbc.com/investorrelations/pdf/ar\\_2017\\_e.pdf](http://rbc.com/investorrelations/pdf/ar_2017_e.pdf)
- RBC Aboriginal Partnership Report  
[rbcroyalbank.com/business/pdf/57482\\_Aboriginal\\_Report\\_E.pdf](http://rbcroyalbank.com/business/pdf/57482_Aboriginal_Report_E.pdf)
- RBC 2017 Ombudsman Report  
[rbc.com/ombudsman/pdf/2017report.pdf](http://rbc.com/ombudsman/pdf/2017report.pdf)
- RBC 2017 Public Accountability Statement  
[rbc.com/community-sustainability/\\_assets-custom/pdf/RBC-PAS-e-2017.pdf](http://rbc.com/community-sustainability/_assets-custom/pdf/RBC-PAS-e-2017.pdf)
- RBC Green Products, Services and Advice website  
[rbc.com/community-sustainability/environment/green-products-services.html](http://rbc.com/community-sustainability/environment/green-products-services.html)
- Bluebay Asset Management website  
[bluebay.com](http://bluebay.com)
- RBC Corporate Governance and Responsible Investment website  
[rbcgam.com/corporate-governance-and-responsible-investment/](http://rbcgam.com/corporate-governance-and-responsible-investment/)
- RBC Global Asset Management website  
[rbcgam.com](http://rbcgam.com)
- RBC Financial Literacy website  
[rbc.com/community-sustainability/financial-literacy.html](http://rbc.com/community-sustainability/financial-literacy.html)

Value for  
Employees



Value for  
Employees

## Attracting and inspiring the Best Talent

We are helping our clients thrive and communities prosper, and that inspires us to give our best every day. We have progressive minds who have helped us build what we are today. Our diverse and inclusive culture promotes sharing different perspectives and experiences resulting in a history of innovation and creative thinking. However, we recognize that in today's fast-changing, increasingly complex, and demanding marketplace, we must continually transform and prepare for the future.

That is why we are evolving our culture, and attracting and retaining the best talent. RBC is an engine of change where we learn with the best, access powerful resources, and build exceptional experiences. We are well positioned to unlock the potential of each other, drive to impact, adapt quickly and always learn.

This chapter describes best employee practices that will shape the future of work and drive sustainable growth through exceptional employee experiences.



### Our priorities

- Leaders driving sustainable growth
- Thriving in the new world of work
- Exceptional employee experience

For more information on our programs, policies and practices related to how we are building an empowered and high-performing RBC team, please see our [About Value for Employees](#) background paper.



## Overview of our workforce

RBC is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. Our success comes from the 80,000+ employees who bring our Vision, Values and strategy to life so we can help our clients thrive and communities prosper. The make-up of our workforce is detailed below and the metrics for women, visible minorities, persons with disabilities and Indigenous peoples represent Employment Equity data as of October 31 for each year presented for our business in Canada, governed by the Employment Equity Act. Given variations in legal definitions and restrictions in legislation around the world, comprehensive data on these four designated groups are available only in Canada. Please note that 2015 and 2016 figures for women, visible minorities, persons with disabilities and Indigenous peoples have been restated due to a change in technology systems used.

Key performance indicator	SDG indicator	Target	2017	2016	2015
Total number of employees <sup>1</sup>	N/A	N/A	<b>80,504</b>	80,193	77,664
Women	N/A	N/A	<b>59%</b>	61%	62%
Women in middle management and above	<b>5.5.2<sup>2</sup></b>	N/A	<b>45% </b>	46%	46%
Women executives	<b>5.5.2</b>	<b>40% </b>	<b>44% </b>	41%	39%
Visible minorities <sup>3,7</sup>	N/A	N/A	<b>35%</b>	34%	33%
Visible minorities in middle management and above	N/A	N/A	<b>36% </b>	35%	34%
Visible minority executives	N/A	N/A	<b>17% </b>	16%	15%
Persons with disabilities overall <sup>4,5,7</sup>	N/A	N/A	<b>7.0%</b>	7.4%	7.7%
Persons with disabilities (Employment Equity) <sup>6</sup>	N/A	N/A	<b>4.0%</b>	4.4%	4.7%
Indigenous peoples <sup>7,8</sup>	N/A	N/A	<b>1.4%</b>	1.5%	1.5%

<sup>a</sup> PwC provided limited assurance over this indicator. Please see page 78 for PwC's assurance statement.

<sup>1</sup> Includes City National Bank and BlueBay Asset Management, and refers to the number of individuals employed globally full-time and part-time, which differs from the full-time equivalent (FTE) statistic. The number of FTEs is reported in our [2017 Annual Report](#) on page 12.

<sup>2</sup> Proportion of women in managerial positions.

<sup>3</sup> In Canada, visible minorities are defined as persons (other than Indigenous peoples) who are non-Caucasian in race or non-white in colour.

<sup>4</sup> Total percentage of employees in Canada who self-identify as having a long-term or recurring physical, mental, sensory, psychiatric or learning impairment.

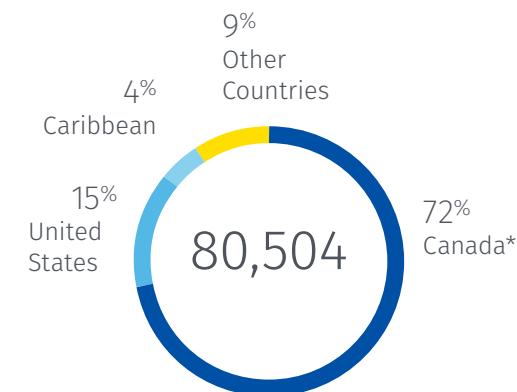
<sup>5</sup> Please see our [Diversity & Inclusion Blueprint 2020](#) for further information.

<sup>6</sup> Proportion of employees in Canada who self-identified as persons with disabilities and who also (a) consider themselves to be disadvantaged in employment by reason of that impairment, or (b) believe that a employer or potential employer is likely to consider them to be disadvantaged in employment by reason of that impairment, and includes persons whose functional limitations owing to their impairment have been accommodated in their current job or workplace (see the Employment Equity Act (Canada) [definition](#)).

<sup>7</sup> Based on employee self-identification.

<sup>8</sup> Indigenous peoples is a collective name for the original peoples of North America and their descendants. In Canada, the term Aboriginal peoples is also used, for individuals identifying themselves as First Nations, Inuit or Métis.

2017 Percentage of employees by region



\* For a breakdown of employees by region in Canada, see our [Public Accountability Statement](#).



## Leaders driving sustainable growth

In 2017, RBC senior executives gathered to address the changing forces that we face as an industry. Digitization, new and different competitors, changing client expectations, and volatile economic and political conditions are all converging to disrupt financial services and many other sectors. We believe that thriving in a complex environment requires a new way of thinking and acting. Guided by our [Vision and Values](#), we are changing how we work in order to remain a leader. We are working on reducing complexity, becoming more nimble, trying new things, getting to decisions more quickly and getting solutions to our clients faster, then iterating to make them better.

Our four areas of focus are:



Value for  
Employees



### A new leadership model

The role of leadership is vital to meet the demands of the new world of work and remain a market leader. Leaders shape the future, build talent and provide context to inspire and engage people in a rapidly changing environment, maintaining focus on what matters most to deliver growth. Against this backdrop, we developed a new leadership model in 2017.

The RBC Leadership Model defines the capabilities and behaviours that matter most to our future success. These include the ability to drive impact, to adapt quickly and always learn, to unlock and develop the potential of our people and to speak up for the good of RBC. The Leadership Model embodies the approach and mindset RBC encourages among all its employees. At its core, it is intended to guide how we all work together, set the clear expectation that *how* we meet our goals is just as important as *what* we achieve and acts as a lens for how we attract, select and assess talent. It is being embedded in all of our talent practices to ensure its sustainability.



## Building talent for growth

In order to deliver a strong succession bench, we focus on developing talent to reach their highest potential. Using a variety of assessment tools, we identify potential, segment our talent and provide differentiated development opportunities early in careers to rapidly grow the next generation of leaders.

