



ROYAL BANK OF CANADA

# Corporate Citizenship

REPORT 2016



# ABOUT THIS Report

## Scope

This Corporate Citizenship Report (the “Report”) includes information from Royal Bank of Canada (“RBC” or “we” or “our” or “the bank”) and its subsidiaries, unless otherwise noted, and excludes information related to our acquisition of City National, which is reported by City National separately. Select 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 and highlights from 2016 on corporate citizenship issues relevant to financial services companies in general, and to RBC\* in particular. It complements the information on the results of our operations and financial condition provided in our 2016 Annual Report and governance and executive compensation information disclosed in the Management Proxy Circular (available at [rbc.com](http://rbc.com)). This Report is supported by a set of Corporate Citizenship backgrounders, which provide additional information on the policies, procedures and programs in regard to our citizenship priorities. Previous reports as well as our backgrounders and our 2016 Public Accountability Statement are available on our website: [rbc.com/community-sustainability](http://rbc.com/community-sustainability). Supplementary information is referenced throughout this Report.

## Reporting period

All data and examples contained in this Report reflect activities undertaken during the 2016 fiscal year (November 1, 2015 – October 31, 2016), unless otherwise noted. In many cases, we have provided data for 2016 as well as the two preceding years to provide readers with a view of trends in our performance over a three-year period.

## Currency and measurement

All amounts in this document are in Canadian dollars unless otherwise noted. U.S. dollars and British pounds are converted using the fiscal 2016 average (C\$1.00 = US\$0.746, C\$1.00 = 0.609£). Measures used in this report are metric, except where otherwise noted.

## Terminology

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

## Reporting frameworks

We regularly monitor the development of international corporate citizenship reporting standards and frameworks for relevance and usability, along with the expectations of our stakeholders regarding these standards. The structure and content of this Report are informed by the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) Standards and the International Integrated Reporting Council (IIRC) Integrated Reporting Framework.

## Stakeholders

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

## Material corporate citizenship issues

Materiality defines how we determine the issues that have the largest impact on our business and that are of most interest to our stakeholders, which in turn shapes our corporate citizenship reporting. With this in mind, an in-depth materiality assessment was conducted in 2013, which informed the content and structure of subsequent corporate responsibility/citizenship reports. In 2016, a desktop review was undertaken to ascertain if this assessment was still relevant and up-to-date. This involved an analysis of international corporate citizenship reporting guidelines and frameworks, emerging reporting practices among global leaders, and disclosure expectations of responsible investment rating agencies. Our review found that our priority issues remain relevant. Please see [About Corporate Citizenship at RBC](#) for further details.

## Oversight

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

## Review and assurance

Select performance indicators were independently assured by PricewaterhouseCoopers LLP (PwC). PwC performed a limited assurance engagement for a select number of RBC performance indicators. These have been identified with an **a** symbol. The results of PwC's limited assurance engagement are documented in an assurance statement (see page 76).

## Caution regarding forward-looking statements

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation.

We may make forward-looking statements in this 2016 Corporate Citizenship Report, in filings with Canadian regulators or the U.S. Securities and Exchange Commission (SEC), in reports to shareholders and in other communications. Forward-looking statements in this document include, but are not limited to, statements relating to our financial performance objectives, priorities, vision and strategic goals, as well as our social, economic and environmental impacts and objectives. We have included forward-looking information in this document to assist our stakeholders in understanding our financial performance objectives, priorities, vision and strategic goals, as well as our social, economic and environmental impacts. This information may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as "believe", "expect", "foresee", "forecast", "anticipate", "intend", "estimate", "goal", "plan" and "project" and similar expressions of future or conditional verbs such as "will", "may", "should", "could" or "would".

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our financial performance objectives, vision and strategic goals, and social, economic and environmental impacts and objectives will not be achieved. We caution readers not to place undue reliance on these statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These risk factors – many of which are beyond our control and the effects of which can be difficult to predict – include credit, market, liquidity and funding, insurance, operational, regulatory compliance, strategic, reputation, legal and regulatory environment, competitive and systemic risks and other risks discussed in the “Risk management” and “Overview of other risks” sections of our 2016 Annual Report and the “Risk management” section of the Q1 2017 Report to Shareholders; global uncertainty, the Brexit vote to have the United Kingdom leave the European Union, weak oil and gas prices, cyber risk, anti-money laundering, exposure to more volatile sectors, technological innovation and new Fintech entrants, increasing complexity of regulation, data management, litigation and administrative penalties; the business and economic conditions in the geographic regions in which we operate; the effects of changes in government fiscal, monetary and other policies; tax risk and transparency; and environmental risk.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to RBC, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The material economic assumptions underlying the forward-looking statements in this document are set out in the “Overview and outlook” section and for each business segment under the heading “Outlook and priorities” of our 2016 Annual Report, as updated by the “Overview and outlook” section of our Q1 2017 Report to Shareholders.

Except as required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf. Additional information about these and other factors can be found in the “Risk management” and “Overview of other risks” sections of our 2016 Annual Report and in the “Risk management” section of our Q1 2017 Report to Shareholders.



MESSAGE FROM  
Our CEO

A MESSAGE FROM  
Our CEO



## Delivering value in a complex world

How can a company create lasting value in an increasingly complex world? And how should true value be measured? For RBC, the answer lies clearly enshrined in our purpose statement, “Helping clients thrive and communities prosper”.

As a purpose-driven company, creating a positive social impact, not just an economic one, is absolutely integral to everything that we do. It is fundamental to our business philosophy and is at the very heart of our corporate citizenship approach.

As one of Canada’s leading companies, we are excited by the opportunity that we have to create real and lasting value for society, a responsibility we take very seriously. Our leadership position means we have a critical role to play in addressing societal challenges that will impact our communities over time.

We’re addressing this responsibility through a citizenship strategy that is insights-informed, issues-based and impact-driven. We bring the collective assets of RBC to the table. We are innovative in the execution of our citizenship strategy and we hold ourselves accountable.

In 2016, we announced a major new commitment to unlock the potential of young people, driving Canada’s future prosperity. As we celebrate Canada’s 150th anniversary in 2017, we’re shaping a bold ambition to enable young Canadians to confidently pursue their path from education to employment, and to prepare them for the future of work. Building on our established record of supporting young people, this investment in Canada’s youth is one of the clearest ways that we can create value for society. Through our #Make150Count initiative, we’re already seeing that when we invest in youth, great things happen. By giving young Canadians \$150, with no strings attached, and asking them to create a positive impact in their community, we’ve seen the huge difference they make. Our youth strategy will be the cornerstone of our activities as we look to deliver a positive and lasting impact, bringing together all of our relevant resources and capabilities to drive change.

Another way we create value is in our focus on the environment. With climate change being one of the most pressing issues of our time, we are encouraged by recent steps taken by the Canadian government to establish a framework for carbon pricing that provides flexibility for both national and provincial action. We’ve publicly supported a coherent approach to pricing carbon and a world-leading approach to energy innovation, combined with a transparent, respected and effective approach to infrastructure development in our home market. What’s good for the environment is ultimately also good for the economy.

These examples show how we use our strengths, assets and capabilities as an engine for public good. We share our innovations and our lessons learned with the social and environmental sectors. And we make full use of one of our most powerful assets: the energy, commitment and expertise of our employees. With employee engagement scores at their highest level, our colleagues tell us that they are proud to work for an organization that is clear and confident in its purpose. We assist our employees by making it easier for them to get involved in their communities and are deepening our social impact measurement to better understand the difference that we’re making.

As this Report shows, our ability to create true value for society is greater now than ever before. We are energized by the opportunity to grow our leadership position, using it to make real and lasting change, and to help build a thriving and more prosperous future.



**Dave McKay**  
President & Chief Executive Officer, Royal Bank of Canada

## Who we are

Royal Bank of Canada is Canada's largest bank, and one of the largest banks in the world, based on market capitalization. We are one of North America's leading diversified financial services companies, and provide personal and commercial banking, wealth management, insurance, investor services and capital markets products and services on a global basis. Our diversification by business and geography contributes to consistent performance and growth opportunities. Our employees collaborate across businesses and geographies to ensure our clients benefit from the full breadth of RBC's unmatched capabilities, advice and solutions.

ABOUT  
RBC

>80,000  
EMPLOYEES  
WORLDWIDE

16 million+  
CLIENTS

38  
COUNTRIES

**Personal & Commercial Banking** provides personal and business financial services in Canada, the Caribbean and the U.S.

**Wealth Management** in Canada, the U.S. and internationally offers solutions to affluent, high net worth and ultra-high net worth clients. Global Asset Management\* provides investment management to retail clients and directly to institutional clients.

**Insurance** offers a full range of insurance products via proprietary channels and third-party distributors, and participates in reinsurance internationally.

**Investor & Treasury Services** provides asset and treasury services, custody, payments and transaction banking for financial institutions and other institutional investors worldwide.

**Capital Markets** is an investment bank that provides focused expertise in banking, finance and capital markets to corporations, institutional investors, asset managers and governments.

**Corporate Support** consists of Technology & Operations and Functions. Technology & Operations provides the technological and operational foundation required to effectively deliver products and services to our clients, while Functions includes our finance, law, human resources, risk management, internal audit and other functional groups.

Please refer to page 10 of our [2016 Annual Report](#) for further information.

For a detailed description of our operating environment, including top and emerging risks and our efforts and activities to address those risks, please refer to pages 46-89 of our [2016 Annual Report](#).



## Our strategy for success

Our strategy is deeply rooted in our commitment to clients and communities. Our Vision and Goals reflect our long-term focus, and our Values guide our day-to-day actions. In a rapidly changing environment, we have capabilities, strengths and a diversified business model that position us well to achieve continued growth.

### Purpose-driven

Helping clients thrive and communities prosper

### Performance-focused

#### Vision

To be among the world's most trusted and successful financial institutions

#### Goals



In Canada: to be the undisputed leader in financial services



In the U.S.: to be the preferred partner to corporate, institutional and high net worth clients and their businesses



In select global financial centres: to be a leading financial services partner valued for our expertise

#### How We Will Win



Sustainable Growth



Exceptional Client Experience



Best Talent



Simplify. Agile. Innovate.



Community & Social Impact

### Principles-led

#### Values

##### Client First

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

##### Collaboration

We win as One RBC

##### Accountability

We take ownership for personal and collective high performance

##### Diversity & Inclusion


We embrace diversity for innovation and growth

##### Integrity

We hold ourselves to the highest standards to build trust

Our Vision is to be among the world's most trusted and successful financial institutions.

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

We illustrate in the adjacent table how our Priorities, which are identified with  and listed in the various sections of this Report, map to our five strategic focus areas of How We Will Win. These are underpinned by a foundation of strong governance and integrity.

Our Priorities and associated activities detailed in this Report help RBC create and preserve long-term value and demonstrate how we are fulfilling our purpose.





How We Will Win

-  Sustainable Growth
-  Exceptional Client Experience
-  Best Talent
-  Simplify. Agile. Innovate.
-  Community & Social Impact



## Statement of Performance







Our overall approach to corporate citizenship comprises a set of values, policies, programs, practices and impacts. We have identified priorities and key performance indicators (KPIs) for each of the following five areas: Governance and Integrity, Value for Clients, Value for Employees, Value for Society and Environmental Sustainability. Every year, we measure and report our progress against our objectives while refining and improving our metrics to drive better business management and more relevant insights.

Governance and Integrity		2016	2015	2014
	<b>Responsible governance</b>			
	Number of board members	15	16	15
	Percentage of independent directors	93%	94%	93%
	Percentage of directors who are women	33%	31%	33%
	<b>Integrity and compliance</b>			
	Percentage of employees who review and commit to the Code of Conduct <sup>1</sup>	99.2%	99.0%	99.1%
	<b>Risk management</b>			
	Percentage of employees who have completed Risk Awareness training <sup>1</sup>	99.7%	N/A <sup>2</sup>	N/A <sup>2</sup>
	Percentage of employees who have completed the Combating Money Laundering and Terrorist Financing Training Program	98.8%	98.6%	98.6%
	<b>Responsible financing</b>			
	Number of detailed environmental credit risk assessments in Canada, the U.S., Europe and the Caribbean	1,272	1,262	1,104
	Value of total environmental risk assessments conducted <sup>3</sup>	\$8.6 billion	\$8.2 billion	\$7.9 billion

<sup>1</sup> These training courses are a mandatory requirement for 100% of our employees. Our Learning Management system automatically assigns mandatory compliance courses to 100% of all employees and calculates the appropriate due date. Our target compliance rate for timely completion of the training is set at 98% to account for workplace fluctuations associated with employment status changes, such as a return from a leave of absence, rehire or termination. The compliance rate includes employees who have completed their training as well as new hires whose training is not yet due.

<sup>2</sup> This training course was first launched in 2016.

<sup>3</sup> Figures based on the sum of the transaction value (e.g. loan amount or mortgage value) of the deal at the time of assessment.

Value for Clients	2016	2015	2014
 <b>Client satisfaction and loyalty</b>			
Percentage of client households in Canada that hold multiple RBC products <sup>1</sup>	23% <sup>a</sup>	24%	24%
 <b>Digital enablement</b>			
Percentage of clients using online services (Personal & Commercial Banking)	51%	38%	36%
Percentage of financial transactions executed through digital and mobile channels	60% <sup>2</sup>	N/A	N/A
 <b>Data privacy and cyber security</b>			
Percentage of employees who have completed the Fundamentals of Privacy and Security Training Program course <sup>3</sup>	99.7%	99.3%	99.7%
 <b>Products and services with positive social or environmental impacts</b>			
Total exposure to renewable energy companies <sup>4</sup>	\$3.3 billion	\$3.4 billion	\$2.8 billion
Value of green bonds underwritten by RBC	\$2.3 billion	\$3.5 billion	\$1.6 billion
Volume of carbon credits traded through RBC Capital Markets <sup>5</sup> Carbon Emissions Trading Group (measured in tonnes of carbon dioxide equivalents or tCO <sub>2</sub> e)	96 million tCO <sub>2</sub> e	165 million tCO <sub>2</sub> e	243 million tCO <sub>2</sub> e
Investments in affordable housing by RBC Capital Markets Tax Credit Equity Group (USD)	\$805 million	\$628 million	\$721 million
 <b>Socially responsible investments</b>			
Total value of socially responsible investments under management by RBC companies <sup>6</sup>	\$4.7 billion	\$4.3 billion	\$3.8 billion
 <b>Financial literacy</b>			
Amount invested in financial literacy/education programs <sup>6</sup>	\$2.2 million	\$1.7 million	\$1.4 million

<sup>a</sup> PwC provided limited assurance over this metric. Please see limited assurance statement on [page 76](#).

<sup>1</sup> As determined by the Canadian Financial Monitor administered by Ipsos Reid. 2015 and 2014 figures were restated from prior year to show full fiscal year results for comparability.





<sup>2</sup> Data represent results for Personal & Commercial Banking and Insurance only.

<sup>3</sup> These training courses are a mandatory requirement for 100% of our employees. Our Learning Management system automatically assigns mandatory compliance courses to 100% of all employees and calculates the appropriate due date. Our target compliance rate for timely completion of the training is set at 98% to account for workplace fluctuations associated with employment status changes, such as a return from a leave of absence, rehire or termination. The compliance rate includes employees who have completed their training as well as new hires whose training is not yet due.

<sup>4</sup> Calculated based on Authorized amounts. RBC's renewable energy total Exposure at Default is \$1.57 billion; this amount is included in the Gross Credit Risk Exposure for the Energy sector (table 47 in the [Annual Report](#)). For definitions of exposure types, please refer to the [2016 RBC Annual Report](#) (page 209). This is a conservative reflection of our involvement in this sector, as it does not capture exposure to companies or organizations indirectly related to renewable energy (e.g. manufacturing companies that produce renewable energy systems).

<sup>5</sup> Assets, managed by us, which are beneficially owned by clients, as at October 31, that have an environmental, social and governance (ESG) screen applied to their portfolio. See [funds.rbcgam.com/investment-solutions/socially-responsible-investments/](#) for further information.

<sup>6</sup> Includes donations to financial literacy initiatives as well as a \$250,000 sponsorship of WE Charity through their We Act program, which includes It All Adds Up – our youth financial literacy program. Does not include financial literacy initiatives provided through the RBC Advice Centre or our business segments.

