



ENERGY: THE ENVIRONMENTAL AND ECONOMIC CHALLENGE OF THE 21st CENTURY

Canada has one of the safest and most secure banking systems in the world. At RBC, we are proud of this distinction, as we aspire to operate with integrity in every transaction, every day. Yet the world is moving quickly, and financial institutions worldwide are under increased scrutiny for their behaviour and business practices. At RBC, we continually strive to do our jobs as bankers well, to have a positive economic impact and serve the marketplace with integrity. We also hope to help our clients chart the best path forward in uncertain times by providing straightforward financial advice, and to provide our perspective on economic and financial issues of the day.

You can't open a newspaper without reading about energy. We need energy to grow food, run computers, and to power our homes and businesses. We need energy to survive—and a growing world population will need even more energy. There are significant social, economic and environmental implications to the decisions that governments and businesses have to make about energy, and sometimes there is more misinformation than reality. And sometimes, there are just no easy answers. Here's a primer on RBC and the energy sector.

The importance of energy to the economy

- Canada is a resource-rich country, and the energy industry is an important part of the Canadian economy.
- Global economies are dependent on secure supplies of coal and hydrocarbons, and will remain that way for decades, even while society transitions to renewable and other energy sources. Yet we also believe that companies in the energy industry are working hard to become more sustainable, and we support their efforts to supply the world with energy in an environmentally responsible manner.

RBC and our clients in the energy industry

- RBC provides credit and financing services to the energy industry. According to RBC's 2008 Annual Report, our total credit risk exposure to the energy industry, including undrawn commitments, was \$20.762 billion, representing about 3% of our total exposure.
- Our energy clients are in a myriad of businesses and activities that are broadly characterized as the petroleum/energy industry. We provide investment banking, financing and advisory services to an increasing number of clients in the renewable energy sector, including wind farms, hydro electric power and biomass installations.
- RBC has been providing credit and other banking services to Canada's energy industry for over 50 years. Our clients have been, and are today, enterprises who have strong protocols related to health, safety and the environment. A number of the energy enterprises RBC provides credit and other banking services to are involved in Canada's Oil Sands sector. RBC carefully considers who to do business with based on the merit of each enterprise's protocols, record of operation, reputation for honoring standing laws and regulation, and soundness of stewardship and overall corporate governance.

How we lend responsibly

- RBC provides credit and banking services to companies in many industries. Our risk management policies and processes provide assurance that these services are properly designed and sold to appropriate customer segments and individuals. We also have policies and standards covering areas of particular concern, such as environmental responsibility, ethics and employee code of conduct...
- RBC is a signatory to the Equator Principles, a set of voluntary guidelines addressing environmental and social risks associated with project finance. In accordance with our commitment to the Equator Principles, lenders and risk managers adhere to the RBC Policy on Social and Environmental Risk Management whenever the bank participates in project financing.
- RBC will not support or finance transactions that are directly related to trade in or manufacturing of material for nuclear, chemical, and biological warfare, landmines or cluster bombs.

The RBC Environmental Blueprint

- RBC is committed to a path of environmental sustainability and we have a long history of leadership in this area dating back to at least 1991, when we released our first corporate policy on the environment. We take an integrated, proactive approach to environmental issues facing our business.
- In 2007, we published the RBC Environmental Blueprint, a clear articulation of our corporate environmental policy, priorities and objectives. It sets out how we will approach environmental matters pertaining to operations, business activities, products and services, employees, compliance, reporting transparency and partnerships.
- The RBC Environmental Blueprint also presents 44 medium- and long-term environmental commitments with a pledge to report progress on these commitments on an annual basis.
- We have three goals:
 - **Reduce our environmental footprint:** When it comes to reducing our environmental footprint, we are currently focused on energy use, paper consumption, employee travel, water use and procurement activities.
 - **Promote environmentally responsible business activities:** We have revised our environmental policy so we will lend and invest more responsibly.
 - **Offer environmental products and services:** We will empower our clients with options to reduce their environmental footprint by introducing lower-impact banking alternatives such as e-statements.

Separating the green from the greenwash

It's easy for companies to tout their environmental credentials, but it can be a challenge for consumers and the public to separate truth from fiction. So, don't take it from us—ask the researchers and analysts who have long recognized RBC to be among the world's financial, social and environmental leaders. Here's some of the recognition we've received:

- RBC is included on the Dow Jones World and North American Sustainability Indices, the Jantzi Social Index, the FTSE4Good Index
- We have been included on the Global 100 Most Sustainable Corporations ranking since its inception.
- RBC is among 67 companies and one of only 18 financial institutions worldwide named to the 2008 Global Carbon Disclosure Leadership Index.
- RBC has been named one of Canada's Greenest Employers.

We know there are many ways we can do better, and we are continually improving our environmental policies, programs, and services.