

Corporate Citizenship

Corporate Sustainability Report

FY 2021

Strictly Private and Confidential



Investor &
Treasury Services

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Message of the CEO of RBC IS Bank



Our success depends on the well-being and prosperity of our clients and employees, and of the communities and environment we live and work in. As a purpose-driven company, creating a positive social impact, not just an economic one, is absolutely integral to everything that we do. It all starts with a commitment to conduct ourselves with integrity, in every action, every transaction and every part of our business, be transparent and accountable, and contribute to the well-being of our stakeholders. This is how we earn the right to be our clients' first choice, and we believe this is just good business.

I would like to highlight the pillars we focused on in 2021 to better serve our employees, clients, communities and the planet.

Enabling our employees to thrive in a rapidly evolving world of work.

Important changes are taking place in workplaces around the world. Our aim is to remain an employer of choice in this new world and, to do so, we continuously invest in our people and their future success, as well as sustain a strong and caring culture that attracts and retains top talent.

In our learning and development programs, we're focused on future skills, such as adaptability, creativity and problem-solving, to enable employees to thrive regardless of where they work and what they do. We promote a long term vision of skills and knowledge to encourage our employees to look ahead and to learn continuously.

Diversity & Inclusion

Diversity and inclusion is an engine for innovation and economic prosperity. We believe in the power of inclusion and a commitment to making a difference in the communities we serve.

Diversity & Inclusion is a journey. It is and will remain at the center of our strategy. Our vision is to be among the most inclusive and successful company. We started with enhancing our existing company-wide Unconscious Bias training, and making anti-racism and anti-bias training mandatory for all employees. We've also included diversity and inclusion objectives in the performance management goals of all people leaders.

From a gender equity perspective, we welcomed two women in the Board of Directors in 2021. We will continue to make parity an objective to ensure a good representation of women in senior roles.

Our Citizenship & Diversity Committee supports our strategic priorities in terms of Diversity & Inclusion.

We embrace diversity for innovation and growth by speaking up for inclusion and empower people to grow and achieve more; seek out and respect different perspectives to challenge conventional approaches; and identify and act on the opportunities and needs that client diversity brings.

Creating meaningful value for our clients

At RBC, we have a strong vision for the future. We know that to remain successful requires both managing our legacy operating model and pivoting to a far more digital world. Doing so takes more innovation, integration and breaking down business silos of what we do so we can redefine and deepen relationships and create more value for our clients. We are uniquely positioned to create long-term value for our clients

through the power of our ideas, investments in talent and technology, and differentiated advice, products and services.

In 2021, we continued our journey to create differentiated experiences and deliver meaningful value for our clients. This year it was especially important we deliver on our Purpose, to help our clients thrive and communities prosper, as the COVID-19 pandemic continued to impact many of our clients and their communities. With our brand, we led by example, and acted on behalf of those we serve to provide relief, insights, stability and solutions, in the most difficult of times. We remain committed to working closely with our clients and meeting their needs during this challenging time.

We continue to gather client feedback and track our client experience across our platforms on a regular basis to ensure we are on the right track and are learning about opportunities where we can continue to improve the client experience.

Placing our planet on a more sustainable path

Our ambition is to play a leadership role in the transition to a net-zero world. To do so, our efforts are embedded in our enterprise strategy, and are overseen by the bank's climate steering committee, comprising senior executives from across our businesses. That ensures our ideas and initiatives permeate across the bank, and are regularly addressed around my leadership table and with the Board. In 2021, RBC Enterprise committed to achieving net-zero emissions in our lending by 2050, with supporting net-zero goals disclosed in our most recent Task Force on Climate-related Financial Disclosures (TCFD) report. RBC also joined the NZBA, which builds on our ongoing efforts to work collaboratively with stakeholders from around the world to reduce emissions, and support an orderly and just transition to our net-zero future. Last year RBC Group also announced its intent to allocate \$500 billion in sustainable financing by 2025. This announcement is part of our larger efforts to support the net-zero plans of clients.

At RBC, we believe we can create a future where our employees are encouraged, engaged and empowered to be their best in a new world of work, and where our clients' unique and evolving needs are met through our people and technologies. We are also helping to create a future where the full potential of people and their communities can be realized, and where a healthier environment and cleaner economy provides us all with greater opportunities to thrive and prosper.

Philippe Renard

Definitions and Acronyms

“**RBC IS Bank**” or “IS Bank” or the “Bank” refers to RBC Investor Services Bank S.A. excluding its subsidiaries and branches.

“**RBC Investor & Treasury Services**” or “RBC I&TS” is RBC IS Bank’s brand name.

“**Royal Bank of Canada**” or “RBC” or “RBC Group” or the “Group” refers to RBC IS Bank’s Shareholder

ABAC – Anti-Bribery and Corruption

AML – Anti-Money Laundering

ATF – Anti-Terrorist Financing

CCT - Convention Collective du Travail (Collective Bargaining Agreement)

ECB – European Central Bank

ESR - Entreprise Socialement Responsable – Company Socially Responsible

GHG - Greenhouse Gas

GRM – Group Risk Management

ICAAP - Internal Capital Adequacy Assessment Process

ILAAP - Internal Liquidity Adequacy Assessment Process

INDR - Institut National pour le Développement Durable et la RSE (Responsabilité Sociale des Entreprises)

RFTK - Race For the Kids

SDG - Sustainable Developments Goals

SSM - Single Supervisory Mechanism

WFH – Working From Home

Introduction

Scope

This Corporate Sustainability Report (the “Report”) includes information of RBC Investor Services Bank S.A. Luxembourg on an unconsolidated basis (“RBC IS Bank”).

Selected metrics contained in this report may have different scopes and are noted as such.

This Report provides an overview of our priorities, key performance indicators (KPI) and highlights from 2021 on corporate citizenship issues relevant to financial services companies in general, and to IS Bank in particular. It complements the information on the results of our operations and financial condition provided in our 2021 RBC IS Bank Annual Report.

Reporting Period

All data and examples contained in this Report reflect activities undertaken during the 2021 fiscal year (November 1, 2020 to October 31, 2021) unless otherwise noted. In many cases, we have provided data for 2021 as well as for the two preceding years to provide readers with a view of trends in our performance over a three year period. The Covid-19 pandemic put on hold / stopped a number of initiatives that the Bank is likely to reinstate when the general public health conditions allows it.

Who we are

About RBC

Royal Bank of Canada is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. Our success comes from the 87,000+ 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 more than 17 million clients in Canada, the U.S. and 27 other countries. Creating a positive social impact is integral to how we do business and core to our purpose-driven culture. We have a responsibility to help create positive social and economic impact in our communities. Our Purpose inspires us every day to use our imagination and insights to build a better future for our clients and communities. Learn more at rbc.com.

We are proud to support a broad range of community initiatives through donations, community investments and employee volunteer activities. See how at rbc.com/community-sustainability.

Corporate Citizenship at RBC

We believe corporate citizenship is about integrity, business ethics and responsible governance.

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 where we work to make a positive impact on society, the environment and the economy.

About RBC IS Bank

RBC IS Bank is a fully-owned subsidiary of the RBC Group, and was acquired in 2012 through RBC's purchase of the remaining 50% of RBC Dexia. Headquartered in Luxembourg, IS Bank is the parent company and head office of a consolidated group of subsidiaries and branches. IS Bank is comprised of 8 subsidiaries (including 1 non-operating), 4 branches and 1 representative office, and is a fully-licensed bank. Through its subsidiaries, it holds several banking and financial services licenses. IS Bank is designated as a "significant supervised entity" and is supervised by the European Central Bank under the Single Supervisory Mechanism ("SSM"). IS Bank is the primary operating entity for IS business in Europe and Asia, providing services across 10 countries with a focus on leading in the key offshore markets of Luxembourg and Ireland. IS Bank undertakes operational activities exclusively around investor services for its clients, and contributes to centralized inter-group funding to support activities undertaken in other RBC Group business segments or legal entities.

IS Bank serves more than 275 Clients with custody, fund administration, securities lending, FX trading and settlement.

Our strategy for success

Helping clients thrive and communities prosper

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 of corporate, institutional and high net worth clients and their businesses in the U.S.
- A leading financial services partner valued for our expertise in select global financial centres



Our Business

What We Do

- Personal & Commercial Banking
- Wealth Management
- Capital Markets
- Insurance
- Investor & Treasury Services

Where We Operate

- Canada
- United States
- 27 other countries

Who We Are

87,000+ employees bring our Vision, Values and strategy to life so we can help clients thrive and communities prosper. How we achieve success is as important as what we achieve.



Who We Deliver Value for

Employees

Providing meaningful work and growth opportunities for our people

Clients

Creating value and an exceptional experience for our clients

Shareholders

Maximizing total shareholder returns through the achievement of top-half performance compared to our global peer group over the medium term

Communities

Building a better future for the communities we serve

Planet

Supporting clean economic growth and the transition to a net-zero economy



How We Strive to Create Value

- Attracting and retaining talent
- Creating experiences that enable our people
- Strengthening a diverse and inclusive culture

- Nurturing deep, multifaceted relationships with clients
- Innovating digitally enabled experiences and insights
- Providing security and privacy through strong technology and data foundations
- Providing products and services with positive social and environmental impact

- Premium growth and ROE driven by diversified, market-leading franchises
- Strong balance sheet and prudent risk management
- Returning capital to shareholders, including dividend growth
- Disciplined expense management while investing for the future

- Generating and distributing economic value
- Preparing young people for the future of work
- Supporting an inclusive and responsible supply chain
- Advancing financial literacy and inclusion

- Helping clients as they transition to net-zero
- Holding ourselves accountable
- Informing and inspiring a sustainable future
- Advancing net-zero leadership in our own operations



Governance & Integrity

- Responsible governance practices
- Strong risk culture and conduct
- Effective risk management
- Respect for human rights

Value for our Planet



Value for our Planet

The RBC Climate Blueprint (Blueprint) is our enterprise climate change strategy to accelerate clean economic growth and support our clients in an inclusive transition to a net-zero economy. The Blueprint was updated in 2021 and now outlines four strategic priorities that are anchored by our strengths in finance, investment, risk management, innovation, economic and policy research, and community investments.