Value for Employees	2016	2015	2014
 <b>Employee engagement</b>			
Employee Opinion Survey response rate	92%	90%	88%
Employee Engagement Index <sup>1</sup>	85%	85%	84%
Percentage of employees who are proud to be part of RBC <sup>2</sup>	95% <sup>a</sup>	95%	94%
Average tenure of RBC employees	11 years	11 years	11 years
 <b>Knowledge, skills, career growth and meaningful work</b>			
Total invested in direct and indirect training and career development initiatives	\$184.5 million	\$178.2 million	\$156.1 million
Total invested per employee in training and development	\$2,360	\$2,294	\$2,004
Total hours of instructor-led and web-based training	1.3 million hours	1.2 million hours	1.1 million hours
 <b>Competitive compensation and benefits</b>			
Total spent on compensation and benefits globally	\$12.2 billion	\$11.6 billion	\$11.0 billion
 <b>Diversity and inclusion<sup>3</sup></b>			
Percentage of women	61%	62%	63%
Percentage of women in middle management and above	46% <sup>a</sup>	46%	46%
Percentage of women in executive roles	41%	39%	38%
Percentage of visible minorities <sup>4</sup>	33%	33%	32%
Percentage of visible minorities <sup>4</sup> in middle management and above	34%	33%	32%
Percentage of visible minorities <sup>4</sup> in executive roles	16%	15%	16%
Percentage of people with disabilities <sup>5</sup>	4%	4%	5%
Percentage of Aboriginal peoples <sup>5</sup>	1%	1%	1%

<sup>a</sup> PwC provided limited assurance over this metric. Please see limited assurance statement on [page 76](#).

<sup>1</sup> Engagement is a measure of employee alignment, commitment and enablement as evidenced in their responses to select items in the annual Employee Opinion Survey.





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

<sup>3</sup> Figures represent Employment Equity data as of October 31 for each year presented, for our business in Canada governed by the Employment Equity Act. Given variations in legal definitions and restrictions in legislation around the world, comprehensive data on these four designated groups (women, visible minorities, persons with disabilities, Aboriginal peoples) are available only in Canada.

<sup>4</sup> In Canada, visible minorities are defined as persons (other than Aboriginal peoples) who are non-Caucasian in race or non-white in colour.

<sup>5</sup> Based on employee self-declaration.



Value for Society	2016	2015	2014
 <b>Economic value generated and distributed<sup>1</sup></b>			
Economic value distributed	<b>\$26.6 billion</b>	\$24.7 billion	\$23.3 billion
 <b>Responsible procurement</b>			
Value of goods and services purchased globally	<b>\$7.5 billion</b>	\$7.6 billion	\$6.9 billion
 <b>Financial inclusion</b>			
KPIs for this priority are in our <a href="#">2016 Public Accountability Statement</a>			
 <b>Community and social impact</b>			
Cash donations	<b>\$77.0 million</b>	\$70.6 million	\$64.9 million
Community investments <sup>2</sup>	<b>\$14.1 million</b>	\$12.4 million	\$11.4 million
Commercial initiatives <sup>3</sup>	<b>\$55.1 million</b>	\$38.5 million	\$35.2 million
<b>See page 56 for social and environmental impact metrics specific to our focus areas.</b>			
Number of partnerships <sup>4</sup> developed through collaboration as a result of RBC funding	<b>1,978</b>	789	185
Number of new jobs/roles created (full- or part-time) to which RBC funding contributed	<b>705</b>	301	88
RBC Generator <sup>®</sup> capital committed annually to early-stage for-profit companies addressing social and environmental issues	<b>\$1.5 million</b>	\$0.7 million	\$1.4 million
Number of social entrepreneurs with improved capabilities <sup>5</sup>	<b>888</b>	1,019	360
Total amount donated through formal employee volunteer recognition programs <sup>6</sup>	<b>\$4.2 million</b>	\$3.5 million	\$2.5 million
Number of hours volunteered by employees who took part in RBC formal volunteer grant programs <sup>6</sup>	<b>209,160</b>	140,504	123,207
Number of employees who reported taking part in RBC formal volunteer grant programs <sup>6</sup>	<b>15,652</b>	13,476	9,527

<sup>1</sup> This material references Disclosures 201-1 from GRI 201: Economic Performance. Distributed value comprises operating expenses, human resources, taxes, community giving and cash dividends.



<sup>2</sup> Community investments include our support for employee volunteerism, contributions to non-profits that are not registered charities, gifts in-kind, community sponsorships, community economic development and community investment program management.

<sup>3</sup> "Commercial initiatives", as defined by London Benchmarking Group, refers to business-related activities in the community, usually undertaken by commercial departments to directly support the success of the company, promote its corporate and brand identities and other policies, in partnership with charities and community-based organizations.

<sup>4</sup> Relationships developed by recipient organizations through project/program collaboration between non-profits, charitable organizations, academic institutions, community organizations, schools or others. This figure does not include the funding relationship that RBC established with the recipient organizations.

<sup>5</sup> "Improved capabilities" means RBC helped the entrepreneur with one or more of the following professional development opportunities: 1) Accessing external experts and mentors; 2) Accessing training or education; and/or 3) Participating in facilitated networking.

<sup>6</sup> Includes non-work-time volunteering hours reported by employees globally.

Environmental Sustainability <sup>1</sup>	2016	2015	2014
 <b>Environmental footprint reduction</b>			
Total greenhouse gas emissions (tonnes CO <sub>2</sub> e)	<b>132,960</b>	136,426	144,244
Total energy use (MWh)	<b>594,746</b>	617,219	624,100
Office paper use (tonnes)	<b>2,518</b>	2,536	2,623
LEED-certified office space (m <sup>2</sup> )	<b>613,553</b>	427,937	226,791
E-waste diversion rate	<b>99%</b>	99%	99%
Water consumption intensity (m <sup>3</sup> /m <sup>2</sup> )	<b>0.89</b>	0.72	0.74
 <b>Promotion of environmental sustainability</b>			
Amount donated to environmental charities globally <sup>2</sup>	<b>\$7.8 million</b>	\$5.9 million	\$6.3 million

<sup>1</sup> Selected key performance indicators shown in this table. Please refer to the Environmental Sustainability chapter ([page 63](#)) for a comprehensive list of environmental KPIs.

<sup>2</sup> Figures presented here are included in the total \$91.1 million of Cash donations and Community investments shown on [page 14](#).



## Awards and recognition

As a financial services company, our brand is an important driver of our success. We have built our reputation through adherence to our Values, the quality and engagement of our people, and the maintenance of a high standard of client satisfaction. In 2016, we were recognized with the following awards:

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

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



# GOVERNANCE AND Integrity

GOVERNANCE &  
Integrity

At RBC, all our employees have a shared responsibility for not only doing things right, but more importantly doing the right thing. Acting with integrity contributes to our strength and stability as an organization, and helps ensure that our clients thrive and communities prosper. Working together to assess and measure risk so we can capitalize on the right opportunities while also analyzing and mitigating risk to protect our business, competitive position and reputation helps us create long term value for our employees, clients and investors.

— Mark Hughes, Group Chief Risk Officer

## Integrity is one of our Values

Governance and integrity are the foundation of a responsible business. The actions we take and the procedures and policies we follow become the sum of our efforts to achieve the highest standards for ethical behaviour and transparency. This is how we earn the trust of our clients and community partners, and deliver on our promise of accountability to all of our stakeholders. Our Board of Directors actively engages with our management team to ensure we have the right strategy, talent and risk management to identify suitable opportunities for growth and continue to create long-term value.

### OUR PRIORITIES



### Our Priorities

- Responsible governance
- Integrity and compliance
- Risk management
- Responsible financing

Programs, policies and practices to support Governance and Integrity are available at [rbc.com/community-sustainability/\\_assets-custom/pdf/about-corporate-integrity-at-rbc-eng.pdf](https://www.rbc.com/community-sustainability/_assets-custom/pdf/about-corporate-integrity-at-rbc-eng.pdf)

## Responsible governance

Our [Corporate Governance Framework](#) provides an overview of our corporate governance structure, policies and practices, and describes the core principles that guide our approach to governance. We believe that good governance is an essential component of an ethical corporate culture that builds trust and value for all stakeholders. We continually strengthen the bank's governance practices, bringing focus to priorities such as board diversity, board member expertise and executive compensation.

As stated in its [mandate](#), the Governance Committee is the nominating committee responsible for recommending to the Board individuals qualified to become directors. The Committee oversees the Board's annual effectiveness evaluation process. The Committee is responsible for advising the Board in applying governance principles, monitoring developments in corporate governance and adapting best practices to the needs and circumstances of RBC. The Committee also has oversight of our approach to government and regulatory affairs and corporate citizenship.

At its 2015 December meeting the Board approved, on recommendation of the Governance Committee, the enhanced Director Effectiveness Framework<sup>1</sup>, which aligns with the priorities of the Board and committees for the year ahead and reflects our commitment to continual improvement, both organizationally and individually.

We select independent nominees possessing business judgement, business and professional expertise, international experience, a history of achievement and performance at the highest level, and who reside in, and are familiar with, geographic regions relevant to our strategic priorities. The skills, commitment and conduct that are expected of new and current directors are laid out in our Director Effectiveness Framework. As stated in its mandate, the Governance Committee will focus on diversity, including gender diversity, when considering candidates for nomination for the Board.

RESPONSIBLE GOVERNANCE

GOVERNANCE &  
Integrity

Key performance indicator	Target	2016	2015	2014
Number of board members	Not applicable	15	16	15
Percentage of independent directors	Substantial majority <sup>2</sup>	93%	94%	93%
Percentage of directors who are women	>30% <sup>3</sup>	33%	31%	33%

### 2016 Highlights

- Exceeded our objective of 30% representation of women on the Board.
- Shareholders voted 95.7% in favour of our approach to executive compensation; approving, as they have at every annual meeting since RBC voluntarily adopted this say-on-pay vote in 2009.

<sup>1</sup> Detailed on page 42 of the [2016 Management Proxy Circular](#)

<sup>2</sup> Substantial majority as defined by RBC [Director Independence Policy](#).

<sup>3</sup> See page 40 of our [2016 Management Proxy Circular](#).



## Integrity and compliance

To be principles-led is to uphold principles, policies and procedures that promote Integrity and ensure compliance with applicable laws and regulations. The RBC Code of Conduct (the “Code”) embodies our Values, in particular our Value of Integrity, and defines the way we do business. In addition, the Code lays out, at a high level, the legal and regulatory compliance requirements of the jurisdictions where we operate. The Code is supplemented by internal policies and controls that address these compliance requirements and our own expectations in more detail. Adhering to the Code demonstrates our commitment to those who govern us and forms the basis for our relationships with everyone that we deal with. All employees and contract workers must review and commit to the Code when they start working at RBC, and annually thereafter. Failure to comply with the Code or other company policies and procedures results in disciplinary action, including termination of employment, and can impact performance-based compensation. Additionally, managers take into account risk accountabilities and ethical behaviours in performance evaluations and compensation decisions.

INTEGRITY AND COMPLIANCE

GOVERNANCE &  
Integrity

Key performance indicator	Target	2016	2015	2014
Percentage of employees who review and commit to the Code of Conduct <sup>1</sup>	98%	99.2%	99.0%	99.1%

### 2016 Highlights

- Maintained policies applicable to all RBC employees, designed to ensure proper handling of inside information and to prevent the inappropriate use of inside information. In 2016, 2,873 employees were classified as “monitored employees” under these policies due to their access to inside information. More than 99% of monitored employees completed the mandatory training Inside Information and Personal Trading for Monitored Employees.
- Continued to build on our existing enterprise-wide Anti-Corruption program in line with escalating global regulatory scrutiny of bribery and corruption, and the corresponding rise in related enforcement activity. A key component of the program is our standalone Anti-Bribery Anti-Corruption Risk and Controls Assessment (RCA). The RCA was enhanced in 2016 to ensure its continued adherence to global risk management best practices and alignment with the newly published ISO 37001 Anti-Bribery Management Standard. The results of the 2016 RCA will inform the identification of 2017 anti-bribery and anti-corruption initiatives at RBC on a risk-proportionate basis.
- Implemented actions to prepare for the European Union’s new market abuse regulations, which took effect in July 2016. Our actions included providing online training to all European Union staff, updating existing policies and developing a new investment recommendation policy, and enhancing surveillance of transactions and orders to address a wider product scope and technology changes regarding insider lists.
- Implemented the new UK regulatory regime, Senior Managers Regime (SMR), which addresses individual accountability, for RBC Europe Ltd. and RBC London Branch. Implementation required the delivery of training and registration of relevant individuals. HR processes were enhanced to manage the regimes on an ongoing basis.

### 2017 Plans

- Meet our supply chain and business requirements under the United Kingdom Modern Slavery Act by publicly releasing our disclosure statement in April 2017.

<sup>1</sup> These training courses are a mandatory requirement for 100% of our employees. Our Learning Management system automatically assigns mandatory compliance courses to 100% of all employees and calculates the appropriate due date. Our target compliance rate for timely completion of the training is set at 98% to account for workplace fluctuations associated with employment status changes, such as a return from a leave of absence, rehire or termination. The compliance rate includes employees who have completed their training as well as new hires whose training is not yet due.

## Risk management

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

Key performance indicator	Target	2016	2015	2014
Percentage of employees who have completed Risk Awareness training <sup>1,2</sup>	98%	99.7%	N/A	N/A
Percentage of employees who have completed the Anti-Money Laundering and Anti-Terrorist Financing training <sup>2</sup>	98%	98.8%	98.6%	98.6%

### 2016 Highlights

- Experienced no material operational risk loss events (see page 83 of our [2016 Annual Report](#)).
- Launched our revised risk curriculum across RBC, which includes learning modules on enterprise risk management and operational risk management to employees, who serve as our first line of defence.<sup>3</sup>
- Conducted, through the Risk Committee of the Board, our annual update of our Reputational Risk Framework to help us adapt to changes in our business and industry.
- Reviewed our policy restricting banking relationships with companies involved in weapons, military equipment or associated materiel to determine the need for expanded policy requirements.

### 2017 Plans

- Finalize and launch a new enterprise-wide policy on banking relationships with companies involved in weapons, military equipment or associated materiel to ensure such relationships are consistent with the principles embodied in our Values, Code of Conduct and policies. The new policy will expand on its current scope, which covers financing, to include investment banking activities.
- Provide managers with development resources on how to foster an environment conducive to employees speaking up when they come across potential risk issues.
- Achieve continued positive results in the risk culture portion of our Employee Opinion Survey (EOS).

<sup>1</sup> This training course was first rolled out to employees in 2016.

<sup>2</sup> These training courses are a mandatory requirement for 100% of our employees. Our Learning Management system automatically assigns mandatory compliance courses to 100% of all employees and calculates the appropriate due date. Our target compliance rate for timely completion of the training is set at 98% to account for workplace fluctuations associated with employment status changes, such as a return from a leave of absence, rehire or termination. The compliance rate includes employees who have completed their training as well as new hires whose training is not yet due.

<sup>3</sup> For more information on Enterprise Risk Management, please see pages 49-53 of our [2016 Annual Report](#).

## Responsible financing

We work with clients to identify, assess and mitigate the environmental and social risks that might be associated with their business activities. Throughout this process, we provide valuable advice to help clients reduce their risk while promoting environmental and social interests. The following table shows an increase in both the number and value of environmental credit risk assessments in our loan portfolio over the last three years.

Key performance indicator	2016	2015	2014
Number of detailed environmental credit risk assessments in Canada, the U.S., Europe and the Caribbean	1,272	1,262	1,104
Value of total environmental risk assessments conducted <sup>1</sup>	\$8.6 billion	\$8.2 billion	\$7.9 billion

### 2016 Highlights

- Integrated the Environmental and Social Risk team from Corporate Citizenship into Group Risk Management in recognition of the importance and value of environmental and social risk management within our enterprise-wide risk management approach.
- Conducted more than 1,270 detailed environmental credit risk assessments on financial transactions worth \$8.6 billion in Canada, the United States, Europe and the Caribbean. This included the review of technical environmental reports, discussions with clients and lawyers, and recommendations on remediation plans.
- Completed a review and consolidation of our environmental risk management policies for multi-residential lending, commercial mortgages and markets, and agriculture lending in Canada.
- Maintained and supported the effective implementation of our environmental and social risk management policies.
- Implemented and reported on the [Equator Principles](#) to ensure projects we finance and advise on are developed in a socially responsible manner and reflect sound environmental management practices.

### 2017 Plans

- Assess evolving climate change-related risks, including the impacts of changing weather patterns, the transition to a clean economy, and emerging regulation related to carbon pricing. We will also evaluate appropriate climate-related risk disclosures in our financial filings.
- Evaluate and raise awareness internally of emerging environmental and social risk issues and refine our environmental and social issues management framework.
- Finalize and launch a consolidated environmental and social risk management policy for small business and commercial banking in Canada. This includes provision for training for lenders and risk managers to support effective policy implementation.
- Review and update our enterprise-wide policy on environmental and social risk management and our policy on environmental and social risk management for projects to support our commitment to the Equator Principles.