Increasing the representation of women and visible minorities at senior management and executive levels is part of this goal.

### Women in Leadership

This 10-month program provides targeted development opportunities for high-potential, non-executive women to enhance their leadership capabilities, deepen their business acumen, expand their enterprise network and increase their exposure to senior leaders across the organization.

 In 2017, we launched the fifth cohort of this program, which includes formal learning, one-on-one coaching by an external executive coach, mentorship from program alumni, advisory circles, and development assessment and debriefing sessions to inform personal development and planning. At least one year after enrolling in the program, close to 80% of participants have either made lateral moves to expand their experience or been promoted – including 25% to executive positions (as of November 2017, from cohorts 1-3).

At least one year after the program, close to 80% of participants have either made lateral moves to expand their experience or been promoted.

### Ignite

 In 2017, we launched an eight-month leadership development program for high-performing, culturally diverse talent aimed at accelerating their trajectory to senior management and executive roles. This program addresses common challenges, provides opportunities to develop and practice key leadership behaviours and enables cross-enterprise networking with peers and senior leaders. It also includes formal coaching by an external executive coach and a group challenge to design an innovative solution to solve a challenge facing the communities we serve.

Value for  
Employees

For more information on the make-up of our workforce and our overall Diversity and Inclusion initiatives, please see pages 47 and 57 respectively.



## Accessibility and transparency

As we evolve into a simpler, faster and more flexible culture, we encourage the free flow of relevant information throughout RBC. We use a variety of means to promote accessibility and transparency including:

- Regular touchpoints with senior leaders across RBC, including the President and CEO and members of the Group Executive.
- In-person and digital town halls where leaders share information and employees have a forum to ask questions.
- Live digital sessions where leaders are available to answer any and all questions from employees.
- Archives of digital information sessions.

We believe this approach engages employees so they understand our key business imperatives and strategy. It also helps employees feel more empowered and connected to RBC leaders.

 In 2017, employees asked more questions about our business and demonstrated an interest in our collective success. Ultimately, engaged employees drive greater growth.



## Performance enablement

To achieve sustainable growth in our rapidly changing and complex industry, we believe we must modernize our approach to performance management and enhance the employee experience. Research shows that great managers provide candid feedback and coaching regularly. They have more engaged employees who, in turn, are more successful and have an impact on client experience and company success. Employees have told us through opinion surveys, live “jam” events, focus groups and general interaction that they want and need more frequent, timely, multi-directional feedback to support their growth and development.

That's why we are reimagining performance management to focus on enabling employees and lifting their performance. The program focuses on building a growth mindset and a culture of feedback and coaching. It applies to all three pillars of our people and culture strategy: leaders driving sustainable growth, thriving in the new world of work and an exceptional employee experience. To enable feedback, we are launching a feedback app across RBC. The app is grounded in the new Leadership Model and includes the key behaviours that define how we work at RBC.

 In 2017, we tested the feedback app with a cross section of RBC employees. Analytics generated by the app show a high level of activation (85%); a balanced mix of sources indicated strong support for multi-directional feedback and active community engagement through social media. These results support enhancing and evolving the app for the future and have led to a plan to roll out the app across the enterprise in 2018. We expect reimagining performance management will drive key material benefits including increased employee satisfaction as measured by employee survey responses to performance enablement questions.

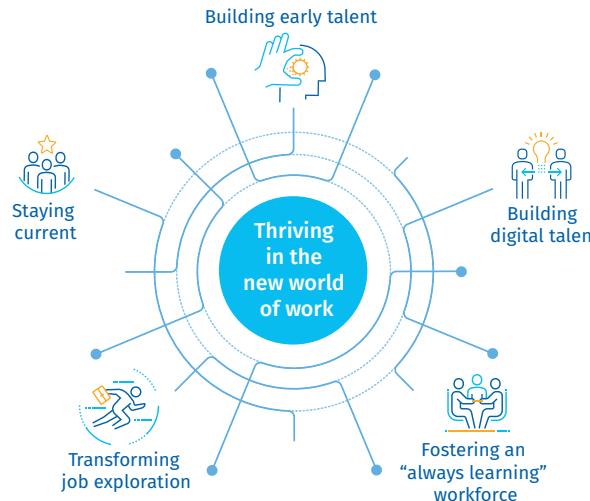
With the roll-out of the new performance enablement program, we are providing new training resources including a program on candid feedback and a new coaching model to support the focus on growth and development.



## Thriving in the new world of work

In our rapidly changing environment, we need to be agile, be digitally enabled and have an “always learning” and collaborative mindset. We’ve stepped up our focus on changing the way we work to ensure our people are equipped with the skills to be successful today and in the future. We encourage employees to have an “always learning” mindset, speak up for the good of RBC and set ambitious goals.

Our five focus areas include:



### Building early talent

Banking is a people business. Our goal is to build early talent by continuing to increase engagement, attraction and retention rates. We believe that by understanding young people’s skills, goals, dreams and expectations, we can provide a supportive and challenging experience that will encourage them to remain with RBC for the long term. We also aim to engage early talent in the design and adoption of new ways of working.

Key performance indicator <sup>1</sup>	2017
Full-time employees in Canada who are under 30	16%
Number of summer students recruited	1,633
Paid internships, <sup>2</sup> co-op and work term placements	1,774
Students expressing an interest in returning to RBC after their education <sup>3</sup>	97%
Recent graduates hired on a full-time basis	2,200

<sup>1</sup> These figures cover our operations in Canada. Data for 2016 and 2015 are not available.

<sup>2</sup> There were zero unpaid internships in 2017.

<sup>3</sup> Survey of 800 students enrolled in our Technology & Operations Student Program.

## Value for Employees

### Programs to build early talent

The [RBC Career Launch Program™](#) is designed to help recent college and university graduates in Canada transition from school to work. The program promotes 21<sup>st</sup> century skills such as collaboration, communication and critical thinking through work experience, learning and mentorship. Participants have access to a network of professionals to build relationships. Through the program, participants gain valuable hands-on experience and build confidence, which increases their potential appeal to future employers. During this one-year paid internship, employees experience three rotations, gaining experience in a branch, at head office and with an RBC charitable partner.



Key performance indicator	2017	2016	2015
Number of associates	99	100	101
Women associates	56%	54%	54%
Visible minority associates	54%	46%	53%
Associates who felt their self-confidence increased as a result of this program	91% <sup>1</sup>	87%	82%
Associates who feel confident in applying the skills and knowledge acquired in this program to future roles.	88% <sup>1</sup>	89%	79%

<sup>1</sup> The 2017 Career Launch Program includes three cohorts and ends in March 2018. Data presented for 2017 includes results from Cohorts 1 and 2 only.

For more information, please see the [RBC Career Launch Program 2017 Impact Report](#) and the RBC whitepaper published in partnership with the Canadian Career Development Foundation, [Addressing the Catch 22: RBC Career Launch Applicants Recommendations for Improving School-to-Work Transitions](#).

By helping young people unlock their potential and launch their careers, RBC can assist them with building a stronger future for themselves and a more prosperous Canada for all. With this in mind, RBC created the publicly available [The Launching Careers Playbook](#), an interactive, digital resource focused on enabling young people to reach their full potential through three distinct learning modules: I am starting my career, I manage interns and I create internship programs. The Playbook shares the design principles, practices and learnings captured from the RBC Career Launch program over three years, as well as the research and feedback RBC has received from young people and their managers.

**RBC Amplify™** is an intensive summer student program that fosters innovation and collaboration to identify challenges arising in the financial technology industry. Over four months from May to August, students work in teams of four and participate in user-centred, design-thinking training, providing a base for them to begin exploring challenges. Throughout the term, students receive support from the program team, team leaders, subject matter experts, executive sponsors and stakeholders to develop potential solutions to the challenges presented. The term ends with an exposition where students pitch their work to executives, stakeholders and an audience of engaged RBC employees.

 Due to the success of RBC Amplify in 2016, we doubled the number of students to 64 in 2017 and have gone global, forming teams in Minneapolis, Jersey City and Luxembourg. This is a window into the future of RBC.

