

Corporate Citizenship

Corporate Sustainability Report

FY 2022

Strictly Private and Confidential



Investor &
Treasury Services

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Contents

Disclaimer	i
Contents	2
Message of the CEO of RBC IS Bank	3
Definitions and Acronyms	5
Introduction	6
Who we are	7
Our strategy for success	9
Value for our Planet	11
Value for Employees	19
Value for Clients	31
Value for Society	36
Governance and Integrity	39

Message of the CEO of RBC IS Bank



Our success depends on the well-being and prosperity of our clients and employees, and of the communities and environment we live and work in. As a purpose-driven company, creating a positive social impact, not just an economic one, is absolutely integral to everything that we do. It all starts with a commitment to conduct ourselves with integrity, in every action, every transaction and every part of our business, be transparent and accountable, and contribute to the well-being of our stakeholders. This is how we earn the right to be our clients' first choice, and we believe this is just good business.

Enabling our employees to thrive in a rapidly evolving world of work.

Important changes are taking place in workplaces around the world. Our aim is to remain an employer of choice in this new world and, to do so, we continuously invest in our people and their future success, as well as sustain a strong and caring culture that attracts and retains top talent.

In our learning and development programs, we're focused on future skills, such as adaptability, creativity and problem-solving, to enable employees to thrive regardless of where they work and what they do. We promote a long term vision of skills and knowledge to encourage our employees to look ahead and to learn continuously.

Diversity & Inclusion

Diversity and Inclusion is an engine for innovation and economic prosperity. We believe in the power of inclusion and a commitment to making a difference in the communities we serve.

Diversity and Inclusion is a journey. It is and will remain at the center of our strategy. Our vision is to be among the most inclusive and successful company. We started with enhancing our existing company-wide Unconscious Bias training, and making anti-racism and anti-bias training mandatory for all employees. We've also included diversity and inclusion objectives in the performance management goals of all people leaders.

Our Citizenship & Diversity Committee supports our strategic priorities in terms of Diversity & Inclusion.

We embrace diversity for innovation and growth by speaking up for inclusion and empower people to grow and achieve more; seek out and respect different perspectives to challenge conventional approaches; and identify and act on the opportunities and needs that client diversity brings.

Creating meaningful value for our clients

At RBC, we have a strong vision for the future. We know that to remain successful requires both managing our legacy operating model and pivoting to a far more digital world. Doing so takes more innovation, integration and breaking down business silos of what we do so we can redefine and deepen relationships and create more value for our clients. We are uniquely positioned to create long-term value for our clients through the power of our ideas, investments in talent and technology, and differentiated advice, products and services.

We continue to gather client feedback and track our client experience across our platforms on a regular basis to ensure we are on the right track and are learning about opportunities where we can continue to improve the client experience.

Placing our planet on a more sustainable path

At RBC, we believe we can create a future where our employees are encouraged, engaged and empowered to be their best in a new world of work, and where our clients' unique and evolving needs are met through our people and technologies. We are also helping to create a future where the full potential of people and their communities can be realized, and where a healthier environment and cleaner economy provides us all with greater opportunities to thrive and prosper.

2022 Key Achievements

IS Bank is committed to diversity and inclusion at all levels. From a gender equity perspective, we continue our efforts to diversify the composition of the Board of Directors to ensure a good representation of women. We believe diversity leads to a broader range of experience, knowledge, skills and values. The Nomination Committee has set a target of 20% of female directors when renewing or electing a new member (excl. staff representatives). In 2022, the objective was met with two women (33%) on the Board of Directors.

We have implemented an IS Bank ESG Strategy. The strategy focuses on Climate Risk while progress on the Social and Governance aspects of the strategy was undertaken with the support of our Citizenship and Diversity Committee (CDC). We aim at creating a positive impact for our clients, our employees and the community we live in, which is integral to how we do business and core to our culture. Our CDC was very active in promoting diversity by conducting various events and a number of actions among which our Employees awareness on diversity matters.

Philippe Renard

Definitions and Acronyms

“**RBC IS Bank**” or “IS Bank” or the “Bank” refers to RBC Investor Services Bank S.A. excluding its subsidiaries and branches.

“**RBC Investor & Treasury Services**” or “RBC I&TS” is RBC IS Bank’s brand name.

“**Royal Bank of Canada**” or “RBC” or “RBC Group” or the “Group” refers to RBC IS Bank’s Shareholder

ABAC – Anti-Bribery and Corruption

AML – Anti-Money Laundering

ATF – Anti-Terrorist Financing

CCT - Convention Collective du Travail (Collective Bargaining Agreement)

ECB – European Central Bank

ESR - Entreprise Socialement Responsable – Company Socially Responsible

GHG - Greenhouse Gas

GRM – Group Risk Management

ICAAP - Internal Capital Adequacy Assessment Process

ILAAP - Internal Liquidity Adequacy Assessment Process

INDR – Institut National pour le Développement Durable et la RSE (Responsabilité Sociale des Entreprises)

RFTK - Race For the Kids

SDG - Sustainable Developments Goals

SSM - Single Supervisory Mechanism

WFH – Working From Home

Introduction

Scope

This Corporate Sustainability Report (the “Report”) includes information of RBC Investor Services Bank S.A. Luxembourg on an unconsolidated basis (“RBC IS Bank”).