In 2021, RBC committed to aligning our lending activities to net zero emissions by 2050, which also aligns with the goals of the Paris Agreement.

To support our net-zero ambition, we joined the Net-Zero Banking Alliance (NZBA), a global, industry-led initiative to accelerate and support efforts to address climate change.

RBC Climate Blueprint:

Our Strategic Priorities	Our Actions and Commitments		
 <p>Help clients as they transition to net-zero</p>	<p>Work with our clients to understand and support their transition plans and facilitate \$500 billion in sustainable financing by 2025⁴¹</p>	<p>Expand our products, services and client solutions to help businesses and individuals accelerate their climate goals and overcome barriers for adoption</p>	<p>Provide more investment options for clients with climate-related objectives and more tools for investment teams to understand climate-related risks and opportunities</p>
 <p>Hold ourselves accountable</p>	<p>Achieve net-zero emissions in our lending by 2050, with interim targets aligned with our clients' plans and NZBA commitments, with transparent measurement and reporting</p>	<p>Further embed climate factors and data in our decision-making to anticipate future impacts within our enterprise risk appetite and make client by client decisions</p>	<p>Partner with our industry peers, standard setting bodies, government and other players to advance shared methodologies, accounting frameworks and disclosure best practices</p>
 <p>Inform and inspire a sustainable future</p>	<p>Produce research on climate issues and policies, and convene stakeholders, to stimulate and effect meaningful actions and incentives for progress across all sectors</p>	<p>Foster climate innovation including new investment vehicles and platforms such as RBC Tech for NatureTM, our pledge of \$100 million by 2025 to universities and charities developing solutions to address climate change⁴²</p>	<p>Champion and support climate literacy and awareness to accelerate the pace and scale of the climate transition across all parts of society</p>
 <p>Advance net-zero leadership in our own operations</p>	<p>Reduce greenhouse gas emissions by 70% by 2025⁴³</p>	<p>Increase our sourcing of electricity from renewable and non-emitting sources to 100% by 2025</p>	<p>Maintain carbon neutrality in our global operations with a decreasing reliance on offsets annually</p>

In Luxembourg, RBC IS Bank has received the ESR Label (Entreprise Socialement Responsable – Company Socially Responsible) from the Institut National pour le Développement durable et la RSE (INDR) in 2015, which has been renewed in 2018, in recognition of our strategy, plans and activities related to Corporate Citizenship. The ESR Label is a relevant and effective strategic tool that confirms the level of responsibility of a company. Those who earn the label are expected to diligently pursue continuous improvements to the company's Corporate Citizenship strategy. The ESR Label reflects both technical and human domains and recognizes the efforts of companies committed to improve their engagement with Corporate Citizenship. The Bank is in the process of renewing the ESR Label.

The environmental issues facing our planet are complex and growing in number and importance. We will continue to manage environmental issues that present risks or opportunities. We base our strategy on some of the 17 Sustainable Developments Goals (SDG) recommended by the United Nations:



Climate Change:

Climate change presents environmental, social and financial challenges to the global economy, human health and to our own business operations. Strategies to reduce GHG (greenhouse gas) emissions and mitigate the impacts of climate change commonly include policies to encourage clean technology, energy efficiency and renewable energy development. These can stimulate new economic opportunities for businesses and innovation in certain sectors. We respond effectively to the needs of our clients, shareholders, employees and other stakeholders when providing financial services, operating our facilities and supporting our communities. To achieve this, we must remain current with the evolving scope of risks and opportunities associated with mitigating and adapting to climate change.

- Eradication of single use plastic in our premises
- Improving waste sorting



Water:

- Water scarcity 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. Communities, industries and regions are dependent on the preservation and management of marine and freshwater environments. Water quality and quantity present risks and opportunities to be explored. RBC will continue to work to understand the water-related risks and opportunities facing the sectors that we finance and the communities in which we live and work. We promote awareness and thought leadership on water-related issues by supporting organizations that are working to answer important questions, and to offer solutions to the growing water crisis through donations and sponsorships.



Working towards a sustainable future

RBC has been developing policies and building programs to reduce our environmental impact since 1991. Our ambition is to work with partners to leverage technology and innovation capabilities to solve pressing environmental challenges.

Sustainable Communities:

We believe that a sustainable community is one that enables citizens to experience a high quality of life while minimizing ecological impact. RBC plays an important role in encouraging the shift to livable, vibrant and more sustainable communities. We lead by example and showcase environmental sustainability in our own operations. We support financially sound business initiatives that improve the quality of life in communities where we operate. We undertake philanthropic efforts to conserve and enhance green space and critical habitats in communities. We also lease office space to reduce environmental impact by meeting green building standards.

RBC IS Bank has developed throughout the years the following partnership:

- Through the **Bee Care Club**, RBC sponsors five beehives. This initiative is important to contribute to the biodiversity and the preservation of many leaving species, through the pollination made by the bees. On top of that, the club produces honey that has been sold to the employees helping to participate to the beehives maintenance and to contribute to other initiatives linked to biodiversity and youth (Race for the Kids).

Policies on Environmental-Related Risks

RBC IS Group Risk Management (GRM) team is responsible for establishing policy requirements for the identification, assessment, control, monitoring and reporting of environmental risk, and for ensuring the policies are reviewed and updated periodically. The environmental risk associated with our clients and their operations is evaluated in order to establish the due diligence requirements for transactions. Business segments and corporate functions are responsible for incorporating environmental risk management requirements and controls within their operations.

In November 2020 the ECB published its guide on climate-related and environmental risks. It contains 13 expectations for which the ECB expects all banks under its supervision to comply with. Furthermore, the guide refers to two main risk drivers of climate-related and environmental risks: physical risk and the transition risk. The Bank has committed to address the ECB's expectations. As such, an initial gap analysis was performed in 2020. The analysis and corresponding actions have been communicated with, and reviewed by ECB. RBC IS Bank has created a comprehensive governance framework in relation to climate and environmental risks which are reflected in RBC IS Bank's risk management framework as well as in the ICAAP, ILAAP and Pillar III disclosure (2021).

Most notably, the dedicated section on climate and environmental risk within the 2022 ICAAP has been extended significantly in order to ensure full coverage on all climate and environmental risk matters impacting RBC IS Bank.

RBCIS Bank is furthermore subject to various regulatory practices in context of this subject, most notably the 2022 ECB Thematic Review on Climate & Environmental Risk and a part of the 2022 Climate Risk Stress Test.

Protecting our Local Environment

Climate and Environmental Risk Management

RBC IS Bank is expected to address climate and environmental risks in its business strategy, governance, risk management frameworks and disclosures.

Climate change and environmental degradation are sources of structural change that affect economic activity and, in turn, the financial system.

Climate and environmental risk at level of RBC IS Bank is understood to potentially impact the Bank through degradation of its risk profile in relation to Credit, Market, Liquidity or Operational Risk, as well as reputation or legal risks.

The principal risk drivers of climate-related and environmental risks are:

- **Physical risk**, which refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation. This can directly result in, for example, damage to property or reduced productivity, or indirectly lead to subsequent events, such as the disruption of supply chains.
- **Transition risk**, which refers to an institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy. This could be triggered, for example, by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences. RBC IS Bank has conducted an exhaustive assessment in order to identify direct exposures in relation to physical and transition risk. On

the basis of identified factors, the level of climate and environmental risk has been assessed to be overall low or non-material.

Furthermore, RBC IS Bank continues to incorporate various practices in relation to climate and environmental risk in order to address internal, market and regulatory requirements. A first version of the RBC IS Bank strategy on climate and environmental risk was documented by our risk group (GRM) and approved at Board level in June 2021.

Through our Diversity committee and especially RBC Green stream, a commitment to environmental sustainability is an investment in the future of the planet. RBC supports a range of environmental organizations through donations, and we encourage our employees and clients to reduce their personal environmental footprint through communication campaigns (Make Black Friday Green) and other actions (Honey sale and conferences around bees and other pollinators).

Additionally, we work with our stakeholders and other leading organizations to accelerate our progress toward shared environmental goals. These organizations provide us with important insights and guidance on environmental issues, and on RBC's environmental strategy, programs and initiatives.

We consult, collaborate and share information with clients, government, industry associations and non-governmental organizations. We sponsor environmental events, research papers and other activities aimed at promoting environmental sustainability. We've been sponsoring five beehives since 2019, we aim at raising awareness around the importance of bees and other pollinators. A part of the honey we harvest is sold to our employees. The benefits are donated to our partner charity as part of the RBC Race for the Kids fundraising effort. Finally, we direct a portion of our philanthropic efforts to environmental causes, programs and initiatives globally.

Value for Employees



Value for Employees

Inspiring and growing talent to set RBC apart

For more than 150 years, RBC employees around the world have brought our Purpose and Values to life for our clients and communities. Our collective success depends on attracting and retaining the right talent, and enabling and empowering people to be their best within a strong and inclusive culture. While the COVID-19 pandemic continued to impact our global operations in 2021, the health and well-being of our employees remained our top priority. At the same time, we enabled our teams to navigate uncertainty, adapt to new ways of working and prepare for the future. And we remained focused on strategic investments to build and attract skills and gain from the diverse perspectives needed to thrive today and in the future. In a world where change is a constant and client expectations are evolving, our goal is to ensure employees feel supported, trusted and inspired to succeed.

Our Priorities



- **Attracting and retaining talent**
- **Creating experiences that enable our people**
- **Strengthening a diverse and inclusive culture**

Attracting and retaining talent

In an increasingly competitive talent market, it is important for RBC and our culture to stand out in meaningful ways to current and future employees. This begins with the recruiting and hiring process, and in 2021 we leveraged technology to improve the experience for both hiring managers and candidates. With virtual workplaces creating more options for candidates than ever before, our recruitment programs and campaigns showcased our unique culture and the compelling career opportunities at RBC to attract a diverse talent pool that reflects the communities we serve.

