



RBC[®] ENVIRONMENTAL BLUEPRINT:

Policy, priorities and objectives

RBC
Environmental
Blueprint[™]

RBC is committed to a path of environmental sustainability¹. This means reducing our environmental footprint, promoting environmentally responsible business activities, and offering environmentally responsible products and services. We believe that fulfilling our goals in these areas will lead to short and long term benefits for shareholders, clients, employees and the communities in which we live and conduct business.

We have been leaders in environmental management in our sector for many years. While we are proud of our past and current activities, we can — and will — do better. This RBC Environmental Blueprint™ sets out our corporate environmental policy, priorities and objectives. In the coming months and years, we will continue to work hard to develop and implement the necessary programs, policies, procedures and guidelines to support our commitment to environmental sustainability.

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1. ENVIRONMENTAL POLICY

The following elements will guide environmental initiatives at RBC:

- › **Environmental Footprint Reduction:** RBC will pro-actively apply sound environmental practices to internal operations and purchasing decisions. We will seek ways to minimize our consumption of resources, including energy, paper and water, and our generation of waste and emissions. We will help create opportunities for our suppliers and employees to do the same.
- › **Responsible Business:** RBC will develop, maintain, and communicate effective policies, procedures, standards and guidelines for our business activities, to address environmental issues and risks material to RBC, its clients and its other stakeholders.
- › **Products, Services and Business Opportunities:** RBC will provide clients and employees with innovative, practical and cost-effective financial products and services to promote environmentally sustainable choices. We will seek out business opportunities that promote environmental sustainability and provide business benefit.
- › **Employee Involvement:** RBC will offer environmental education and tools to our employees worldwide to enable them to act in an environmentally responsible manner, and support our company's objectives. We will also provide our employees opportunities to become personally engaged in environmental sustainability initiatives that are important to our business.
- › **Compliance:** RBC will responsibly manage all aspects of our business to ensure environmental laws and recognized standards are met or exceeded. We will monitor compliance with our own policies, procedures, and standards.
- › **Reporting and Transparency:** RBC will report regularly on our key environmental performance indicators. We will continue to improve our system for monitoring, measuring and transparent reporting of our performance relative to our targets, priorities and objectives.
- › **Partnership:** RBC will establish and maintain productive partnerships with experts and stakeholders to ensure that we remain informed about relevant concerns and issues and are well-positioned to manage environmental risks and opportunities. We will provide support for selected non-profit groups working to address environmental issues of importance to RBC and our stakeholders.

2. PRIORITY ENVIRONMENTAL ISSUES

The environmental issues facing our planet are complex and growing in number and importance. RBC will continue to manage our traditional environmental risks, and will also focus our environmental efforts on the following key issues:

2.1 Climate Change

Climate change presents environmental, social, and financial challenges to the global economy, human health and to our own business and operations. The two causes of climate change are natural systems and human activity, most notably greenhouse gas emissions from the combustion of fossil fuels, and large scale removal of forests and vegetation. There is global scientific consensus that the level of greenhouse gases in the atmosphere resulting from human activity is increasing, and is disrupting the earth's climate. Based on the findings of the Intergovernmental Panel on Climate Change², we believe that it is of vital importance that we all contribute to efforts to reduce greenhouse gas emissions and effectively adapt to the unavoidable impacts of climate change.

2.2 Biodiversity

Biodiversity, or “biological diversity”, refers to the variety of different species, the genetic variability of each species, and the variety of different ecosystems that they form. Environmental degradation resulting from human activity and the forces of climate change is disrupting the natural biodiversity of habitats and ecosystems. Critical ecosystems³ and the abundant biodiversity they support must be preserved in order to maintain healthy communities, cultural values, and shareholder value.

Forests

Forests help moderate the climate, provide diverse habitats for species, and purify water. RBC recognizes the unique qualities and the delicate nature of the world’s forests and the threat presented in some regions by unsustainable practices. We believe that we must play a part in protecting the integrity of the boreal forests⁴ of Canada and rainforests⁵ around the world by supporting sustainable forestry practices.