Key performance indicator	2018 Target	2017	2016
Amplify students returning to RBC full-time or as co-op students	80% 	70%	87.5%
Women students	50% 	32%	25%
Number of provisional patents filed by Amplify students	9 	10	2



## Building digital talent

Our goal is to attract, develop, reward and retain the critical talent segments we need for our digital bank initiatives by applying flexible and creative talent practices as well as opportunities for professional development.

Technical Career Path	Accelerated Scrum Master (ASM)
<p><b>Technical Career Path</b>, launched in 2016, targets high-potential technical talent, aiming to develop technically sophisticated leaders to build a technology bank for the future.</p> <p> In its first year, 14 candidates were selected to participate in the program and provided with specific role mandates and unique learning paths with an emphasis on building leadership capabilities. These future leaders contributed to innovative banking solutions, which were then implemented in 2017. Examples are the implementation of voice recognition technology, the maturation of android mobile development and enhanced employee digital experiences.</p>	<p>The <b>Accelerated Scrum Master (ASM)</b> program is a test-and-learn program to quickly "upskill" identified participants interested in pursuing a scrum master role at RBC. Scrum masters facilitate agile development teams, which are key to building innovative digital solutions. ASM provides participants with the formal learning and practical experience to become certified scrum masters at RBC. The three-month apprenticeship program consists of three days of formal in-class learning sessions, followed by on-the-job learning. Apprentices are paired with experienced scrum masters on current agile projects as well as mentors who are agile coaches for additional feedback. All participants who completed the program have been placed in agile roles within Technology &amp; Operations.</p>



## Fostering an “always learning” workforce

RBC thrives when employees have the opportunity to learn and grow and ultimately excel in a positive and dynamic environment. Our culture of always learning and performing is supported by a substantial focus and investment in learning and development. RBC supports employees in their development by providing a variety of learning and growth opportunities such as on-the-job experiences, courses, conferences, internal and external coaches, and mentoring. We are transforming the way people learn through more digital, social and personalizing experiences and solutions to individual needs. In today's rapidly changing world, we are bringing learning to where employees are and when they need it.

Key performance indicator	2017	2016	2015
Total hours of instructor-led and web-based training	<b>1.3 million</b>	1.3 million	1.2 million
Total invested in direct and indirect formal training and career development	<b>\$193.8 million</b>	\$184.5 million	\$178.2 million
Total invested per employee in formal training and development	<b>\$2,368</b>	\$2,360	\$2,294



## Transforming job exploration

**JobEx** (job exploration) reimagines the job search experience at RBC. It gives job seekers, future potential talent and existing employees an engaging and simple way to apply for new roles and explore opportunities across the enterprise. JobEx is mobile-friendly and smart. It provides job seekers with the most relevant, compelling and personalized career opportunities and lets them easily start, resume and finish their applications anytime, anywhere and on any device. Since JobEx was launched, our application volume has doubled and we have 13,000 new subscribers in our talent database.



## Staying current

With major shifts in the world around us, it is important that employees understand the opportunities they present and how they relate to their day-to-day work.

RBC Disruptors speaker series	Thinkr
The <b>RBC Disruptors®</b> speaker series brings external thought leaders to share current insights with employees. Thought-provoking sessions on subjects like digital technology, the future of work and radical shifts in consumer behaviour feature external speakers such as Dragons' Den's Arlene Dickinson and IBM Watson CTO, Rob High. Nearly 10,000 employees have attended the sessions, either in person or virtually, and find themselves more aware and engaged to be their best.	<p><b>Thinkr</b> is an RBC-wide knowledge management platform that provides direct access to best-in-class external research as well as thought leadership from internal RBC teams. It lets RBC employees directly obtain resources to conceptualize, refresh and strengthen their strategies. It also enables them to stay up-to-date on developments in financial services.</p> <p>In 2017, the platform was used by over 8,500 employees, and some of our research providers included Bersin by Deloitte, International Data Corporation and Investor Economics.</p>



## Exceptional employee experience

RBC is committed to providing exceptional employee experiences to current and future potential talent. We do this by bringing our **Purpose** and **Values** to life and unlocking the potential of our people. This drives an achievement environment and helps employees experience the power of connection to achieve business results. Highly engaged employees are more productive and deliver stronger performance, which is only possible if the workplace meets the needs of employees.

Our goals are to:

- Engage our talent by continually improving employee experiences across the organization.
- Enhance our employee value proposition.
- Align employees' digital experiences across our talent management ecosystems.

Our four focus areas are:



Value for  
Employees



### The voices of our people

Our annual Employee Opinion Survey (EOS) reflects employee engagement, their experience and how well RBC is delivering on what matters most to employees. In 2017, our Employee Engagement Index score exceeded the Willis Towers Watson's High-Performance Company Benchmark by 4%. While overall employee feedback is strong, our priorities are to continue to enhance performance enablement and people-manager effectiveness as key drivers of engagement. Another priority given the current industry climate is to continue to enhance our already strong risk culture and conduct.

Key performance indicator	2017	2016	2015
Employee Opinion Survey response rate	92%	92%	90%
Employee Engagement Index <sup>1</sup>	85 <sup>a</sup>	85	85
Percentage of employees who are proud to be part of RBC <sup>2</sup>	94%	95%	95%

<sup>a</sup> PwC provided limited assurance over this indicator. Please see page 78 for PwC's assurance statement.

<sup>1</sup> Engagement is a measure of employee alignment, commitment and enablement as evidenced by employees' responses to select items in the annual Employee Opinion Survey, administered by Willis Towers Watson.

<sup>2</sup> Results based on Employee Opinion Survey responses.



## Performance recognition

RBC Performance, our enterprise recognition and reward program, was awarded the 2017 Overall Best Practice Award from Recognition Professional International. This 32-year-old program, covering RBC employees working in more than 15 countries, has helped RBC build a legacy of making employee recognition a priority in our culture and business. It focuses on providing a series of quarterly and annual awards and provides day-to-day recognition tools.



## Mental health and employee well-being

Healthy people and a healthy workplace are basic requirements for carrying out a business strategy. This strategy rests on talent, innovation and resilience, especially in times of disruption and continual change. There is growing awareness of the prevalence of health issues – particularly mental health issues and stress – and their impact on individuals, caregivers, support networks, workplaces and the wider community. As a result, the need for advice and additional support is rising exponentially, particularly regarding mental health concerns. We believe that employers need to play an active role in fostering healthy workplaces that support physical and mental well-being. We also believe we have a responsibility to help eliminate any stigma associated with some conditions.

To address these issues, in 2017 we launched the RBC Blueprint for Well-Being and Mental Health, a clearly articulated vision with objectives and priorities for protecting the psychological health and safety of employees in the workplace. It aims to end stigma within our corporate culture and promote employees' mental health and well-being.

We support employee mental health and overall well-being through online programs, live events and donations.<sup>1</sup> We have over 2,000 employees in our internal online wellness community and over 350 wellness champions globally. We encourage open, authentic conversation and work to reduce mental health stigma in the workplace through training courses and events attended by employees.

### Value for Employees

Key performance indicator	2017
Number of employees who participated in at least one employee wellness campaign	<b>25,000+</b>
Number of participants at the Speak Your Mind and Be Kind event	<b>1,000+</b>
Number of employees who have taken the Managers Promoting Mental Health course	<b>1,000+</b>

<sup>1</sup> Please see our RBC Community and Social Impact Portal for more information on how we support mental health.



## Diversity and inclusion across our workforce

Diversity is about more than just employing many different people from many different groups. It's about tapping into all the perspectives, experiences, lifestyles and cultures that we collectively possess. And at RBC, it's about valuing, respecting and supporting our differences to help break new ground and deliver valued solutions and services. Diversity and inclusion help make RBC both an organization people want to do business with and a rewarding place to work. By drawing on the strength diversity provides, we can meet new challenges and help create prosperity for employees, clients, shareholders and the communities we serve.

Our Diversity and Inclusion Index score is used to measure inclusiveness at RBC through our annual Employee Opinion Survey, which was administered in spring 2017. The Index is a composite of seven items on fairness, openness, flexibility and diversity.

