

Royal Bank of Canada

Modern Slavery Act Statement 2018



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This statement is made on behalf of Royal Bank of Canada (the “Bank”) and certain of its subsidiaries¹ (collectively “RBC”, “we”, “us” or “our”) pursuant to section 54(1) of the U.K. Modern Slavery Act 2015 (the “Act”) for our fiscal year ended October 31, 2018.

¹ This statement is made on behalf of the following RBC entities: Royal Bank of Canada, RBC Europe Limited, RBC Investor Services Trust, RBC Investor Services Bank S.A., RBC Global Asset Management (U.K.) Limited and Royal Bank of Canada Holdings (U.K.) Limited.

Background

RBC is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. Our success comes from the 84,000+ employees who bring our vision, values and strategy to life so we can help our clients thrive and communities prosper. As Canada’s biggest bank, and one of the largest in the world based on market capitalization, we have a diversified business model with a focus on innovation and providing exceptional experiences to our 16 million clients in Canada, the U.S. and 34 other countries.

Slavery and human trafficking are contradictory to our [Purpose, Vision, and Values](#), and have no place in or around our organization. We strive to maintain the highest professional and ethical standards and we expect the same from our employees, contract workers, clients and suppliers.

Our Purpose is to help clients thrive and communities prosper. Our Vision is to be among the world’s most trusted and successful financial institutions. As a financial services company, we have an obligation to serve our clients with integrity and safeguard the trust they put in us. We define conduct as the manifestation of culture through the behaviours, judgments, decisions and actions of the organization and its individuals. Our culture establishes the expectation of good conduct as the operating norm for all employees and third-party service providers operating on behalf of RBC. Our [Values](#) and our [Code of Conduct](#) (the “Code”) guide our behaviour and decision-making when we serve our clients and when we interact with investors, fellow employees and our communities. They guide us to act with respect, fairness and transparency, and provide a common understanding of expected and acceptable behaviours. Our Code reflects the spirit of the Universal Declaration of Human Rights, and states that “RBC promotes equal opportunity in all dealings with RBC employees, contract workers, clients and others we deal with.” Adhering to the Code demonstrates our commitment to those who govern us and forms the basis for our relationships with everyone we deal with.

How we achieve our results is as important as the results we achieve. This is embedded in our culture, mandates and compensation programs. We are

committed to high standards of governance, consistent with regulatory expectations, evolving best practices, our strategy and our risk appetite. The RBC Enterprise Conduct Framework and Enterprise Risk Management Framework serve as foundations to promote a risk-aware culture of “doing what’s right”. These two frameworks, along with the Enterprise Risk Appetite Framework (the “risk frameworks”), guide our other business risk frameworks and associated employee conduct. The Bank’s Board of Directors (the “Board”) – directly and through its Risk and Governance Committees – sets the tone with its oversight of these frameworks and policies, presenting RBC’s Values and promoting good conduct.

Our [Statement of Corporate Governance Practices](#) provides an overview of our corporate governance structure, principles, policies and the practices of the Board 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 our governance practices, bringing focus to priorities such as board diversity, board member expertise, conduct and culture, and executive compensation. The [mandate](#) of the Governance Committee of the Board includes responsibility for monitoring trends in corporate governance and making recommendations to the Board concerning the effectiveness of the Bank’s corporate governance and the development and disclosure of corporate governance practices and guidelines that are adapted to our needs and circumstances. The Governance Committee also has oversight of our approach to government and regulatory affairs and corporate citizenship, including environmental, social and governance (ESG) matters.

RBC as an employer

We do not tolerate slavery or human trafficking in our organization, or by our employees or contractors. We expect everyone in our organization to act with integrity and comply at all times with the letter and spirit of laws, regulations and rules that apply to us. If instances arise where these expectations are not met, we will act and respond in an appropriate manner.

We are aware of the United Nations (UN) Framework and Guiding Principles on Business and Human Rights (the “Ruggie framework”), a global standard aimed at preventing adverse impacts to human rights resulting from or linked to corporate business activities.