To recognize extra efforts throughout the pandemic and support mental well-being during challenging times, RBC provided every employee with a subscription to Headspace, a mindfulness and meditation app, and an additional day off to focus on wellness.

Competitive Compensation and Benefits for Employees

RBC IS Bank remuneration programs are designed to:

- Attract and retain the talent we need to compete and succeed; and
- Align the interests of our employees with the achievement of performance objectives and strategic goals within our risk appetite to drive superior financial performance and generate sustainable shareholder returns.

Our approach to remuneration is based on five key guiding principles:

- 1) Aligns with shareholder interests
- 2) Aligns with sound risk management principles
- 3) Rewards performance
- 4) Enables the Bank to attract, engage and retain talent
- 5) Rewards behaviors that are consistent with the core values of RBC and our Leadership Model.

The regular benchmark surveys we receive confirm that RBC IS Bank's global package is aligned with the market practices.

Our Remuneration Policy respects the principle of equal pay for male and female workers for equal work or work of equal value.

Our "Total rewards" approach is composed by a diverse and complete offer, detailed in the following sections.

Compensation program

IS Bank compensation and benefits programs reflect the principles of flexibility and choice. They also reflect a shared accountability for success informed by a belief in winning together. Our programs are focused on the overall health and wellbeing of our employees. Recent initiatives include:

- Introduction of a flextime arrangement in conjunction with Collective Bargaining Agreement for Bank Employees. The arrangement provides for flexible and adaptable for employees, while respecting statutory limits. Flextime helps employees balance work and their private life which leads to a well-rounded individual and more focus and engagement when the employee is at work.
- Introduction of part-time worker program as a means of reaching people who would otherwise not work due to personal circumstances. The initiative is made to bring greater diversity to our employee base.
- Support for an employee care program which provides support either in person or by phone to employees who are experiencing difficulties that affect their ability to function at work or at home, or affects their general sense of wellbeing.
- Maternity, paternity, parental and family responsibility leaves
- Introduction of a Teleworking Policy, offering the opportunity to employees to improve their professional and personal life balance.

RBC IS Bank provides all employees with benefits that include pension plans, life and accident insurance, disability coverage, service awards, etc. These benefits programs are comparable to those provided by our peer group.

Additionally, other benefits may be offered that do not form part of the calculation of fixed remuneration in relation to the ratio of fixed to variable remuneration. These benefits include:

- Car allowance for qualified employees
- Lunch vouchers
- Paid time off (Time Saving Account)
- In-house services

- Social package
- Health Care Program

Retirement and Savings Programs:

At RBC we are committed to supporting employees in their efforts to plan and save for the future. Our retirement and savings programs are an important part of that commitment. Outside Canada and the U.S., we sponsor a number of pension plans (both defined benefit and defined contribution) for employees.

The **RBC International Savings Plan** (or similar) is a vehicle to help enhance an employee's personal or retirement savings. The plan allows employees an opportunity to build their savings by deferring a portion of their annual bonus award to be placed in a special stock-related account (see below). For this deferral, the employee receives a 100% employer matching contribution -- up to plan limits and subject to plan vesting criteria. The sum total of the cash value of the employee contribution and associated employer match is converted to deferred share units. The share units track the performance of RBC (RY) Canadian share price as traded on the Toronto Stock Exchange (TSX) and is invested for the duration of the 3-year plan cycle. Throughout the plan cycle, notional dividends are reinvested into the participant's account.

Resolving Problems and Concerns: In accordance with European and Luxembourgish legislation, RBC IS Bank has a European Work Council (EWC), a Luxembourg Work Council, a joint work council (Cellule paritaire) and a staff delegation. The role of the staff delegation is to safeguard and defend employees' interests with regard to working conditions, job security and employment status.

RBC IS Bank is a signatory to the Collective Bargaining Agreement (Convention Collective du Travail – CCT) which aims at regulating the general terms of work between the banking members of Association des Banques et Banquiers, Luxembourg (ABBL) and their employees.

In addition, RBC IS Bank Luxembourg offers an Employee Assistance Program via an external company. The purpose of this program is to support our employees and their relatives (husband, wife, children) when they have to face situations that may require a specific assistance (e.g. mental health, financial advice, family events, etc).

Workplace Policies

Our Code of Conduct outlines our commitment to provide safe workplaces for all our employees. In addition, we also have specific workplace safety policies in many of our locations. Our business is primarily conducted in an office environment, and consequently presents very few traditional occupational health and safety risks.

Mental health issues, including work-related stress, can have an impact on knowledge-based workplaces such as ours. We have resources to help addressing mental health issues, including an employee assistance program, whereby employees and their dependents have access to free and confidential counselling, consultations and online resources.

We are of the view that healthier employees also tend to be happier and more productive — not just at work, but also in their homes and communities too. We provide tips, tools and advice to empower employees to make healthy choices, such as wellness campaigns, special programs, events and more.

Europe Safety Policy

The Bank assigns great importance to the safety of all personnel using its premises. We consider this responsibility as equal to that of any other management function. In the design, construction, operation and maintenance of all plant, equipment and facilities, management does everything reasonable to prevent

personal injuries and ill health to its employees, customers, visitors, contractors and members of the public. To this end, the Bank will provide such training and equipment as necessary to enable employees to work safely.

The Bank carries out the checks required to identify hazards and control of risk. We conduct risk assessments taking into consideration health, safety and welfare. Employees are expected to behave responsibly and to take reasonable care for their own health and safety at work, and to co-operate with management to create a safe and healthy working environment.

The Bank’s health and safety objectives in Europe are to:

- provide a safe and healthy working environment.
- publicize the Safety Management System to ensure staff are aware of the procedures in place to support them.
- Published information will be reviewed quarterly for accuracy and regular refreshers will be issued to staff bi-monthly.
- meet current statutory legal requirements for the safety and protection of staff. All new legislation will be reviewed within a month of release and measures to comply implemented within six months. All existing procedures to meet legal requirements will be reviewed annually.
- ensure that all members of staff are properly trained in the safety aspects of their work. All Incident Wardens and First Aiders will receive appropriate training to fulfil their roles. Induction information is made available to all staff.

The 2019 European Health and Safety Policy introduces the concept of “Designated Workers” in Luxembourg who acts as Health and Safety Officers and:

- Acts as an onsite point of contact for health and safety, ensuring a two-way flow of information is maintained between the site and the Director, CRE Operations;
- Assist the Director, CRE Operations in informing local management of their responsibilities for health and safety and alerting them to any uncontrolled health and safety risks facing the business;
- Promote awareness of health and safety issues locally;

The Europe Health & Safety Policy applies to the activities of all RBC employees, contractors and visitors to RBC premises in Europe. It also covers the provision, maintenance and use of all RBC Europe equipment.

Attracting and Retaining talent

Performance metrics	2021	2020	2019
Average tenure of employees (in years)	13,5	13,7	12,8
Employees who are under 30	4,39%	4,30%	4,90%
Percentage of employees covered under collective bargaining agreements	53,49%	55,02%	57,01%
Absentee rate (percentage of total days scheduled)	3,40%	3,45%	3,61%
Total employee turnover rate	12,50%	15,80%	11,40%
Total voluntary employee turnover rate	4,60%	3,40%	5,50%
Total involuntary employee turnover rate	8%	12,30%	6%

Creating experiences that enable our people

To keep pace with the changing world of work, and meet both the needs and expectations of our workforce, we delivered enriching experiences to enable our people who, in turn, drive positive impact for our clients, communities and each other. The need to stay connected across a virtual workplace has reinforced the importance of deepening human-centric skills. At RBC, we see adaptability, resiliency, problem solving and imagination as critical to helping us navigate the road ahead. That's why we are creating a future of work where employees receive training, support and a breadth of diverse work experiences that encourage them to be curious, try new things and improve how we do things.

Enablement of our people

Performance metrics	2021	2020	2019
Average hours of formal training per FTE	20,00	18,93	25,05
Employee Opinion Survey / Employee Engagement Survey response rate	73,70%	-(*)	79%
Employee Engagement Score	70,50%	-(*)	50%

() Well being pulse survey conducted in the context of the Covid-19 pandemic and working from home*

At RBC, we believe in a shared accountability for career development. This involves RBC forming a partnership with involving the employees and their managers and to build a successful career. Available resources for career development include:

- Personal Development Plan
- Talent Management
- Creating a People-Oriented Culture
- Leadership Model
- Future Skills
- Leap Pathways (blended learning on most valuable skills for the future)
- RBC Learn a 24/7 learning platform available for all employees

The Bank has also implemented an Education Assistance and Professional Study Policy and Procedure to:

- Support employability and career mobility between business lines.
- Encourage attainment of job required qualifications as part of the employee's job responsibility and to support business needs.
- Enhance current job performance and career development.
- Foster a high-performance professional workplace and managerial excellence.

- Support a professional standard recognized in the industry and expertise development

Strengthening a diverse and inclusive culture

Diversity & Inclusion

Our strong culture is a reflection of our Vision, Values and the diverse group of people around the world who bring RBC's Purpose to reality every day. We believe in a relentless focus on diversity and inclusion as this is essential to attract, retain and enable the best talent. During 2021, we make progress on our diversity and inclusion commitments and continued to respond to important issues across our communities. Entering the second year of a global pandemic and responding to an uncertain landscape on many fronts, we continued to listen to the needs and views of employees to understand how to create a sense of belonging and inclusion across our virtual workplace.

Diversity at RBC IS Bank Luxembourg

IS Bank Luxembourg invests in diverse opportunities to educate, inspire and empower our employees and provide valuable gateways to professional development. Our Diversity objectives are:

- To be a recognized leader in workforce diversity
- To be the financial institution of choice for diverse clients, and
- To leverage diversity for the growth of RBC and the success of the clients and communities we serve

IS Bank is a founding member of Inspiring More Sustainability (IMS) Luxembourg and a privileged partner of the Diversity Charter Lëtzebuerg. This charter is committed to promote diversity that goes beyond legal and regulatory obligations of non-discrimination. It additionally seeks to integrate diversity management into the corporate strategies of its signatories.