Selected metrics contained in this report may have different scopes and are noted as such.

This Report provides an overview of our priorities, Key Performance Indicators (KPI) and highlights from 2022 on corporate citizenship issues relevant to financial services companies in general, and to IS Bank in particular. It complements the information on the results of our operations and financial condition provided in our 2022 RBC IS Bank Annual Report.

Reporting Period

All data and examples contained in this Report reflect activities undertaken during the 2022 fiscal year (November 1, 2021 to October 31, 2022) unless otherwise noted. In many cases, we have provided data for 2022 as well as for the two preceding years to provide readers with a view of trends in our performance over a three year period. The Covid-19 pandemic put on hold / stopped a number of initiatives that the Bank is likely to reinstate.

Who we are

About RBC

Royal Bank of Canada is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. Our success comes from the 95 000+ employees who bring our vision, values and strategy to life so we can help our clients thrive and communities prosper. As Canada's largest bank, based on market capitalization, we have a diversified business model with a focus on innovation and providing exceptional experiences to more than 17 million clients worldwide. Creating a positive social impact is integral to how we do business and core to our purpose-driven culture. We have a responsibility to help create positive social and economic impact in our communities. Our Purpose inspires us every day to use our imagination and insights to build a better future for our clients and communities. Learn more at [rbc.com](https://www.rbc.com).

We are proud to support a broad range of community initiatives through donations, community investments and employee volunteer activities. See how at <https://www.rbc.com/newsroom/sustainability/index.html>.

Corporate Citizenship at RBC

We believe corporate citizenship is about integrity, business ethics and strong governance.

We hold ourselves to the highest standards and know we must conduct our business responsibly to build trust. We define corporate citizenship as an approach to business where we work to make a positive impact on society, the environment and the economy.

About RBC IS Bank

RBC IS Bank is a fully-owned subsidiary of the RBC Group, and was acquired in 2012 through RBC's purchase of the remaining 50% of RBC Dexia. Headquartered in Luxembourg, IS Bank is the parent company and head office of a consolidated group of subsidiaries and branches. IS Bank is comprised of 5 subsidiaries 4 branches and 1 representative office, and is a fully-licensed bank. Through its subsidiaries, it holds several banking and financial services licenses. IS Bank is designated as a "significant supervised entity" and is supervised by the European Central Bank under the Single Supervisory Mechanism ("SSM"). IS Bank is the primary operating entity for IS business in Europe and Asia, providing services across 9 countries with a focus on leading in the key offshore markets of Luxembourg and Ireland. IS Bank undertakes operational activities exclusively around investor services for its clients.

IS Bank serves more than 240+ Clients with custody, fund administration, shareholder services, treasury and market services, trustee and depositary services and Private Capital Services.

On October 17 2022, RBC announced the signing of a Memorandum of Understanding with CACEIS to sell the RBC European asset servicing activities and the Malaysian centre of excellence. The RBC legal entities which are planned to be sold to CACEIS, comprise 100% of the shares of RBC Investor Services Bank S.A. (the Bank), the branches of the Bank in Switzerland, Ireland and the UK, representative office in New York and subsidiaries of the Bank in France, Ireland, Belgium and Malaysia. This is an opportunity for IS Bank's European clients to enjoy the combined scale of RBC Investor Services' European business and Malaysian centre of excellence and CACEIS' global footprint.

The completion of the transaction is subject to standard closing conditions, including regulatory and antitrust approvals, and is expected to take place by the end of the third quarter of the 2023 calendar year. The bank will continue to support its clients and its employees to ensure a smooth transition to the new owner.

Our strategic priorities



We are guided by **our Values**:

- **Client First**
- **Collaboration**
- **Accountability**
- **Diversity & Inclusion**
- **Integrity**

While RBC is very proud of what the business that was built in Europe, it is willing to focus on the Canadian asset services franchise in its home market. On October 17 2022, RBC announced the signing of a Memorandum of Understanding with CACEIS to sell the RBC European asset servicing activities and the Malaysian centre of excellence.

Value for our Planet



Value for our Planet

To support our net-zero ambition, RBC joined the Net-Zero Banking Alliance (NZBA) in 2021, a global, industry-led initiative to accelerate and support efforts to address climate change.