<sup>1</sup> Figures based on the sum of the transaction value (e.g. loan amount or mortgage value) of the deal at the time of assessment.



## Awards and recognition

- Best Overall Corporate Governance – International  
(Corporate Secretary's 2016 Annual Corporate Governance Award)
- 2016 Peter Dey Governance Achievement Award won by RBC Board Chair Kathleen Taylor  
(Governance Professionals of Canada's 2016 Excellence in Governance Awards)
- Best Approach to Achieving Effective Board and Committee Operations  
(Governance Professionals of Canada's 2016 Excellence in Governance Awards)

## Beyond this Report

These online documents provide information on the policies, programs and practices related to corporate governance, executive compensation, codes of conduct, risk management, business continuity, crisis management and stakeholder engagement.

- Annual Report: [rbc.com/investorrelations/pdf/ar\\_2016\\_e.pdf](http://rbc.com/investorrelations/pdf/ar_2016_e.pdf)
- Royal Bank of Canada Management Proxy Circular: [rbc.com/investorrelations/pdf/2016englishproxy.pdf](http://rbc.com/investorrelations/pdf/2016englishproxy.pdf)
- Ombudsman Report: [rbc.com/ombudsman/pdf/2016report.pdf](http://rbc.com/ombudsman/pdf/2016report.pdf)
- RBC Corporate Governance website: [rbc.com/governance/](http://rbc.com/governance/)



# VALUE FOR Clients

VALUE FOR  
Clients

At RBC, we have always known that our values play an important role in earning client loyalty, and we understand that trust is built with every interaction with our clients and the community. We are guided by our stated purpose of helping clients thrive and communities prosper.

The way our clients want to do business is changing faster than ever. We're evolving to become a Digitally Enabled Relationship Bank™ so we can best meet clients' needs when, where and how they want. We pride ourselves on providing client solutions that truly add value and always ensure an exceptional client experience.

— Jennifer Tory, Group Head, Personal & Commercial Banking



## Client First is one of our Values

What does Client First mean? It's the fundamental promise we make to our clients that we will put their needs above our own, recognizing the primary importance of building lasting relationships. We commit to listening with empathy, understanding client needs and offering the right advice and solutions based on those needs. We best serve our clients when we deliver excellent value and exceptional client experiences. This was evidenced in our recognition as the highest ranked Canadian Big 5 bank for customer satisfaction by J.D. Power's 2016 Canadian Retail Banking Satisfaction Study.

### OUR PRIORITIES



### Our Priorities

- Client satisfaction and loyalty
- Digital enablement
- Data privacy and cyber security
- Products and services with positive social or environmental impacts
- Socially responsible investments
- Financial literacy

Programs, policies and practices to support Value for Clients are available at [rbc.com/community-sustainability/\\_assets-custom/pdf/about-value-clients.pdf](https://www.rbc.com/community-sustainability/_assets-custom/pdf/about-value-clients.pdf)

VALUE FOR  
Clients



## Client satisfaction and loyalty

We are a business whose sustainable success is based on trust, measured by how effectively we earn our clients' satisfaction and loyalty. We monitor how well we satisfy our clients through client research to understand customer needs and also evaluate all drivers of client satisfaction. We also measure our competitiveness by comparing our customer experience to that of our key competitors and the type of product relationships we have with clients as an indicator of loyalty. As such we measure client satisfaction and loyalty according to client needs, which can vary from business to business. We believe that the depth of our relationship with our clients, as seen in the below key performance indicator, illustrates how we earn trust and loyalty from our clients by offering needs-based products and services.

Key performance indicator	2016	2015	2014
Percentage of client households in Canada that hold multiple RBC products (transaction accounts, investments and borrowing products) <sup>1</sup>	23% <sup>a</sup>	24%	24%
Peer average <sup>2</sup>	17%	17%	17%

CLIENT SATISFACTION AND LOYALTY

VALUE FOR Clients

### 2016 Highlights

#### Canadian Banking

- Recognized as the highest ranked Canadian Big 5 bank for customer satisfaction by J.D. Power's 2016 Canadian Retail Banking Satisfaction Study.
- Received 12 of 13 Best Banking Awards from Ipsos CSI (up from 6 of 13 awards in 2015), including #1 Likelihood to Recommend, Value for Money, Mobile Banking, Online Banking and more.<sup>3</sup>
- Became the first Canadian financial institution to switch to online from telephone surveys to capture client feedback from branch and Advice Centre interactions.
- Overall client satisfaction with our process for handling and resolving complaints has remained steady.
- Resolved 93% of complaints at first point of contact through front-line employees. This is an increase of 2% from our 2015 performance, which we attribute to our focus on empowering our client-facing employees to resolve issues themselves.

- Resolved 75% of all complaints within five business days and over 99% within 30 days. Our Client Care Centre investigated and resolved 28,000 client concerns. This is a reduction of 39%, which again is attributed to our focus on empowering our front-line employees to resolve issues themselves. For more information, see our [2016 Ombudsman Report](#).

#### Insurance

- Changed our client satisfaction methodology from Likelihood to Recommend (LTR) to Net Promoter Score (NPS). NPS is believed to be a better measure of client loyalty and satisfaction.
- Piloted a new online survey method for measuring client satisfaction and achieved a client response rate of 44%, compared to the industry average of 4% – 5%.

<sup>a</sup> PwC provided limited assurance over this indicator. Please see [page 76](#) for PwC's assurance statement.

<sup>1</sup> As determined through Canadian Financial Monitor administered by Ipsos Reid, which surveyed 12,000 Canadian households annually. Data based on RBC results for the fiscal year. RBC includes Personal & Commercial Banking and Wealth Management. 2015 and 2014 figures were restated from prior year to show full fiscal year results for comparability.

<sup>2</sup> Peers include BMO, BNS, CIBC and TD.

<sup>3</sup> Ipsos CSI interviews of around 45,000 banking clients annually on their satisfaction of the main banks.

## 2017 Plans

### Canadian Banking

- Build on the success of 2016 initiatives to drive improved first point of contact resolution rates.
- Execute our network transformation strategy making improvements to client experience, digital enablement and focusing on developing our employee capabilities.
- Increase our lead in depth-of-relationship performance by investing in data analytics, artificial intelligence and digital marketing and by introducing new “next best offer” capabilities in the market. “Next best offer” capabilities focus on needs-based products and services, rather than offer-based products and services. Our efforts include:
  - Leveraging meaningful insights derived from a new 360 degree view of clients
  - Segmenting our client base by preferences, relationship type and market using a thematic approach
  - Transforming how we go to market by compressing time-to-insight and market execution
  - Providing value to clients through relevant and timely insights based on needs

### Insurance

- Implement training and process improvements aimed at increasing client satisfaction and loyalty.
- Explore new methods of gathering the voice of the client to better understand client needs and expectations.

## Unlocking the potential of young people: McMaster University campus branch

In a unique collaboration between the Southwestern Ontario Region, McMaster University Athletics and Recreation, and RBC, we launched an innovative branch format this fall on McMaster University's campus that reflects our commitment to providing students and youth with financial advice and education to improve their financial wellness. This new format has an overarching focus on providing students with financial education and in being a trusted advisor to young people as they enter and travel through their post-secondary years. It's also a key example of how we are working in new and innovative ways to connect with important clients like students on their path. Students are telling us there is a significant need for this role in their lives, and we are creating valuable partnerships with them by leveraging a seamless blend of digital tools and in-person advice-based service that empowers them to manage their money, achieve their goals and meet their needs.

## Digital enablement

Innovation is core to our thinking at RBC. We're building a Digitally Enabled Relationship Bank, and changing how we work. We're also collaborating with a diverse set of partners to explore new technology, and investing in the digital ecosystem to help drive the future prosperity and economic success of Canada. In 2016, we focused on:

- Providing an exceptional and secure experience that's available when, how and where it's most convenient for clients
- Using digital channels to better understand our clients so we can deliver solutions tailored to their preferences
- Not just digitizing our existing products, but rethinking how we deliver services and advice

Key performance indicator	2016	2015	2014
Percentage of clients actively using online financial services <sup>1</sup>	51%	38%	36%
Percentage of financial transactions executed through digital and mobile channels	60% <sup>2</sup>	N/A	N/A

### 2016 Highlights

#### Personal & Commercial Banking

- Serviced 5.2 million active clients through our online and mobile platforms and continued to invest in digitizing our client experience with a focus on speed of service and simplifying end-to-end processes.
- Joined the first interbank group for global payment based on blockchain technology and used blockchain technology to improve functionality for our RBC Rewards<sup>®</sup> loyalty program.
- Introduced the RBC Rewards app in October 2016 as part of our efforts to build useful and intuitive digital solutions for our clients. The app allows clients to view their RBC Rewards points and redeem them for products offered under the program.
- Became the first Canadian bank to offer free *Interac*<sup>+</sup> e-Transfer payments for all personal chequing accounts
- Became the first North American financial institution to provide an in-branch, real-time, multilingual video capability available in more than 200 languages.

- Implemented the Disbursement Hub, a new automated system that reduces the time it takes to provide funds to our mortgage clients upon closing, and connects all transaction stakeholders, including lawyers and notaries.
- Launched "Add It", whereby pre-approved clients can set up their Royal Credit Line<sup>®</sup> with just four clicks, and without the need for paperwork or a branch visit.
- Rolled out Touch ID Login (iPhone) and RBC Mobile for Apple Watch, providing more options for our clients to bank securely with us anywhere, anytime.
- Launched contactless point-of-sale access at participating merchants by making Apple Pay<sup>+</sup> available to RBC debit and credit cardholders.

#### Wealth Management

- Launched myGPS<sup>™</sup>, a new digital tool enabling advisors at RBC Dominion Securities<sup>®</sup>, RBC Phillips, Hager & North Investment Counsel<sup>®</sup> and U.S. Wealth Management to easily identify, plan, track and help achieve our clients' wealth goals. myGPS allows advisors to better manage life-changing events and milestones that their clients experience, while maintaining a holistic focus on their overall wealth goals.

<sup>1</sup> Figures represent Personal & Commercial Banking only.

<sup>2</sup> Personal & Commercial Banking only. Excludes cash withdrawals.

DIGITAL ENABLEMENT

VALUE FOR  
Clients

## 2017 Plans

### Personal & Commercial Banking

- Introduce new capabilities to bring new value to clients such as our RBC Rewards app, Digital Money Management and new digital advice tools like myAdvisor™.
- Accelerate our network transformation and focus on building the skills of our leaders and our people as well as effective change management with the recognition that client satisfaction is inextricably linked to employee engagement.

## Unlocking the potential of young people: RBC Amplify™

We have a long history of helping young people realize their potential through a wide range of initiatives. Programs like RBC Amplify, a four-month internship where students work in agile teams to solve specific business challenges, is part of Technology & Operations' student program through which we hired 750 students in 2016 to work on technology projects. The program helps young people find and pursue their path to success with confidence. Thirty-two students from across the country embarked on the inaugural program to solve some of our big and real business challenges through technology. As part of the program, each student received technical, operational and business coaching, while also achieving practical development, analytics, financial and presentation skills. At the end, our Amplifiers took the stage to pitch their ideas to a panel of RBC leaders. Of the eight presentations, all are in development in some shape or form at RBC, and two ideas from Amplify projects were filed for provisional patents. For the top honour of Best Overall Solution, two teams tied and three students received Amplifier Scholarships for standing out among their peers in the areas of leadership, collaboration and business acumen.



See our students in action:

[www.youtube.com/watch?v=L7GME5sKTHA](https://www.youtube.com/watch?v=L7GME5sKTHA)

## Data privacy and cyber security

RBC's commitment to retaining the trust of our clients is integral to everything we do. Our commitment is reflected in our dedication to protecting our clients' privacy and safeguarding the personal, business and financial information entrusted to us. This will always be a top priority at RBC. As data privacy and cyber security are of critical importance to creating long-term value for RBC's business, we continually monitor our systems for malicious threats and respond accordingly in an effort to ensure we maintain high privacy and security standards. We continue to advance our cyber defense capabilities to support our business model, protect our systems and enhance the experience of our clients on a global basis by employing industry best practices and collaborating with experts to provide our clients with confidence in their financial transactions.

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

Cyber security has become an increasingly problematic issue, not only for the financial services sector, but also for other industries in Canada and around the globe. Cyber attacks in the industry are increasing in sophistication and are often focused on compromising sensitive data for inappropriate use or disrupting business operations.

Leading in Cyber Security and Risk is one of the six pillars of our technology strategy. Our cyber security strategy is based on the NIST (National Institute of Standards and Technology) Cyber Security Framework, which has become the industry standard for managing cyber security risk. See pages 48 and 83 of our [2016 Annual Report](#) for further information on cyber risk.

Key performance indicator	Target	2016	2015	2014
Percentage of employees who have completed the Fundamentals of Privacy and Security Training Program course <sup>1</sup>	98%	99.7%	99.3%	99.7%

<sup>1</sup> These training courses are a mandatory requirement for 100% of our employees. Our Learning Management system automatically assigns mandatory compliance courses to 100% of all employees and calculates the appropriate due date. RBC's target compliance rate for timely completion of the training is set at 98% to account for workplace fluctuations associated with employment status changes, such as a return from a leave of absence, rehire or termination. The compliance rate includes employees who have completed their training as well as new hires whose training is not yet due.



## 2016 Highlights

- Continued to focus on critical assets by strengthening risk assessment processes, improving data leakage controls and strengthening application security and resiliency. This resulted in stronger data loss protection and better security awareness.
- Experienced no material breaches.
- Invested in helping our Cyber Security team acquire new skills and capabilities, which included specialized training and programs to achieve professional designations.
- Enhanced capabilities for security intelligence and analytics, including formalized relationships with law enforcement agencies to ensure we have quick access to their resources and services if required.
- Improved incident response through routine scenario exercises.
- Became a founding member of the Canadian Cyber Threat Exchange (CCTX), an independent, not-for-profit organization that will help Canadian businesses and consumers guard against cyber attacks.

## 2017 Plans

- Continue to invest in our people, technology, processes and controls to keep pace with an evolving threat landscape.
- Enhance our oversight through strengthened processes to manage regulatory/agency requirements and improved testing of our critical control processes and instrumentation to manage risk.
- Focus on the evolution of our operating model, improving our operational capabilities, creating an integrated, cross-functional, intelligence-led cyber-resilience capability.
- Leverage artificial intelligence and big data in identifying patterns of malicious behaviour in order to combat cyber threats and prevent cyber crime.
- Strengthen our cyber security culture, continuing to recruit new talent, and leverage RBC innovation labs for targeted research and evaluation of new technologies.
- Invest in upgrading and augmenting the technical tools and process that protect our digital assets.

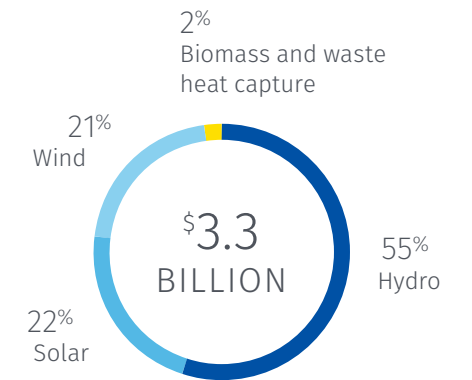


## Products and services with positive social or environmental impacts

As a financial institution focused on the needs of our clients, we strive to provide products and services tailored to our clients' investment priorities. Accordingly, we offer a broad range of products and services that address social and environmental issues. The following table highlights the growth of some of these offerings over the past few years.

Key performance indicator	2016	2015	2014
Total exposure to renewable energy companies <sup>1</sup>	<b>\$3.3 billion</b>	\$3.4 billion	\$2.8 billion
Value of green bonds underwritten by RBC	<b>\$2.3 billion</b>	\$3.5 billion	\$1.6 billion
Volume of carbon credits traded through RBC Capital Markets Carbon Emissions Trading Group (tCO <sub>2</sub> e)	<b>96 million</b>	165 million	243 million
Investments in affordable housing by RBC Capital Markets Tax Credit Equity Group (US\$)	<b>\$805 million</b>	\$628 million	\$721 million

### 2016 Renewable energy financing



### 2016 Highlights

- Hosted nearly 100 participants at the RBC third annual Green Bond Conference held in Toronto in April 2016.
- Acted as underwriter for \$2.3 billion equivalent in green bonds in various currencies in 2016 (representing approximately 3% of the total global green bond issuances, which includes 60% of the issuances in Canada in 2016) and more than \$7.4 billion since 2014.
- Traded 96 million tonnes CO<sub>2</sub>e in allowances and offsets in 2016, primarily through the European Union Emissions Trading System, California Air Resources Board Cap-and-Trade Program, Regional Greenhouse Gas Initiative and Quebec Cap and Trade System for Greenhouse Gas Emissions Allowances. Decrease in trading activity in 2016 is a result of client demand and prices in select markets where large volumes of trading have historically occurred. We are considered a leader among Canadian financial institutions.