IS Bank is running Citizenship & Diversity Committee (CDC) with support of many volunteering employees

The CDC aims at meeting the following objectives:

- Employee engagement; building relationships across the firm and help RBC employees to become better Citizens
- Community impact; demonstrating commitment to the community in which we live and operate in across all I&TS regional offices
- brand impact; developing a roster of strategic charitable partnerships, leverage RBC Corporate Brand initiatives, build a compelling Citizenship narrative and engage clients, prospects and centres of influence.



In Luxembourg, the Citizenship & Diversity Committee (CDC) is championing and supporting diversity, inclusion and sustainability by creating opportunities to educate, inspire and empower employees and support local communities. In that respect, the CDC aims at reaching internal and external stakeholders expectations by providing to RBC I&TS Luxembourg collaborators valuable gateways to professional development.

"Our success as a company is defined by the long-term wellbeing of the people that we serve, the places in which we operate, and the planet that we will leave to our grandchildren."

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

RBC IS Bank's Diversity & Inclusion strategic focus is articulated around five pillars:

RBC Pride: Contribute to create a positive, inclusive and sustainable work environment for lesbian, gay, bisexual and transgender (LGBT+) employees

RBC Mosaic: Promote an environment that recognizes the multicultural interests of its employees, clients and other constituencies, and embraces the inclusion of different perspectives, backgrounds and experiences of all employees.

RBC RWomen: Foster the development and career aspirations of women. Create an environment where employees have equal opportunities to grow, succeed and achieve their full potential.

RBC Green: To inform and inspire our colleagues, engage RBC and local associations and act together to lead the sustainability transition.

Next Gen: To engage RBC Luxembourg and its employees with local youth

Gender Diversity

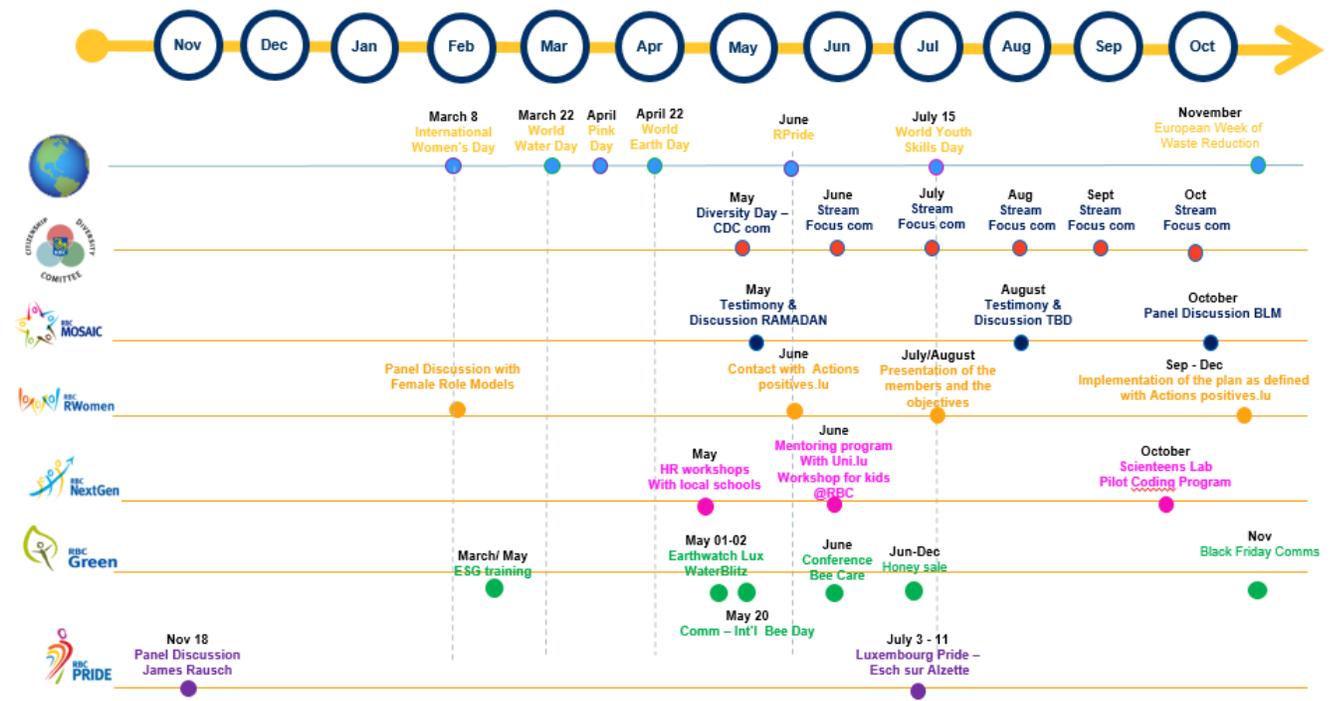
Performance metrics	2021	2020	2019
Total number of employees	923	967	1098
Percentage of women	43%	43%	44%
Percentage of women in Management (compared to management overall)	35%	34%	35%
Percentage of women in authorized management	14%	29%	29%
Women Promotions	46%	41%	52%

Due to Covid-19 pandemic, less in-person events were organized but IS Bank has adapted its engagement and communication all along 2021 via regular articles, panels and other virtual events.

We list some concrete successes for the year 2021:

- RBC IS Bank annually celebrates the Luxembourg Diversity Day which raised employee awareness on diversity through Theater Play sessions, inviting people to “get out their bubbles”.
- On March 8, International Women’s Day was celebrated and put at the center of our Executive Community Town Hall sessions, during which key messages were shared with staff on our successes and way to further support diversity & inclusion in our day-to-day work life.
- New mentoring opportunities for new and existing women employees to connect and interact with senior leaders about career management was created. 35 women have so far benefitted from the initiative.
- This year, RBC Pink Day was hosted virtually in April 2021, where our employees gathered pictures on a virtual wall to address issues such as bullying, discrimination and homophobia.

Continental Europe CDC 2021 Calendar of Events



RBC IS Bank responsible employer in uncertain times

Following a number of difficult quarters and considering the market & revenues challenges faced by asset management industry, RBC IS Bank, as a responsible employer, continues to evaluate the effectiveness of our operations including exploring options to maintain business growth and profitability. This includes a

global & regular review of cost savings opportunities to help the Bank becoming more efficient and to deliver the required returns for our business.

In 2020, RBC I&TS decided to go through a costs reduction plan which led to a social plan which was negotiated with the Employee Workers Council. The social plan started in 2021 and is scheduled to be completed by June, 30th 2022.

The capacity planning was established before the pandemic and not driven by the Covid-19 pandemic.

In alignment with our guiding principles and values, RBC IS Bank was still committed in 2021 on the plan to provide support and assistance to all employees during the process, to provide fair conditions and to minimize the impact of the social plan wherever possible by offering:

- Fair financial conditions
- Support for a successful external redeployment of impacted employees
- Flexibility to take into consideration as much as possible the particular situation of impacted employees, and
- Follow up and support to employees all along their notice period with the help of external experts such as (the ASTF and the RBC Employee Care Program).

COVID-19 –Maintain a high level of services and prepare the “Future of Work” for the staff

Since the beginning of Covid-19 crisis in March 2020, all our staff remained fully engaged to serve our clients and also continue to run BAU tasks. As a reminder 95% of our staff population moved to full working from home within 1 or 2 days without disruption in the services provided to our clients, and also dealing with the high volatility of the Market at that time.

RBC IS Bank was committed to fully support the employees and contractors in this crisis throughout 2021. At the beginning of 2021, RBC IS Bank anticipated the future of work and increased the on-site presence of critical staff from 70 to 150-200 persons (critical staff + volunteers for return).

Objective was to adapt and test the internal conditions at premises and initiate a progressive return to premises. Those early phases were very successful and this allows RBC IS Bank to launch the next phase of weekly rotations in August 2021. Two groups were created and approximately 90% of staff work in hybrid mode with 6-10 days per month in the office and the rest at home.

Additional improvements have been applied via concrete actions:

- Supporting WFH, RBC IS Bank reinforced the hardware capability via the deployment of new Thin Clients at home to staff in Europe. This deployment occurred from May to September 2021 in order to offer a better employee-experience working from home (better performance via Webex, integrated camera, ...)
- Existing processes were continuously reviewed and enhanced in order to optimize them and so remove progressively the dependency with physical site.
- Multiple communication channels continued during the crisis:

- Team and colleagues communication via Webex or Webex Teams
- The Incident Management Team maintained a dedicated working group to manage the Covid19 crisis, with representatives from each key group (HR, Communication, Operations, IT, Unions, ...)
- RBC conducted several pulse surveys to capture the wellbeing of the employees. Communication about supportive program (Employee Care, The Link group) were also reinforced to take care of the mental health of our staff. The Link is a group of volunteers that have been trained by the ASTF to support and guide colleagues to find the resources they need when facing psychological/mental health issues.
- Wellness group has also organized a series of dedicated workshops and webinars (for employees and sometimes for the kids of our employees), with the support of The Link group.
- Occupational Health Association for the Tertiary and the Financial Sector (ASTF) has also offered some information sessions to our employees, and in some has supported some of our employees.

Value for Clients



Value for Clients

COVID-19 Pandemic brought many challenges to the way business is conducted, RBC has reacted quickly and efficiently to adapt to ensure our clients needs are met and no disruption to their businesses. RBC knows that to remain successful requires to operate in two worlds – our traditional businesses and the pivot to a far more digital world. Doing so takes more innovation, integration and breaking down business silos of what we do so we can redefine and deepen relationships and create more value for our clients. We are uniquely positioned to create long-term value for our clients through the power of our ideas, investments in talent and technology, and differentiated advice, products and services.

RBC Investor Services Bank S.A. serves more than 275 clients in Luxembourg, Continental Europe & Offshore platforms. We strive to earn our clients' trust by serving them responsibly, providing them with access to the financial products, services and advice they need to make the best decisions possible and meet their goals.

