

# ABOUT Value for Employees

## Programs, policies and practices

This is part of a series of documents that provide additional information on the programs, policies and practices related to the citizenship priorities of Royal Bank of Canada (RBC®). The series supplements our annual corporate citizenship reporting, which provides an overview of our priorities, key performance indicators and annual highlights of 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 Annual Report and governance and executive compensation information disclosed in the Management Proxy Circular (available at [rbc.com](http://rbc.com)).

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 Vision – “To be among the world’s most trusted and successful financial institutions” – is supported by our Values of Client First, Collaboration, Accountability, Diversity & Inclusion and Integrity.

We are committed to being an employer of choice, with strong workplace programs that enable us to attract, retain and engage the very best employees who can serve our clients and deliver long-term value to our stakeholders. Our Code of Conduct sets our expectations for ethical behaviour and decision-making and is integral to the way we do business. We have established the RBC Workplace Principles, which define what we stand for as an employer. These six principles guide our ongoing efforts to support the mutual success of employees and RBC:

- Passion for client success
- Partnerships for mutual success
- Professional growth
- Diverse needs and contributions
- Excellence in people management
- High-performance work environment

For more information, please visit [rbc.com/careers/stand.html](http://rbc.com/careers/stand.html).



## Our Priorities

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

## Governance

Oversight of our workplace policies and programs is led by the Board of Directors and the Board's Human Resources Committee. The Committee is responsible for assisting the Board in overseeing key policies and programs relating to compensation and pension plans, compensation risk management, key talent management strategies and practices, compensation for the Chief Executive Officer (the "CEO") and members of the Group Executive, management succession plans for executive officers and key senior leadership roles. The Bank's executives and management are responsible for providing employees with direction on workplace strategies, policies and programs.

Our Human Resources and Global Compliance departments provide comprehensive semi-annual reports to the Ethics & Compliance Committee, the Group Risk Committee, the Risk Committee of the Board and the Human Resources Committee of the Board on metrics with respect to our Code of Conduct and many of the topics covered in this document.

## 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.

### Employee opinion survey

Employee engagement and recognition of RBC as an employer of choice are core measures of strategic human capital at RBC. We conduct regular employee surveys to identify how well RBC is delivering on what matters most to employees and how well employees understand what matters most to RBC.

The RBC Employee Opinion Survey measures employee engagement and the drivers of engagement. We use this information for trend analysis, external benchmarking and to develop action plans to address any gaps or emerging

issues. Results are presented to the senior management of the company, the Board of Directors, individual business and functional unit managers, and other employees so we can all take action in areas where improvement is needed and celebrate our successes where feedback is positive.

We compare our employee survey results to past-years' performances, as well as to the results of other top-performing North American companies including financial institutions. Our results have historically exceeded the North American High Performing Companies Norm (provided by Towers Watson).

Each year we also poll our employees to better understand what they think about our corporate citizenship activities and reputation in areas such as community and social impact and environmental sustainability.

### Resolving problems and concerns

It is important for great workplaces to have an environment where everyone feels safe and comfortable in voicing ideas and opinions as well as in speaking up. This allows the company to deliver better solutions, be more innovative and manage risks more effectively. We encourage open communication and the resolution of employee concerns locally whenever possible. 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 addition, the RBC Reporting Hotline is a communication channel for the confidential and anonymous reporting of concerns and allegations of wrongdoing relating to accounting, auditing or internal accounting controls of RBC.

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 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 within the Office of the Ombudsman, who, in turn, reports these matters directly to the Audit Committee of the Board. 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.

## Knowledge, skills, career growth and meaningful work

### Career development and learning

We strive to offer all employees the opportunity to have a rewarding and varied career with RBC.

Formal training and development programs are an important complement to on-the-job learning. Employees have access to a wide range of formal learning resources and opportunities – everything from traditional classroom training to interactive web-based learning programs, online resource libraries, and live and on-demand webcasts. Informal learning takes place through specific projects and work assignments.

RBC also provides the opportunity for employees to engage via external seminars and conferences, training and professional accreditation programs, and major educational sponsorships. The processes for acquiring approval for these opportunities vary by business platform.

### Performance management

Employees' long-term career goals are an important consideration at RBC. Our performance management approach places a strong emphasis on feedback and coaching to support employee development.

While performance management processes vary by business, every RBC employee goes through a pre-defined performance appraisal process, and

managers review their individual team ratings with their direct reports. In many cases, there is also a formal calibration session to ensure individuals are rated fairly compared to others. In some cases, we use multidimensional 360° reviews for development purposes. These provide a consolidated report based on feedback from direct reports, peers and management.