We have measures in place that seek to mitigate the risk of slavery and human trafficking in relation to our employees and contract workers, including the following:

- We adhere to applicable labour and employment laws, regulations and rules in regions where we operate.
- We make our employment decisions in a non-discriminatory manner. We have had a formal, Board-approved Code of Conduct since 1980. The Governance Committee of the Bank’s Board is responsible for annually reviewing and approving the Code and for reviewing periodic reports on compliance with the Code and on employees’ familiarity with the Code. When employees begin working at RBC, and annually thereafter, they receive training on RBC’s [Code](#), which promotes standards of ethical behaviour that apply to all employees, who are required to attest to the Code on annual basis. This includes a clear statement on our accountability for the social and economic effects of our business decisions on the communities where we live, work and do business, and our compliance with laws regarding non-discrimination and human rights in the jurisdictions where we operate.
- The RBC Respectful Workplace Policy sets out our commitment to maintaining a workplace free from harassment, discrimination, violence, retaliation and other disrespectful and inappropriate behaviour. It sets expectations for all employees to contribute to a safe, respectful and professional workplace. The Policy also outlines when, where and how employees can report their concerns.
- Our businesses are expected to abide by all non-discrimination or human rights legislation in the various jurisdictions where we operate. These laws generally prohibit discrimination on various grounds such as race, colour, religion/creed, age, gender, gender identity/expression, marital status, sexual orientation and disability. Even where laws do not prohibit

discrimination, or where they allow for differential treatment, our businesses are still committed to non-discrimination principles to ensure we do not operate in any way that is contrary to our Code of Conduct, that perpetuates stereotypes or that establishes barriers.

- Suspected violations of our Code of Conduct provisions with respect to human rights are reported to Human Resources, which takes appropriate action to review and address the issue. Human Resources reports any human rights policy violations to RBC's management and the Governance Committee of the Board. By adopting, supporting and implementing positive policies, RBC creates a more representative, inclusive and productive work environment for all employees.
- In 2014, RBC developed the Integrated Labour Relations Framework, which provides a frame of reference for fostering positive labour relations with employees and their employee associations, staff representations and unions (collectively referred to as "employee representatives") as they exist throughout the enterprise.
- RBC entities in the U.K. became officially accredited as a Living Wage Employer in 2017. This applies to RBC entities operating in the U.K. and covers all employees, including full-time, part-time, contract and support staff.
- All our employees have a shared responsibility for doing the right thing. We have employee misconduct and complaint policies and procedures, through which employees and external stakeholders can escalate concerns without fear of reprisals. Our "Reporting Concerns" intranet site, available to all employees worldwide, contains contact information for discussing and reporting any concerns about discrimination, harassment, violence and workplace accidents. In Canada and the Caribbean, RBC employees also have access to advice and counsel from our Human Resources Employee Relations group, as well as the Employee Resolution Hotline, a helpline for employees where they can receive assistance in managing workplace issues. In addition, the RBC Standard on Reporting Misconduct and the internal Speak UP web page outline the options available to all employees and contract workers who wish to escalate a concern. Employees with unresolved concerns may

also contact our Employee Ombudsman, a confidential and impartial resource available to all RBC employees and retirees, at all levels and from all locations globally, within the Office of the Ombudsman. The Employee Ombudsman aims to help employees explore options to find solutions and assist them in removing barriers that may be preventing due process or appropriate consideration of concerns.

RBC is committed to embracing diversity and building an inclusive culture where all employees are valued and respected.

RBC as a responsible business partner

Financial crime

We have an established enterprise wide Anti-Money Laundering (AML) Program inclusive of policies and procedures on anti-money laundering and anti-terrorist financing, anti-bribery and anti-corruption, and economic sanctions. These policies are designed to prevent the use of our financial services for the perpetration of financial crime, including slavery and human trafficking. We train all employees and contract workers to look for red flags for financial crime. RBC works to identify and investigate potential cases of human trafficking as a predicate offence under the Proceeds of Crime legislation, and we are active participants in FINTRAC's successful "Project Protect Canada" initiative, which targets human traffickers.