Sustainability issues have risen up the agenda for organizations around the world. Asset management is not immune as investors are demanding ESG investment strategies coupled with CSR governance across their operations. Our continued commitment to helping clients thrive and communities prosper gives our asset management clients the confidence that one of their key suppliers within their value chain is meeting investor expectations.

As a purpose-driven company, creating a positive social impact, not just an economic one, is absolutely integral to everything that we do.



Our priorities

- Client satisfaction and loyalty
- Digital enablement
- Privacy
- Cyber security

Client First is one of RBC's core values. Delivering excellence to clients and ensuring client satisfaction are our highest priorities. Because of this, we have a dedicated department, Client Experience that is in charge of client satisfaction and ensuring the quality of services delivered.

Client satisfaction & loyalty

In 2021, we continued our journey to create differentiated experiences and deliver meaningful value for our clients. This year it was especially important we deliver on our Purpose, to help our clients thrive and communities prosper, as the COVID-19 pandemic continued to impact many of our clients and their communities. With our brand, we led by example, and acted on behalf of those we serve to provide relief, insights, stability and solutions, in the most difficult of times. We remain committed to working closely with our clients and meeting their needs during this challenging time. Despite the disruption, our advisors and specialists continued to engage with clients and deliver data-driven insights and solutions to them. Due to social distancing requirements, the majority of the interactions were done remotely and virtually, enabled by our leading digital tools and capabilities. We also continued to accelerate our focus on innovation and digital strategies to further enhance our differentiated client experience. We strive to deliver anytime, anywhere solutions to our clients across all channels, seamlessly integrating mobile and digital services into our clients' lives. We continue to gather client feedback and track our client experience across our platforms on a regular basis to ensure we are on the right track and are learning about opportunities where we can continue to improve the client experience. In 2021, leveraging our reputation and the strength of our brand, we focused on:

- Delivering meaningful insights, advice and solutions to help our clients thrive
- Collaboration across the bank and strategic partnerships
- Accelerating our focus on innovation and digital strategies

Client Satisfaction and Loyalty		
Performance metrics	2021	2020
Percentage of Client with highest Satisfaction rate (*)		
Top 20	44%	40%
Top 50	85%	85%
Top 300	98%	98%

Digital Enablement

With more than 100 years of asset servicing experience, RBC I&TS has established in recent years a leading transfer agency (TA) market-share in the key European offshore centers mainly in Dublin and Luxembourg. Business in the Americas is on the upward trend due to exceptional delivery on its strategy to offer a cutting-edge digital offering to its buy-side clients.

Understanding our clients' needs throughout their digitization journey is fundamental to us and prioritizing the evolution of the digital investor experience is a key strategic pillar of our current and future transfer agency offering. Collaboration with our clients and understanding why digitizing a task will enhance their experience is critical to ensuring that their goals and objectives are met every step of the way. We have continued our significant investment in our digital infrastructure to enhance our RBC One portal, providing our clients with greater access to investor data, dashboard analytics to better understand fund flows and the ability to effectively oversee the service we provide. Our digital and innovation strategies are fundamental to creating exceptional client experiences, driving customer loyalty and acquiring new clients. They also help us mitigate some of the risks associated with digital disruption as we work to differentiate our business and drive value for clients. We are committed to designing and building products, processes, technology and services in faster, simpler and more cost-effective ways.

Privacy

We have a clear approach to how we think about our clients' personal information. Transparency is key. All individuals dealing with RBC need to know how their personal information is being collected, used and shared and organizations must help them exercise control over this process.

RBC is managing privacy risk effectively in the face of the heightened risk due to the COVID-19 pandemic and ongoing regulatory changes. We have enhanced and automated the way we document the collection, use and sharing of personal information and brought in a modern privacy risk assessment technology to enable us to meet current and future challenges as we look for more ways to drive value through data and move towards assessing risk across end-to-end business processes.

The RBC Global Privacy Office is part of the Regulatory Compliance group. The Chief Privacy Officer provides the strategic vision for global privacy risk management, and designated privacy officers are responsible for privacy advice, oversight and challenge across every business. In European locations we have appointed in addition the Data Protection Officers responsible for overall compliance with regulatory requirements when dealing with personal information. Our privacy risk management program is based on the international privacy principles, which include cyber security as part of the Security Safeguards principle, as well as Canadian, U.S. and European Union privacy regulations. (Our approach to cyber security is discussed below.)

Our Privacy and Security webpage and our Global and European Privacy Notices articulate how we collect, use, share and protect the personal information. When we engage third-party service providers to process personal information on our behalf,

- (1) we share only the information necessary to perform the services;
- (2) we require them to protect the information in accordance with RBC and applicable regulatory standards; and
- (3) we require them to notify us of any actual or suspected privacy breaches so we can work together to contain, remediate and, where required, report them.

All employees and contract workers are required to complete a privacy fundamentals course annually, which is supplemented with monthly enterprise-wide and additional local privacy awareness communications.

RBC did not experience any major privacy breaches in 2021. We manage actual and potential privacy incidents and complaints through well-established internal processes. Our policy requires all privacy incidents to be tracked centrally and reviewed by privacy officers. The same applies to the requests coming from our customers and data subjects whose personal information RBC processes.

2021 Highlights

- **Automation of Privacy processes:** RBC IS Bank continues its work on automation of activities related to personal information processing and its GDPR obligations. Following the successful roll out a new breach management and data subject requests management tools, we have implemented a risk assessment tool that automated and integrated our records of processing of personal data. The digitalization effort is significantly increasing our ability to gain global insights in personal information collection, use and sharing , as well improving the quality and efficiency in decision making process when it comes to data processing.

- **International Data Transfers:** As a global organization, RBC has been closely following the regulatory changes related to the international data transfers post Schrems II decision (July 2020). This decision invalidating the US Privacy Shield has in combination with subsequently issued new European Standard Contractual Clauses (June 2021) and UK addendum to them (March 2022) brought substantial changes to the international data transfer frameworks. RBC data transfer flows to third countries have been analyzed and its contractual templates re-designed to respect the more stringent transfer rules and comply with the requirement of enhanced care and implementation of additional measures to protect the data security and integrity outside of EU/UK space.

Cyber Security

Globally, the volume and sophistication of cyber-attacks continue to evolve and increase; the resulting implications could include business interruptions, service disruptions, financial loss, theft of intellectual property and confidential information, litigation, enhanced regulatory attention and penalties, and reputational damage. We continue to enhance our security capabilities, educate our customers and workforce to ensure our cyber defenses remain effective in thwarting the threats targeting the financial sector.

We have a dedicated team of technology and cyber security professionals that manage a comprehensive program to help protect the organization against breaches and other incidents by ensuring appropriate security and operational controls are in place. We continue to strengthen our cyber control framework and improve our resilience and cyber security capabilities, including 24-hour monitoring and alerting of potentially suspicious security events and incidents. Throughout the year, we continued to make investments in the program and conducted multiple scenarios and simulations to test our resiliency strategy.

2021 Highlights

Digital risk profile: The change in the risk threat landscape due to the COVID-19 pandemic accelerated advancements in digital transformation requiring greater investments in infrastructure to support our distributed workforce, enhancing capacity and resiliency along with heightened data protection. Clients' rapid adoption of digital services along with the rollout of government programs further required enhancements in our fraud risk and control practices.

Maturing our capabilities: We are ensuring our cyber policies, standards and controls keep pace with the threat landscape and regulatory environment, and we continue to harness emerging technologies to combat cyber-crime and strengthen our end-to-end view of risks and controls across the enterprise. We continue to upskill to ensure we keep pace with the changing cyber risk profile.

Business resiliency during the Covid-19 pandemic

During the succession of variants waves of the Covid-19 crisis, the bank was stable facing heightened risks due to increased Processing & Execution risks inherent to degraded operating environment.

However, the Bank demonstrated its ability to rise above the challenging Covid-19 situation while working remotely. The Bank continued to demonstrate high resiliency. Service and control issues are being well managed. Despite the challenging period, no Risk Loss Events were attributed to crisis consequence and no related data or financial (fraud) losses had to be reported.

- Technology support infrastructure and stability has held up well even when near 100% of staff moved to WFH for a long period. Due to stability of the Citrix environment, lesser market volatility and transactional volume, the operational process is handled in an orderly fashion without material delays while enabling to reduce overtime.
- There was currently no specific credit loss or default to be reported nor expected for RBC IS Bank, we have also not activated any particular form of forbearance at this stage, or identified any other significantly problematic changes in client behavior from a credit risk standpoint.
- The implemented changes of the operating model being more scalable and efficient processes, introducing further digital solutions, reducing high risk manual process, overall impacting positively clients are now fully integrated in the normal operating process.
- Client feedback has been highly positive highlighting strong service delivery, appreciation for our engagement and client focus. This will continue to drive sustainable improvements in our competitiveness, scale, efficiency and operational risk going forward.

Value for Society



Value for Society

Community and Social Impact

We believe in making a positive and measurable impact on our local communities by always doing what is right and supporting employees to make a difference. Our Corporate Citizenship initiatives focus on preparing the youth of today for the work of tomorrow and protecting our environment. By developing strong relationships with local charitable entities and providing them with both financial support and employee volunteers, we can help our communities grow and prosper. In addition, we empower our employees to make a difference where it matters most to them.

Investing in Local Youth

At RBC, we understand that unlocking the future potential of the work force and economy around us requires investment today. At RBC IS Bank and via the CDC / NextGen stream, we:

- reinforce the knowledge sharing between Senior/experienced employees and new joiners/young employees
- have local partnerships in place with local university, Lycée des Garçons d'Esch (LGE) and also the European School
- are looking to extend those partnerships to business schools in the Greater Region and in Europe, thanks to the partnerships already initiated by HR team.
- connect with IMS and Care.lu organizations to support or participate to specific events related to the next generation.