Indigenous Peoples

RBC recognizes the special relationship that exists between regional natural areas⁶ and the people who live and work there. In particular, the identity, cultural beliefs and economies of some indigenous peoples⁷ are intrinsically tied to their region’s history, biodiversity and natural landscapes. We believe that industries operating in these natural areas must consider the impacts of their operations on affected communities, and particularly communities of indigenous peoples.

RBC has had a long and mutually beneficial relationship with Aboriginal and indigenous peoples in Canada. We have a deep respect for their way of life and we will continue to support their economic and cultural prosperity.

2.3 Water

Water is the most important natural resource on earth, and without it, all life would cease. Access to clean freshwater, the preservation and management of watersheds and water conservation are becoming increasingly urgent environmental concerns, both globally and in many of the regions in which we operate. Climate change, pollution, and inefficient water usage are factors contributing to a growing water crisis. Many communities are dependent on the preservation and management of the marine and freshwater environment, as their economies require clean water for their tourism, fisheries and other industries. Without clean water, the ability of communities and industries to endure and prosper is limited.

RBC believes that financial institutions should play a role in supporting efforts to address global water issues, and we are exploring opportunities to contribute to solutions in this regard.

3. ENVIRONMENTAL OBJECTIVES

RBC’s three priority environmental issues — climate change, biodiversity, and water — are all vast and complex topics requiring global solutions from governments, the business community, private citizens and many other stakeholders. We believe that our actions can make a significant and positive contribution to helping solve some of the problems posed by these issues. In order to best focus our efforts and make tangible progress, our objectives are grouped as follows:

- 1. Reduce our environmental footprint**
- 2. Promote environmentally responsible business activities**
- 3. Offer environmental products and services**

In the coming months and years, we will be strengthening existing programs, policies, procedures and guidelines, and where necessary, developing new ones to implement the RBC Environmental Blueprint. We will seek to make significant gains in these areas, ensure alignment with our environmental policy, and monitor and report publicly on our progress.

3.1 Reduce Our Environmental Footprint

Primarily, RBC’s environmental footprint comprises energy use, paper consumption, employee travel, water use, and procurement activities. We are committed to continuing to reduce our environmental footprint, as set out in this section.

Greenhouse Gas Emissions

While we emit greenhouse gases directly through the use of fossil fuels in some of our heating systems, most of our greenhouse gas emissions are indirect, such as through our use of purchased electricity, the production and distribution of documents, and employee travel.

RBC is committed to:

- › reducing the greenhouse gas emissions intensity (emissions per employee or per square metre of occupied space) within our owned premises and working with our landlords toward the same objective in leased premises;
- › promoting the use of alternatives to travel, such as videoconferencing and teleconferencing, where possible, and making flexible “work from home” arrangements available to employees where feasible; and
- › offsetting the greenhouse gas emissions associated with the production and distribution of our major external reports⁸ using high-quality carbon offsets⁹.

Energy Use

We use energy to heat and cool buildings, run our technology infrastructure and lighting systems, and for other purposes. RBC has been a purchaser of renewable energy¹⁰ since 2002.

RBC is committed to:

- › reducing energy use intensity (energy use per employee or per square metre of occupied space) within our premises;
- › pursuing opportunities to reduce energy use in RBC’s information technology systems and operations;
- › encouraging our suppliers to provide energy-efficient products by adding criteria for energy use, where appropriate, to our procurement policy and standards; and
- › increasing the percentage of certified green power¹¹ used in our Canadian branch network and purchasing clean, renewable green power, wherever it is available, for all new branches expected to open in Canada throughout 2008 and beyond.

Procurement

RBC’s procurement of materials, goods and services is extensive and globally far-reaching. RBC is transitioning our supply chain to a model that better supports our environmental sustainability priorities and objectives.

