



RBC Environmental Blueprint



RBC ENVIRONMENTAL BLUEPRINT

As one of Canada's largest banks and one of the largest banks in the world, we recognize the impact we have in the communities in which we live and work. We are committed to proactive and prudent management of the environmental aspects of our business. Since developing our first environmental policy in 1991, we have been focused on environmental management and continuous improvement. We published our first RBC Environmental Blueprint in 2007 to support this commitment, and we are proud of the many accomplishments¹ achieved since its launch.

While we are proud of our past and current activities, we don't want to be complacent. This document is an updated version of the original Blueprint. The new RBC Environmental Blueprint sets out our corporate environmental policy, priorities, objectives and includes numerous ambitious new commitments that will drive our environmental sustainability programming through to the end of 2018.

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I. Environmental Policy

The following elements will guide our environmental initiatives:

- **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 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. 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.
- **Promote Sustainability:** 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.

II. Priority Environmental Issues

The environmental issues facing our planet are complex and growing in number and importance. We will continue to manage the many environmental issues that can give rise to risks or opportunities, and will focus our environmental efforts on the following three key issues:

Climate Change

Climate change presents environmental, social and financial challenges to the global economy, human health and our own business and operations. Climate change is caused by both natural variations and human activity, most notably greenhouse gas (GHG) emissions from the combustion of fossil fuels and the large-scale removal of vegetation. Strategies to address climate change may focus on **mitigation** efforts to curtail GHG emissions and **adaptation** to ensure communities can survive the physical effects of a changed climate.

Around 80% of the world's anthropogenic GHG emissions are the result of energy production and consumption. Strategies to reduce GHG emissions and mitigate the impacts of climate change commonly include policies to encourage clean technology, energy efficiency and renewable energy development. These can stimulate new economic opportunities for businesses and innovation in certain sectors.

A changing climate means more than just a rise in average temperature. It also means an increase in extreme and unpredictable weather events, changes in water quality and availability in different regions, ecosystem impacts, and effects on human health. Communities and businesses must adapt to the changing climate and ensure that their populations, economic activities and infrastructure can withstand extreme weather and climate impacts.

We must continue to understand the evolving scope of risks and opportunities associated with mitigating and adapting to climate change. This enables us to continue to respond to the needs of our clients, shareholders, employees and other stakeholders when providing financial services, operating our facilities and supporting our communities.

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. A number of factors are exacerbating water quality and availability issues. Climate change is causing new and unpredictable changes in water availability, with some regions having too much, and others having too little to meet their needs. Growing populations drive competing demands for clean water, which means that policies need to consider how to allocate it fairly among users, without negatively affecting the natural environment.

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.

In many jurisdictions, industry sectors that depend on water for their operations anticipate tighter regulation, supply restrictions and higher costs. Cities are grappling with the best way to manage water infrastructure in urban settings, with growing populations and unpredictable storm-water flows stressing existing systems.

Water quality and quantity issues will present risks and opportunities for businesses across many sectors. We will continue to work to understand the water-related risks and opportunities facing the sectors that we finance and the communities in which we live and work. We will promote awareness and thought leadership on water-related issues by supporting organizations that are working to answer important questions, and to offer solutions to the growing water crisis through donations and sponsorships.

Sustainable Communities

We believe that a sustainable community is one that enables citizens to experience a high quality of life while minimizing ecological impact. A sustainable community integrates and complements the natural environment through appropriate management of land use, urban design, energy and water use, air quality, transportation, waste reduction, economic development and natural habitats.

Cities are where the world's business, financial and human capital are concentrated. Half the world's population, about 3.5 billion people, live in cities, and that number is rising. While cities are hubs of innovation and economic growth, challenges exist to develop cities in a way that continues to create jobs and prosperity while preserving natural ecosystems and cultural values.

Sustainable communities are not only an urban aspiration. The concept of sustainability is evident in the traditional practices of many indigenous communities. Embedded within many indigenous culture is the concept of collective responsibility for tending the land and using only that which is needed for sustenance. As such, we must recognize and support indigenous identities, cultures and interests, and enable their effective participation in the achievement of sustainable development.

RBC plays an important role in encouraging the shift to livable, vibrant and more sustainable communities, first through leading by example and showcasing environmental sustainability in our own operations. Next, we will continue to support financially sound business initiatives that improve the quality of life in communities of all sizes. We will also support philanthropic efforts to conserve and enhance green space and critical habitats in communities. Finally, we will promote research and collaboration to accelerate the transition to more sustainable communities.

III. Priority Environmental Objectives

Our three priority environmental issues — climate change, water and sustainable communities — are all vast and complex topics requiring solutions from governments, the business community, private citizens and many other stakeholders. We believe that our actions can make a meaningful 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:

- **Reduce our environmental footprint**
- **Manage environmental and social risks**
- **Offer environmental products, services and advice**
- **Promote environmental sustainability**

We will seek to make meaningful gains in these areas, ensure alignment with our environmental policies, and monitor and report publicly on our progress. We will work with our stakeholders, including employees, clients, shareholders and suppliers, to advance and launch initiatives necessary to meet our objectives.