In October 2021, RBC IS Bank Luxembourg supported the DayCare.lu charity event and so welcomed 5 students (16 to 19 years old) during an internship of one day. Objective of this journey at RBC was to present the activity of the bank, but also get a better overview of the types of job opportunities within an international bank. Furthermore, this day at RBC was also an opportunity for those students to participate to a lunch & learn session on ESR topics and challenges. This event will be renewed on October, 26th 2022, combined with another event of IMS (#DigitalChallenge)

In 2019, the Bank has supported the Uni.lu in the launch of a Pilot Coding Program for students. Due to Covid19 crisis, the project has been delayed. 3 sessions related to this Coding Program finally occurred in November and December 2021 via the joint organization of Scienceteens lab and RBC IS Bank. 36 kids/students in total were introduced to programming and artificial intelligence. Additional sessions will be arranged in 2022.

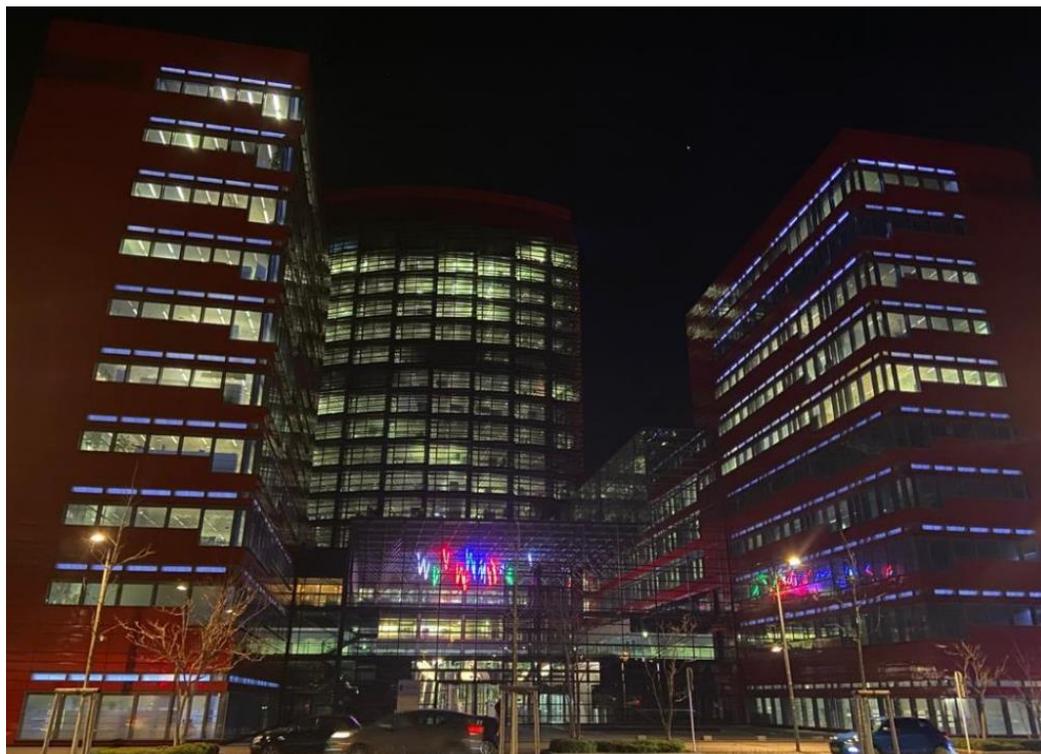
In addition to that, we continue to sponsor RBC Race for the Kids (RFTK). In 2021, this five kilometer family fun run occurred again virtually due to Covid 19 measures. The charity event raises funds for Croix-Rouge Luxembourgeoise for the benefit of the Kannerhaus Jean. Kannerhaus Jean offers a range of therapies for children aged between four and 14 years old who suffer from behavioral and psychological disorders. The charity's purpose is to help and support families and youth suffering from aggressive, depressive and

dissocial behavior whilst working to re-integrate them into their family environments and school facilities. Given the global success of the 2021 “virtual” edition of the RBC Race for the kids and even if the Covid19 measures are progressively lifted, RBC IS Bank decided to continue with a virtual race in October 2022 but expect to return to a normal race in Esch in 2023. In November 2021, Luxembourg premises lighted up in blue for World Children’s Day with UNICEF.

Employee Volunteering and Giving

RBC provides corporate funds to support teams of employees participating in pledged charitable fundraising events. RBC’s My Community is a one-stop community volunteering and giving hub for employees to find opportunities in their area and make donations, volunteer or fundraise for causes that really matter to them.

RBC employees bring our purpose of helping clients thrive and communities prosper to life by getting involved, individually and in teams, as passionate citizens of the communities where they live and work. We encourage their efforts through formal donations, volunteering, fundraising and participation programs. During Pandemic the in-presence group volunteer activities have been paused and we have focused more on giving back to the Community through donations. RBC IS Bank expects to resume in-presence events in 2022. Employees by different means can earn credit that they can then donate to charity associations. In 2021, we ran our first Employee Giving Campaign. Each employee were given 55€ to donate to the charity of their choice. Our global reward and recognition program, RBC Performance, also has a formal community involvement category for which employees can be nominated and receive quarterly awards.



Governance & Integrity



Governance and Integrity

Integrity is one of our most important values. Governance and integrity are the foundation of a responsible business. We believe good governance is not just about overseeing RBC and its practices, but doing so in a way that is transparent, independent of management and ethical. It involves the Board actively engaging with all stakeholders, knowing the business and its risks, challenging management where necessary, understanding the risks and opportunities of a changing industry economy, setting robust standards and principles that will guide RBC to success and helping clients thrive and communities prosper – all to ensure we are constantly enhancing value for our shareholders.



Our priorities

- **Responsible governance practices**
- **Conduct and trust**
- **Risk management**
- **Human rights**

We are committed to the ongoing pursuit of strong and effective governance practices. Corporate Governance broadly refers to the way a company is controlled and directed. A corporation exhibits responsible governance not only by operating with fairness, transparency and accountability, but also by setting out the rights and responsibilities of the Board of Directors, management and shareholders.

Responsible governance practices– RBC Group Level



Commitment

The Governance Committee of the Board oversees the management of our culture and conduct in relation to RBC Values, the Code of Conduct, the Supplier Code of Conduct and the Enterprise Culture and Conduct Risks Framework. The Governance Committee monitors emerging trends and best practices through Board and committee reporting on culture and conduct matters such as client complaint handling and outcomes, organizational and employee conduct and risk culture as well as the impact on the integrity, soundness and resilience of financial markets and on our reputation.

The Committee is primarily responsible for the following matters: (i) recommending to RBC Bank's board of directors (the Board) individuals for election or re-election as directors; (ii) overseeing the process for evaluating Board, committee and director effectiveness; (iii) developing and recommending to the Board governance frameworks, principles and policies; (iv) overseeing environmental, social and governance matters; (v) monitoring developments in corporate governance and adapting best practices to RBC Bank's needs and circumstances; (vi) overseeing compliance with legal and regulatory requirements; and (vii) reviewing shareholder proposals and recommending to the Board responses to these proposals. Moreover, the Committee will serve as the conduct review committee for RBC Bank and certain of its subsidiaries and will oversee culture and conduct at RBC Bank.

As regards to the Board Composition:

- a) The Committee will review and approve the Director Independence Policy that establishes the independence criteria for directors.
- b) The Committee will monitor the composition of the Board for compliance with legal requirements and the Bank's policies.
- c) The Committee will make recommendations to the Board in the event a director tenders his or her resignation.
- d) Aligned with RBC Bank's longer term strategic focus, the Committee will develop and maintain a matrix that specifies the existing experience and strengths of Board members, as well as areas of expertise and experience that should be represented on the Board. The Committee will monitor the current and future profile of the Board and determine the competencies, skills and personal qualities it should seek in new Board members.
- e) The Committee will oversee succession planning for the Board, and will recommend suitable candidates to nominate for election or appointment as directors, based on its assessment of the results of internal and external due diligence reviews and on criteria established by the Committee. The Committee will focus on diversity, including the criteria set out in the Board Diversity Policy, when considering candidates for nomination to the Board. The Committee will review annually the continuing eligibility of nominees for election as directors by the shareholders considering:
 - i. qualification under the Bank Act and other applicable laws;
 - ii. independence status under the Director Independence Policy;
 - iii. compliance with the eligibility rules under the conflict of interest guidelines;
 - iv. the competencies, skills, personal qualities and other characteristics underlying the appointment of each director; and
 - v. the assessment of the effectiveness of each director. When appropriate, the Committee will ask the Board Chair or the Committee Chair to approach prospective candidates for board membership. The Committee will consider all qualified candidates, including those proposed by shareholders.
- f) The Committee will consider directors' resignations and make recommendations to the Board whether to accept such resignations.

Responsible governance – IS Bank Level

RBC IS Bank internal governance guidelines are applicable to the Bank and its branches and subsidiaries. They are based on key frameworks and policies:

- RBC Vision, Values and Code of Conduct,
- Whistleblowing Policy
- Conflicts of Interest Policy
- The RBC I&TS Internal Governance Framework

RBC Vision, Values and Code of Conduct

RBC's Values define what we stand for everywhere we do business. They are reflected in our behavior and the way we build relationships and deliver value to all our clients, employees, shareholders, communities and others we deal with. Guided by our shared Values and united in a common purpose, we can achieve our strategic goals and accomplish great results.

We demonstrate our Vision – To be Among the World's Most Trusted and Successful Financial Institutions – by living our Values in the decisions and actions we take every day. These five Values set the tone for our culture and unify us across geographies and businesses.