RBC is committed to:

- › developing a formal environmental procurement policy in 2008 that helps ensure our procurement practices reflect our environmental sustainability priorities; and
- › continually updating environmental screening criteria to improve our effectiveness in procuring products and services from environmentally sustainable vendors.

Paper Use

As a large financial services institution, RBC uses a great deal of paper, both internally and in client materials. We will do our part to conserve forest resources and support sustainable forest management.

RBC is committed to:

- › reducing the amount of paper we use, on a per employee or per customer basis, by expanding our electronic services and paperless banking options for clients and employees while maintaining the highest level of commitment to information security and privacy protection;
- › continuing to encourage regulators to support the electronic delivery of documents to clients, where appropriate;
- › reducing or eliminating duplicate distributions of our Annual Reports and other documents; and
- › ensuring that the paper we purchase contains recycled fiber and/or ensuring that, where available, the paper we use is certified by the Forest Stewardship Council, Canadian Standards Association or equivalent, indicating that it has been harvested from sustainably managed forests.

Waste Management

Waste minimization through demand management, reuse and recycling are the preferred methods of reducing solid waste. However, where solid waste cannot be eliminated, we are committed to careful management and disposal.

RBC is committed to:

- › disposing of electronic equipment and devices in an environmentally-responsible manner and considering disposal when we make decisions about the procurement of products and services;
- › recycling paper, glass, plastic and metal throughout the organization, wherever municipal recycling programs or practical alternatives exist; and
- › promoting the reuse of furniture and other fixtures to reduce the amount of materials going to landfill.

Water Use

While RBC's level of direct water consumption is relatively small - associated mainly with restroom and lunchroom facilities on our premises – we are committed to improving our water use and conservation practices.

RBC is committed to:

- › reducing the use of water in our facilities, on a per employee basis or per square metre of occupied space;
- › encouraging the use of reusable water containers and water coolers or tap water in our premises, where appropriate;
- › encouraging our larger suppliers to conserve water by adding criteria for water use, where appropriate, to our procurement procedures; and
- › increasing the use of environmentally-friendly cleaning products in our facilities in order to reduce the quantity of hazardous substances in wastewater

3.2 Promote Environmentally Responsible Business Activities

RBC provides a variety of financial products and services to personal, business and corporate clients globally. We have comprehensive environmental risk management policies and procedures to facilitate the environmental review of transactions. We proactively review and update these policies and processes to address regulatory changes, emerging and evolving issues and international best-practices. RBC employs a dedicated team of environmental professionals who are available to provide expertise across the enterprise, when required.

We will continue to work with our clients and business partners to mitigate environmental risks and support environmentally responsible business models.

Policy Framework

RBC will:

- › subject our lending and our debt and equity underwriting services to a suitable level of environmental due diligence where appropriate;
- › incorporate environmental risk issues, including climate change, biodiversity and water into relevant policies and decision-making processes; and
- › develop and integrate sector-specific guidelines for environmental risk assessment, including mitigation, management and escalation protocols, for high impact sectors.

Clients and Transactions

RBC will:

- › support transactions and business activities of qualified parties intending to reduce emissions of greenhouse gases, improve water quality and availability, or facilitate adaptation to climate change;
- › not engage in new financing activities with corporations operating unsustainably in tropical rainforests, High Conservation Value Forests¹², or UNESCO World Heritage Sites;
- › ask that large corporate clients in the forest products sector be certified by the Forest Stewardship Council, Canadian Standards Association or acceptable alternative, or be committed to achieving certification within five years;
- › require that clients consider the potential impacts of proposed projects¹³ to affected communities in accordance with our commitment to the Equator Principles¹⁴, and particularly the impacts on indigenous peoples whose cultures and traditions are closely linked to lands and resources. When impact avoidance is not feasible, we will ask that clients minimize, mitigate, or compensate for such impacts. We will also require that reasonable means be employed by project sponsors for free, prior and informed culturally appropriate consultation¹⁵ with indigenous peoples living in natural areas that exist within project areas, and that grievance mechanisms be available for use where conflicts exist; and
- › not knowingly engage in financing activities with corporations purposefully operating in material violation of applicable environmental laws.