Key performance indicator	2017	2016	2015
Diversity and Inclusion Index score	85%	84%	83%

Our diversity and inclusion vision is centred on three pillars that are embedded in our business strategy: **talent, clients and communities**.

Talent	Clients	Communities
<p>Our goals are to accelerate full inclusion to attract, retain and enable the best talent and to increase leadership diversity. To achieve this, we must create equitable opportunities for all employees to reach their potential, regardless of individual differences. This requires the active and visible engagement of inclusive leaders who can profile issues, lead new approaches and champion solutions.</p> <p>Examples of how we are embedding diversity in the development of future talent is described on page 49 of the Leaders Driving Sustainable Growth section.</p>	<p>Our goal is to lead in providing personalized advice and solutions that reflect the diversity of clients. We strive to provide exceptional client experiences, including best-in-class financial solutions, advice and services, to all our clients. We also observe historically under-served client groups such as women, cultural markets, newcomers to Canada, LGBT+, Indigenous peoples and persons with disabilities. We will continue to enhance elements that are important to inclusive financial services. This includes accessibility, simplicity and convenience of choice, which let us serve customers when, where and how they choose.</p> <p>Examples of our financial inclusion and literacy approaches and initiatives are detailed on page 38 of the Value for Clients chapter.</p>	<p>We recognize that our success depends on the health and prosperity of the communities where we live and work. We aim to strengthen social and economic development through partnerships and corporate citizenship. We believe that our ongoing support for diversity must be embedded in the fabric of the community through research, volunteerism, partnerships, sponsorships and education. We also believe that our business clients can achieve more success through leveraging diversity. We are committed to being a catalyst within the business community through supplier diversity development initiatives and inclusive business practices.</p> <p>Examples of our diversity initiatives in procurement are detailed on page 24 of the Governance and Integrity chapter, and examples of our community partnerships and donations can be found in our RBC Community &amp; Social Impact Portal to be released in spring 2018.</p>



## Awards and recognition

- Canada's Top 100 Employers  
(Mediacorp Canada Inc.)
- Canada's Top Employers for Young People  
(Mediacorp Canada Inc.)
- MET Top Employer Award  
(Military Employment Transition Program)
- Canada's Best Diversity Employers  
(Mediacorp Canada Inc.)
- Member of the 2017 Bloomberg Financial Services Gender-Equality Index (BFGEI) member
- Member of the 2017 Pride at Work Index
- Best Workplaces for Women  
(Great Place to Work<sup>®</sup> Institute)
- Member of the 2017 Corporate Equality index  
(Human Rights Campaign Foundation)
- Best Workplaces in Canada  
(Great Place to Work<sup>®</sup> Institute)
- Canada's Greenest Employers  
(Mediacorp Canada Inc.)
- Employment Equity Achievement Award  
(Government of Canada)
- Greater Toronto's Top Employers  
(Mediacorp Canada Inc.)
- Best Workplaces for Part-Time Employees  
(Great Place to Work<sup>®</sup> Institute)

## Beyond this Report

These additional documents provide further information on the policies, programs and practices that enable us to attract and retain top talent.

- About Value for Employees at RBC  
[rbc.com/community-sustainability/\\_assets-custom/pdf/about-value-employees.pdf](http://rbc.com/community-sustainability/_assets-custom/pdf/about-value-employees.pdf)
- RBC Diversity & Inclusion Blueprint 2020  
[rbc.com/diversity/pdf/rbc-diversity-blueprint.pdf](http://rbc.com/diversity/pdf/rbc-diversity-blueprint.pdf)
- 2016 RBC Employment Equity Report  
[rbc.com/diversity/docs/Employment\\_Equity\\_Report\\_EN.pdf](http://rbc.com/diversity/docs/Employment_Equity_Report_EN.pdf)
- RBC Aboriginal Partnership Report  
[rbcroyalbank.com/business/pdf/57482\\_Aboriginal\\_Report\\_E.pdf](http://rbcroyalbank.com/business/pdf/57482_Aboriginal_Report_E.pdf)
- RBC 2017 Public Accountability Statement  
[rbc.com/community-sustainability/\\_assets-custom/pdf/RBC-PAS-e-2017.pdf](http://rbc.com/community-sustainability/_assets-custom/pdf/RBC-PAS-e-2017.pdf)

Value for  
Society



Value for  
Society

## Helping clients thrive and communities prosper

At RBC, we work to create value in many different ways. Being a purpose-led organization, we understand that we prosper when society prospers. That's why community and social impact is one of the five ways we define How We Will Win, and it's embedded in our business. We are bringing the full breadth of our resources and capabilities to address societal challenges. Helping our communities prosper will have additional benefits – positively impacting our clients and our business over time. As a purpose-driven company, creating a positive social impact – not just an economic one – is integral to how we do business. It is fundamental to our philosophy and is at the very heart of our corporate citizenship approach.

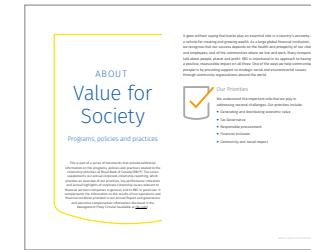
Value for  
Society



### Our priorities

- Economic value generated and distributed
- Community and social impact

For more information on our programs, policies and practices related to how we are helping clients thrive and communities prosper, please see our [About Value for Society](#) background paper.





## Economic value generated and distributed

The generation and distribution of economic value is the means by which we fulfill our obligations to the economy and promote the well-being of society at large. It is a simple equation: we generate revenue from the products and services we sell; we then distribute a portion of that revenue – or economic value – to those we rely on for our success. That distribution is seen in the compensation and benefits we provide our employees, in the dividends paid to our shareholders, in the commercial transactions we have with our suppliers, in the meeting of our tax obligations at all levels of government and in the investments we make in our communities. According to the [Global Reporting Initiative](#) (GRI), this is defined as “economic value generated and distributed” and is used to measure the impact of a company on the economy.

In 2017, we earned revenue of \$40.7 billion and distributed \$28.6 billion in economic value. We invested the balance in our company for future growth. For additional information on our operating expenses, cash dividends and tax expense, consult our [2017 Annual Report](#).

For more information on our community investment activities, see page 62.



<sup>1</sup> This material references Disclosures 201-1 from the Global Reporting Initiative's standard GRI 201: Economic Performance. Distributed value comprises operating expenses, human resources, taxes, donations and community investments, and cash dividends.

<sup>2</sup> Includes salaries, benefits and other compensation.

<sup>3</sup> Includes occupancy, equipment, communications and professional fees.

<sup>4</sup> Includes payroll taxes, sales taxes, municipal and property taxes, insurance premium taxes, business taxes, capital taxes.

<sup>5</sup> Includes cash donations around the world and community investments. Please see page 62 for more details.



## Community and social impact

As a large global financial institution, RBC has clients in virtually every sector of the economy, and is expected to support a wide range of causes that matter to our clients and communities, not just those that serve our direct interests. This approach reflects our long history of leadership in championing causes that may not be directly related to banking, but are too important for society to ignore. We believe in the power of communities and the individuals who live in them. The goal of our community development programs is to have a positive and measurable impact on the communities where we live, and on the health of our planet.

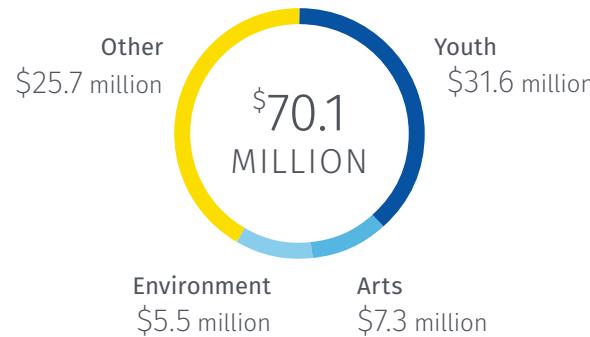
RBC is one of Canada's largest corporate funders of charitable organizations, contributing over \$86.2 million globally to more than 6,700 organizations in 2017. This included \$70.1 million from the RBC Foundation, a separate legal entity that reports financial information to the Canada Revenue Agency. As signatories to Imagine Canada's Caring Company Program, we invest a minimum of 1% of our domestic net income before income taxes in support of charitable and non-profit endeavours in Canada.