Reduce Our Environmental Footprint

RBC's environmental footprint is primarily comprised of energy use, paper consumption, employee travel, water use, and waste generation. We also consider the impact that our procurement choices have on the environment through suppliers' activities. We report publicly on our many footprint reduction programs on our website. We will continue to reduce our environmental footprint as outlined below. All targets presented are based on a 2012 baseline and apply to our Canada, United States and British Isles operations, unless otherwise stated.

1. Reduce greenhouse gas emissions and energy use in our operations

We emit greenhouse gases directly through the combustion of fossil fuels in some of our heating systems; however, the majority of our greenhouse gas emissions are indirect, such as through our use of purchased electricity, employee travel, and delivery of supplies to our properties.

We use energy to heat and cool buildings, run our technology infrastructure and lighting systems, and for other purposes. Energy derived from renewable sources (solar, wind, hydro, geothermal, biomass, etc.) typically has less environmental impact than energy derived from conventional fossil fuels (coal, oil and natural gas). RBC has been a purchaser of renewable energy² since 2002.

RBC will:

- reduce greenhouse gas emission intensity³ by 20% in our properties by 2018;
- reduce greenhouse gas emissions by 20% from our Canadian logistics and delivery network by 2018;
- offset the greenhouse gas emissions associated with the production and distribution of our major external reports,⁴ and the operations and logistics of major sponsored events, by purchasing renewable energy and/or high-quality carbon offsets;⁵
- reduce energy intensity³ in our properties and pursue opportunities to reduce energy use in RBC's information technology systems;
- increase the energy efficiency of our Canadian enterprise data centres to achieve an annual power use effectiveness⁶ value of 1.4 by 2018;
- pilot on-site renewable energy generation at our properties; and
- continue to purchase certified renewable power.

2. Use sustainably sourced wood and paper products

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

RBC will:

- reduce our office paper use per employee⁷ by 20% by 2018; and
- ensure that, where available, the paper we purchase is certified by the Forest Stewardship Council or equivalent, indicating that it has been harvested from sustainably managed forests.

3. Minimize and, where possible, eliminate waste sent to landfill

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 will:

- send zero electronic waste to landfill by 2018, globally;
- ensure all major offices⁸ have waste diversion programs; and
- ensure all major construction and renovation projects have waste diversion plans for carpet, furniture and demolition waste.

4. Improve water conservation practices at our properties

While our level of direct water consumption is relatively small, associated mainly with restroom and lunchroom facilities on our properties, we are committed to improving our water use and conservation practices.

RBC will:

- reduce the use of landscape irrigation in regions deemed water-stressed;
- reduce the use of water by incorporating water-efficient technologies in our new properties or properties undergoing renovation; and
- use environmentally responsible cleaning products in janitorial and cleaning services to help protect water quality.

5. Work with our suppliers to uphold high sustainability standards

Our procurement of materials, goods and services is extensive and globally far-reaching and presents opportunities for RBC to partner with suppliers that embrace environmentally and socially responsible business activities. RBC's supplier management policy includes requirements in the procurement process to review environmental and social issues that can impact our business, our supplier's business and communities.

RBC will:

- apply environmental and social screening criteria to 100% of all material procurement engagements;
- apply enhanced environmental and social screening criteria to high risk procurement categories including, but not limited to, electronic equipment, paper, furniture, carpets, travel, accommodations, courier and real estate services; and
- work with our suppliers on a plan to address conflict minerals in our supply chain.

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

An emerging strategy for reducing our environmental impact is choosing to lease or build office space certified to green building standards, including the predominant North American green building standard, LEED.⁹

RBC will:

- double the amount of LEED certified space we occupy by 2018; and
- commit to LEED in new major office leases.

Manage Environmental and Social Risk

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 facilitate the assessment of transactions to determine whether social and environmental issues may pose a credit, reputation or legal risk for the bank and its clients. We proactively review and update these policies and processes to address regulatory changes, emerging and evolving issues and international best practices. RBC employs an in-house team of environmental professionals, who provide expertise across the enterprise whenever required.

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

7. Evaluate the environmental and social risks of our business activities

RBC will:

- incorporate the evaluation of environmental and social risks into all relevant policies and decision-making processes as appropriate;
- subject our lending, investing, and debt and equity underwriting services in all regions to a suitable level of environmental and social due diligence; and
- seek appropriate disclosure on environmental, social and corporate governance issues from the entities in which we invest.