Client First	Collaboration	Accountability	Diversity & Inclusion	Integrity
<p>We will always earn the right to be our clients' first choice.</p> <ul style="list-style-type: none"> Put client needs above our own whatever our role, to build lasting relationships Listen with empathy, understand client needs to offer the right advice and solutions Bring the best of RBC to deliver excellent value and differentiated client experiences 	<p>We win as One RBC.</p> <ul style="list-style-type: none"> Believe in each other and trust in teamwork and colleagues' intentions Share knowledge, listen and teach to learn and achieve more together Look beyond ourselves to see the bigger picture for opportunities and solutions 	<p>We take ownership for personal and collective high performance.</p> <ul style="list-style-type: none"> Be bolder, reach higher, act with courage to realize potential and make a difference Own it; seek out accountability and empowerment to grow and excel Be curious and learn continuously to build skills and careers 	<p>We embrace diversity for innovation and growth.</p> <ul style="list-style-type: none"> Speak up for inclusion and empower people to grow and achieve more Seek out and respect different perspectives to challenge conventional approaches Identify and act on the opportunities and needs that client diversity brings 	<p>We hold ourselves to the highest standards to build trust.</p> <ul style="list-style-type: none"> Be respectful, transparent and fair in all relationships Stand up for what we believe; speak with candour; constructively challenge Build trust of clients, colleagues and community partners by listening to and understanding their interests and needs
<p>At RBC we bring these Values to life every day — continuing to earn the trust of RBC's clients and each other and ensuring our strong reputation for doing what's right.</p>				

Our Code of Conduct is integral, it is the way we do business at RBC, helping to define our Culture of Integrity and providing all of us with the same frame of reference for dealing with issues that can be both sensitive and complex.

RBC is a values-based organization. Respect for each other, RBC clients and our commitments to all our stakeholders are the right thing.

- Living Our Values and Acting with Integrity
- Speaking Up, Asking Questions and Constructively Challenging and Reporting Misconduct
- Integrity in Dealing with RBC Clients, Communities and Others
- Integrity in Working Together at RBC, Respectful Workplace, Equal Opportunity, Fair Workplace and Human Rights
- Integrity in How We Do Business, Business Dealings and Avoiding and Managing Conflicts of Interest
- Integrity in Safeguarding Entrusted Assets, Protecting RBC Client Property and Protecting RBC Property

Whistleblowing Policy

Royal Bank of Canada is a values-based organization and, having particular regard to the value of Integrity and what's right, promotes a working environment of open communication. People are actively encouraged to speak up on issues that are important to them and the organization.

RBC IS Bank is keen to identify and address any malpractice, inappropriate conduct, or other risks or potentially harmful behavior within the organization and every employee should feel secure about speaking up regarding such issues without fear of reprimand or detriment.

RBC IS Bank Policy on Whistleblowing (the "Whistleblowing Policy") in conjunction with the RBC Standards on Reporting Misconduct, provides guidance to employees and contract workers of RBC IS Bank who wish to raise issues relating to RBC IS Bank and/or on how to report and escalate actual or possible misconduct wrongdoing at work.

At RBC, we are guided by our Values and Code to act with integrity and always do the right thing. Our shared commitment and accountability means that, in addition to personally complying with the Code, we also have a duty to report actual or possible misconduct that we become aware of.

Speaking up to report misconduct can be an uncomfortable process, but RBC is committed to fostering an environment where employees and contract workers feel safe to do so. These Standards reinforce the obligation under the Code to report actual or possible misconduct, outline the various reporting options available to employees and contract workers and elaborate on RBC's commitments to review and assess all reports of misconduct, investigate the reports as appropriate, treat them confidentially and protect from retaliation those who bring them forward or participate in an investigation.

This Whistleblowing Policy provides a process for RBC IS Bank's staff to draw attention to concerns about adherence to regulations, laws and internal policies and procedures, as well as internal governance rules and to report such allegations directly to the designated internal or external channels.

RBC IS Bank's staff to submit for investigation, allegations of wrongful acts in the workplace on a confidential basis. In certain circumstances, submissions can be made on an anonymous basis.

The submissions made in good faith by staff shall not result in any liability of any sort for the persons who originated them.

The Whistleblowing Policy applies to RBC IS Bank and its branches and subsidiaries. In addition to the Whistleblowing Policy, RBC IS Bank branches and subsidiaries should follow their local legal and regulatory requirements with respect to the whistleblowing process and reporting, including reporting to their local regulators, where required by regulation. To this effect they shall establish a local addendum to the Whistleblowing Policy (if necessary).

In scope are all RBC IS Bank employees, contract workers and also trainees, volunteers and self-employed workers, shareholders and persons belonging to the administrative, management or supervisory body of RBC IS Bank, including non-executive members.

It is worth noting that amendments to the Whistleblowing Policy are expected in 2022 in light of the above-mentioned Whistleblowing Directive (EU) 2019/1937. EU Member States had until Dec 17, 2021 to implement this Directive into their national legislations, however, the Luxembourg transposition is still pending. In light of this expected transposition, RBC set up the EU Whistleblowing Directive Working Group to co-ordinate the implementation and work.

Conflicts of Interest Policy

The RBC Investor & Treasury Services (“RBC I&TS” Conflicts of Interest Policy (the “CoI Policy”) sets out the RBC I&TS requirements with respect to the identification, management, recording and disclosure of the conflicts of interest that occur as a result of the business it conducts.

The CoI Policy should be read in conjunction with the corresponding section of the enterprise-wide RBC Conflicts of Interest Policy, Code of Conduct, along with other relevant policies, procedures, and control documents.

RBC I&TS has established a CoI policy to ensure it meets its regulatory requirements with respect to identifying, managing, recording and disclosing conflicts of interest that may entail (or be perceived to entail) a material risk of damage to the interests of a client, or clients.

Conflicts of interest may arise when a person or company exploits their professional or official capacity for their own benefit or for the benefit of the company. Conflicts of interest include actual/ realized conflicts and potential/ perceived conflicts where there is a possibility that a conflict will materialize, and perceived (but not actual) conflicts if the perceived conflict could cause reputational damage to RBC.

The key types of conflicts of interest affecting RBC I&TS are conflicting interests between:

- RBC and Client(s);
- Employee and RBC;
- Employee and Client; and
- Client and Client.

Common situations and activities that can create real or perceived conflicts of interest include, but are not limited to:

- Personal trading activities
- Having access to inside information
- Participation in outside business activities and external directorships (including at the request of RBC)
- Exchanging gifts and entertainment with external parties

The COI Policy and the related RBC Control Standards focus on the key relationships and activities described above, however, it is critical to note that conflicts of interests can arise in many other scenarios at RBC. I&TS Employees must always be mindful of and consider whether something could trigger a conflict in their day to day activities.

Compliance with the CoI Policy is intended to ensure compliance with RBC Enterprise requirements, RBC I&TS requirements, and legal and regulatory requirements applicable in jurisdictions where RBC I&TS operates.

The CoI Policy sets out the minimum requirements with which all RBC I&TS employees (including contract employees) acting on behalf of I&TS must comply. The Policy provides requirements related to:

1. Identification of Conflicts of Interest
2. Disclosure / Reporting of Conflicts of Interests
3. Prevention / Management / Removal of Conflicts of Interest
4. Compliance Monitoring.

The RBC I&TS Internal Governance Framework

The RBC I&TS Internal Governance Framework is set at RBC I&TS level and gives the internal governance strategy and guidelines applicable to all RBC I&TS legal entities. As part of RBC I&TS business platform, this internal governance strategy and guidelines apply to RBC IS Bank Luxembourg and all its branches and subsidiaries.

The **Nomination Committee** is a specialized sub-committee of the Board Directors of IS Bank, as defined by CSSF Circular 12/552 (as amended from time to time).

The primary mission of the Nomination Committee (the “Committee”) is to provide RBC Investor Services Bank S.A.’s (the “Company”) board of directors (the “Board”) with critical assessments in respect of the organisation and functioning of the Company in its specific areas of competence.

Effective October 22, 2015, the Committee assumed responsibility for assisting the Board in (i) overseeing nominations to the Board, Authorized Management and Key Function Holders and (ii) approving and laying down in writing, notably the guiding principles governing on the appointment and succession to the Management Body and of individuals with key functions in the Company, as well as the procedures governing the composition of the Board, including the aspects of diversity, responsibilities, organisation, operation, and individual and collective assessment of its members. The Committee is a specialized sub-committee of the Board, as defined by CSSF Circular 12/552 (as amended by circulars CSSF 13/563, CSSF 14/597, CSSF 16/342, CSSF 16/647, CSSF 17/655 and CSSF 20/759).

Article 88 of Directive 2013/36/EU sets out the responsibilities of the management body regarding governance arrangements and the obligation to set up a nomination committee for significant institutions.

Duties of the Committee

- a) The Committee will monitor the composition of the Board, Authorised Management and Key Function Holders for compliance with legal and regulatory requirements and the Company’s policies.
- b) The Committee will develop and maintain a matrix that specifies the existing experience and strengths of Board members and Authorized Management, as well as the areas of expertise and experience that should be represented on the Board and within Authorized Management. The Committee will monitor the current and future profile of the Board and Authorized Management and determine the competencies, skills and personal qualities it should seek in new members.
- c) The Committee will review annually the continuing eligibility of the directors, Authorized Management and Key Function Holders considering:
 - Qualifications under the applicable laws and regulations;
 - Compliance with eligibility rules under the conflict of interest requirements in respect to the law on commercial companies dated 10 August 1915 as amended from time to time and the Luxembourg CSSF Circular 12/552 point 169; and
 - The competences, skills, personal qualities and other characteristics of the individual.
- d) The Committee will receive an annual report from Human Resources with respect to succession planning for Authorized Management and Key Function Holders.
- e) The Committee will recommend suitable candidates to nominate for election or appointment as directors, members of Authorized Management and Key Function Holders, based on criteria established by

the Committee. The Committee will focus on diversity, including gender diversity, when considering candidates and will ensure that the Company complies with Article 435(2)(c) of Regulation (EU) No 575/201.

f) In case of serious problems, shortcomings and irregularities, the heads of the internal control functions shall immediately inform the Authorized Management, the chairperson of the Board and, where appropriate, the chairs of the specialized committees. In such cases, the heads of the internal control functions may request to be heard by the Committee in a private meeting.