Key performance indicator	2017	2016	2015
Cash donations	\$86.2 million	\$77.0 million	\$70.6 million
Community investments <sup>1</sup>	\$13.8 million	\$14.1 million	\$12.4 million
Commercial initiatives <sup>2</sup>	\$75.1 million	\$55.1 million	\$38.5 million

<sup>1</sup> Community investments include our support for employee volunteerism, contributions to non-profits that are not registered charities, gifts in-kind, community economic development and community investment program management.

<sup>2</sup> Commercial initiatives, as defined by the London Benchmarking Group (LBG), refers to business-related activities in the community, usually undertaken by commercial departments to directly support the success of the company, promote its corporate and brand identities and other policies, in partnership with charities and community-based organizations.

2017 Donations by cause in Canada<sup>1</sup>



2017 Donations by region



<sup>1</sup> Includes donations made by the RBC Foundation only.

<sup>2</sup> Includes RBC Foundation and corporate donations in Canada.

## Our focus areas

We recognize that we have an important role to play in addressing societal challenges. Accordingly, we refined our community investment approach in 2016 to focus on a significant societal issue and are developing a targeted, comprehensive and coordinated strategy to address this issue by leveraging RBC resources and capabilities.

In February of 2017 we announced **RBC Future Launch™**, a 10-year, \$500 million commitment to prepare Canadian youth for the future of work. We are moving beyond financial investment by engaging the public and private sectors to further understand the issue and make a significant impact on the lives of young Canadians. RBC Future Launch is a catalyst for change, bringing people together to co-create solutions so young people are better prepared for the future of work.

Young people today have three critical barriers they need to overcome to be successful:

- Lack of relevant experience: Too many young Canadians miss critical early opportunities because they're stuck in a "no-experience, no job cycle".
- Lack of relevant skills: Increasingly, young people entering the workforce require a complex set of technical, entrepreneurial and social skills that cannot be attained solely from formal education.
- Lack of professional networks and mentoring: Young people are at a disadvantage in the job market if they don't have an opportunity to learn from others and discover the realities of the jobs they're considering.

Beyond the dollars, we are bringing forward RBC capabilities, assets and understanding to address the issues, alongside young people and youth-focused partners. We will raise awareness of the issues through research, speaking and convening while working with educational institutions and partners in the private and public sectors to co-create long-term solutions.

For more information on RBC Future Launch, please see [rbc.com/futurelaunch](http://rbc.com/futurelaunch).

This focus on youth and our additional community investments are illustrated below, along with the associated United Nations Sustainable Development Goals (SDG) for those areas. For more details on SDG targets and indicators mapped to our priorities and project, please see our [RBC Community & Social Impact Portal](#).

## How our focus areas link to the United Nations Sustainable Development Goals (SDGs)<sup>1</sup>

Value for Society



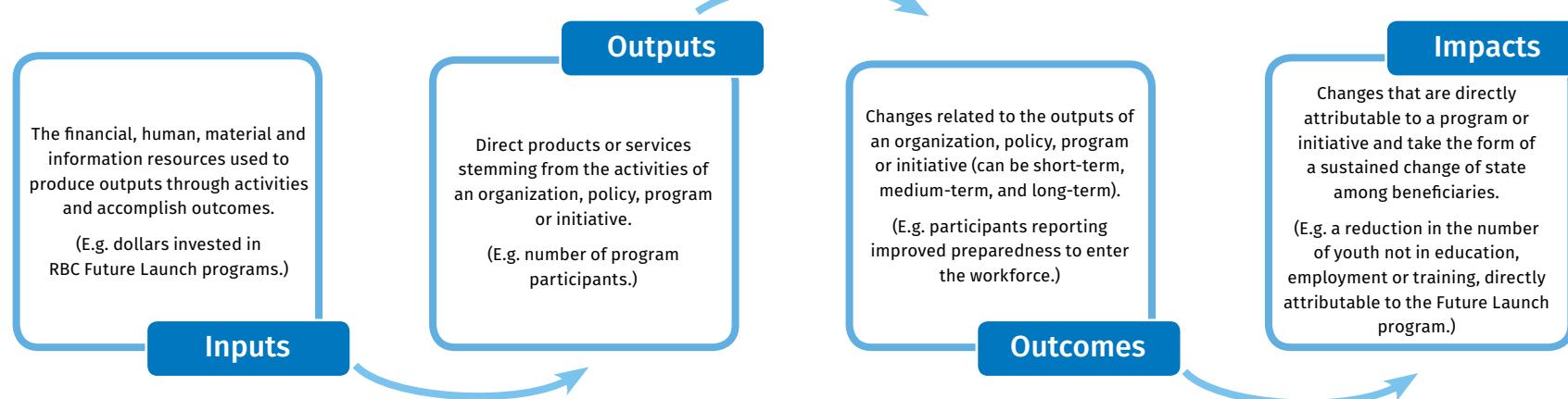
<sup>1</sup> This is a partial list of the RBC initiatives that address SDGs. A more complete assessment will be published in our [RBC Community & Social Impact Portal](#).

## Measuring our impact

It is important to RBC that our community investments have a positive social, economic and environmental impact. It is also a critical element of our decision-making process that governs where we invest our time, money and effort.

In 2017, we further refined our approach to measuring success with the introduction of our Impact Measurement Framework (IMF). Before this Framework, our measurement approach focused on inputs and outputs, with evaluations tailored to particular funding areas or programs, resulting in a disjointed view of our initiatives and investments that stopped short of long-term impact.

### Impact measurement definitions<sup>1</sup>



<sup>1</sup> Adapted from Global Affairs Canada, Results-Based Policy Statement, 2008

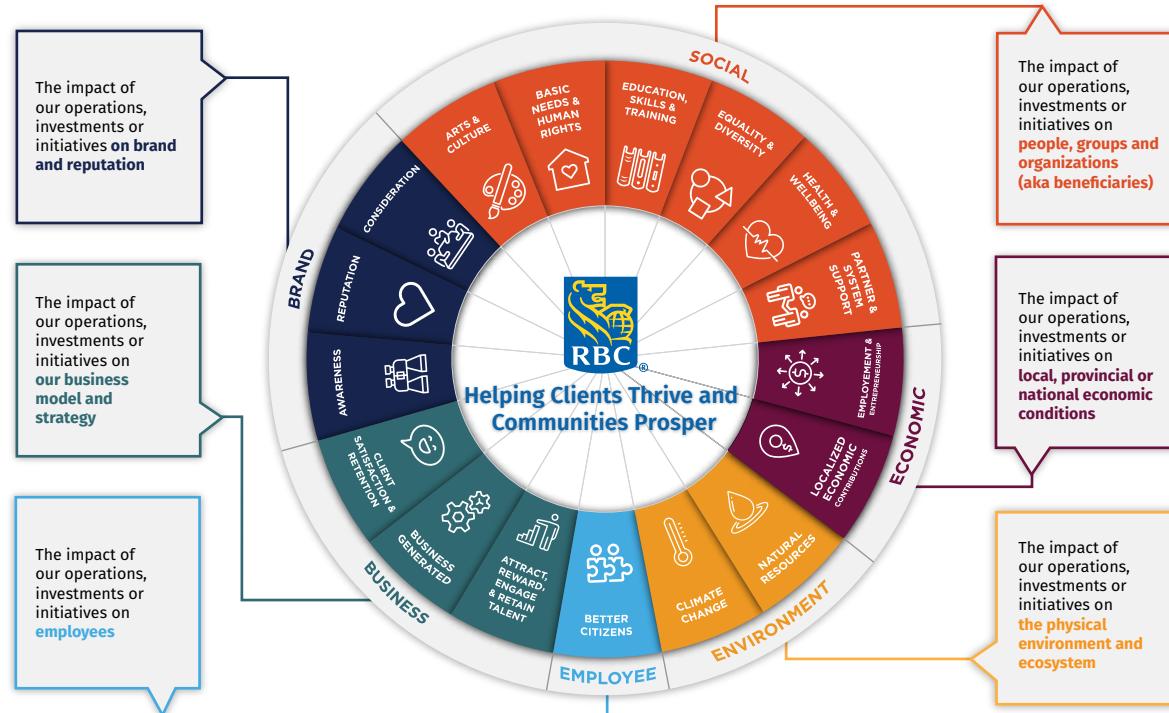
Value for Society

Engaging with our partners to move beyond measuring inputs and to focus on outcomes and impact will advance the capabilities of the charitable sector. Organizations that measure outcomes and impacts have the information they need to improve operational efficiency, make insights-informed programming decisions and demonstrate value to all stakeholders.