The environmental issues facing our planet are complex and growing in number and importance. We will continue to manage environmental issues that present risks or opportunities. We base our strategy on some of the 17 Sustainable Development Goals (SDG) recommended by the United Nations:



Climate Change:

Climate change presents environmental, social and financial challenges to the global economy, human health and to our own business operations. Strategies to reduce GHG (greenhouse gas) 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. We respond effectively to the needs of our clients, shareholders, employees and other stakeholders when providing financial services, operating our facilities and supporting our communities. To achieve this, we must remain current with the evolving scope of risks and opportunities associated with mitigating and adapting to climate change. Initiatives were undertaken to:

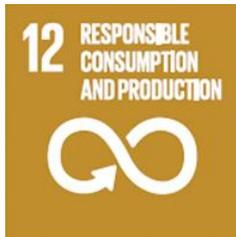
- Eradicate the single use plastic in our premises and
- Improve waste sorting: From July 2022 onwards, waste management for the building is being mutualized:

* Containers of general waste as well as those for paper and cardboard were removed. They will respectively be replaced by common compactors.

* Recyclable waste are pooled.

* Glass waste is pooled in a specific container.

while, energy consumption continues to be monitored:



Water:

- ➔ Water scarcity 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. Communities, industries and regions are dependent on the preservation and management of marine and freshwater environments. Water quality and quantity present risks and opportunities to be explored. RBC 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 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.



Working towards a sustainable future

RBC has been developing policies and building programs to reduce our environmental impact since 1991. Our ambition is to work with partners to leverage technology and innovation capabilities to solve pressing environmental challenges.

Sustainable Communities:

Our approach to delivering value for communities fuses together our collective resources, talents and connections, enabling us to bring people together in common cause to make positive change. We use a more-than-money approach to multiply the impact of our work, including thought leadership, the power to connect and convene, and the expertise of our employees. This approach includes working with our community partners, subject-matter experts, and the public and private sectors to promote inclusion and vibrancy in our communities.

Through the **Bee Care Club**, RBC sponsors five beehives located in France. This initiative is important to contribute to the biodiversity and the preservation of many leaving species, through the pollination made by the bees. On top of that, the club produces honey that has been sold to the employees helping to participate to the beehives maintenance and to contribute to other initiatives linked to biodiversity and youth (Race for the Kids). In December 2022, a sale of honey pots were organized to support Race for the Kids and la Croix-Rouge luxembourgeoise. 700 € were collected.



RBC's beehives in winter time.

Policies on Environmental-Related Risks

RBC IS Group Risk Management (GRM) team is responsible for establishing policy requirements for the identification, assessment, control, monitoring and reporting of environmental risk, and for ensuring the policies are reviewed and updated periodically. The environmental risk associated with our clients and their operations is evaluated in order to establish the due diligence requirements for transactions. Business segments and corporate functions are responsible for incorporating environmental risk management requirements and controls within their operations.

In November 2020 the ECB published its guide on climate-related and environmental risks. It contains 13 expectations for which the ECB expects all banks under its supervision to comply with. Furthermore, the guide refers to two main risk drivers of climate-related and environmental risks: physical risk and the transition risk. The Bank has committed to address the ECB's expectations. As such, an initial gap analysis was performed in 2020. The analysis and corresponding actions have been communicated with, and reviewed by ECB. RBC IS Bank has created a comprehensive governance framework in relation to climate and environmental risks which are reflected in RBC IS Bank's risk management framework as well as in the ICAAP, ILAAP and Pillar III disclosure.

RBCIS Bank is furthermore subject to various regulatory practices in context of this subject, it has participated to the 2022 ECB Thematic Review on Climate & Environmental Risk and a part of the 2022 Climate Risk Stress Test.

Protecting our Local Environment

Climate and Environmental Risk Management

RBC IS Bank is expected to address climate and environmental risks in its business strategy, governance, risk management frameworks and disclosures.

Climate change and environmental degradation are sources of structural change that affect economic activity and, in turn, the financial system.

Climate and environmental risk at level of RBC IS Bank is understood to potentially impact the Bank through degradation of its risk profile in relation to Credit, Market, Liquidity or Operational Risk, as well as reputation or legal risks.

The principal risk drivers of climate-related and environmental risks are:

- **Physical risk**, which refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation. This can directly result in, for example, damage to property or reduced productivity, or indirectly lead to subsequent events, such as the disruption of supply chains.
- **Transition risk**, which refers to an institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy. This could be triggered, for example, by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences. RBC IS Bank has conducted an exhaustive assessment in order to identify direct exposures in relation to physical and transition risk. On the basis of identified factors, the level of climate and environmental risk has been assessed to be overall low or non-material.

Furthermore, RBC IS Bank continues to incorporate various practices in relation to climate and environmental risk in order to address internal, market and regulatory requirements. A first version of the RBC IS Bank strategy on climate and environmental risk was documented by our risk group (GRM) and approved at Board level in June 2021.

Through our Diversity committee and especially RBC Green stream, a commitment to environmental sustainability is an investment in the future of the planet. RBC supports a range of environmental organizations through donations, and we encourage our employees and clients to reduce their personal environmental footprint through communication campaigns (Make Black Friday Green) and other actions (Honey sale and conferences around bees and other pollinators).