For detailed information about our approach to Anti-Money Laundering, see our [website](#).

Environmental and social (E&S) risk management

As a financial services company, we are in the business of managing risks as we aim to create maximum value for our shareholders, clients, employees and communities. The ability to manage risk is one of our core competencies, and is supported by our strong risk conduct and culture and an effective risk management approach.

In 2018 we reviewed and updated our Enterprise Risk Awareness training program, which will be rolled out to all employees across the organization in 2019. The training focuses on:

- Risks that RBC faces, and how we categorize them according to the factors that impact them and the degree of control and influence we have over different types of risks.
- RBC's guiding risk principles, which all employees must follow to help manage and mitigate risks.
- The risk culture, behaviours, judgments, decisions and actions that result in good conduct.

E&S risk is the risk that an environmental or social issue associated with a client, transaction, product, supplier or activity will create a risk of loss of financial, operational, legal or reputational value. E&S risk policies seek to identify sectors, clients and business activities that may be exposed to E&S risk; apply enhanced due diligence and escalation procedures, as necessary; and establish requirements for risk management and mitigation, and for their regular review and update. RBC's Group Risk Management is responsible for developing and maintaining policies to identify, assess, monitor and report on E&S risk, and to provide regular reviews and updates. Business segments and corporate functions are responsible for incorporating E&S risk management requirements into their operations.

Our Policy on E&S Risk Management for RBC Capital Markets and National Client Group sets out the minimum environmental and social risk review requirements to be used by RBC Capital Markets and the National Client Group when engaging in corporate lending, and debt and equity underwriting. Its purpose is to ensure that these activities are conducted with due regard for the impact of environmental and social issues on credit, reputational and legal risk to RBC. It includes requirements for screening clients for adherence to the International Labour Organization (ILO) standards and labour policies, including, among others, the prohibition of forced and child labour.

Additionally, RBC was the first Canadian financial institution to become a signatory to the Equator Principles (EP) in 2003. The EP is a common risk management framework used to identify, assess and manage

environmental and social risk. The EPs apply across all sectors and geographies to project finance advisory services, project finance, project-related corporate loans and bridge loans for project financing. As a signatory to the EP, we report annually on projects assessed according to the EP framework – our most recent report can be found [here](#).

Environmental, social and governance (ESG) integration and socially responsible investments (SRIs)

The RBC Global Asset Management (including RBC Global Asset Management (U.K.) Limited) [approach to responsible investment](#) sets out its overall commitment to responsible investment, including how we integrate ESG issues throughout the investment process across all asset classes and how they will work as active, engaged owners. The group encourages consideration of material ESG factors when they have the potential to impact the value of our investments. Social factors include human rights, community consent/impact, respect for Indigenous peoples, employee relations and working conditions, discrimination, child labour and forced labour, health and safety, and consumer relations. The group is also a signatory to the [United Nations Principles for Responsible Investment \(PRI\)](#), a voluntary and aspirational set of investment principles that encourages the incorporation of material ESG considerations into the investment process, including human rights and labour standards. For more information, see our semi-annual [Corporate Governance and Responsible Investing \(CGRI\) Reports](#) and our [Responsible Investing website](#).

RBC as a responsible procurer

RBC purchases a broad range of goods and services from international, national, regional and local suppliers. Our principal supply chain includes suppliers of technology and other office equipment, property and facilities management services, business travel, merchandise suppliers, conference providers, recruitment agencies and various other professional and financially related services. We have made it a priority to practice responsible, fair process sourcing and to manage our supply chain effectively.