- The RBC Tax Credit Equity Group is a direct tax equity investor in renewable energy projects and has closed on US\$199 million in solar developments (both utility scale and distributed generation) and \$59 million in a wind project since October 2015.

### 2017 Plans

- Continue active involvement in Ontario's 2017 cap-and-trade program, which includes informal talks with the provincial government, industry groups, customers and other parties.
- Support the development of a clean economy with business strategies on carbon, climate and clean innovation.

<sup>1</sup> Calculated based on Authorized amounts. RBC's renewable energy total Exposure at Default is \$1.57 billion; this amount is included in the Gross Credit Risk Exposure for the Energy sector (Table 47 in the [2016 Annual Report](#)). For definitions of exposure types, please refer to the [2016 RBC Annual Report](#) (page 209). This is a conservative reflection of our involvement in this sector, as it does not capture exposure to companies or organizations indirectly related to renewable energy (e.g., manufacturing companies that produce renewable energy systems).

VALUE FOR  
Clients

PRODUCTS AND SERVICES  
WITH POSITIVE SOCIAL OR  
ENVIRONMENTAL IMPACTS



## Socially responsible investments

Socially responsible investing (SRI) involves the formal integration of social values into the traditional investment process, providing a way for individuals to act on their concerns. The [2015 Canadian Responsible Investment Trends Report](#) states that 31% of the Canadian investment industry is made up of SRI assets. Consequently, SRI has emerged as a viable investment approach for those Canadians who want to achieve competitive investment returns while ensuring that their money is managed in accordance with certain social and environmental priorities. RBC Wealth Management\* (U.S.) and RBC Global Asset Management (RBC GAM) lead our efforts on socially responsible investing.

Key performance indicator	2016	2015	2014
SRI assets under management by RBC GAM (Canada)	<b>\$1.2 billion</b>	\$1.1 billion	\$1.0 billion
SRI assets under management by RBC GAM (U.S.)	<b>\$1.2 billion</b>	\$1.1 billion	\$983 million
SRI assets under management by RBC Wealth Management (U.S.)	<b>\$2.3 billion</b>	\$2.1 billion	\$1.8 billion
<b>Total value of SRI assets under management by RBC companies<sup>1</sup></b>	<b>\$4.7 billion</b>	<b>\$4.3 billion</b>	<b>\$3.8 billion</b>

### 2016 Highlights

#### RBC GAM (Canada)

- Prepared and filed a voluntary Principles for Responsible Investment (PRI) Transparency Report in March 2016, one year ahead of the March 2017 deadline. In assessing our adherence to the Principles of Responsible Investment, the PRI gave our overall strategy a score of A+, with a score of A in every other category reported, except one. Our [Summary Assessment Report](#) is available on our website.
- Joined a number of global fixed income investors by becoming a signatory to the PRI Statement on Environment, Social and Governance (ESG) in Credit Ratings. This new PRI initiative aims to increase the systematic and transparent integration of ESG factors into credit ratings.
- Joined the PRI Cyber Security Advisory Committee, which will develop a collaborative engagement strategy focused on companies' approach to cyber security and increased transparency regarding companies' risk mitigation, budgeting, training and recovery action plans.

- Supported the Access to Nutrition Index (ATNI), which is endorsed by more than 50 investors with close to \$3 trillion in assets under management. The ATNI looks at how companies in the food and beverage industries can improve nutritional practices in the areas of research and development, product reformulation, marketing, labeling, distribution and pricing.
- Concluded several years of extensive engagement with a large Canadian company by filing two shareholder proposals resulting in the company's commitment to implement one proposal and to address specific issues raised in the second proposal. This demonstrated that shareholder proposals can be a catalyst to improve governance policies or practices. For more information, please see our [2016 Semi-Annual Report](#).
- Produced our first annual and interim [Corporate Governance and Responsible Investment reports](#). These reports detail the achievements and progress made by RBC GAM in our ESG integration and engagement program.

<sup>1</sup> Assets, managed by us, which are beneficially owned by clients, as at October 31, that have an environmental, social and governance (ESG) screen applied to their portfolio. See [funds.rbcgam.com/investment-solutions/socially-responsible-investments](https://funds.rbcgam.com/investment-solutions/socially-responsible-investments) for further information. Services provided in respect of assets under management include the selection of investments and the provision of investment advice.

## 2016 Highlights continued

- Launched the RBC Fossil Fuel Free Global Equity Fund in November 2016 in response to significant demand from institutional clients who have specific concerns about climate change and exposure to the fossil fuel industry.

### **RBC Wealth Management (U.S.)**

- Enhanced the team's leadership in ESG investments through expanding product capabilities.
- Educated various stakeholders on the virtue of socially responsible investments through a variety of communications channels including client conversations and conversations with external parties and industry peers.

## 2017 Plans

### **RBC GAM (Canada)**

- Develop a more active and focused engagement program for investee companies, prioritizing the ones where we have significant ownership levels and where there are material ESG risks that are not being adequately addressed, or ESG opportunities that are not being pursued.
- Complete our review, which began in 2016, of our current socially responsible investment (SRI) fund solutions.
- Work towards full ESG integration across all investment teams and asset classes.

### **RBC Wealth Management (U.S.)**

- Raise \$200 million in new SRI assets, with greater outreach to new clients including millennials and women, who typically demonstrate a greater interest in investing based on their values.

## Financial literacy

At RBC, we believe we have a meaningful role to play in helping our clients gain a critical life skill by improving their level of financial literacy. We work with our clients and the general public to develop the knowledge, skills and confidence they need to make financial decisions and improve their financial well-being. We provide information and advice at all client touchpoints and support not-for-profit organizations that deliver financial education programming. In Canada, our financial literacy outreach is geared to youth, students, newcomers and seniors.

Key performance indicator	2016	2015	2014
Total amount invested in financial literacy/education programs <sup>1</sup>	<b>\$2.2 million</b>	\$1.7 million	\$1.4 million

### 2016 Highlights

- Supported an internal and external awareness program for National Financial Planning Week during Financial Literacy Month in November 2016, and held 714 advice events across Canada covering topics such as fraud protection, investment planning and debt management.
- Launched a new youth/parent online resource (Student Hub) that offers advice, tips and tools to parents and youth on a variety of topics such as the basics of banking, managing money during school, budgeting and establishing a financial plan. It also includes a student budget calculator to help predict the costs of post-secondary education as well as advice on credit, and provides online links to RBC Royal Bank® scholarship programs through which \$500,000 in scholarships is awarded each year.
- Conducted online educational outreach through a variety of platforms creating more than 10 million impressions.<sup>2</sup>
- Partnered with *The Globe & Mail* newspaper to create the digital Retirement Hub, which featured advice and content on various topics relevant to pre-retirees and retirees. The Hub included in excess of 20 articles on retirement planning at various stages of life, downsizing in retirement, estate and inheritance planning, and business succession planning.
- Expanded our business newcomer solutions portfolio (the latest survey showed that 50% of newcomers intend to start a business within three years of their arrival). New initiatives included a “New to Canada and Planning to Start a New Business” brochure, available in Farsi, Chinese, Spanish and Arabic. The objective is to help newcomers understand the resources available to help them start their business.
- Launched the “Discover and Learn” content site to increase general awareness of RBC’s support of small business and position the bank as a leader in the promotion of financial literacy.

<sup>1</sup> Includes donations to financial literacy initiatives as well as a \$250,000 sponsorship of WE Charity through their We Act program, which includes It All Adds Up – our youth financial literacy program. Does not include financial literacy initiatives provided through the RBC Advice Centre or our lines of business.

<sup>2</sup> Based on number of views of digital materials.

## 2016 Highlights continued

- Launched an awareness campaign on the importance of annuities to a financial plan. We surveyed Canadians on the topic and developed an information platform to shed light on the issue. We discovered that Canadians were unaware of the potential of annuities, and our information platform garnered strong media coverage.
- Released a survey on the importance of disability insurance and how Canadians are not financially prepared to be on disability insurance. The focus was on the emotional and financial impact of being off work with a disability.
- Hosted client seminars to educate our clients about life and health insurance and wealth products.
- Provided expert insurance advice, tips and calculators to clients online and by telephone through the RBC Insurance® Advice Centre.
- Launched a new branch on McMaster University's campus, which offers a seamless blend of digital tools and in-person advice-based service, providing young Canadians with financial advice and education to improve their financial wellness.

## Unlocking the potential of young people: It All Adds Up

In 2016, we achieved greater outreach with our It All Adds Up program, which is designed to help youth better understand financial matters. One element of the program, introduced in 2013 with program partner WE, is a curriculum that provides practical lessons around the four themes of earn, save, give and spend. The curriculum is promoted to teachers and is made available to download from the WE website. To date, there have been 10,370 downloads of this curriculum. RBC and WE share a passion to inspire young Canadians to create the positive and lasting change they want to see in the world. Our commitment to WE is to help provide resources and guidance to help youth believe in themselves, take on leadership roles and be inspired to take action to make the world a better place.

A second element of It All Adds Up is a pilot launched in September 2016 in schools in both the Greater Toronto and Greater Vancouver areas in partnership with Karrikins. The pilot contains three classroom workshops that are facilitated by educators and deliver critical financial concepts in a youth-relevant manner. By the end of 2016, over 340 sessions had been given, reaching over 5,700 youth.





## Awards and recognition

- Highest in Customer Satisfaction among the Big Five Retail Banks in Canada 2016 (*J.D. Power*)
- Best Banking Award in 12 of 13 categories of the Ipsos Customer Service Index (up from six awards in 2015) including Products and Services, Financial Advice, and Online and Mobile Banking.
- World's Best Global Bank for Consumer Banking; Best Trade Finance Bank in Canada four years in a row (*Global Finance*)
- Best Payment Innovation and Best Use of Data Analytics for 2016 (*Retail Banker International*)
- #1 Bank in the Caribbean for the second year in a row (*The Banker*)
- Best Private Banking Services Overall in Canada for the ninth consecutive year including 17 other awards (*Euromoney Private Banking and Wealth Management Survey*)
- Fifth largest global wealth manager by client assets (*Scorpio Partnership's 2016 Global Private Banking KPI Benchmark*) for the third year in a row
- Best Private Bank in Canada (PWM/*The Banker* Global Private Banking Awards, 2016) for the fifth consecutive year
- Best Canadian Private Bank (Family Wealth Report Awards, 2016)
- Outstanding Global Private Bank – North America (*Private Banker International* Global Wealth Awards 2016)
- Best Payment Innovation 2016 and Best Use of Data Analytics 2016 (*Retail Banker International*)
- Best Trade Finance Bank in Canada (*Global Finance*) for fourth straight year
- #1 global custodian for six consecutive years (*Global Investor/ISF* Global Custody Survey, 2016)
- #1 custodian overall in Canada and Europe (excl. Switzerland and the U.K.) (R&M Investor Services Survey, 2016)
- #1 Canadian sub-custodian (Global Custodian Agent Banks in Major Markets Survey, 2016)
- #1 fund administrator overall for four consecutive years (R&M Fund Accounting and Administration Survey, 2016)
- #1 Custodian overall – Asset Managers Direct (R&M Investor Services Survey)
- Best Investment Bank in Canada (*Euromoney Magazine*) for the ninth consecutive year
- Best Bank for Markets in North America (*Euromoney Magazine*)
- World's Best Developed Markets Banks (Canada) (*Global Finance*)

## Beyond this Report

The following documents include detailed information on the policies and programs that govern how we develop products and services so they have a positive impact. It covers how we manage risk, what industry codes of conduct we observe, what our privacy practices are, how we approach integrity in marketing and communications and how we engage stakeholders.

- RBC 2016 Annual Report: [rbc.com/investorrelations/pdf/ar\\_2016\\_e.pdf](http://rbc.com/investorrelations/pdf/ar_2016_e.pdf)
- RBC Citizenship Reporting and Performance website: [rbc.com/community-sustainability/reporting-performance.html](http://rbc.com/community-sustainability/reporting-performance.html)
- RBC Aboriginal Partnership Report: [rbcroyalbank.com/commercial/aboriginal/pdf/57482%20Aboriginal%20Report\\_E.pdf](http://rbcroyalbank.com/commercial/aboriginal/pdf/57482%20Aboriginal%20Report_E.pdf)
- Ombudsman Report: [rbc.com/ombudsman/pdf/2016report.pdf](http://rbc.com/ombudsman/pdf/2016report.pdf)
- 2016 Public Accountability Statement: [http://www.rbc.com/community-sustainability/\\_assets-custom/pdf/RBC-PAS-e-2016.pdf](http://www.rbc.com/community-sustainability/_assets-custom/pdf/RBC-PAS-e-2016.pdf)
- RBC Green Products, Services and Advice website: [rbc.com/community-sustainability/environment/green-products-services.html](http://rbc.com/community-sustainability/environment/green-products-services.html)
- Bluebay Asset Management website: [bluebay.com](http://bluebay.com)
- RBC Corporate Governance and Responsible Investment 2016 Semi-Annual Report: [rbcgam.com/corporate-governance-and-responsible-investment/pdf/2016-semi-annual-report.pdf](http://rbcgam.com/corporate-governance-and-responsible-investment/pdf/2016-semi-annual-report.pdf)
- RBC Global Asset Management website: [rbcgam.com/corporate-governance-and-responsible-investment/index.html](http://rbcgam.com/corporate-governance-and-responsible-investment/index.html)
- RBC Global Asset Management Socially Responsible Investment website: [rbcgam.com/investment-solutions/socially-responsible-investments/index.html](http://rbcgam.com/investment-solutions/socially-responsible-investments/index.html)
- RBC Financial Literacy website: [rbc.com/community-sustainability/financial-literacy.html](http://rbc.com/community-sustainability/financial-literacy.html)
- RBC Advice Centre website: [rbcadvicecentre.com/](http://rbcadvicecentre.com/)



# VALUE FOR Employees

VALUE FOR  
Employees

When I talk with RBCers, many tell me they want opportunities to build fulfilling careers, develop their skills and make a meaningful impact through the work they do. I am always inspired when I hear how colleagues are achieving their potential, and how they are making a difference – for our clients, communities and each other. That’s the core of our success – working together as One RBC to differentiate ourselves, to earn our clients’ trust and to make a positive impact in our communities.

— Zabeen Hirji, Chief Human Resources Officer

# Attracting and Developing the Best Talent

Our employees sustain our success by providing exceptional client experiences, innovating and serving as ambassadors in our communities. We create value for employees by delivering engaging experiences to attract talent, inspire, develop and empower our people. We promote new ideas and new thinking that are rooted in inclusive diversity and that rapidly build future-focused skills and a change-ready workforce.



## Our Priorities

- Employee engagement
- Knowledge, skills, career growth and meaningful work
- Competitive compensation and benefits
- Diversity and inclusion

OUR PRIORITIES

Programs, policies and practices to support our Value for Employees are available at [rbc.com/community-sustainability/\\_assets-custom/pdf/about-value-employees.pdf](http://rbc.com/community-sustainability/_assets-custom/pdf/about-value-employees.pdf)

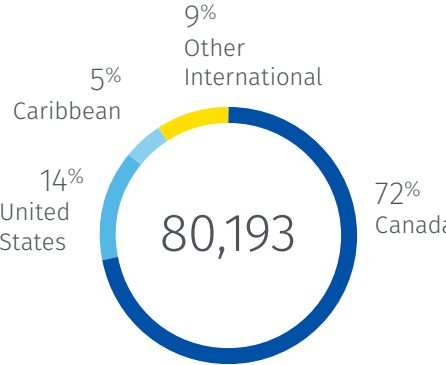
## Overview of our workforce

RBC employs more than 80,000 people and is one of Canada’s largest private sector employers. We recognize the importance of building a diverse workforce and an inclusive workplace where people can achieve their potential.