Additionally, we work with our stakeholders and other leading organizations to accelerate our progress toward shared environmental goals. These organizations provide us with important insights and guidance on environmental issues, and on RBC's environmental strategy, programs and initiatives.

We consult, collaborate and share information with clients, government, industry associations and non-governmental organizations. We sponsor environmental events, research papers and other activities aimed at promoting environmental sustainability. We've been sponsoring five beehives since 2019, we aim at raising awareness around the importance of bees and other pollinators. A part of the honey we harvest is sold to our employees. The benefits are donated to our partner charity as part of the RBC Race for the Kids fundraising effort. Finally, we direct a portion of our philanthropic efforts to environmental causes, programs and initiatives globally.

Indicators of the European Taxonomy on Sustainable Activities:

To meet the requirements of the European Regulation 2020/852 of the European Parliament and the Council of June 2020 on the establishment of a framework to facilitate sustainable investment (the “Taxonomy Regulation”) and the Commission Delegated Regulation (EU) 2021/2178 of July 6 2021 as amended, RBC IS Bank has developed a simplified reporting reflecting the key performance indicators that cover the eligibility objectives of two Taxonomy objectives i.e. climate change mitigation and climate change adaptation.

Thus, RBCIS Bank has significant exposures in assets such as sovereign, supranational, central bank counterparts which are currently out of scope for determining Taxonomy-eligibility within the two objectives. Additionally, RBCIS Bank has a high exposure to investment funds. These are significant exposures not covered under the current Taxonomy mandatory reporting which only include large corporations subject to the Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (the “Non Financial Reporting Directive” or “NFRD”).

Data sources and Limitations:

RBC IS Bank largely depends on the data published by their counterparties. RBCIS Bank has to use the most recent information published by these counterparties. The data collection process is heavily manual hence the challenges we faced in assessing the eligibility of certain exposures.

RBCIS Bank also needs to determine if a counterparty is subject to NFRD disclosure obligations in order to properly categorise the numerator and denominator of key performance indicators. For this NFRD assessment, no public database or repository is currently available in the EU to determine which counterparties must report on non-financial information. Hence we faced similar challenges in the assessment exercise. For example, for Cash placements to cash correspondents, RBCIS Bank has applied a more restrictive approach by considering them as subject to EU taxonomy eligibility.

Given data sources and limitations, the Bank has adopted a conservative approach on the disclosure of its figures.

ESG Strategy:

RBC IS Bank has also developed an ESG strategy that laid down strategic objectives in relation to ESG, climate and environmental risks as well as new services offering to clients.(see further details on p. 41)

The table below summarises the relevant metrics to calculate the EU Taxonomy eligible assets. Based on the assessment of the Bank's Covered Assets of in 2022, none are deemed eligible under the EU Taxonomy:

Total Assets	Total assets corresponding to the consolidated balance sheet	16 966	100%
- Exposures to central governments, central banks and supranational issuers	Asset exposures related to corresponding portfolio	12 873	76%
- Trading Book	"Held for Trading" except derivatives	-	0%
= Assets in scope ("covered assets")	Total assets accounting for denominator in the KPKs	4 093	24%

In EUR millions	Management rules applied	Value as of 30th October 2022	in % of covered assets
Exposures to assets that are treated as non-eligible by the EU Taxonomy:		1 001	24%
Derivatives	Derivatives	757	18%
Interbank loans	Intragroup placements	244	6%
+ Exposures to undertakings that are not subject to the NFRD		1 938	47%
Loans and advances to customers	Investment funds are not subject to the NFRD	1 576	38%
Investment securities	Bonds issued by financial corporate outside EU and UK	362	9%
+ Exposure to assets that are treated as non-eligible due to data constraints or internal assessment		475	12%
Loans and advances to credit institutions	Cash placements to cash correspondents*	345	8%
Investment securities	Bonds issued by financial corporate inside EU and UK	130	3%
= Total EU Taxonomy non-eligible assets**		3 414	83%
+ Total EU Taxonomy eligible assets		-	0%
+ Cash and cash equivalents & Other assets**		679	17%

* For a proper categorisation of the numerator, RBCIS Bank needs to know if a counterparty is subject to NFRD disclosure requirements. For this NFRD assessment, no public database or repository is currently available in the EU to determine which counterparties must report on non-financial information. Therefore, we decided to classify all our cash correspondants as subject to the NFRD

** Not all covered assets are included in the total sum of the individual items. Items also include cash and cash equivalents, as well as other assets that are not subject to key performance indicators of financial undertakings

Value for Employees



Value for Employees

Our ESG Focus Areas

Attract and retain the right talent – Investing in our employee experience and competitive recruitment to enhance our workforce.

Enable our people to do their best work – Listening and adapting to the evolving needs of our employees to best prepare them for the present and the future.