8. Support our clients in understanding and mitigating their environmental and social risks

RBC will:

- assist clients in understanding and mitigating the environmental and social risks associated with their business operations in a manner that is practical, cost effective, environmentally beneficial, and that helps to reduce risk for both the client and the bank;
- support transactions and business activities of qualified parties intending to reduce emissions of greenhouse gases, improve water quality and availability, improve urban environmental sustainability or facilitate adaptation to climate change;
- not engage in new financing activities with corporations operating unsustainably in tropical rainforests, High Conservation Value Forests¹⁰ or UNESCO World Heritage Sites;
- ensure that our credit risk management policies and practices fully reflect our commitment to the Equator Principles,¹¹ requiring that clients assess and manage environmental and social risk in projects;¹² and
- require that our clients recognize and respect legal rights in project development, including meaningful community consultation and the principle of free, prior and informed consultation with indigenous peoples living in natural areas that exist within project areas.

Offer Environmental Products, Services and Advice

RBC seeks to offer products and services that contribute to environmental sustainability or that empower clients to reduce their environmental footprint.

9. Make it easy for clients to do business in an environmentally responsible way

RBC will continue to:

- participate in market-based initiatives that focus on reducing environmental impacts; and
- investigate and, where appropriate, develop environmentally sustainable products and services that satisfy the demands of our clients.

10. Support the growth and evolution of environmentally sustainable businesses

RBC will:

- support the growth and evolution of the renewable energy and clean technology sectors through financing and advice; and
- fund, advise and accelerate for-profit early-stage companies with an environmental or social purpose through the RBC social finance initiative.¹³

Promote Environmental Sustainability

11. Foster a deeper understanding of the links between the environment, communities and the economy

RBC will:

- expand and enhance the availability of environmental education and awareness initiatives for employees;
- support independent research and educational programs aligned with our environmental priority issues;
- continue to conduct research on environmental and social issues that give rise to risk, affect our operations or represent opportunities for new business;
- lead or participate in surveys and focus groups, conduct in-house research and pilot projects to better understand important environmental sustainability issues, and share our findings publicly, as appropriate; and
- participate in select regional, national and international organizations whose objective is to advance environmental sustainability in the corporate world, especially in the financial services sector.

12. Work with our stakeholders and leading organizations to accelerate progress toward shared environmental goals

Our stakeholders provide us with important insights and guidance on environmental issues, RBC's environmental strategy, programs and initiatives.

RBC will:

- conduct employee and client focus groups and surveys on environmental issues in order to better understand their concerns and interests;
- continue to consult, collaborate and share information with clients, government, industry associations and non-governmental organizations in order to solve complex environmental problems or accelerate the implementation of solutions;
- sponsor environmental events, research papers and other activities aimed at promoting environmental sustainability;
- direct a portion of our philanthropic efforts to environmental causes, programs and initiatives globally, with a particular focus on those that align with our three priority issues – climate change, water and sustainable communities; and
- finance and catalyze the growth of early-stage environmentally driven companies in Canada through the RBC social finance initiative.¹³

IV. Governance

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

Oversight and Responsibility

The RBC Corporate Sustainability Group 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;
- secure approval by a senior management committee; and
- report periodically to the RBC Group Executive and to a Committee of the Board of Directors, as appropriate, on our progress in implementing the Environmental Blueprint.

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

Measurement and Reporting

We will continue to report publicly on our progress on environmental issues and activities through our website, our Environmental Blueprint Report Card, our annual Corporate Responsibility Review 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 regularly review and update our environmental metrics and calculation methodologies to reflect internationally recognized best practices and standards. In addition, we will continue to respond to a variety of environmental sustainability-rating organizations and indices, as appropriate, so our shareholders, clients and employees have access to independent assessments of our progress.

Endnotes

- ¹ Please see the 2012 RBC Environmental Blueprint Report Card for a summary of accomplishments made under the original version of the RBC Environmental Blueprint.
- ² Renewable energy is generated from renewable resources such as wind, biomass and small hydro, resulting in lower or no greenhouse gas emissions.
- ³ Emission intensity is measured as emissions per unit area or per full-time equivalent employee.
- ⁴ Such as our Annual Report, Corporate Responsibility Report, Shareholder Proxy and Quarterly Reports to Shareholders.
- ⁵ 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.
- ⁶ Power use effectiveness or PUE is an energy efficiency measurement for data centres. PUE is a ratio of total energy used by a data centre versus the energy dedicated to power the computing equipment.
- ⁷ Office paper intensity is measured as paper use per full-time equivalent employee.
- ⁸ Major offices are categorized as RBC owned or leased properties with an RBC area greater than 25,000 ft² (>2,320 m²).
- ⁹ LEED stands for Leadership in Energy and Environmental Design and designates buildings that are designed and operated to meet certain energy and environmental standards.
- ¹⁰ 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.
- ¹¹ The Equator Principles is a voluntary framework for banks to address environmental and social risks in project financing. See www.equator-principles.com
- ¹² The Equator Principles applies to certain types of project finance, project-related corporate loans, bridge loans and project-finance advisory. See www.equator-principles.com
- ¹³ Social finance is a proactive approach to solving social and environmental challenges through direct investment in private companies, projects and funds while also earning an attractive financial return.



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