We use an enterprise-wide, online talent management system to manage the performance appraisal process.

### People management

Performance management is a key aspect of employee engagement at RBC. It helps employees see how their jobs fit in the bigger picture so they can align their activities with the company's strategy, and provide the best service to our clients.

Our top leaders and people managers play a critical role in creating an engaging work environment throughout RBC. This is why we invest in the development of consistent management practices and learning tools to help enhance the core capabilities managers need to do their jobs; learning tools include online resources, general and tailored advice and information on RBC policies and programs, and tailored coaching. Some businesses also offer annual management leadership conferences to support business changes and share best practices. These sessions develop targeted knowledge and capabilities of all managers, supported by their executive leaders, to enable change and deliver results.

### Career transition and continued support

RBC takes steps to ensure employees are treated fairly throughout their career. Whether employees are looking to transfer to a different position within the enterprise, or are in a redundant role, we strive to minimize the impact on them by considering options such as career assistance support and redeployment services.

## 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. We have a “pay for performance” philosophy to ensure employees have the opportunity to earn high rewards for the high level of performance that is expected at RBC.

### Compensation

Our approach to compensation is based on five guiding principles:

1. Compensation aligns with stakeholders’ interests.
2. Compensation aligns with sound risk management principles.
3. Compensation rewards performance.
4. Compensation enables RBC to attract, engage and retain talent.
5. Compensation rewards behaviours that are consistent with the core values of RBC.

We are committed to the principles of pay equity, and we work to prevent pay disparities between male and female staff performing the same/similar roles. The majority of our employees receive compensation that includes both salary and a bonus. For any given position, the proportion of total compensation that is based on performance depends on the person’s level and the type of work they perform. Higher level positions, for example, will have a larger proportion of performance-based compensation leading to potentially greater rewards. Variable compensation can represent a significant portion of senior executives’ total annual compensation. Additionally, some employees participate in sales incentive and commission-based compensation programs.

For more information, please see the Management Proxy Circular at [rbc.com/investorrelations/annual-meeting-reports.html](http://rbc.com/investorrelations/annual-meeting-reports.html).

### Executive compensation

For information on executive compensation, please see the Management Proxy Circular at [rbc.com/investorrelations/annual-meeting-reports.html](http://rbc.com/investorrelations/annual-meeting-reports.html).

### Incentive programs

We offer a short-term incentive (STI) program, where employees may be eligible to receive an annual bonus. The bonus is based on the performance of the individual employee, of their business unit and of RBC overall.

We also offer long-term incentive (LTI) programs to reward participants for their sustained contributions leading to shareholder value creation. This program is also used to recognize talent and retain key senior staff. RBC delivers LTI in the form of performance deferred shares and stock options.

### Benefits

We offer a core package of benefits, plus a flexible, optional program that gives employees access to competitive and affordable enhanced benefits. The offering includes medical, prescription drug and dental plans; life and accident insurance; and short-term and long-term income protection. Employees also have access to a number of health and wellness initiatives including our EmployeeCare program, which provides 24-hour-a-day access to information and confidential consultation on a wide range of work/life issues.

### Retirement and savings programs

RBC is committed to supporting employees in their planning and saving for the future. Our retirement and savings programs are an important part of that commitment.

**Canada** – RBC employees may join our savings program. Employee contributions (up to 6% of their salary) are matched at 50% by RBC.

**United States** – RBC offers a flexible 401(k) program for eligible employees to convert current income into longer-term savings. For the 401(k) program, RBC provides matching contributions after one year of employment, on the first 6% of IRS-limited salary, to an annual maximum.

**Outside Canada and the U.S.** – RBC sponsors a number of pension plans (both defined benefit and defined contribution) for employees.

For more information regarding our employee pension plan, including financial information, please see our annual Consolidated Financial Statement in our Annual Report by visiting [rbc.com/investorrelations/annual-meeting-reports.html](http://rbc.com/investorrelations/annual-meeting-reports.html).