Strengthen our culture of inclusion and belonging – Advancing diversity, representation and inclusion to drive an equitable and safe work environment

Attract and retain the right talent

In an increasingly competitive talent market, it is important for RBC and our culture to stand out in meaningful ways to current and future employees. This begins with the recruiting and hiring process. The Covid-19 pandemic shifted employees expectations about balancing work and life, as well as their expectations of employers. In 2022, we continue leveraging on technology to improve the experience for both hiring managers and candidates. With virtual workplaces creating more options for candidates than ever before, our recruitment programs and campaigns showcased our unique culture and the compelling career opportunities at RBC to attract a diverse talent pool that reflects the communities we serve.

Competitive Compensation and Benefits for Employees

RBC IS Bank remuneration programs are designed to:

- Attract and retain the talent we need to compete and succeed; and
- Align the interests of our employees with the achievement of performance objectives and strategic goals within our risk appetite to drive superior financial performance and generate sustainable shareholder returns.

Our approach to remuneration is based on five key guiding principles:

- 1) Aligns with shareholder interests
- 2) Aligns with sound risk management principles
- 3) Rewards performance
- 4) Enables the Bank to attract, engage and retain talent
- 5) Rewards behaviors that are consistent with the core values of RBC and our Leadership Model.

The regular benchmark surveys we receive confirm that RBC IS Bank's global package is aligned with the market practices.

Our Remuneration Policy respects the principle of equal pay for male and female workers for equal work or work of equal value.

Our “Total rewards” approach is composed by a diverse and complete offer, detailed in the following sections.

Compensation program

IS Bank compensation and benefits programs reflect the principles of flexibility and choice. They also reflect a shared accountability for success informed by a belief in winning together. Our programs are focused on the overall health and wellbeing of our employees. Recent initiatives include:

- Introduction of a flextime arrangement in conjunction with Collective Bargaining Agreement for Bank Employees. The arrangement provides for flexible and adaptable for employees, while respecting statutory limits. Flextime helps employees balance work and their private life which leads to a well-rounded individual and more focus and engagement when the employee is at work.
- Introduction of part-time worker program as a means of reaching people who would otherwise not work due to personal circumstances. The initiative is made to bring greater diversity to our employee base.
- Support for an employee care program which provides support either in person or by phone to employees who are experiencing difficulties that affect their ability to function at work or at home, or affects their general sense of wellbeing.
- Maternity, paternity, parental and family responsibility leaves
- Introduction of a Teleworking Policy, offering the opportunity to employees to improve their professional and personal life balance.

RBC IS Bank provides all employees with benefits that include pension plans, life and accident insurance, disability coverage, service awards, etc. These benefits programs are comparable to those provided by our peer group.

Additionally, other benefits may be offered that do not form part of the calculation of fixed remuneration in relation to the ratio of fixed to variable remuneration. These benefits include:

- Car allowance for qualified employees
- Lunch vouchers
- Paid time off (Time Saving Account)
- In-house services
- Social package
- Health Care Program

Retirement and Savings Programs:

At RBC we are committed to supporting employees in their efforts to plan and save for the future. Our retirement and savings programs are an important part of that commitment. Outside Canada and the U.S., we sponsor a number of pension plans (both defined benefit and defined contribution) for employees.

The **RBC International Savings Plan** (or similar) is a vehicle to help enhance an employee’s personal or retirement savings. The plan allows employees an opportunity to build their savings by deferring a portion of their annual bonus award to be placed in a special stock-related account (see below). For this deferral, the employee receives a 100% employer matching contribution up to plan limits and subject to plan vesting criteria. The sum total of the cash value of the employee contribution and associated employer match is

converted to deferred share units. The share units track the performance of RBC (RY) Canadian share price as traded on the Toronto Stock Exchange (TSX) and is invested for the duration of the 3-year plan cycle. Throughout the plan cycle, notional dividends are reinvested into the participant's account.

Resolving Problems and Concerns: In accordance with European and Luxembourgish legislation, RBC IS Bank has a European Work Council (EWC), a Luxembourg Work Council, a joint work council (Cellule paritaire) and a staff delegation. The role of the staff delegation is to safeguard and defend employees' interests with regard to working conditions, job security and employment status.

RBC IS Bank is a signatory to the Collective Bargaining Agreement (Convention Collective du Travail – CCT) which aims at regulating the general terms of work between the banking members of Association des Banques et Banquiers, Luxembourg (ABBL) and their employees.

In addition, RBC IS Bank Luxembourg offers an Employee Assistance Program via an external company. The purpose of this program is to support our employees and their relatives (husband, wife, children) when they have to face situations that may require a specific assistance (e.g. mental health, financial advice, family events, etc).