Performance metrics	2021	2020	2019
Number of Board Members	10	9	9
Percentage of independent directors	20%	22%	22%
Percentage of women directors	20%	0%	11%

Conduct and trust

Our Vision is to be among the world’s most trusted and successful financial institutions. As a financial services company, we have an obligation to serve our clients with integrity and safeguard the trust they put in us. We define conduct as the manifestation of culture through the behaviors, judgments, decisions and actions of the organization and its individuals. Our organizational direction establishes the expectation of fair conduct outcomes as the operating norm for the organization, including all employees and third-party service providers operating on behalf of RBC. Our Values and our Code of Conduct guide our behavior and decision-making when we serve our clients and when we interact with investors, our fellow employees and our communities. All employees and contract workers must successfully complete compliance training, and commit to and to acknowledge the Code of Conduct annually.

How we achieve our results is as important as the results we achieve. The mindset is embedded in our culture, mandates and compensation programs.

We have a risk behavior expectations in place to promote our risk-aware culture of “Doing What’s Right”, and are articulated through:

- Values
- Code of Conduct
- Risk management principles, including the Enterprise Risk Management Framework
- Risk appetite limits and statements
- Regulatory conduct rules, practices and policies
- Performance management processes
- Enterprise Culture and Conduct Risks Framework

Based on our assessment of stakeholder interest, our discussion of conduct and trust concentrates on our:

- Enterprise Culture and Conduct Risks Framework and business focus on making sure our behaviours, judgments, decisions and actions lead to fair outcomes for clients and employees. **Anti-Money laundering (AML)**, anti-terrorist financing (ATF) and economic sanctions policies and programs
- Policies on lobbying and making political contributions
- Paying our fair share of taxes

Anti-Bribery and Anti-Corruption Policy

RBC IS Bank is committed to maintaining the highest level of professional and ethical standards in the conduct of all of its business affairs and places the highest importance upon its reputation for compliance with all applicable laws and rules, and for honesty and integrity. 99,44% of the employees took the ABAC training on time within the Bank for fiscal year 2021. The ABAC Policy is an integral component of RBC's ABAC Program that expands on the broad principles in our Code of Conduct.

Scope:

This Policy applies globally to all RBC business, operational and corporate functional units and all employees, contract workers, officers and directors of such units. The principles contained in it may also apply to Third Parties, where it would be appropriate to incorporate them into contractual arrangements.

Performance metrics	Goals	2021	2020	2019
Sales conduct and business practices				
Percentage of Employees who completed the ABAC training on time	>98%	99,44	99,41	99,66
AML, ATF, economic sanctions				
Percentage of employees who completed the Combating Money Laundering and Terrorist Financing training on time	>98%	99,39	99,36	99,74

IS Bank position on human trafficking and Human Rights:

RBC also fights human trafficking which cannot exist without corruption. IS Bank has approved and endorsed the 2020 RBC Modern Slavery Act Statement and the RBC Human Rights Position statement:

- 2020 RBC Modern Slavery Act Statement

This statement is required under the U.K. Modern Slavery Act 2015 (The U.K. Act) and the Australian Modern Slavery Act 2018 (the Australian Act). This is our sixth statement under the U.K. Act and our second under the Australian Act.

The statement covers RBC and certain of its subsidiaries. The U.K. Act applies to Royal Bank of Canada; RBC Europe Limited, RBC Investor Services Trust, RBC Investor Services Bank S.A.; RBC Global Asset Management (U.K.) Limited; and Royal Bank of Canada Holdings (U.K.) Limited. The Australian Act applies to Royal Bank of Canada and RBC Investor Services Trust. BlueBay Asset Management produces a separate MSA Statement.

The purpose of the both the U.K. and Australian Acts is to combat modern slavery, which encompasses slavery, servitude, forced or compulsory labour, child labour and “human trafficking”. Both laws require eligible businesses to produce an annual statement setting out the steps they have taken to ensure there is no modern slavery in their own business and supply chains

- **RBC Human Rights Position Statement**

The Executive Committee of IS Bank Luxembourg has approved the 2020 RBC Human Rights Position Statement.

RBC published its first Human Rights Position Statement (the HR Statement”) in October 2020, after being endorsed by senior management and the RBC Board of Directors. The HR Statement sets out RBC’s commitment to respect internationally-recognized human rights through all business units and functions, in line with the United Nations Guiding Principles on Business and Human Rights, which is the leading framework for human rights and business.

The HR Statement recognizes that RBC can impact human rights, directly and indirectly, through its primary business activities. The HR Statement also provides guidance on how RBC reduces the risk of it negatively impacting human rights and protecting vulnerable groups. It is not a guarantee against negative outcomes, rather a commitment that RBC has a process to identify risks, escalation procedures to address situations of concern, and an established grievance mechanism.

Risk Management



Risk Management Principles – RBC Group Level

The *Enterprise Risk Management Framework* (Framework) serves as the foundation for RBC’s approach to risk management. Under the oversight of the RBC Board of Directors and senior management, this Framework provides an overview of RBC’s enterprise-wide programs for managing risks, including identifying, assessing, measuring, controlling, monitoring and reporting on the significant risks faced by the organization. A number of risk-specific frameworks and policies supplement this Framework and should be consulted for further details.

Together, the Business Segments and Functional Units work to manage risk strategically, ensuring that business strategies and RBC’s overall risk appetite are aligned across the enterprise. This enterprise-wide approach enables RBC (including all of its legal entities) to meet the expectations of the Office of the Superintendent of Financial Institutions (OSFI) and other host regulators around the world.

The intent of the Framework is to promote an understanding of the roles, responsibilities, and authorities for the management of risk at RBC, as well as the use of a common risk language. The ability for RBC to articulate, measure, and manage its risks is critical for effective risk management. It also ensures that we are able to provide accurate and transparent risk reporting and disclosures aligned with industry best practices. The dynamic nature of the financial services industry, and technological innovation, necessitate that our processes, tools and practices are continuously improving and responding to the changing landscape and emerging risks. We seek to accomplish this through an effective and evolving risk management approach. All risk taking activities and exposures must be within the Board-approved risk appetite, risk limits and corresponding capital and liquidity constraints. We seek to ensure that our business activities and transactions provide an appropriate balance of return for the risks assumed and the costs incurred. Our organizational design and governance processes ensure that our Group Risk

Management (GRM) function (including Risk Management and Regulatory Compliance) is independent from the businesses it supports.



Risk Management Principles – IS Bank Level

The following general principles apply to the management of risk at RBCIS Bank including its branches and subsidiaries:

Effectively balance risk and reward to enable sustainable growth.

- RBCIS Bank balances risk and reward to capitalize on opportunities within our business strategy and risk appetite, avoid excessive concentrations of risk through diversification and risk transfer, manage earning volatility, and ensure the long-term viability and profitability of the organization.

Collectively share the responsibility for risk management.

- Following the Three Lines of Defense risk governance model, employees at all levels of the organization, as one RBCIS Bank, are responsible for managing the day-to-day risks that arise in the context of their roles

Undertake only risks we understand. Make thoughtful and future-focused risk decisions.

- In order to create long term value for our shareholders, clients, employees and communities, we exercise rigor in our risk assessments, analyze emerging risk factors and trends, ensure transparency in risk discussions, and improve processes and tools for simpler, better, faster decision-making without exposing us to undue risks.

Always uphold our Purpose and Vision, and consistently abide by our Values and Code of Conduct to maintain our reputation and the trust of our clients, colleagues and communities.

- Guided by our Collective Ambition, we champion Good Conduct and do business openly and fairly. We never compromise quality or integrity for growth. We adhere to the “Know Your Client” standards, and ensure transparency and suitability of the products and services offered. We comply with all laws and regulatory requirements, and support transactions and relationships with proper and complete documentation.

Maintain a healthy and robust control environment to protect our stakeholders.

- To achieve our operational and financial performance goals while maintaining our reputation and integrity, and operating within the parameters of applicable laws and established risk appetite, we employ effective processes and controls and resiliency practices to minimize harm from internal and external threats, avoid business interruptions, and ensure timely resolution of control issues.

Use judgment and common sense.

- Policies and procedures cannot cover all circumstances. Employees should apply judgment and common sense, and when in doubt, escalate.

Always be operationally prepared and financially resilient for a potential crisis.

- RBCIS Bank strives to maintain effective protocols and escalation strategies to respond to all risks that the bank faces, including regulatory, macroeconomic, and the market. This includes maintaining operational readiness and financial resilience to effectively operate during and or after financial crisis. It is also critical to maintain agility and readiness to respond to potential disruptors to the financial industry.



Commitments

Under the oversight of the Board and senior management, the Enterprise Risk Management Framework provides an overview of our enterprise-wide programs for managing risk, including identifying, assessing, measuring, controlling, monitoring and reporting on the significant risks the organization faces. Our Risk Appetite is the amount and type of risk that RBC is able and willing to accept in the pursuit of its business objectives, and operating within our Risk Appetite is an indicator of a healthy, risk-aware risk culture. Our Enterprise Risk Appetite Framework outlines the foundational aspects of our approach to Risk Appetite, and articulates RBC's Risk Appetite statements and their supporting measures and associated constraints, in alignment with strategic, financial and capital planning processes. While our Risk Appetite encompasses what and how much risk we are able and willing to take in the pursuit of our business objectives, our risk conduct and culture articulate how we expect to take those risks.

Risk culture at RBC IS Bank

RBC's Values and risk-aware culture of "Doing What's Right" effectively support the long term success of the organization. The Values set the tone of our culture, and translate into desired behaviors as articulated in our Code of Conduct and Leadership Model. Our Risk Management Principles provide a risk lens for these desired behaviors, enabling us to focus on achieving fair outcomes for our stakeholders: clients, employees, financial markets and regulators, our communities including the impact to RBC's reputation, and shareholders (also referred to as clients and other stakeholders).

RBC defines conduct as the manifestation of culture through the behaviors, judgment, decisions and actions of the organization and its employees. For the purposes of this framework, culture refers to those factors deemed influential to managing conduct risk, namely tone from above, accountability, speaking up and openness, incentives and performance management, and risk awareness (risk culture).