Key performance indicator	2016	2015	2014
Total number of employees <sup>1</sup>	<b>80,193</b>	77,664	78,335

<sup>1</sup> Refers to the number of individuals employed full-time and part-time, which differs from the full-time equivalent (FTE) statistic. The number of FTEs is reported in our [2016 Annual Report](#) on page 9.

2016 Percentage of employees by region



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

VALUE FOR  
Employees

## Employee engagement

RBC seeks high performing, collaborative and innovative people that share our Purpose and Values. We believe that highly engaged employees deliver stronger performance and higher productivity, which is only possible if the workplace meets the needs of employees.

Key performance indicator	2016	2015	2014
Employee Opinion Survey response rate	92%	90%	88%
Employee Engagement Index <sup>1</sup>	85	85	84
Percentage of employees who are proud to be part of RBC <sup>2</sup>	95% <sup>a</sup>	95%	94%
Average tenure of RBC employees	11 years	11 years	11 years

### 2016 Highlights

- Introduced the RBC Purpose, “Helping clients thrive and communities prosper”, and modernized Values – Client First, Collaboration, Accountability, Diversity & Inclusion and Integrity – to employees in late 2015. Throughout 2016, leaders had dialogues with employees about how our Purpose and Values serve as a “north star”, positively influencing the way we serve our clients and the impact we make in our communities. They are a powerful reminder that how we do things is as important as what we do. Employees took initiative to share how our Purpose and Values come to life day to day through videos, online discussions, art projects, town hall meetings and other interactions.
- Exceeded, through our Employee Engagement Index results, Willis Towers Watson’s High-Performance Company Benchmark by 3%.

### 2017 Plans

- Continue to help employees put our Purpose into day-to-day action and work differently to deliver simplification and exceptional client experiences.

<sup>a</sup> PwC provided limited assurance over this indicator. Please see [page 76](#) for PwC’s assurance statement.

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

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

EMPLOYEE ENGAGEMENT

VALUE FOR  
Employees



## Knowledge, skills, career growth and meaningful work

RBC thrives when employees have the opportunity to excel in dynamic and positive environments while building skills and expanding their limits. Life at RBC is about always learning and performing at your best, with leaders who support employees' careers, great colleagues to learn from, and a shared sense of purpose and community. How employees learn is changing as digital and social tools offer personalized and flexible options.

Key performance indicator	2016	2015	2014
Total hours of instructor-led and web-based training	1.3 million	1.2 million	1.1 million
Total invested in direct and indirect training and career development	\$184.5 million	\$178.2 million	\$156.1 million
Total invested per employee in training and development	\$2,360	\$2,294	\$2,004

### 2016 Highlights

- Trained 3,700 professionals by providing new skills in the first year of our targeted agile development, design thinking and innovation training – all intended to accelerate the creation of the Digitally Enabled Relationship Bank. This learning content, available on a global scale, helps foster an innovation and client-centric mindset, and develop personal skills and capabilities among teams.
- Tested new digital solutions to address the needs of an always-learning, high-performing workforce. New digital learning environments provide an employee-centric, curated and social learning platform where employees are able to teach each other. RBC Embark, a web-based platform, provides new employees with a richer on-boarding experience and helps them to start to integrate into RBC prior to their first day on the job.
- Re-imagined learning programs from an employee-experience perspective – more relevant, timely and accessible through mobile devices.
- Continued to support and develop youth through the work-integrated learning programs and internships, external collaborative partnerships and thought leadership activities that help to bridge school-to-work transitions.

- Expanded the content of the RBC Professional Development Library.
- Designed and enhanced learning programs to offer targeted, just-in-time training for key client advisor roles. This approach makes learning more impactful as it is offered on the job and not in the classroom.

### 2017 Plans

- Expand digital learning environment solutions across our enterprise.
- Amplify employee learning experiences that build new skills and support an “always learning” mindset, enabling our employees to continually thrive.
- Advance youth work-integrated learning strategies through collaboration and partnerships.
- Enhance employee development opportunities through more cross-business moves, stretch assignments and secondments.

VALUE FOR  
Employees

KNOWLEDGE, SKILLS,  
CAREER GROWTH AND  
MEANINGFUL WORK



## Unlocking the potential of young people: Knowledge, skills, career growth and meaningful work

RBC believes that early-in-career talent is vital to Canada's prosperity and our business as young people inspire and drive innovation resulting in sustainable growth. We are committed to supporting young people in gaining the experiences they need to be successful. Below we highlight three initiatives that help young people to thrive:

**Work integrated learning** has become a prominent asset for many post-secondary education programs in Canada. There is growing understanding of its ability to improve students' skill development, employment prospects, and the overall quality of the post-secondary learning experience. We believe that 100% of young people should have some form of work integrated learning prior to graduation. We are bringing our resources to this issue with a goal of driving the necessary systems change. In 2016, RBC hired approximately 5,800 young people (aged 16-29) globally, including close to 2,000 interns, co-op and summer students.

**The RBC Career Launch® Program** is a year-long career experience for college and university graduates aged 24 years and under across Canada. The program is a unique paid internship opportunity designed to help address the "no experience-no job" cycle many young people face upon post-secondary graduation. It combines practical hands-on business and community experience with learning, mentorship and professional networking opportunities. Going into its fourth year, the program has already provided 300 internships to new graduates. The fourth cohort will start with RBC in March 2017.

In addition, we launched a digital student networking platform, **RBC Café – RBC4Students™**, to enable young people to connect with our senior leaders, managers and other students to build their networks and learn more about the world of work including careers with RBC. This platform also enables senior leaders to connect with early-in-career talent more efficiently through group chats, in person and online. In 2016, this platform enabled 21 executives to connect with 210 students, over 500 coffee chats, in 3,700 exchanged messages and in nearly 950 introductions.



## Competitive compensation and benefits

Our compensation and benefits programs are built to reflect the principles of flexibility and choice, along with a shared accountability for success that reflects a belief in winning together. A particular focus in 2016 was our wellness programs provided to employees to maintain their health and wellness and increase their personal financial literacy.

Key performance indicator	2016	2015	2014
Total spent on compensation and benefits globally	<b>\$12.2 billion</b>	\$11.6 billion	\$11.0 billion

### 2016 Highlights

- Introduced the Living Well wellness program through which employees can participate in an annual health risk assessment. The program helps explain personal health risks and suggests healthier choices. Living Well complements other wellness campaigns conducted throughout the course of the year on nutrition (Eating Well), physical activity (Being Active) and mental well-being (Feeling Good).
- Experienced record levels of employee participation in our various wellness campaigns. Each campaign includes action steps where wellness credits can be earned and accessed through an online portal, accessible from home or work. The credits can then be used by employees to support their health goals – such as buying vitamins, supplements, running shoes and gym equipment.
- Engaged more than 300 wellness champions globally, who engaged with employees in their wellness efforts.
- Updated RBC’s Childcare Leave Policy to cover both genders and adoptive parents.
- Supported the EmployeeCare Program, which is an online library of videos and podcasts offered through the Life Speak on Demand program.
- Delivered the Invest in Yourself program, which brings financial education and planning resources to Canadian employees, encouraging them to take action to achieve their personal financial goals. The program increases employees’ understanding of financial concepts and builds their confidence in making financial decisions and in asking for financial advice. Invest in Yourself is delivered through a variety of means, including a dedicated intranet site, special employee events, an e-learning module and opportunities to connect with experts.

### 2017 Plans

- Continue to maintain focus on our simplified well-being program with an emphasis on the impact small, incremental changes can have on employee wellness.
- Enhance communications and engagement with the Invest in Yourself program based on our belief that financial literacy is a contributing factor to a person’s well-being. Consequently, financial literacy for employees will be brought under the broader well-being agenda.

## Diversity and inclusion

RBC has long believed that diversity is not only the right thing to do but also the smart thing to do. We understand the ethical case for ensuring equal opportunity for all and also the tangible social and economic benefits a diverse and inclusive workplace brings. Using basic definitions and simply respecting employment and regulatory requirements are important foundations, but only foundations. Our framework includes fostering inclusion and using diversity of thought for sustainable growth and prosperity.

Key performance indicator <sup>1</sup>	2016	2015	2014
Women	61%	62%	63%
Women in middle management and above	46% <sup>a</sup>	46%	46%
Women in executive roles	41%	39%	38%
Visible minorities <sup>2</sup>	33%	33%	33%
Visible minorities in middle management and above	34%	33%	32%
Visible minorities in executive roles	16%	15%	16%
People with disabilities <sup>3</sup>	4%	4%	5%
Aboriginal peoples <sup>3</sup>	1%	1%	1%

VALUE FOR  
Employees

DIVERSITY AND INCLUSION

<sup>a</sup> PwC provided limited assurance over this indicator. Please see [page 76](#) for PwC's assurance statement.

<sup>1</sup> Figures represent Employment Equity data as of October 31 for each year presented, for our business in Canada governed by the Employment Equity Act. Given variations in legal definitions and restrictions in legislation around the world, comprehensive data on these four designated groups (women, visible minorities, persons with disabilities, Aboriginal peoples) are available only in Canada.

<sup>2</sup> In Canada, visible minorities are defined as persons (other than Aboriginal peoples) who are non-Caucasian in race or non-white in colour.

<sup>3</sup> Based on employee self-declaration.

## 2016 Highlights

- Released the third generation of our enterprise-wide Diversity & Inclusion Blueprint, which focuses on our Priorities through 2020.
- Heightened efforts towards building leadership diversity. Through disciplined approaches to staffing, in-depth talent assessments, targeted development, mentoring and sponsorships, we attained representation of 41% of women and 16% of visible minorities in executive roles in Canada. These exceed the external workforce availability<sup>1</sup> rates.
- Maintained focus on mitigating unconscious bias through structured dialogue via our social media platform, special events and delivery of workshops in Canada, the U.S. and the U.K., with over 3,000 leaders having participated since its inception.
- Launched a new global learning initiative – Diversity & Inclusion Essentials Learning Program – which is available to every employee in the organization through our learning system. In its first year, over 2,200 employees completed all nine training modules, and a total of 30,000 individual modules were accessed.

### Women

- Completed the development of a third cohort in the Women in Leadership Program, a 10-month program that supports the advancement of women through extended development experience and targeted networking.

### Newcomers to Canada

- Expanded sponsorship and participation in the Toronto Region Immigrant Employment Council (TRIEC) Mentoring Partnership Program, which engages employees to serve as mentors for newcomers.
- Sponsored and participated in the new 6 Degrees Citizen Space, an event created by the Institute for Canadian Citizenship (ICC) to foster debate and dialogue focused on culture, inclusion and citizenship in the 21st century.

### Persons with disabilities

- Introduced an in-branch video interpretation app that provides clients and employees with real-time video access to qualified interpreters – including American Sign Language – to conduct their banking. RBC is the first financial institution in North America to offer this service.

### Aboriginal/Indigenous peoples

- Expanded mentoring opportunities for new and existing employees through the Royal Eagles employee resource group.
- Continued efforts to create our comprehensive [Aboriginal Strategy](#), which focuses on four areas: access to banking services and credit; community and social development; employment; and training and education.

### LGBT+ Inclusion

- Engaged over 2,500 employees in LGBT+ Inclusion e-learning to raise awareness of issues.
- Updated Universal and Barrier-Free washroom signage to include gender-neutral and modernized wheelchair symbols on new and existing premises.
- Updated our Workforce Diversity Census to include an option for LGBT+ employees to self-identify.

### Generational diversity/youth

- Embarked on a multi-year strategy within Canadian Banking to deepen understanding and generate further dialogue on the topic of generational diversity towards creating a more inclusive workplace.

### Employee resource groups

- Increased membership in our employee resource groups (ERGs) to 19,000 from 17,000 in 2015. The ERGs are a grassroots network devoted to implementing positive change in the interests of diversity.

## 2017 Plans

- Focus on advancing the public commitments of our Diversity & Inclusion Blueprint 2020, with particular emphasis on enhancing leadership diversity.
- Deepen understanding of inclusion, inclusive leadership and behaviours to enable a culture where our people can thrive.
- Accelerate our efforts to address unconscious bias and enable diversity of thought for innovation.

<sup>1</sup> Workforce availability estimates for women, Aboriginal people and members of visible minorities are derived by the Labour Program from statistics collected by Statistics Canada in the 2011 National Household Survey (NHS). Estimates for persons with disabilities are derived by the Labour Program from statistics collected by Statistics Canada in the 2012 Canadian Survey on Disability (CSD).



## Awards and recognition

- Canada's Top 100 Employers (MediaCorp Canada Inc.)
- Canada's Top Employers for Young People (MediaCorp Canada Inc.)
- Canada's Best Diversity Employers (MediaCorp Canada Inc.)
- Canada's Best Workplaces (Great Place to Work<sup>+</sup> Institute)
- Best Places to Work Canada (Glassdoor)
- Best Place to Work for LGBT Equality in the US (The Human Rights Campaign 2016)
- Corporation of the Year (Canadian Gay and Lesbian Chamber of Commerce)

## Beyond this Report

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

- RBC Careers: [rbc.com/careers](http://rbc.com/careers)
- RBC Diversity Blueprint: [rbc.com/diversity/pdf/rbc-diversity-blueprint.pdf](http://rbc.com/diversity/pdf/rbc-diversity-blueprint.pdf)
- RBC Employment Equity Report: [rbc.com/diversity/docs/Employment\\_Equity\\_Report\\_EN.pdf](http://rbc.com/diversity/docs/Employment_Equity_Report_EN.pdf)
- RBC Aboriginal Partnership Report: [rbcroyalbank.com/commercial/aboriginal/pdf/57482%20Aboriginal%20Report\\_E.pdf](http://rbcroyalbank.com/commercial/aboriginal/pdf/57482%20Aboriginal%20Report_E.pdf)
- 2016 Public Accountability Statement (Canada): [rbc.com/community-sustainability/\\_assets-custom/pdf/RBC-PAS-e-2016.pdf](http://rbc.com/community-sustainability/_assets-custom/pdf/RBC-PAS-e-2016.pdf)



A group of five diverse young people (three men and two women) are smiling and taking a selfie in a park. They are standing in a grassy area with trees in the background. The lighting is warm and golden, suggesting late afternoon or early morning. The text 'VALUE FOR Society' is overlaid on the top right of the image.

# VALUE FOR Society

VALUE FOR  
Society

At RBC, we work to create value in many different ways. Being a purpose-led organization, we understand that we prosper when society prospers. That's why Community and Social Impact is one of the five ways we define How We Will Win, and it's embedded in our business. We are bringing the full breadth of our resources and capabilities to address societal challenges. Helping our communities prosper will have additional benefits – positively impacting our clients and our business over time.

— Rod Bolger, Chief Financial Officer



## Helping clients thrive and communities prosper

That's our Purpose. When clients and communities succeed, so do we. We recognize that we have both a direct and indirect impact on the economies of the communities and countries where we do business. We take this responsibility seriously and have focused our strategy on driving value for society by embedding community and social impact in How We Will Win. As a purpose-driven company – and as Canada's largest corporation by market capitalization – we understand the important role that we play in addressing societal challenges.



### Our Priorities

- Economic value generated and distributed
- Responsible procurement
- Financial inclusion
- Community and social impact

OUR PRIORITIES

Programs, policies and practices to support our Value for Society are available at [rbc.com/community-sustainability/\\_assets-custom/pdf/about-value-society.pdf](https://www.rbc.com/community-sustainability/_assets-custom/pdf/about-value-society.pdf)

VALUE FOR  
Society



## Economic value generated and distributed

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

In 2016, we earned revenue of \$38.4 billion and distributed \$26.6 billion in economic value. We invested the balance in our company for future growth.

For additional information on our operating expenses, cash dividends and tax expense, consult our [2016 Annual Report](#).

For more information on our community investment activities, see [page 54](#). For more information on our approach to optimizing value for our employees through our \$12.2 billion investments in human resources, please see [page 38](#).



ECONOMIC VALUE GENERATED AND DISTRIBUTED

VALUE FOR Society

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

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

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

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

<sup>5</sup> Includes cash donations around the world and community investments. Please see [page 54](#) for more details.

## Responsible procurement

RBC purchases goods and services from thousands of suppliers in Canada and around the world, providing a direct contribution to these economies. Our procurement expenditures have a ripple effect, whereby our requirements are supported by suppliers who in turn hire employees, pay taxes, invest in research and purchase their own goods and services in what becomes a virtuous cycle.