Attracting and Retaining talent

Performance metrics	2022	2021	2020	2019
Average tenure of employees (in years)	14,3	13,5	13,7	12,8
Employees who are under 30	5,04%	4,39%	4,30%	4,90%
Percentage of employees covered under collective bargaining agreements	51,70%	53,49%	55,02%	57,01%
Absentee rate (percentage of total days scheduled)	3,88%	3,40%	3,45%	3,61%
Total employee turnover rate	18,85%	12,50%	15,80%	11,40%
Total voluntary employee turnover rate	7,61%	4,60%	3,40%	5,50%
Total involuntary employee turnover rate	11,24%	8%	12,30%	6%



Workplace Policies

Our Code of Conduct outlines our commitment to provide 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 ours. We have resources to help addressing mental health issues, including an employee assistance program, whereby employees and their dependents have access to free and confidential counselling, consultations and online resources.

The Link is a group of volunteers that have been trained by the occupational health ASTF (Association pour la Santé au Travail des Secteurs Tertiaire et Financier) to support and guide colleagues to find the resources they need when facing psychological/mental health issues.

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

Europe Safety Policy

The Bank assigns great importance to the safety of all personnel using its premises. We consider this responsibility as equal to that of any other management function. In the design, construction, operation and

maintenance of all plant, equipment and facilities, management does everything reasonable to prevent personal injuries and ill health to its employees, customers, visitors, contractors and members of the public. To this end, the Bank will provide such training and equipment as necessary to enable employees to work safely.

The Bank carries out the checks required to identify hazards and control of risk. We conduct risk assessments taking into consideration health, safety and welfare. Employees are expected to behave responsibly and to take reasonable care for their own health and safety at work, and to co-operate with management to create a safe and healthy working environment.

The Bank's health and safety objectives in Europe are to:

- Provide a safe and healthy working environment.
- Contribute to the safe, efficient and timely execution of the Bank's activities by the prevention of ill-health and injury. Through the implementation of the safety management system, ensure there are as few as possible reportable incidents.
- Minimize risks and nuisance to others not in the Bank's employ. Through control of Business As Usual activities and major projects, we aim to receive as few as possible but no more than five external complaints regarding health, safety or welfare arising from the Bank's operation in Europe.
- Publicize the Safety Management System to ensure staff are aware of the procedures in place to support them. Published information will be reviewed quarterly for accuracy and regular refreshers will be issued to staff bi-monthly.
- Meet current statutory legal requirements for the safety and protection of staff. All new legislation will be reviewed within a month of release and measures to comply implemented within six months. All existing procedures to meet legal requirements will be reviewed annually.
- Ensure that all members of staff are properly trained in the safety aspects of their work. All Incident Wardens and First Aiders will receive appropriate training to fulfil their roles. Induction information is made available to all employees.

The 2019 European Health and Safety Policy introduces the concept of Health and Safety Officers ("Designated Workers" in Luxembourg) that will: "

- Ensure and organize the general supervision of the respect of the legal and regulatory provisions in force concerning the safety and health of workers.
- Contribute to the development of the company's strategy to develop the safety and health of employees.
- Monitor the working methods and the means implemented, evaluate the risk studies and the provisions relating to the prevention of accidents.
- Collaborate on regular security visits to security registers.
- Collaborate in the updating of safety and health plans, alert, alarm, intervention and evacuation.
- Collaborate on evacuation drills (organization, conduct, debriefing, conclusion and report).
- Evaluate the situation of the company or establishment with regard to safety and health at work.
- Maintain relations with the Labor and Mining Inspectorate, the inspection bodies and the occupational health service to which the company is affiliated and with other supervisory authorities in matters of safety and health as well as with the services in the event of accident and fire in coordination and in full collaboration with other designated workers
- Collaborate on different training plans related to occupational health
- Intervene as a contact person with employees in the context of occupational health
- Contribute to the harmonization of the bank's actions in the field of occupational health with the actions taken by the official bodies of Luxembourg.
- Make all employees aware of the risks related to health, especially mental health.
- Active member of the health and safety committee
- Strength of proposal of actions within the framework of the Wellbeing
- Participates in the implementation of Wellbeing's action

The Europe Health & Safety Policy applies to the activities of all RBC employees, contractors and visitors to RBC premises in Europe. It also covers the provision, maintenance and use of all RBC Europe equipment.

Enable our people to do their best work

Our workplace has evolved to include a range of in-person, hybrid and virtual work arrangements, making it essential to apply a number of strategies to gather feedback and stay connected with employees. We use a variety of tactics to help us understand the unique needs, preferences and experiences of our workforce, including listening circles, targeted interviews, focus groups, pulse surveys and an annual engagement survey.

We continue to foster a culture of high performance that drives impact for our clients and other stakeholders. Our always-on approach to elevating performance and unlocking potential, LIFT, focuses on building habits to set ambitious goals, providing regular coaching and feedback, recognizing contributions that exemplify our Leadership Model, and having ongoing conversations about professional development.