The IMF brings together our six impact pillars – social, environmental, economic, employee, business and brand – as one holistic view of the value we add through all of our initiatives and investments across the enterprise, at any level of aggregation. Our IMF was established to capture the quantifiable benefits across our six pillars, noting that every one of our initiatives and investments drives impact across multiple areas.

An extensive review of current best practices in social and environmental impact measurement informed the development process. We drew on the Sustainable Development Goals and global reporting guidance to ensure the IMF is aligned with leading frameworks. With internal and external stakeholder consultation, we developed a framework that will not only help us track how our investments add value to the communities where we operate, but help us make more informed decisions.

## RBC Impact Measurement Framework



Value for Society

Moving forward, the IMF will provide a holistic lens through which we will view all RBC impacts, including the impact of programs outside of our strategic philanthropic, employee and environmental strategies. It will show the positive social, environmental and economic impact our enterprise-wide programs, initiatives and investments are having and will generate business, employee and brand benefits. For example, while Future Launch is expected to have strong social and economic impacts, it will also generate brand awareness and strengthen our employees' connection to their community. All of these impacts will be measured with our new approach to measurement providing a holistic view of the impact of Future Launch.

We recognize that more work needs to be done to build sector capacity as the social impact measurement and evaluation field grows. We are dedicated to helping drive growth in social impact measurement, evaluation and reporting through our focus areas.

More information on how we drive positive community and social impact across our priority areas as well as our employee community involvement will be available in the new RBC Community and Social Impact Portal coming spring 2018.



## Awards and recognition

- Spirit of Community award (United Way)

Value for  
Society

## Beyond this Report

The additional documents and websites below provide further information on our approach to community investment and signature programs.

- About Value for Society at RBC  
[rbc.com/community-sustainability/\\_assets-custom/pdf/about-value-society.pdf](http://rbc.com/community-sustainability/_assets-custom/pdf/about-value-society.pdf)
- RBC Community website  
[rbc.com/community-sustainability/community/index.html](http://rbc.com/community-sustainability/community/index.html)
- RBC Future Launch  
[rbc.com/dms/enterprise/futurelaunch/all14-all-or.html](http://rbc.com/dms/enterprise/futurelaunch/all14-all-or.html)

# Environmental Sustainability

Environmental  
Sustainability



## Environmental sustainability

As Canada's largest bank and one of the largest banks in the world based on market capitalization, we recognize that we have an impact on the communities where we live and work. We are committed to proactive and prudent management of the environmental aspects of our business. As the number and complexity of global environmental issues grow, we continue to focus our efforts on relevant issues that can create risks or opportunities, including:

- Climate change – climate change presents environmental, social and financial challenges and opportunities to the global economy, human health and our own business and operations.
- Water – water shortages and lack of access to clean, fresh water are considered to be two of the largest threats to human health and economic development around the world.
- Sustainable communities – a sustainable community integrates and complements the natural environment through the appropriate management of land use, urban design, energy and water use, air quality, transportation, waste reduction, economic development and natural habitats.

RBC has a long history of environmental leadership dating back to 1991 when we launched our first corporate environmental policy. Our strategic approach to environmental sustainability is described in our corporate environmental strategy, the **RBC Environmental Blueprint®**. This is our roadmap and includes our corporate environmental policy, priorities and 42 commitments and targets. In the Blueprint, we set out the following priorities to help address the environmental issues outlined above.



### Our priorities

- Environmental footprint reduction
- Risk management
- Sustainable financial products and services
- Promotion of environmental sustainability

This chapter covers our environmental footprint reduction efforts only. For information on our performance related to the other priorities, please see pages 21 (Risk management) and 34 (Sustainable financial products and services). Our promotion of environmental sustainability is detailed throughout this chapter.





## Environmental footprint reduction

With more than 80,000 employees in 37 countries, we have a significant environmental footprint that we are committed to reducing through a range of programs and initiatives. We proactively apply sound environmental practices to our internal operations and purchasing decisions, and seek ways to minimize our consumption of resources, including energy, paper and water, and our generation of waste and emissions. The table below tracks our progress for our seven key footprint reduction targets as outlined in the [RBC Environmental Blueprint](#). As the RBC Environmental Blueprint draws to a close in 2018, we will be launching the next generation of our environmental commitments in 2018.

Progress toward quantitative targets for footprint reduction				
RBC Environmental Blueprint targets (baseline 2012)	Status	Results	Notes	
Reduce greenhouse gas (GHG) emissions intensity by 20% in our properties by 2018	Achieved in 2014 	<b>23.5% reduction since 2012</b>	Continue energy conservation programs to maintain positive trending and set new emissions targets.	
Reduce GHG emissions by 20% from our Canadian logistics and delivery network by 2018	Achieved in 2014 	<b>54% reduction since 2012</b>	Data reflect deliveries in scope of Project One Stop. Expanding to include other deliveries.	
Achieve a power use effectiveness (PUE) value of 1.4 at our Canadian enterprise data centres	Delayed 	<b>1.80 and 1.56</b>	We are building our Canadian enterprise data centres to be efficient in the long term when they are operating at full capacity. We may not meet our PUE target by 2018 as our data centres will not yet be operating at full capacity.	
Reduce office paper use per employee by 20% by 2018	Achieved in 2017 	<b>32.5% reduction since 2012</b>	Continue to decline annually through digitization and print reduction programs.	
Send zero electronic waste to landfill by 2018, globally	On track 	<b>Achieved in Canada, U.S. and Caribbean</b>	Together these regions now represent 91% of full-time equivalent (FTE) count. Required reporting from Asia and the U.K. will be needed in order to meet this target.	
Double the amount of LEED certified office space we occupy by 2018	Achieved in 2015 	<b>297% increase since 2012</b>	We currently occupy 693,185m <sup>2</sup> of LEED certified office space. That's the equivalent of 95 soccer fields.	
Ensure all major offices have waste diversion programs	Achieved in 2016 	<b>100%</b>	All major offices in North America have established waste diversion programs.	



## Reduce greenhouse gas emissions and energy use in our operations

The RBC Environmental Blueprint sets out all of our commitments related to reducing direct and indirect GHG emissions and energy use in our operations. Our results reflect the considerable efforts we have made to reduce GHG emissions and energy use, two measures that represent a significant portion of our environmental footprint and opportunities for reducing costs.

### Absolute GHG emissions<sup>1</sup>

Key performance indicator	2017	2016	2015
Scope 1 (heating fuels) emissions from energy use (tonnes of CO <sub>2</sub> e)	<b>24,676 <sup>a</sup></b>	23,230	25,640
Scope 2 (electricity and steam) emissions from energy use (tonnes of CO <sub>2</sub> e)	<b>96,917 <sup>a</sup></b>	85,049	84,285
Total GHG emissions from energy use (tonnes of CO <sub>2</sub> e)	<b>121,592</b>	108,279	109,925
GHG emissions from employee travel (tonnes of CO <sub>2</sub> e )	<b>28,625</b>	27,218	29,336
GHG reductions from green power purchases (tonnes of CO <sub>2</sub> e )	<b>-2,666</b>	-2,833	-2,836
<b>Total GHG emissions (tonnes of CO<sub>2</sub>e)</b>	<b>147,551</b>	132,663	136,426

### GHG emissions intensity

Key performance indicator	2018 Target (2012 baseline)	2017	2016	2015
GHG emissions intensity from energy use (tonnes of CO <sub>2</sub> e/m <sup>2</sup> )	<b>0.067 </b>	<b>0.064</b>	0.060	0.060
GHG emissions intensity from employee travel (tonnes of CO <sub>2</sub> e/FTE)	N/A	<b>0.40</b>	0.42	0.45
Total GHG emissions intensity (tonnes of CO <sub>2</sub> e/FTE)	N/A	<b>2.08</b>	2.08	2.10

<sup>a</sup> PwC provided limited assurance over this indicator. Please see page 78 for PwC's assurance statement.