We seek to partner with suppliers whose ethical principles align with our own, and expect them to operate fair and ethical workplaces. We partner with reputable suppliers and have developed detailed, risk-based supplier on-boarding, assessment and reassessment policies and procedures. As part of the supplier registration process, we ask suppliers to comply with the RBC Supplier Code of Conduct (the “Supplier Code”), which requires that suppliers have labour policies in place, including but not limited to, workforce minimum age criteria for any non-OECD employees. RBC conducts reassessments on a frequency dictated by the level of materiality for the supplier. We also require contract workers, sourced through the professional services firms, to complete RBC compliance courses including the Code of Conduct, Anti-Money Laundering and Operational Risk training courses.

In 2018, we reviewed, expanded and updated our [Supplier Code](#) to include subcontractors, strengthening our commitment to fair and equitable employment practices and creating a reporting mechanism for Code violations.

Under the Supplier Code, suppliers and their subcontractors are required to comply with human rights, labour and employment standards legislation and treat their employees fairly and with respect. Suppliers must maintain workplaces characterized by professionalism and respect for the dignity of every individual their employees interact with. This includes respect for differences such as gender, gender identity, gender expression, race, colour, age, disability, sexual orientation, ethnic origin and religion. Suppliers must not tolerate harassment, discrimination, violence, retaliation or any other disrespectful or inappropriate behaviour. In particular, suppliers must be able to demonstrate the following in their workplaces:

- Child, forced or compulsory labour is not used.
- Discrimination and harassment of employees is prohibited, including any discrimination or harassment based on any characteristic protected by law.
- Retaliation for speaking up is prohibited and employees are free to raise concerns and speak up without fear of reprisal.

- Appropriate and reasonable employee background screenings are conducted (including investigations of prior criminal activity) to ensure the integrity and good character of the suppliers’ employees.
- Clear and uniformly applied employment standards that meet or exceed legal and regulatory requirements are used.
- Healthy and safe workplaces are provided, and all of the supplier’s employees have access to adequate information and instruction on health and safety concerns, which serves to enable the supplier’s employees to meet their responsibilities in a healthy and safe workplace.

We expect suppliers and their subcontractors to comply with the Supplier Code, and we maintain the right to monitor our suppliers’ compliance to the Supplier Code and to audit their control environment. We are entitled to request information from our suppliers on their compliance with the principles of the Supplier Code including those relating to forced or compulsory labour. In addition, we have introduced a reporting mechanism any person can use to escalate a concern to use if they have reason to believe an RBC supplier has not met the spirit or principles of the Supplier Code.

We have assessed and identified areas within our supply chain where there may be a risk of slavery and human trafficking (e.g. hotels, staff in off-shore locations).

We have implemented a process that tracks changes in risk profile and identifies negative news related to our highest risk suppliers. This allows us to flag and assess any activities that would violate our Supplier Code. In instances where corrective actions are required, these are discussed with the supplier and tracked from beginning to completion. No instances were raised for review in 2018.

We also have a [Supplier Diversity Program](#) aimed at advancing equality of opportunity for business owners who are women, Indigenous people, minorities/visible minorities, members of the LGBT (lesbian, gay, bisexual,

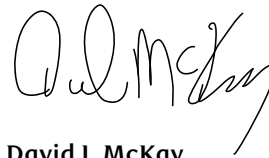
transsexual) community, people with disabilities, veterans and service-disabled veterans. RBC has embedded these supplier diversity processes into day-to-day procurement activities and incorporated supplier diversity goals into performance metrics.

RBC's procurement managers are required to participate in responsible procurement training sessions that focus on supplier diversity, employment practices, health and safety, and the environment. These training programs ensure that relevant employees and contract workers have a broad understanding of our tools, processes and policies that promote procuring products and services only from reputable suppliers.

Conclusion

RBC remains committed to preventing slavery and human trafficking from taking place in our businesses and in our supply chains. We will continue to review our policies, procedures and practices on an ongoing basis to determine any enhancements we can make to help further prevent slavery and human trafficking in our business and supply chains.

Signed by



David I. McKay
President and Chief Executive Officer, Director, Royal Bank of Canada

April 30, 2019