Enablement of our people

Performance metrics	2022	2021	2020	2019
Average hours of formal training per FTE	13,6	20	18,93	25,05
Employee Opinion Survey / Employee Engagement Survey response rate	70,80%	73,70%	-(*)	79%
Employee Engagement Score	69%	70,50%	-(*)	50%

() Well being pulse survey conducted in the context of the Covid-19 pandemic and working from home*

At RBC, we believe in a shared accountability for career development. This involves RBC forming a partnership with involving the employees and their managers and to build a successful career. Available resources for career development include:

- Personal Development Plan
- Talent Management
- Creating a People-Oriented Culture
- Leadership Model
- Future Skills
- Leap Pathways (blended learning on most valuable skills for the future)
- RBC Learn a 24/7 learning platform available for all employees

The Bank has also implemented an Education Assistance and Professional Study Policy and Procedure to:

- Support employability and career mobility between business lines.
- Encourage attainment of job required qualifications as part of the employee's job responsibility and to support business needs.

- Enhance current job performance and career development.
- Foster a high-performance professional workplace and managerial excellence.
- Support a professional standard recognized in the industry and expertise development

Throughout the Covid-19 pandemic, all our staff remained fully engaged to serve our clients and also continue to run BAU tasks.

IS Bank has undertaken a number of measures to prepare the Future of Work acknowledging the flexible work was here to stay:

- Supporting WFH, RBC IS Bank reinforced the hardware capability via the deployment of new Thin Clients at home to staff in Europe. This deployment occurred from May to September 2021 in order to offer a better employee-experience working from home.
- Introduction of a Teleworking Policy to support hybrid work arrangements where feasible.
- The return to the premises was organized gradually to allow everyone to organize themselves in their private life while ensuring that the sanitary situation was assessed every day by the Executive Committee with the support of the Incident Management Team.

Strengthen our culture of inclusion and belonging

Diversity & Inclusion

At RBC, D&I is a Value that is core to our Purpose and a fundamental strength of our organization. We believe that D&I is an engine for innovation and economic prosperity, and as Canada's biggest bank and one of the largest in the world based on market capitalization, we are committed to playing an important role in advancing a more inclusive, sustainable and prosperous future. Our D&I vision is to be among the most inclusive workplaces and successful companies, putting diversity into action to help employees, clients and communities thrive. An enhanced Diversity and Inclusion Strategic Roadmap 2025 was established to create specific and measurable value for colleagues, clients, communities and shareholders with a focus on:

- **Advancing diversity and representation** by enhancing our hiring and recruitment programs, driving equitable opportunities for pay, promotion and development, and improving representation in leadership at all levels and across all demographic groups.
- **Strengthening inclusion** with a focus on enhancing inclusive leadership capabilities, fostering a listening environment, leading with empathy, enabling employees to feel safe to speak up for inclusion, and driving accountability.
- **Enabling economic inclusion** which includes influencing equitable access to financial products and services, supporting products, programs and initiatives that create social impact, and leveraging our purchasing power to influence supplier and client diversity efforts.

Diversity and Inclusion at RBC IS Bank Luxembourg

IS Bank in Luxembourg continues promoting various initiatives to educate, inspire and empower our employees as well as to provide valuable gateways to professional development. Our Diversity and Inclusion objectives are:

- To be a recognized leader in workforce diversity
- To be the financial institution of choice for diverse clients, and
- To leverage diversity for the growth of RBC and the success of the clients and communities we serve

IS Bank is a Member of Inspiring More Sustainability (IMS) Luxembourg and a founding member as well as a privileged partner of the Diversity Charter Lëtzebuerg. This Charter is a national commitment text proposed for signature to any organization in Luxembourg wishing to commit to diversity promotion and management through concrete actions that go beyond legal obligations of non-discrimination.

IS Bank has implemented a Citizenship & Diversity Committee (CDC) supported by volunteering employees.

The mission of the CDC is articulated around 3 pillars: Employee Engagement and Education, Community Impact and Brand impact. It pursues the following objectives:

- Educating, inspiring and empowering colleagues to make a difference. Building relationships across the firm and encourage firm culture.
- Community impact; demonstrating commitment to the community in which we live and operate in
- Developing a roster of strategic charitable partnerships, leverage RBC



In Luxembourg, the Citizenship & Diversity Committee (CDC) is championing and supporting diversity, inclusion and sustainability by creating opportunities to educate, inspire and empower employees and support local communities. In that respect, the CDC aims at reaching internal and external stakeholders expectations by providing to RBC I&TS Luxembourg employees valuable gateways to professional development.

RBC IS Bank's Diversity & Inclusion strategic focus is articulated around five pillars:

RBC Pride: Contribute to create a positive, inclusive and sustainable work environment for lesbian, gay, bisexual and transgender (LGBT+) employees. Support the local LGBT community and parents of LGBT+ children.

RBC Mosaic: Promote an environment that recognizes the multicultural interests of its employees, clients and other constituencies, and embraces the inclusion of different perspectives, backgrounds and experiences of all employees.

RBC RWomen: Foster the development and career aspirations of women. Create an environment where employees have equal opportunities to grow, succeed and achieve their full potential.