<sup>1</sup> 2017 data are representative of all properties in Canada, the United States and the British Isles, representing 90% of our global floor area including City National Bank. Data are reflective of a complete year; however, due to variations in billing cycles, the reporting months may not reflect the RBC fiscal year of November 1 to October 31. Increases in absolute GHG emissions are primarily due to the inclusion of City National Bank for the first time in 2017.

## Energy use<sup>1</sup>

Key performance indicator	2017	2016	2015
<b>Heating fuel use, Scope 1 (MWh)</b>			
Branches	<b>94,502</b>	86,896	99,421
Major properties <sup>2</sup>	<b>33,031</b>	32,742	37,145
Data centres and processing centres	<b>1,480</b>	1,879	1,481
<b>Total direct energy use, all properties (MWh)</b>	<b>129,013</b>	<b>121,517</b>	<b>138,047</b>
<b>Electricity use and steam, Scope 2 (MWh)</b>			
Branches	<b>212,373</b>	212,529	225,685
Major properties <sup>2</sup>	<b>207,857</b>	158,425	155,597
Data centres and processing centres	<b>84,672</b>	100,977	97,890
<b>Total indirect energy use, all properties (MWh)</b>	<b>504,902</b>	<b>471,931</b>	<b>479,173</b>
<b>Total energy use, all properties (MWh)</b>	<b>633,915</b>	<b>593,448</b>	<b>617,219</b>
<b>Total energy intensity, all properties (MWh/m<sup>2</sup>)</b>	<b>0.33 <sup>a</sup></b>	<b>0.33</b>	<b>0.34</b>

<sup>a</sup> PwC provided limited assurance over this indicator. Please see page 78 for PwC's assurance statement.

<sup>1</sup> 2017 data are representative of all properties in Canada, the United States and the British Isles, representing 90% of our global floor area including City National Bank. Data are reflective of a complete year; however, due to variations in billing cycles, the reporting months may not reflect the RBC fiscal year of November 1 to October 31. Increases in absolute energy are primarily due to the inclusion of City National Bank for the first time in 2017.

<sup>2</sup> Major properties are facilities with an area of greater than 25,000 ft<sup>2</sup> (2,320 m<sup>2</sup>).

## 2017 Highlights

- 💡 Installed power monitoring and HVAC (heating, ventilation and air conditioning) and lighting control systems for real-time insight and remote management at 286 branches across Canada. Current savings are tracking at an almost 15% reduction in whole building energy consumption.
- 💡 Purchased 20,000 MWh of EcoLogo-certified green electricity to power our entire ATM and retail branch digital display networks, as well as a number of meetings and sponsored events including the RBC Canadian Open golf tournament.
- 💡 Produced more than 32,000 kWh from solar panels at two branch locations in Ontario.
- 💡 Increased the total number of video-conferencing endpoints by 30, to a total of 487. Video conferencing reduces the need to travel and its associated GHG emissions. It also allows for shortened project times as a result of improved communications among team members.
- 💡 Since 2016, there was a 12% <sup>a</sup> increase in total GHG emissions from energy use and no change <sup>a</sup> in total energy intensity, all properties.

## Paper

As a large financial services institution, RBC uses a great deal of paper. We are dedicated to reducing paper use, conserving forest resources and supporting well managed forests by purchasing certified sustainable products. We have made a commitment to ensure that, where available, the paper we purchase is certified by the Forest Stewardship Council (FSC) or equivalent, indicating that it has been harvested from sustainably managed forests.

 In 2017, we helped more than three million clients open or convert to e-accounts, reducing the paper needed to manage accounts.

Key performance indicator	SDG indicator	2018 Target (2012 baseline)	2017	2016	2015
Percentage of paper used that is FSC or SFI <sup>1</sup> certified	N/A	N/A	<b>93%</b>	95%	94%
Office paper use per employee (kg/FTE) <sup>2</sup>	<b>12.2.1<sup>3</sup></b>	<b>37.1</b> 	<b>31.3</b>	39.4	39.1
Office paper (tonnes)	<b>12.2.1</b>	N/A	<b>2,081</b>	2,518	2,536
Marketing and direct mail paper (tonnes)	<b>12.2.1</b>	N/A	<b>4,365</b>	4,041	3,870
Total paper (tonnes)	N/A	N/A	<b>6,446</b>	6,560	6,406

<sup>1</sup> Sustainable Forestry Initiative

<sup>2</sup> 2017 data for all operations in Canada, the United States and the British Isles represent 85% of our global FTE count.

<sup>3</sup> Material footprint, material footprint per capita and material footprint per GDP

## Green building design

We are reducing our environmental impact by choosing to lease or build office space certified to meet green building standards, including the predominant North American LEED<sup>1</sup> green building standard. In the RBC Environmental Blueprint, we committed to doubling the amount of LEED certified space that we occupy.

 In 2017, we undertook a ground-breaking [research collaboration](#) with the National Research Council (NRC) that linked green buildings to a more productive workforce.

Key performance indicator	2018 Target (2012 baseline)	2017	2016	2015
LEED certified office space (m <sup>2</sup> )	<b>329,500</b> 	<b>693,185<sup>2</sup></b>	613,553	427,937

<sup>1</sup> Leadership in Energy and Environmental Design

<sup>2</sup> 2017 number includes City National Bank.



## Waste

Our preferred methods for reducing solid waste include demand management, and reuse and recycling. In cases where we cannot eliminate waste, we are committed to its responsible management and disposal. We focus a considerable amount of effort on managing electronic waste as it represents a significant volume of waste and requires careful disposal as many electronic devices contain hazardous materials. We also recognize our ethical responsibility to ensure electronic waste is not shipped to countries with limited environmental and health and safety standards.

 In 2017, we hosted the Earth Day Fair, where our major suppliers were invited to share their sustainability programming with our colleagues. There was an e-waste drive at the event, where 2,561 lbs. of personal electronic waste was collected to be responsibly recycled. In collaboration with the other Big 5 Banks (TD, BMO, CIBC, Scotiabank), we partnered with GEEP (Global Electric Electronic Processing) to collect and recycle 2,728 lbs. of electronic waste during waste reduction week in October 2017.

Key performance indicator	SDG indicator	2018 Target (2012 baseline)	2017	2016	2015
Percentage of waste diverted from landfill	<b>12.5.1</b>	N/A	<b>80%<sup>1</sup></b>	79%	76%
Electronic waste diverted from landfill (tonnes)	<b>12.5.1</b>	N/A	<b>307</b>	419	561
Electronic waste diversion rate <sup>2</sup>	<b>12.5.1</b>	<b>100% </b>	<b>99%</b>	99%	99%
Major offices with waste diversion programs	<b>12.5.1</b>	<b>100% </b>	<b>100%</b>	100%	84%

<sup>1</sup> 2017 number includes City National Bank.

<sup>2</sup> 2017 data for operations in Canada, the U.S. and the Caribbean represent 86% of our global FTE count.



## Water

While our level of direct water consumption is relatively low, we are committed to improving our water stewardship practices by incorporating water-efficient technologies in our properties, reducing the use of landscape irrigation and using environmentally responsible cleaning products to help protect water quality.

 In 2017, RBC upgraded three landscape irrigation systems with "smart" technology. These systems monitor rainfall and weather to avoid overwatering. The three locations reduced water use by over 30%.

Key performance indicator <sup>1</sup>	SDG indicator	2017	2016	2015
Water consumption intensity (m <sup>3</sup> /m <sup>2</sup> )	<b>6.4.1<sup>2</sup></b>	<b>0.81</b>	0.79	0.72

<sup>1</sup> 2017 data represent reporting from 46% of our global floor area.

<sup>2</sup> Change in water-use efficiency over time.