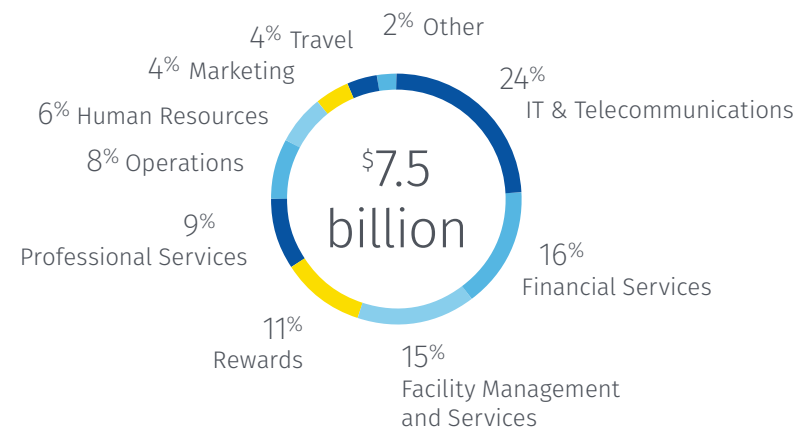
We make it a priority to practice responsible and sustainable procurement and seek to manage our supply chain effectively. We have a principles-based [Supplier Code of Conduct](#) that suppliers are expected to abide by, and we monitor the supplier's acknowledgment of the Code. The Code sets out our expectation that suppliers will adhere to human rights, labour and employment standards legislation, and treat employees fairly and with respect.

Key performance indicator	2016	2015	2014
Total value of goods and services purchased globally	<b>\$7.5 billion</b>	\$7.6 billion	\$6.9 billion

### 2016 Highlights

- Enhanced our supplier registration, qualification and bidding process by requiring suppliers to complete questions specific to the supplier Responsible Business Practices, diversity and the environment – as part of our registration process. Previously, registered suppliers were screened regarding these issues during the bidding process, which occurred only after the initial registration and pre-qualification stage. In 2016, a total of 635 suppliers including 100% of our new suppliers registered using this new process and were screened upfront for their responsible business practices, diversity and environmental compliance.
- Introduced an electronic repository for contracts and an electronic invoicing tool, which are helping to reduce our carbon footprint.
- Conducted a series of responsible procurement training sessions that focused on supplier diversity, employment practices, health and safety, and the environment. Procurement Managers and Supplier Relationship Managers across RBC globally participated.
- Accomplished the key objectives of our previous three-year plan including the formalization of our Supplier Diversity Program, developing performance metrics to evaluate the success of our Supplier Diversity Program across Canada and the United States, collaborating with and sponsoring key supplier diversity stakeholder groups, providing formal mentoring to certified suppliers, adding supplier diversity goals to our Procurement staff's annual performance objectives, developing a Tier 1 supplier program and establishing our diverse supplier spend baseline and annual targets.

Total value of goods and services purchased globally in 2016



RESPONSIBLE PROCUREMENT

VALUE FOR  
Society

## 2016 Highlights continued

- Participated in the creation of an Inclusive Procurement Leadership Roundtable with the objective of engaging leaders in developing, implementing and disseminating inclusive procurement processes that deliver competitive business value alongside long-term economic and social value to the Canadian economy.
- Developed a new three-year strategic program, which includes expanding the Supplier Diversity Program beyond Canada and the United States. The program includes environmental and philanthropic aspects, participating in the CAMSC (Canadian Aboriginal and Minority Supplier Council) Executive Leadership roundtable forum and transforming our Mentorship Program into the Supplier Development Program, which includes providing business reviews, larger scale education and mentorship.

## 2017 Plans

- Shift from a supplier mentorship to a supplier development focus. The program will also be expanded to a broader base of suppliers in major regions.
- Build a cohesive supplier diversity program for the United States and expand to Europe.
- Meet our supply chain and business requirements under the United Kingdom Modern Slavery Act by publicly releasing our disclosure statement in April 2017.



## Financial inclusion

RBC highly values the trust our traditionally under-served clients continue to place in us as we strive to create the society we all aspire to, for our generation and for generations to come. Our financial inclusion efforts help to stimulate and grow the economy in our communities, while also promoting social and environmental well-being and contributing to the financial well-being of traditionally under-served groups.

### Youth

RBC provides advice, banking services and financing products for youth and post-secondary students, including information on budgeting, how to fund a post-secondary education and how to track monthly expenses. For more product information, please visit [rbcadvicecentre.com/student-solution](http://rbcadvicecentre.com/student-solution) as well as Student Life in the RBC Advice Centre.

### Seniors

We are sensitive to the needs and concerns of the growing population of seniors and offer a range of specialized services and products to them. Information about our advice and resources for seniors can be found in the [RBC Advice Centre](#), under [Senior Life](#) and in the [RBC Insurance Advice Centre](#).

### Persons with disabilities

Ensuring barrier-free access to branches and ATMs to better accommodate clients and employees with disabilities is a priority for RBC. For information on how we are moving towards achieving this goal, including improving access to branches, ATMs, online banking and telephone banking, please visit [rbc.com/accessibility](http://rbc.com/accessibility). In addition, our [Public Accountability Statement](#) provides information specific to Canada.

### Newcomers to Canada

RBC recognizes the importance of the contributions that newcomers make to the social and economic fabric of Canada, and we tailor our products and services to ensure we address the needs of and potential barriers faced by this demographic. For more information, please see [rbc.com/newcomers/](http://rbc.com/newcomers/).

### Aboriginal communities

We realize that access to banking services and capital are critical factors in helping to create wealth and economic sustainability in Aboriginal communities in Canada. We have eight branches on reserves, three agency banking outlets, three commercial banking centres and six RBC branch locations north of the 60th parallel. Our extensive efforts are outlined in our [2016 Aboriginal Partnership Report](#). For more information about our products and services for the Aboriginal community, please see [rbcroyalbank.com/commercial/aboriginal/](http://rbcroyalbank.com/commercial/aboriginal/).

## Small businesses and micro-credit

We play an important role in helping to create an environment where new businesses and business owners can succeed. Every day, we serve small business clients through the provision of credit, deposit and cash management services, advice, and specialized products and services. They, in turn, create jobs, buy goods and services, pay taxes and contribute to a prosperous Canada. For example, we contributed \$1 million to the Immigrant Access Fund to support the charity's national mandate to relieve poverty by providing micro-loans to skilled immigrants in order to assist them in obtaining Canadian accreditation, upgrading or training that will allow them to return to employment in their pre-immigration professional or trade field. Our [Public Accountability Statement](#) provides further information.

## 2016 Highlights

Our efforts to provide access to banking solutions for individuals belonging to under-served groups is supplemented by our investments in charitable partners serving those groups, providing foundational literacies to support their journey to prosperity, including, but not limited to:

- **Aboriginal communities** – Pledged \$500,000 over five years to support the National Mentorship Program at Cape Breton University. The program connects Aboriginal high school students in grades 10-12 with Aboriginal business mentors who are educated, working professionals with a background in business. RBC's support will expand the program as a model for the entire country.
- **Syrian refugees and newcomers** – Committed a \$2.5 million donation to support capacity building through skills training, professional accreditation and mentoring, to be delivered by the Canadian Red Cross, the Immigrant Access Fund, Toronto Region Immigrant Employment Council. Smaller donations were made to regional charities supporting Syrian refugees and new immigrants more broadly. We also committed \$300,000 over three years for employee-led volunteer efforts in support of organizations helping Syrian refugees or newcomers.
- **Persons with disabilities** – Supported the StopGap Foundation, a registered charity working to raise awareness about physical barriers that prevent Canadians from becoming fully engaged in their communities. The organization has been active for four years, and their first project to increase awareness was the launch of the Community Ramp Project in Toronto's Junction neighbourhood. Our funding has helped StopGap continue to build scalability in the Toronto area.

## Unlocking the potential of young people: Empowering future leaders

In 2016, RBC pledged \$1 million over seven years to support innovation and entrepreneurship education at the University of New Brunswick (UNB) Dr. J. Herbert Smith Centre for Technology Management & Entrepreneurship. We also committed \$500,000 over five years to support Futurpreneur (Foundation for an Entrepreneurial Canada). Futurpreneur is dedicated to providing young people, aged 18-39, with pre-launch coaching, business resources, startup financing and mentoring to help them launch and sustain successful businesses. Additionally, RBC made a \$500,000 investment over five years in Rise Asset Development (Rise). Rise is a registered charity that provides low-interest business loans, training and mentorship to young men and women with a history of mental health or addiction challenges who are unable to access traditional financing.



## Community and social impact

We drive community and social impact through the following activities:

- Investing in our communities around the world
- Driving impact through our focus areas
- Using our capabilities as an engine for public good
- Supporting employee community involvement

### Investing in our communities around the world

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

Canada's future prosperity depends on a highly engaged and skilled workforce, driven by today's **young people** (15-29 years of age), who face uncertainty in a disruptive era and need to be better prepared for the future of work and to have equitable access to opportunities. As Canada's largest corporation, we'll bring all of our relevant resources and capabilities to engage young people, rewire systems and drive change, including our collective experience in research, best-in-class partnership and program development, and ability to convene across sectors.

Additional investment areas include:

- **Environment** – Supporting organizations that promote environmental sustainability, with a focus on projects that protect freshwater in urban areas around the world.
- **Arts** – Supporting arts organizations that have a focus on helping emerging artists bridge the gap from academic success to professional achievement.
- **Local needs and priorities including a focus on diversity-related investments** – Support for diversity is embedded in all our investment areas; it is a lens through which we assess our donations portfolio to ensure our investments are inclusive in their impact.

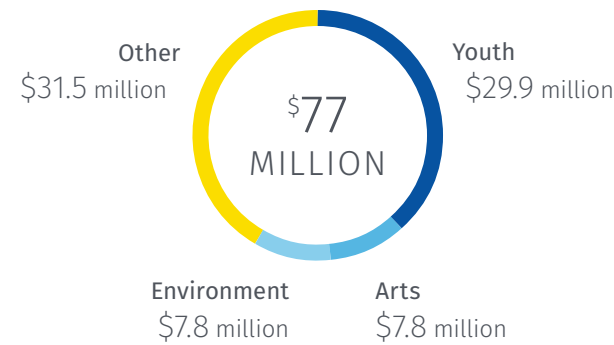
Key performance indicator	2016	2015	2014
Cash donations	<b>\$77.0 million</b>	\$70.6 million	\$ 64.9 million
Community investments <sup>1</sup>	<b>\$14.1 million</b>	\$12.4 million	\$11.4 million
Commercial initiatives <sup>2</sup>	<b>\$55.1 million</b>	\$38.5 million	\$35.2 million

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

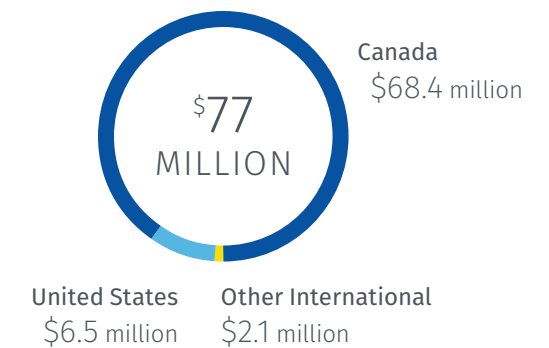
<sup>2</sup> "Commercial initiatives", as defined by the London Benchmarking Group (LBG), refers to business-related activities in the community, usually undertaken by commercial departments to directly support the success of the company, promote its corporate and brand identities and other policies, in partnership with charities and community-based organizations. Figure shows an increase in 2016 as a result of advancements in our data management processes and controls.



2016 Donations by cause



2016 Donations by region



### 2016 Highlights

- Invested \$77 million in cash donations in our communities around the world, representing an increase of 9% over 2015. This comprised \$63.5 million from the RBC Foundation\*, \$5.9 million from Corporate Donations, \$6 million from the RBC Foundation – USA and \$1.4 million from International Donations. Our RBC Foundation, a separate legal entity, reports financial information to the Canadian Revenue Agency.
- Contributed a further \$14.1 million to community investment activities globally. This included support for employee volunteerism, contributions to non-profit organizations that are not registered charities, gifts in-kind and community investment program management.
- Began the transition from our former six broad giving categories with five priority projects to our newly established focus areas, which align with our desired social, employee and business impacts. As such, both the RBC After School Project and RBC Learn to Play Project completed their final donation cycle and the RBC Children’s Mental Health Project migrated to focusing on young people, a slightly older demographic.
- Completed Year 1 of our Youth Strategy, including 50+ interviews conducted with youth experts, 100+ research papers consulted and nine workshops held.
- Assessed our donations requests using a diversity lens; we made more than \$11 million in diversity-related investments across our focus areas in 2016, with the largest investments in the Aboriginal segment, totalling \$3 million.

### 2017 Plans

- Accelerate our young people strategy by developing resources, supporting charitable partner programming and partnering with public and private sectors to deliver initiatives aimed at removing barriers to prepare young people for the future of work and drive system change.
- Build on our long and established record of supporting young people in realizing their potential by asking them to show us how we can help them innovate and transform our social and economic systems to shape a better future.
- Help organizations that we fund within our strategic focus areas to develop capabilities and knowledge to ensure their effectiveness and sustainability.
- Continually update technology to streamline and optimize the granting process for our charitable and not-for-profit partners.

## Driving impact through our focus areas

It is important to RBC that our community investments have a positive social and environmental impact. It is also a critical element of our decision-making process that governs where we invest our time, money and effort. With internal and external stakeholder consultation, we have developed metrics that help us track how our investments add value to the communities where we operate. By working with our charitable partners to track impact-oriented metrics, we aim to advance the charitable sector, operate efficiently, attract donors and volunteers and be able to measure their value to society. We recognize that more work needs to be done in this space as the social impact measurement and evaluation field grows. We are dedicated to helping drive growth in social impact measurement, evaluation and reporting through our focus areas. A subset of selected impact metrics is detailed below:

Focus Area	Social, environmental and economic impact goals	Select impact metrics	2016 <sup>1</sup>
<b>Young People</b>	Unlock the potential of young people to thrive	Number of children and youth who participated in RBC-funded investment program <sup>2</sup>	<b>442,224</b>
		Weight of waste removed from urban waterways or shorelines	<b>3,277 tonnes</b>
<b>Environment<sup>3</sup></b>	Improve water quality, reduce water pollution and reduce public health risks caused by polluted water	Increase water absorption through natural landscape or infiltration	<b>240,123 kl</b>
		Watershed area remediated	<b>68.5 km<sup>2</sup></b>
	Increase riparian green space and aquatic habitat	Number of plants or trees planted to remediate or stabilize shorelines, riparian greenspace, wetlands or aquatic habitats	<b>145,823</b>
		Increase knowledge and awareness of urban water management	Number of people educated about urban water management
<b>Arts<sup>4</sup></b>	Help artists bridge the gap from emerging to established by supporting transformative programs	Number of emerging artists who received support	<b>2,191</b>
		Number of mentorship opportunities <sup>5</sup> provided for emerging artists	<b>223</b>
		Number of new showcase opportunities <sup>6</sup> developed for emerging artists	<b>61</b>

<sup>1</sup> Figures shown are aggregated from reported information by the organizations and groups we support through our programs/projects.

<sup>2</sup> Impact metrics related to our goal of unlocking the potential of young people to thrive are currently under development. The metric reported covers children and youth ages 0-24 years and is considered an output of our program.

<sup>3</sup> Data reported for the RBC Blue Water Project<sup>\*</sup> are for the 2015 calendar year, reported by our grant recipients to RBC during fiscal 2016.

<sup>4</sup> Data reported for the RBC Emerging Artists Project<sup>\*</sup> are for the 2015 calendar year, reported by our grant recipients to RBC in fiscal 2016.

<sup>5</sup> Mentorship opportunities include network connections with experts and established artists.

<sup>6</sup> Showcase opportunities are defined as musical performances, art exhibitions, theatre productions or concerts.

In addition to investing financially in our charitable partners and communities around the world, RBC deploys a more-than-money approach to our community investments by building the capacity of our partners, strengthening their capabilities and helping them achieve their respective missions. Our objectives include:

- Forging targeted multi-sectoral partnerships in Canada and, over time, in select global markets
- Building scale by connecting and convening not-for-profits, corporations, academics, experts and governments to drive systemic change
- Stimulating public thinking by contributing to the development of meaningful research and thought leadership on relevant matters including social finance, impact measurement and evaluation, and environmental sustainability
- Strengthening the capacity and capabilities of our partners in measuring and reporting

Below is a breakout of some of our capacity-building activities over the past three years aggregated across all programs/projects.