Portfolios

RBC will:

- › track and review the greenhouse gas emission intensity of large industrial emitters¹⁶ in our lending portfolio to assess the potential risks and identify potential opportunities associated with forthcoming regulation of these emissions.

3.3. Offer Environmental Products and Services

RBC seeks to offer an expanding array of products and services that provide long-term environmental benefits, are clearly distinguishable from comparable non-environmentally focused products, and empower clients with options to reduce their environmental footprint at little or no additional cost to the client.

RBC is committed to:

- › participating, as appropriate, in market-based initiatives that focus on reducing greenhouse gas emissions, adapting to climate change, safeguarding biodiversity and protecting water resources;
- › continuing to develop retail banking products and services that satisfy the demands of our clients for environmentally-sustainable choices;
- › offering responsible investment options to clients who choose to invest in companies based on social, environmental and governance considerations in addition to financial performance; and
- › reviewing the potential impacts of environmental issues, such as climate change, on RBC's insurance businesses.

4. SUSTAINING THE RBC ENVIRONMENTAL BLUEPRINT

We know that keeping our Environmental Blueprint on course over time will take discipline, focus, resources and an openness to change. This section outlines the mechanisms we will use to ensure that we stay the course:

4.1 Stakeholder Engagement

RBC will strive to foster a deeper understanding of environmental issues and the links between our physical environment and the world of financial services so as to ensure that our environmental policies, priorities and initiatives continue to be relevant and effective. For example, our efforts will include:

- › expanding and enhancing the availability of environmental education and awareness initiatives for both employees and clients;
- › conducting employee and client focus groups and surveys on environmental issues in order to better understand their concerns and interests;
- › supporting selected independent research and educational programs aligned with our environmental priority issues;
- › participating, where appropriate, in the development of public policy and market mechanisms that help facilitate emission reductions and adaptation to the effects of climate change; and
- › continuing to consult and share information on environmental matters with politicians, government departments and organizations, associations and non-governmental organizations (NGOs), where appropriate.

4.2 Philanthropy

RBC will direct a significant portion of its philanthropic efforts to environmental causes, programs and initiatives globally. This will include a multi-million dollar, multi-year commitment to environmental philanthropy through the RBC Foundation. We will provide support to our various business and geographic groups in the development of community-based programs addressing the issues of climate change, biodiversity, and water.

4.3 Oversight and Responsibility

The RBC Corporate Environmental Affairs group, ultimately reporting to the Chief Operating Officer, has oversight responsibility for the implementation of the Environmental Blueprint. To implement the Blueprint, the Group will work with the bank's business and functional units to undertake activities including, but not limited to, the following:

- › further develop, maintain and communicate environmental policies, procedures, and guidelines;
- › engage with internal and external stakeholders to advance and launch initiatives necessary to meet our objectives;
- › monitor key activities and track performance, including cost-effectiveness of initiatives;
- › assess the need for improvements; and
- › report periodically to RBC's Group Executive and to a Committee of the Board of Directors on our progress in implementing the Environmental Blueprint.

In addition, RBC's business and operational units will provide input into environmental strategy and policy, share information on and assist with efforts to reduce our environmental footprint, address risks and promote and leverage business opportunities.

4.4 Reporting

RBC will continue to report publicly on our progress on environmental issues and activities through our website, our annual Corporate Responsibility Report and our Annual Report. We will enhance our environmental data management and collection system to improve the quantity, quality and geographic scope of environmental performance data that we report on.

We will continue to use guidance on appropriate environmental performance indicators from the Global Reporting Initiative and other sources. In addition, we will continue to respond to a variety of environmental sustainability rating organizations and indices, as appropriate, so that our shareholders, clients and employees have access to independent assessments of our progress.