## Awards and recognition

- 2017 Innovation Award for Existing Buildings: Operations & Maintenance for Royal Bank Plaza – Oxford Properties (Canada Green Building Council)
- Corporate Citizen Award for the RBC Extend Program to divert furniture from landfill, 2017 REMMY Awards (CoreNet Global)
- One of Canada's Greenest Employers for the ninth year in a row
- Platinum Award for waste management initiatives at Riverbank House, 2016 Clean City Awards Scheme (City of London, U.K.)
- Platinum Award for waste management initiatives at Thames Court, 2016 Clean City Awards Scheme (City of London, U.K.)
- Advancing innovation and sustainability in the workplace (Corenet Remmy award)
- Achieved GEO (Golf Environment Organization) Tournament Certification in 2017 (RBC Heritage)

## Beyond this Report

The following documents include detailed information on the policies and programs that govern our environmental sustainability programming.

- RBC Environment website  
[rbc.com/community-sustainability/environment/index.html](http://rbc.com/community-sustainability/environment/index.html)
- RBC Environmental Blueprint  
[rbc.com/community-sustainability/\\_assets-custom/pdf/RBC-Environmental-Blueprint.pdf](http://rbc.com/community-sustainability/_assets-custom/pdf/RBC-Environmental-Blueprint.pdf)
- RBC 2017 Carbon Disclosure Project (CDP) submission  
[rbc.com/community-sustainability/\\_assets-custom/pdf/2017\\_CarbonDisclosure\\_Final.pdf](http://rbc.com/community-sustainability/_assets-custom/pdf/2017_CarbonDisclosure_Final.pdf)

# About this Report

About this Report

## Scope

This Environmental, Social and Governance (ESG) Investor Report (the “Report”) includes information about Royal Bank of Canada and its subsidiaries (“RBC” or “we” or “our”) and excludes information related to our acquisition of City National Bank (City National), unless otherwise noted. City National’s Corporate Social Responsibility Report can be found at [cnb.com](#). Select metrics contained in this Report may have different scopes and are noted as having such. This Report provides an overview of our priorities, key performance indicators and highlights from 2017 on environmental, social and governance (ESG) issues relevant to financial services companies, in general, and to RBC in particular. It complements the information on the results of our operations and financial condition provided in our [2017 Annual Report](#) and governance and executive compensation information disclosed in the [Management Proxy Circular](#) (available at [rbc.com](#)). This Report is supported by a set of background papers, which provide additional information on the policies, procedures and programs in regard to our priorities. Previous reports as well as our background papers and our [2017 Public Accountability Statement](#) are available on our website: [rbc.com/communitysustainability](#). Supplementary information is referenced throughout this Report.

## Reporting period

All data and examples contained in this Report reflect activities undertaken during the 2017 fiscal year (November 1, 2016 – October 31, 2017), unless otherwise noted. In many cases, we have provided data for 2017 as well as the two preceding years to provide readers with a view of trends in our performance over a three-year period.

## Currency and measurement

All amounts in this document are in Canadian dollars unless otherwise noted. U.S. dollars and British pounds are converted using the fiscal 2017 average (C\$1.00 = US\$0.765, C\$1.00 = 0.596£). Measurements used in this Report are metric, except where otherwise noted.

## Footnotes

Footnotes throughout this Report further define our performance indicators and criteria for measurement.

## Reporting frameworks

We regularly monitor the development of international corporate citizenship reporting regulations (e.g. EU Directive on Non-Financial Reporting 2014/95), standards and frameworks for relevance and usability, along with the expectations of our stakeholders regarding these standards. The structure and content of this Report are informed by the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) Standards and the International Integrated Reporting Council (IIRC) Integrated Reporting Framework. In 2017, we also considered the United Nations Sustainable Development Goals (SDGs) in our disclosure. [See page 9](#) for more on the SDGs.

## Stakeholders

This Report is published for all stakeholders of RBC and its subsidiaries. Our stakeholders include current and prospective clients, investors, employees, the socially responsible investment research community, suppliers, governments, regulators, non-governmental organizations (NGOs) and community organizations. Accountability is one of our [Values](#) that underpins our principles-led organization. We believe we are accountable to our stakeholders regarding corporate citizenship issues and should provide relevant disclosure on topics that matter to them. We also believe our stakeholders should have access to timely information in a format that best suits their needs. This ESG Investor Report and the associated linked supplementary reports and background papers form the RBC disclosure suite, which reports on the corporate citizenship issues that are material to our stakeholders.

## Oversight

Formal responsibility for our strategy and reporting oversight are part of the mandate of the Governance Committee of the Board of Directors and our management Disclosure Committee, respectively. Quarterly consultations are also undertaken with a cross-functional disclosure advisory committee that includes experts from Finance/External Reporting, Law, Group Risk Management, Investor Relations, Communications, Regulatory and Government Affairs, Environmental Affairs and Human Resources.

## Review and assurance

Select performance indicators were independently assured by PricewaterhouseCoopers LLP (PwC). PwC performed a limited assurance engagement for a select number of RBC performance indicators. These have been identified with an  symbol. The results of PwC's limited assurance engagement are documented in an assurance statement (see page 78).



## Independent Limited Assurance Report in relation to Royal Bank of Canada's 2017 Corporate Citizenship – ESG Investor Report

### To the Board of Directors and Management of Royal Bank of Canada ("RBC")

We have been engaged by RBC to perform an independent limited assurance engagement in respect of the select key performance indicators detailed below ("the selected information") contained in the RBC 2017 Corporate Citizenship – ESG Investor Report ("the Report") for the year ended October 31, 2017.

#### Selected Information

Our limited assurance engagement was performed on the following selected performance indicators:

Performance Indicator	Report page(s)
Percentage of client households in Canada that hold multiple RBC products	12, 28
Percentage of financial service transactions performed in self-serve channels	12, 30
90 day digital active user rate	12, 30
Women in middle management and above Women executives Visible minorities in middle management and above Visible minority executives	13, 47
Employee Engagement Index	13, 55
Scope 1 (heating fuels) emissions from energy use (tonnes CO <sub>2</sub> e)	14, 71
Scope 2 (electricity and steam) emissions from energy use (tonnes CO <sub>2</sub> e)	14, 71
Total energy intensity, all properties (MWh/m <sub>2</sub> )	72
Year over year change in total GHG emissions from energy use	72
Year over year change in total energy intensity	72

We reviewed the mathematical accuracy of the calculation related to the year over year change in total GHG emissions from energy use and energy intensity on the comparative period November 1, 2015 to October 31, 2016. This did not imply any additional assurance procedures on GHG emissions for the period November 1, 2015 to October 31, 2016.

#### Responsibilities of RBC Management

RBC is responsible for the preparation and presentation of the selected information, incorporated in the Report, in accordance with the reporting criteria. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the selected information that is free from material misstatements, whether due to fraud or error; developing and applying the criteria.

#### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the selected information based on the limited assurance procedures we have performed and the evidence we have obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Revised, *Assurance engagements other than audits or reviews of historical financial information*, and ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*.

#### Our Independence and Quality Control

In conducting our assurance engagement, we have met the independence requirements of the *Code of Ethics for Professional Accountants*. We applied International Standard on Quality Control 1 (ISQC 1), *Quality control for firms that perform audits and reviews of financial statements and other assurance and related services engagements*.

#### Our Procedures

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. Given the circumstances of the engagement, our procedures included but were not limited to:

- Obtaining an understanding of the management systems, processes, and controls used to generate, aggregate and report the data;
- Limited testing of relevant documents and records on a sample basis;
- Limited testing and reviewing of quantitative information related to the selected information on a sample basis; and
- Reviewing the consistency of the selected information with related disclosures in the Report.

#### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected information included in RBC's 2017 Corporate Citizenship – ESG Investor Report for the year ended October 31, 2017 are not prepared, in all material respects, in accordance with the relevant criteria.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
**Chartered Professional Accountants**  
February 21, 2018  
Toronto, Ontario



## Providing feedback

This Report is published for all stakeholders of RBC and its subsidiaries. We welcome your questions and feedback on our approach, or suggestions for improvement, at [corporatecitizenship@rbc.com](mailto:corporatecitizenship@rbc.com).