Key performance indicator <sup>1</sup>	2016	2015 <sup>2</sup>	2014 <sup>3</sup>
Number of partnerships <sup>4</sup> developed through collaboration as a result of RBC funding	1,978	789	185
Number of new jobs/roles created that RBC funding contributed to	705	301	88

We aim to be a leader in defining target outcomes, tracking progress against those outcomes and integrating learnings into future decision-making to drive social, environmental and economic impact from our investments and initiatives.

### 2016 Highlights

- Continued to build capacity in the sector by providing measurement tools and information about best practices in evaluation to grantees.
- Simplified reporting requirements for our partners to drive consistency and comparability among our partners and facilitate cross-project impact measurement.
- Contributed to the discourse and development of The Mowat Centre and Ontario Ministry of Economic Development and Growth's *Unpacking Impact* report.
- Became a member of the Ontario Ministry of Economic Development and Growth's Impact Measurement Task Force.
- Created a new impact measurement centre of expertise within the Corporate Citizenship team.
- Completed the final year of a three-year, \$375,000 pledge to Volunteer Canada, where our funds were used to develop the Canadian Institute for Corporate Community Involvement, including the creation of tools and resources for corporations and charities to quantify the value of volunteering to corporate employees.

<sup>1</sup> Figures shown are aggregated from reported information by the organizations and groups we support in our programs/projects.

<sup>2</sup> These values are calculated based on data disclosed by our charitable partners from the following projects that took place in 2014-2015: RBC Blue Water Project, RBC Emerging Artist Project, RBC After School Project and RBC Learn to Play Project.

<sup>3</sup> Data disclosed for 2014 cover the RBC Blue Water Project only. In 2014-2015, we began tracking metrics for our other priority projects, which accounts for the increase in the value seen in the 2015 column.

<sup>4</sup> Relationships developed by recipient organizations through project/program collaboration between non-profits, charitable organizations, academic institutions, community organizations, schools or others. This figure does not include the funding relationship that RBC established with the recipient organizations.

## 2017 Plans

- Drive measurable social impact in an innovative and game-changing way by leveraging all of our relevant resources and capabilities, including research, proprietary programs, best-in-class partnerships, and convening with subject-matter experts to build scale and drive systemic change.
- Design evaluation tools to measure the impact of new focus areas.
- Enhance the timeliness, accuracy and completeness of our impact measurement and reporting by aligning it with our digital transformation and agile management principles through simplified data collection, ingestion and analysis processes.
- Devote increased resources to capacity building with RBC charitable partners through education on best practices in measurement and evaluation.
- Stimulate public thinking on social, environmental and economic impact measurement and provide support for our grant recipients.

## Unlocking the potential of young people: RBC Youth Mental Health Project

The RBC Youth Mental Health Project is a multi-year commitment to support community-based and hospital programs that provide youth and families with immediate access to services, as well as technology-based solutions. Youth and families across Canada encounter many barriers that prevent them from receiving the mental health services they need. One of the most overwhelming challenges is when a young person and their family have to navigate a fragmented and complex mental health system to find the right services, while the parents struggle to support their child at home.

Through the Project, we fund navigation projects and programs that address youth and family's immediate need to access services. We also provide support to technology-based service solutions that improve access to care for youth in remote areas or those who cannot access services in their local communities. Through the Project, we have provided more than \$38 million to organizations dedicated to helping youth and families get the programs and resources they need.

## Using our capabilities as an engine for public good

We use our capabilities as an engine for public good by facilitating solutions to social and environmental problems through finance. Our objectives include:

- Investing in for-profit enterprises and funds that deliver positive social and environmental impact through the \$10 million RBC Generator
- Demonstrating that foundations can participate in social finance by investing at least \$10 million of the RBC Foundation endowment in responsible investments
- Catalyzing the growth of social finance in Canada through research, strategic sponsorships and partnerships.

Capital invested in 2016	Total capital investment since inception
\$1.5 million	\$5.7 million

### 2016 Highlights

- Made debt and equity investments of \$1.5 million through the RBC Generator in 2016. Our total capital invested has reached \$5.7 million since inception.
- Advised and participated as an investor, through the RBC Generator, in The Community Hypertension Prevention Initiative (CHPI). CHPI is a pay-for-success partnership between the Heart & Stroke Foundation, the Public Health Agency of Canada and the MaRS Centre for Impact Investing. It is the first federal government-sponsored pay-for-success contract (also known as a Social Impact Bond) in Canada and the first one focused on health.
- Committed to demonstrating the role foundations can play in the social finance marketplace by increasing the percentage of RBC Foundation endowment assets that are put into socially responsible investment funds.
- Invested in a total of eight partnerships with incubators and accelerators across Canada that have helped over 2,200 social entrepreneurs to date access training and education, experts and mentors and networking opportunities needed to start and grow their business. Our partnerships with incubators and accelerators are helping to grow the Canadian social finance ecosystem by increasing the number of opportunities for impact investors to invest.
- Funded the [Canadian Impact Investing Trends Report](#), developed by the Responsible Investment Association, which has played a vital role in growing awareness and support for responsible and impact investing.
- Supported numerous events and workshops around the world aimed at helping entrepreneurs, wealth advisors, asset owners and governments realize the opportunity social finance and impact investing can offer.
- Continued the RBC Next Great Innovator Challenge® and the Next Great Social Innovator Challenge (NGSI) as ways for us to tap into one of the greatest innovation resources this country has to offer – our youth. Each year, we ask young people to develop new ideas that have the potential to shape and shift the future of financial services in Canada. In NGSI, the products and services also have the potential to generate positive social returns for our communities.

## Employee community involvement

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 donation, volunteering, fundraising and participation programs. 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.

Key performance indicator	2016	2015	2014
Total amount donated through formal employee volunteer recognition programs (non-work time) (global)	<b>\$4.2 million</b>	3.5 million	2.5 million
Number of hours volunteered by employees who took part in RBC formal volunteer grant programs <sup>1</sup> (non-work time) (global)	<b>209,160</b>	140,504	123,207
Number of employees who reported taking part in RBC formal volunteer grant programs (non-work time) (global)	<b>15,652</b>	13,476	9,527

### Employee donations

One of the ways our employees can help communities prosper is by making a financial donation to a charitable organization that is close to their heart. Our goal is to make it easy for employees to do so, right from work. In Canada, we hold an annual employee giving campaign in November and December, and we provide payroll deduction, credit card and gift of security donation options. The rest of the year, employees around the world can make donations using our new, online community involvement hub.

### Employee volunteering

Volunteering is a hands-on way for employees to help their community prosper in a profoundly satisfying way. RBC employees are passionate volunteers, and we support their efforts by:

- Making it easy for them to find volunteer opportunities
- Recognizing their individual volunteer time by donating to their charity through the Employee Volunteer reward grant (also available to retirees in Canada)
- Recognizing their team volunteer time by donating to their charity through the Day of Service reward grants
- Encouraging them to include family and friends in their volunteer activities
- Continually growing the opportunities we provide for employees to volunteer their professional work skills

### Employee fundraising

There are many worthwhile community organizations that need support, and RBC employees worldwide dedicate countless hours to raise money and awareness for causes they care about. RBC provides corporate funds to support teams of employees participating in pledged charitable fundraising events such as runs and walks.

<sup>1</sup> Includes data reported by employees globally and retirees in Canada who received an Employee Volunteer grant, Day of Service team grant, and the minimum number of hours and employees volunteered by Day of Service teams who did not report actual hours volunteered.

## 2016 Highlights

- Launched an online, one-stop global community involvement hub in response to employee feedback in 2015. Employees can search for and create volunteer opportunities, make donations, track volunteer hours and request grants for their charitable organization to support individual or team volunteering. Since its launch in March 2016, more than 12,000 employees have visited the hub.

### Employee donations

- Conducted a national workplace giving campaign in Canada, with employees committing \$17.3 million to charitable organizations.
- Conducted disaster relief campaigns encouraging employee donations from around the world to the Alberta Wildfires, Hurricane Matthew and Italy Earthquake appeals.

### Employee volunteering

- Made our long-standing volunteer grant reward for individual employees easier to earn. We decreased the minimum threshold for qualifying for a “dollars for doers” grant down to eight volunteer hours per year (down from 40 hours in past years) and increased the number of charities for which an employee could claim a volunteer reward to five (up from one charity in past years).
- Made our team volunteer reward easier to access by extending the eligible time period and decreasing the number of team members required to qualify.
- Encouraged new projects to help Syrian refugees and newcomers to Canada.
- Launched a new recognition program to reward employees in our Canadian retail banking operation for their citizenship and volunteer work. In 2016, 20 employees were rewarded with a week-long trip to Kenya to learn and volunteer with WE (Free The Children).

- Developed a skills-based volunteering strategy to support our new focus on youth.
- Participated in a research project conducted by Realized Worth to assess whether the economic value of employee volunteering can be quantified.

### Employee fundraising

- Provided \$680,000 in Team Action grants to support 189 employee-fundraising teams in Canada.
- Raised over \$3 million for children’s and youth’s charities worldwide in 11 RBC Race for the Kids™ events. This represents 36% of the total funds raised by all event participants.<sup>1</sup>

## 2017 Plans

- Launch skills-based volunteering program to support our new youth focus in Canada.
- Continue to conduct annual workplace employee giving campaign in Canada.
- Pilot a tracking mechanism to gather data on employee fundraising efforts.
- Expand the RBC Race for the Kids to Calgary, Ottawa and Barbados.
- Develop key performance indicators and start tracking whether our employee community involvement programs are having their intended impact for employees and our community partners.

<sup>1</sup> This does not include the Hong Kong RBC Race for the Kids.





## Awards and recognition

- *Engagement dans la collectivité* category at Les Mercuriades 2016, organized by the Fédération des chambres de commerce du Québec
- Collaboration Award recipient (Canadian Aboriginal & Minority Supplier Council)

## Beyond this Report

- Aboriginal: [rbcroyalbank.com/commercial/aboriginal/](http://rbcroyalbank.com/commercial/aboriginal/)
  - A Chosen Journey: RBC Aboriginal Partnership Report
- Accessibility: [rbc.com/accessibility/](http://rbc.com/accessibility/)
- Newcomers: [rbc.com/newcomers](http://rbc.com/newcomers)
- Students: [rbcroyalbank.com/student-solution/index.html?ref=rb-hp](http://rbcroyalbank.com/student-solution/index.html?ref=rb-hp)
- Community & Sustainability website: [rbc.com/community-sustainability/index.html](http://rbc.com/community-sustainability/index.html)
- Social Finance: [rbc.com/community-sustainability/rbc-social-finance-initiative/index.html](http://rbc.com/community-sustainability/rbc-social-finance-initiative/index.html)
- Supplier diversity: [rbc.com/sourcing/supplier\\_diversity.html](http://rbc.com/sourcing/supplier_diversity.html)



# ENVIRONMENTAL Sustainability

RBC recognizes the importance our natural systems have on a productive economy and healthy society. Because of this, I believe we must not merely meet our environmental targets, we must exceed them and demonstrate leadership as Canada's largest bank. Acting on that belief, RBC is one of the largest purchasers of renewable energy and one of the largest leasers of LEED certified office space in Canada. We have historically exceeded our greenhouse gas reduction targets for our operations and we work closely with our suppliers to improve their environmental and social impacts. It's not merely good business, it's a business doing good for all its stakeholders.

— Greg Grice, Executive Vice-President, Enterprise Services

## We believe money isn't the only thing worth saving

As Canada's largest bank and one of the largest banks in the world, based on market capitalization, we recognize the impact we have on the communities where we live and work. The environmental issues facing our planet are complex and growing in number and importance. We continue to focus our efforts on relevant environmental issues that can give rise to risks or opportunities, including:

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

We set out the following Priorities to help address these issues.

### OUR PRIORITIES



### Our Priorities

- Environmental footprint reduction
- Responsible financing
- Products and services with positive social or environmental impacts
- Promotion of environmental sustainability

Programs, policies and practices to support Environmental Sustainability are available at [rbc.com/community-sustainability/\\_assets-custom/pdf/RBC-Environmental-Blueprint.pdf](https://www.rbc.com/community-sustainability/_assets-custom/pdf/RBC-Environmental-Blueprint.pdf)



## Environmental footprint reduction

At RBC, we proactively apply sound environmental practices to our internal operations and purchasing decisions, and seek ways to minimize our consumption of resources, including energy, paper and water, and our generation of waste and emissions. The [RBC Environmental Blueprint](#)<sup>®</sup> includes 42 commitments and targets.

The table below tracks our progress on our seven most significant footprint reduction targets.

Progress toward quantitative targets for footprint reduction			
Environmental Blueprint targets	Status	Results	Notes
Reduce GHG emissions intensity by 20% in our properties by 2018	Achieved in 2014	28.4%	Continue energy conservation programs to maintain positive trending.
Reduce GHG emissions by 20% from our Canadian logistics and delivery network by 2018	Achieved in 2014	50% reduction since 2012	Data reflect deliveries in scope of Project One Stop. Expanding to include other deliveries.
Achieve a power use effectiveness (PUE) value of 1.4 at our Canadian enterprise data centres	Delayed	1.85 and 1.61	We are building our Canadian enterprise data centres to be efficient in the long term when they are operating at full capacity. We may not meet our PUE target by 2018 as our data centres will not yet be operating at full capacity.
Reduce office paper use per employee by 20% by 2018	On track	14.9% reduction since 2012	Declining annually through digitization and print reduction programs.
Send zero electronic waste to landfill by 2018, globally	On track	Achieved in Canada, U.S., Trinidad and Tobago, and Bahamas.	These countries represent 89% of FTE count. Require reporting from all operations in order to meet this target.
Double the amount of LEED certified office space we occupy by 2018	Achieved in 2015	250% increase since 2012	Anticipate we will add another 31,000 m <sup>2</sup> of LEED certified space in 2017.
Ensure that all major offices have waste diversion programs	Achieved in 2016	100%	All major offices in North America now have an established waste diversion program.

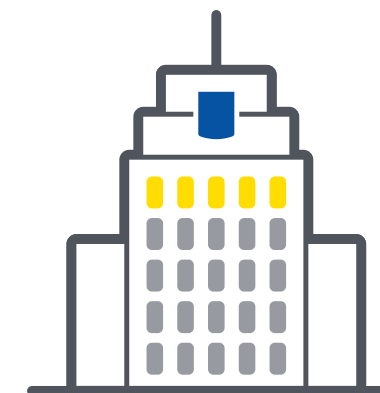
ENVIRONMENTAL FOOTPRINT REDUCTION



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

We have focused a considerable amount of effort on reducing energy and GHG emissions as they represent a significant portion of our environmental footprint and opportunities for reducing costs. Please see our RBC [Environmental Blueprint](#) for details on all of our commitments related to reducing direct and indirect GHG emissions and energy use in our operations.

GHG emissions <sup>1</sup>			
Key performance indicator	2016	2015	2014
GHG emissions from energy use <sup>2</sup> (tonnes CO <sub>2</sub> e)	<b>108,279</b> <sup>a</sup>	109,925	119,386
GHG emissions intensity from energy use <sup>2</sup> (tonnes CO <sub>2</sub> e/m <sup>2</sup> )	<b>0.060</b> <sup>a</sup>	0.060	0.066
GHG emissions from employee travel (tonnes CO <sub>2</sub> e)	<b>27,218</b>	29,336	27,970
GHG emissions intensity from employee travel (tonnes CO <sub>2</sub> e/FTE)	<b>0.42</b>	0.45	0.43
GHG reductions from green power purchases (tonnes CO <sub>2</sub> e)	<b>-2,833</b>	-2,836	-3,113
<b>Total GHG emissions (tonnes CO<sub>2</sub>e)</b>	<b>132,663</b>	<b>136,426</b>	<b>144,244</b>
<b>Total GHG emissions intensity (tonnes CO<sub>2</sub>e/FTE)</b>	<b>2.08</b>	<b>2.10</b>	<b>2.23</b>



Since 2012, we have reduced our GHG emissions intensity by **28.4%**, surpassing our 2018 target of **reducing GHG intensity by 20% in our properties.**

ENVIRONMENTAL FOOTPRINT  
REDUCTION

<sup>a</sup> PwC provided limited assurance over this metric. Please see limited assurance statement on [page 76](#).

<sup>1</sup> All data are reflective of a complete year for properties that RBC occupied (branches, major properties and data/processing centres) in Canada, the United States and the British Isles. However, due to variations in billing cycles, the reporting months may not reflect the RBC fiscal year of November 1 to October 31.

<sup>2</sup> 2016 energy data for all properties in Canada, the United States and the British Isles represent 89% of our global floor area.