ENDNOTES

- 1 Environmental sustainability involves the long-term maintenance of ecosystems to ensure that we meet the needs of the present without compromising the ability of future generations to meet their needs.
- 2 Intergovernmental Panel on Climate Change — Established in 1988 by the World Meteorological Organization and the United Nations Environment Programme, this group of more than 2,000 scientists from all over the world has a mandate to assess the most up to date scientific, technical and socio-economic research in climate change. The IPCC produced major assessment reports in 1990, 1995, 2000, and 2007.
- 3 Critical ecosystem — a region, typically high in biodiversity, that provides environmental, economic, and social benefits that are required for survival, and may be vulnerable to destruction.
- 4 Starting in the Yukon Territory, the boreal forest forms a band almost 1000 kilometres wide across Canada, sweeping southeast to Newfoundland and Labrador. It occupies 35% of the total Canadian land area and 77% of Canada’s total forest land, stretching between northern tundra and southern grassland and mixed hardwood trees.
(see http://atlas.nrcan.gc.ca/site/english/learningresources/theme_modules/borealforest/index.html)
- 5 Rainforests are large, dense forests characterized by very high annual rainfall of at least 1750 mm. Most well known are the tropical rainforests or jungles such as in the Amazon basin. Rainforests also grow along the northern Pacific coast of North America. Rainforests have an abundance of diverse plant and animal life, much of which is still not catalogued by the scientific community.
- 6 Natural areas – a region that exists in isolation from urbanized areas and is relied upon by indigenous communities to meet the economic, social and cultural needs of their communities.
- 7 Indigenous peoples are considered by the UN as those who inhabited a country or a geographical region at the time when people of different cultures or ethnic origins arrived, the new arrivals later becoming dominant through conquest, occupation, settlement or other means. In Canada, indigenous peoples are known as “Aboriginal Peoples”, and listed in s.35 of the Constitution Act, 1982, as “Indians, Inuit and Métis”, terms which are further defined in the Act.
- 8 Such as Annual Report, Corporate Responsibility Report, Shareholder Proxy and Quarterly reports to Shareholders
- 9 Carbon offsets — a reduction of the net emission of greenhouse gases (GHGs) through the participation in or support of a GHG reducing activity unrelated to the activity to which the reductions will be applied.
- 10 Renewable energy is generated from renewable resources such as wind, biomass and small hydro, resulting in lower or no greenhouse gas emissions.
- 11 Certified green power is power generated by water, wind, solar, biomass or biogas, and which has been evaluated against clearly established and accepted standards for green energy.
- 12 High Conservation Value forests (HCVF) are defined according to the Forest Stewardship Council (FSC) as those forests that contain one or more of the following attributes:
 - contain globally, regionally or nationally significant concentrations of biodiversity (e.g. endangered species);
 - significant large landscape level forests where viable populations of most, if not all, naturally occurring species exist in natural patterns of distribution and abundance;
 - are in or contain rare, threatened or endangered ecosystems;
 - provide basic services of nature in critical situations (e.g. watershed protection, erosion control); and/or
 - are fundamental to meeting basic needs of local communities (e.g. subsistence, health) or are critical to local communities’ traditional cultural identity.
- 13 Projects exceeding \$10 million capital cost as defined in the Equator Principles.
- 14 The Equator Principles are a voluntary framework for banks to address environmental and social risks in project financing.
See www.equator-principles.com
- 15 Informed consultation — consultation that is relevant, understandable and accessible and applies to the entire project process and not to the early stages of the project alone. The consultation process must be available in the language preferences of the affected communities, tailored to their decision-making processes, and to the needs of disadvantaged or vulnerable groups.
- 16 Large industrial emitters will be considered those companies with annual emissions of greater than a yet-to-be determined threshold, and belonging to the following sectors: thermal electricity generation, oil and gas, forest products, smelting and refining, iron and steel, mining, cement, lime and chemicals.

To learn more about
The RBC Environmental Blueprint
visit [rbc.com/environment](https://www.rbc.com/environment)



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