## Health and wellness

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

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

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

## Work/life balance

It can be a challenge to attain an optimal balance between work and life. Our policies and programs provide flexibility and support to our employees. These include:

- Access to personal work/life counselling services
- Maternity, paternity, parental and family responsibility leaves
- Emergency backup eldercare and childcare in several major centres
- Gradual return from leave, or an alternative work arrangement, for eligible employees
- Phased retirement for eligible employees who wish to work three or four days per week for a defined period prior to retirement
- Flexi-place option for eligible employees who wish to work part or all of the work week off-site, usually from home
- Flex-time options for eligible employees, with assigned core hours and flexible start and finish times, within limits, as established by the employee's manager

## Diversity and inclusion

Our Diversity and Inclusion Vision is:

*To have a diverse workforce in an inclusive workplace that unleashes the talents of all employees to create value, deliver a superior client experience and develop innovative solutions for the markets and the communities we serve. By helping our employees, clients and communities succeed with and through diversity, RBC helps create better futures for our stakeholders.*

Our overall approach includes fostering inclusion, leveraging diversity of thought and the principles of human equity. We look at a person as a whole — not just their education, physical characteristics, cultural background or work experience, but how all the elements work together. Diversity and inclusion represent incredible business and economic potential, and innovation is spurred by different perspectives.

In 2016, we introduced our Diversity & Inclusion Blueprint 2020, which focuses on the diversity and inclusion pillars of Talent, Clients and Communities. In particular, we support the employment, financial services and community needs of:

- Women
- Minorities
- Newcomers to Canada
- Aboriginal and Indigenous peoples
- Persons with disabilities
- Lesbian, gay, bisexual and transgender (LGBT+) people
- Youth

## Equal opportunity

We believe in creating equal opportunities for employees, regardless of race, age, gender, disability, religion, sexual orientation or ethnic origin; and operating in a way that does not reinforce stereotypes or establish barriers. We also promote diversity and inclusion, and proactively use our diverse workforce to generate innovative business strategies.

Initiatives and organizations we support include but are not limited to:

- **The Catalyst Accord** – RBC is a founding signatory of the Accord, an industry-led call to action for FP500 companies to increase the representation of women on their boards.
- **The Toronto Region Immigration Employment Council (TRIEC)** – We have sponsored TRIEC since 2009, and in 2015, the Council was chaired and co-chaired by RBC’s President and CEO and Chief Human Resources Officer respectively. TRIEC seeks to help new immigrants to Canada find meaningful employment in their field of expertise in Toronto by partnering them with a mentor in the financial services profession; [triec.ca/about-us/triec-council/](http://triec.ca/about-us/triec-council/).

## Human rights

### Discrimination

We are committed to respecting human rights and ensuring that all of our employees are treated fairly and are free from discrimination in the workplace. 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, 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.

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

The RBC Code of Conduct also reflects the spirit of the Universal Declaration of Human Rights, and states, “RBC companies are committed to promoting equal opportunity in all dealings with employees, customers, suppliers and others.”

Suspected violations of our Code of Conduct provisions with respect to human rights are reported to Human Resources, which ensures that appropriate action is taken to review and address the issue. Human Resources also provides regular reporting on human rights policy violations to RBC’s management and Board of Directors.

By adopting, supporting and implementing positive policies, RBC creates a more representative, inclusive and productive work environment for all employees.

### Freedom of association

We operate in many countries around the world, each with varying positions on unionization. However, the majority of our workforce is employed in North America, where unionization is not the prevalent system for managing employee relations in the financial services industry.

Where employees are represented by unions, we proactively engage in dialogue with those unions on matters that may affect the employees they represent. We strive to create an environment where individuals do not feel they need to be represented by a third party, while respecting each employee’s right to choose.

### Labour Relations Framework

In 2014, RBC produced the Integrated Labour Relations Framework to provide 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.

## Aboriginal employment

We are committed to increasing the representation of Aboriginal people within our workforce through proactive recruitment programs. We support programs that ease the transition of Aboriginal employees into our workplace.

Aboriginal awareness training is required for all RBC recruiters. In addition, the training is available to all RBC employees through our online learning system.

## Additional resources

- The [RBC Diversity Blueprint](#) outlines enterprise priorities and objectives.
- The [Diversity Blueprint Report Card](#) tracks our progress to date.
- Our annual [Diversity and Inclusion Report](#) discloses how diversity is governed at RBC, our approach, including the business case for diversity, our strategy and progress, the commitment by senior leaders, workplace programs, the broader role we play in the marketplace, and our work as a community partner.
- Our annual [Employment Equity Report](#) outlines our equity initiatives and accomplishments for our Canadian federally regulated businesses and functions.

For more information and access to the above listed reports, please visit [rbc.com/diversity](http://rbc.com/diversity).