ENVIRONMENTAL FOOTPRINT  
REDUCTION

ENVIRONMENTAL  
Sustainability

Energy use <sup>1</sup>			
Key performance indicator	2016	2015	2014
<b>Heating fuel use, Scope 1 (MWh)</b>			
Branches	86,896	99,421	92,053
Major properties <sup>2</sup>	32,742	37,145	96,505
Data centres and processing centres	1,879	1,481	1,822
<b>Total direct energy use, all properties</b>	<b>121,517<sup>a</sup></b>	<b>138,047</b>	<b>190,380</b>
<b>Electricity use and steam, Scope 2 (MWh)</b>			
Branches	212,529	225,685	196,104
Major properties <sup>2</sup>	158,425	155,597	148,169
Data centres and processing centres	100,977	97,890	89,447
<b>Total indirect energy use, all properties</b>	<b>471,931<sup>a</sup></b>	<b>479,173</b>	<b>433,720</b>
<b>Total energy use, all properties (MWh)</b>	<b>593,448</b>	<b>617,219</b>	<b>624,100</b>
<b>Total energy intensity, all properties (MWh/m<sup>2</sup>)</b>	<b>0.33<sup>a</sup></b>	<b>0.34</b>	<b>0.34</b>

<sup>a</sup> PwC provided limited assurance over this metric. Please see limited assurance statement on [page 76](#).

<sup>1</sup> 2016 data are representative of all properties in Canada, the United States and the British Isles, representing 89% of our global floor area. Data are reflective of a complete year; however, due to variations in billing cycles, the reporting months may not reflect the RBC fiscal year of November 1 to October 31.

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



## 2016 Highlights

- Reduced absolute GHG emissions and GHG emissions intensity per full-time employee by 26.5% and 27.3% from our 2012 baseline, respectively.
- Purchased 20,000 MWh of EcoLogo-certified green electricity to power our entire automated teller machine (ATM) and retail branch digital display networks, as well as a number of meetings and sponsored events including the RBC Canadian Open golf tournament.
- Won an Energy into Action Innovation Award and were recognized for industry leadership in energy conservation for an environmental program that was rolled out in the retail network to increase the energy efficiency of our heating and cooling systems. This program was rolled out in 639 retail locations across Canada, and resulted in gas savings of approximately 26%.
- Continued to retrofit lighting with energy efficient LED technologies in our major properties. In 2016, seven major offices have had their base-building lighting upgraded to LED, in some cases with advanced control systems also implemented. The total annual savings from these locations will be over 100,000 kWh.
- Eliminated the use of leaf blowers in the retail network in an effort to reduce the impact of our exterior maintenance activities. Manual methods are now in effect.
- Produced more than 30,000 kWh from solar panels on two branch locations in Ontario.
- Increased the number of video-conferencing endpoints by 42, to a total of 457. Video conferencing reduces the need to travel and its associated GHG emissions. It also allows for shortened project times as a result of improved communications among team members.
- Reduced the need for employee travel by using remote collaboration tools for more than 1.7 million hours of meetings.

## 2017 Plans

- Leverage technology and real-time data to maximize and improve our footprint reduction programs.
- Develop our next generation of energy and GHG reduction targets and commitments.

## Reduce paper use and purchase sustainably sourced paper

As a large financial services institution, RBC uses a great deal of paper. Well managed forests are a renewable resource, and we do our part to conserve forest resources and support sustainable forest management.

Key performance indicator	2016	2015	2014
Percentage of paper used that is Forest Stewardship Council (FSC) or Sustainable Forestry Initiative (SFI) certified	<b>95%</b>	94%	96%
Office paper (tonnes) <sup>1</sup>	<b>2,518</b>	2,536	2,623
Office paper use per employee (kg/FTE) <sup>1</sup>	<b>39.4</b>	39.1	40.5
Marketing and direct mail paper (tonnes)	<b>4,041</b>	3,870	4,211
<b>Total paper (tonnes)</b>	<b>6,560</b>	<b>6,406</b>	<b>6,834</b>



ENVIRONMENTAL FOOTPRINT  
REDUCTION

ENVIRONMENTAL  
Sustainability

### 2016 Highlights

- Reduced office paper use per employee by 14.9% from our 2012 baseline.
- Purchased 97% of our paper from suppliers certified by the FSC or the equivalent, indicating that the paper was harvested from sustainably managed forests.
- Continued to expand the use of digitization programs to convert paper-based documents into images. These applications were used to process an estimated 64.6 million pages of documents, avoiding the need for the transportation of 293 tonnes of copy paper.

### 2017 Plans

- Continue implementing digitization and print reduction programs

<sup>1</sup> 2016 data for all operations in Canada, the United States and the British Isles represent 89% of our global FTE count.

# Apply the principles of green building design and operation to our properties

We are reducing our environmental impact by choosing to lease or build office space certified to green building standards, including the predominant North American LEED green building standard.

Key performance indicator	2016	2015	2014
LEED <sup>1</sup> certified office space (m <sup>2</sup> )	613,553	427,937	226,791

### 2016 Highlights

- Increased the amount of LEED certified office space we occupy by over 250% from our 2012 baseline, representing 66% of our major properties<sup>2</sup> (globally).
- Received LEED certification for two major office buildings: LEED Gold (EBOM) for 180 Wellington and LEED Gold (CI) for RBC WaterPark Place. After one year of occupancy, 180 Wellington saw a 36% energy reduction due to the renovation upgrades. As well, after one year of occupancy, RBC WaterPark Place has achieved an Energy Star rating of 100 (the highest possible score). On average, our green certified locations (primarily LEED certified) use 20% less energy than average office buildings.

### 2017 Plans

- Develop and implement a green lease for retail locations.
- Achieve LEED certification at three additional properties for an additional 31,000 m<sup>2</sup> of LEED certified office space.



RBC **more than tripled** the amount of **LEED certified space** since 2012.

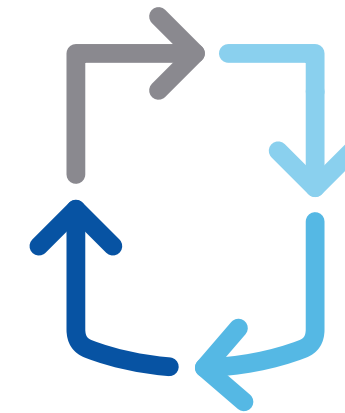
ENVIRONMENTAL FOOTPRINT REDUCTION

<sup>1</sup> Leadership in Energy and Environmental Design.  
<sup>2</sup> Major properties are facilities with an area greater than 25,000 ft<sup>2</sup> (2,320 m<sup>2</sup>).

## Minimize and, where possible, eliminate waste sent to landfill

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

Key performance indicator	2016	2015	2014
Percentage of waste diverted from landfill	<b>79%</b>	76%	72%
Electronic waste diverted from landfill (tonnes)	<b>419</b>	561	395
Electronic waste diversion rate <sup>1</sup>	<b>99%</b>	99%	99%
Major offices with waste diversion programs	<b>100%</b>	84%	77%



**100%** of our major offices **now have waste diversion programs in place.**

### 2016 Highlights

- Met our Blueprint commitment of having waste diversion programs in 100% of our major office locations (25,000 square feet or greater RBC occupancy). This was achieved through the establishment of new programs in five buildings across the portfolio.
- Recycling programs were established in 27 additional retail branch locations in Canada, bringing the total number of retail locations with programs to 477, which represents 33% of the retail network. Overall, we have recycling programs for about 60% of our total North American square footage.
- Through a combination of reuse strategies, donations to charitable organizations and recycling, we were able to divert 929 tonnes of fixtures, furniture and construction material from landfill.

<sup>1</sup> 2016 data for operations in Canada, U.S., Trinidad and Tobago, and Bahamas represent 89% of our global FTE count.

### 2017 Plans

- Maximize municipal waste diversion opportunities.
- Develop an end-to-end lifecycle approach to furniture, including recycling end-of-life reuse or donating to charity.

ENVIRONMENTAL FOOTPRINT REDUCTION

## Improve water conservation practices at our properties

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

Key performance indicator	2016 <sup>1</sup>	2015	2014
Water consumption intensity (m <sup>3</sup> /m <sup>2</sup> )	0.89	0.72	0.74

### 2016 Highlights

- Completed an aerator program for our branches to reduce water consumption by approximately 5% per faucet. In total, we have added aerators to 706 locations with older fixtures since the program's inception in 2013.
- Implemented waterless landscaping design, which uses native and drought-tolerant species, at five retail locations in Ontario. This eliminates the need for supplemental watering and supports native biodiversity. Water savings at these locations are approximately 458,000 liters annually.

### 2017 Plans

- Work with local conservation authorities on storm water management.
- Expand our program to remove landscape irrigation systems and replace them with waterless landscaping designs.

## Work with our suppliers to uphold high sustainability standards

RBC purchases a significant amount of goods and services from suppliers of all sizes around the world. This presents us with opportunities to partner with suppliers who embrace environmentally and socially responsible business activities. The RBC supplier management policy requires that we consider environmental and social issues that can affect our business, our supplier's business and communities. For information on our procurement practices based on environmental and social criteria, see [page 50](#).

<sup>1</sup> 2016 data represent reporting from 44% of our global floor area.

## Responsible financing

Since developing our first environmental policy in 1991, we have been committed to prudent environmental risk management. Our established suite of environmental and social risk management policies facilitates the assessment of transactions to determine whether social and environmental issues may pose a credit, reputation or legal risk for us and our clients. We proactively review and update these policies and processes to address regulatory changes, emerging and evolving issues and international best practices. We employ an in-house team of environmental professionals, who provide expertise across the enterprise whenever required. Please see [page 21](#) of our *Governance and Integrity* chapter and [RBC Responsible Financing](#) for further information.

## Products and services with positive social or environmental impacts

We provide clients with innovative, practical and cost-effective financial products and services to promote environmentally sustainable choices. We seek business opportunities that promote environmental sustainability and provide a business benefit. Please see [page 31](#) of our *Value for Clients* chapter for further details on our products and services that have positive social or environmental impacts.

### Supporting the development of a clean economy

Climate change is one of the most pressing issues of our time and RBC recognizes the critical role we play in addressing societal issues. We're enabling many parts of our business to do more and have significantly increased our support to cleantech, energy efficiency and renewable energy businesses. We are also excited to be part of the developing green bond and carbon trading markets. All told, in 2016 we provided over \$5.6 billion in renewable energy financing and green bond underwriting and over \$4.7 billion in socially responsible investments under management. We also launched the RBC Fossil Fuel Free Global Equity Fund in 2016 and have traded over one billion tonnes of carbon credits since 2008.

Operationally, we're also one of the largest purchasers of renewable energy and one of the largest leasers of LEED certified office space in Canada. We have also reduced GHG emissions from our operations by 48% since 2009.

In March 2016, RBC became a founding and active member of Smart Prosperity, and in July 2016, we joined the Carbon Pricing Leadership Coalition. We believe investments in energy innovation and clean technologies will help Canada drive future prosperity and economic success.

RESPONSIBLE FINANCING

PRODUCTS AND SERVICES  
WITH POSITIVE SOCIAL OR  
ENVIRONMENTAL IMPACTS

ENVIRONMENTAL  
Sustainability





## Promotion of environmental sustainability

We leverage our convening power and capabilities to foster a deeper understanding of the links between the environment, communities and the economy among our stakeholders internally and externally in the areas where we operate. Our efforts support the development of a cleaner economy and help address relevant environmental issues that could pose a risk to our ability to fulfil our purpose of helping clients thrive and communities prosper. These issues include climate change, water and sustainable communities.

### 2016 Highlights

- Invested \$7.8 million in environmental charities globally. This includes \$3.3 million in new RBC Blue Water Project grants for fresh water protection and preservation programs.
- Conducted the ninth annual RBC Canadian Water Attitudes Study, and provided the results to watershed protection organizations, governments and other interested parties to help inform their program and policy development. The full results are available at [rbc.com/bluewater](http://rbc.com/bluewater).
- Advocated for the importance of carbon pricing as part of a bigger strategy to address climate change and a world-leading approach to clean innovation in Canada.
- Conducted research and analysis on carbon pricing: [rbc.com/economics/economic-reports/pdf/other-reports/Carbon%20Pricing%20in%20Canada.pdf](http://rbc.com/economics/economic-reports/pdf/other-reports/Carbon%20Pricing%20in%20Canada.pdf).
- Provided consultation to the federal and Ontario governments on numerous topics related to carbon, climate, clean innovation and green banks.
- Launched an internal RBC Green Champions program to increase employee awareness of and involvement in environmental programming at the bank. Developed a network that has representation from all RBC regions, business units and functions.
- Acted as a platinum sponsor of the 2016 Globe Business and Sustainability Conference in Vancouver, Canada, which brought together nearly 2,000 delegates from 50 countries.
- Sponsored the fourth annual [Evolve Sustainable Design Competition](#), challenging post-secondary students to design a net-zero energy and water mixed-use wooden mid-rise construction.

### 2017 Plans

- Conduct and release the results of the 10th annual RBC Canadian Water Attitudes Study.
- Continue to support opportunities that promote the benefits of a clean economy through research, partnerships and sponsorships.
- Celebrate 10 years of the RBC Blue Water Project and update our environmental donations strategy.



Joined the Carbon Pricing Leadership Coalition to help stimulate the market and encourage a more rapid transition to a low carbon economy.



Became a founding member of Smart Prosperity, a cross-sectoral initiative with a vision for a stronger, cleaner economy that builds a better future for all Canadians.



## Awards and recognition

- Canada's Top 100 Greenest Employers (MediaCorp Canada Inc.)
- Top Green Companies in the World, ranking 51 on the Global 500 list and third best Canadian company (Newsweek)
- 2016 Innovation Award for RBC WaterPark Place (Canada Green Building Council)
- 2015 Clean City Platinum Award for Riverbank House building's environmental initiatives (City of London, U.K.)
- 2015 Clean City Gold Award for Thames Court building's environmental initiatives (City of London, U.K.)

## Beyond this Report

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

- RBC Environment website: [rbc.com/community-sustainability/environment/index.html](http://rbc.com/community-sustainability/environment/index.html)
- RBC Environmental Blueprint: [rbc.com/community-sustainability/\\_assets-custom/pdf/RBC-Environmental-Blueprint.pdf](http://rbc.com/community-sustainability/_assets-custom/pdf/RBC-Environmental-Blueprint.pdf)
- RBC 2016 Carbon Disclosure Project submission: [rbc.com/community-sustainability/\\_assets-custom/pdf/2016\\_CarbonDisclosure\\_Final.pdf](http://rbc.com/community-sustainability/_assets-custom/pdf/2016_CarbonDisclosure_Final.pdf)
- RBC Green Products, Services & Advice: [rbc.com/community-sustainability/environment/green-products-services.html](http://rbc.com/community-sustainability/environment/green-products-services.html)
- RBC Responsible Financing: [rbc.com/community-sustainability/environment/responsible-financing.html](http://rbc.com/community-sustainability/environment/responsible-financing.html)



**Independent Limited Assurance Report in relation to Royal Bank of Canada’s 2016 Corporate Citizenship Report**

**To the Board of Directors and Management of Royal Bank of Canada (“RBC”)**

We have been engaged by RBC to perform an independent limited assurance engagement in respect of the select key performance indicators detailed below (“the selected information”) contained in the RBC 2016 Corporate Citizenship Report (“the Report”) for the year ended October 31, 2016.

**Selected Information**

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

<i>Performance Indicator</i>	<i>Report page(s)</i>
Percentage of client households in Canada that hold multiple RBC products	<u>12, 25</u>
Percentage of employees who are proud to be part of RBC	<u>13, 40</u>
Percentage of women in middle management and above	<u>13, 44</u>
GHG emissions from energy use (tonnes CO <sub>2</sub> e)	<u>66</u>
GHG emissions intensity from energy use (tonnes CO <sub>2</sub> e/m <sup>2</sup> )	<u>66</u>
Total direct energy use, all properties (MWh)	<u>67</u>
Total indirect energy use, all properties (MWh)	<u>67</u>
Total energy intensity, all properties (MWh/m <sup>2</sup> )	<u>67</u>

We were not engaged to report on comparative figures for the prior years or trends, variances and any other additional information not specifically mentioned in the above selected information.

**Responsibilities of RBC Management**

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

**Our Responsibility**

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

**Our Independence and Quality Control**

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

**Our Procedures**

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

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

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

**Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected information included in RBC’s 2016 Corporate Citizenship Report for the year ended October 31, 2016 are not prepared, in all material respects, in accordance with the relevant criteria.

**PricewaterhouseCoopers LLP  
Chartered Professional Accountants**

January 31<sup>st</sup>, 2017  
Toronto, Ontario



## Providing feedback

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