RBC Green: To inform and inspire our colleagues on sustainability, engage RBC and local associations and act together to lead the sustainability transition.

Next Gen: To engage RBC Luxembourg and its employees with local youth.

Strengthening a diverse and inclusive culture

Performance metrics	2022	2021	2020	2019
Total number of employees	912	923	967	1098
Percentage of women	44%	43%	43%	44%
Percentage of women in Management (compared to management overall)	37%	35%	34%	35%
Percentage of women in authorized management (*)	29%	14%	29%	29%
Percentage of women executives	9,10%	7,69	23%	31,25
Women Executives appointments	0%	0%	0%	9%
Women Promotions	35%	46%	41%	52%

RBC has reinstated in person events following the Covid-19 pandemic:

Please find below examples of achievements for 2022:

Activity	Description	CDC Pillar
ESG Finance awareness week	An ESG Finance awareness week were organized for Luxembourg employees, w/c 13 June 2022 for three days. The purpose was to raise employees awareness on the new finance environment, for their own employability, engagement and sense of belonging- as well to bring positive outlook on the future with the presence of a key local Sustainable Finance player, the Luxembourg Sustainable Finance Initiative (LFSI) and Andrew Craig, Head of ESG Europe.	RBC Green
Fruit Day	Weekly delivery of local organic vegetable baskets for employees	RBC Green
10th anniversary of the Diversity Charter Luxembourg - Conference with Ouissem Belgacem	On May 18 th , RBC celebrated the 10 year anniversary of the Luxembourg Diversity Charter by attending a panel discussion which took place at the University of Esch-sur- Alzette along with other privileged member of the Luxembourg Diversity Charter and moderated by Corinne Cahen, Minister of Family Affairs and Integration. Conference for a more LGBTQI+ inclusive workplace with a testimonial by Ouissem Belgacem, former international soccer player.	RBC Pride
Transgender Awareness Week	A Transgender Awareness Week – quiz was organized on the IS Bank’s intranet from 13 to 19 November 2022 to raise awareness about transgender and to support victims of transphobic violence.	RBC Pride
Connecting RBC to the youth community	Strengthening of the partnership with Uni.lu (Finance & Economy, Career Center) and in particular on mentoring, summer internship and formal internship (2022)Inventory of key partner schools for internships (ICN, Neoma, IMC Lux and France, ...)Preparation of future job fairs and school events (for 2023)Second participation in the charity program dayCare.lu, with 10 students	Next Gen
Coding workshops / Pilot Coding program	A few additional public sessions on Coding were offered in June/July.	Next Gen
Support gender gap decrease	Analysis of gender gap within RBC and action plan definition. With RH support and in relation to EBA guidelines, a deep dive has been run, per employee category / level, to get the current picture of salary gender gaps within Luxembourg office. Some factual criteria have been defined in collaboration with HR to document and identify current gaps within the organization.	RWomen
Dress for Success	Charity sale of women business clothes to RBC employees. ~ 4000€ collected in the context of this initiative	RWomen

RBC IS Bank responsible employer in uncertain times

In 2020, RBC I&TS decided to go through a costs reduction plan which led to a social plan which was negotiated with the Employee Workers Council. The cost restructuring program announced in November 2020 and started in 2021 came to an end in June 30th 2022. The capacity planning was established before the pandemic and not driven by the Covid-19 pandemic.

In alignment with our guiding principles and values, RBC IS Bank was still committed on the plan to provide support and assistance to all employees during the process, to provide fair conditions and to minimize the impact of the social plan wherever possible by offering:

- Fair financial conditions
- Support for a successful external redeployment of impacted employees
- Flexibility to take into consideration as much as possible the particular situation of impacted employees, and
- Follow up and support to employees all along their notice period with the help of external experts such as (the ASTF and the RBC Employee Care Program).

Value for Clients



Value for Clients

RBC Investor Services Bank S.A. serves more than 240+ clients in Luxembourg, Continental Europe & Offshore platforms. We are committed to serving our clients with integrity and to safeguarding the trust they place in us. From the ways we develop and sell our products and services to the impact they have on the communities where we operate, we are driven by our Purpose of helping clients thrive and communities prosper. This is fundamental to how we behave and operate.

Sustainability issues have risen up the agenda for organizations around the world. Asset management is not immune as investors are demanding ESG investment strategies coupled with CSR governance across their operations. Our continued commitment to helping clients thrive and communities prosper gives our asset management clients the confidence that one of their key suppliers within their value chain is meeting investor expectations.

We strive to earn our clients' trust by serving them responsibly and providing them with access to the financial products, services and advice they need to make the best decisions for themselves.

Our ESG Focus areas:

- **Client satisfaction and loyalty:** Deliver meaningful solutions, deepen relationships and accelerate innovation.
- **Digital enablement** - Reimagine everyday banking experiences and make daily banking easy, convenient and valuable for our clients.
- **Privacy** - Invest in cutting edge information security to protect our customers and our business while remaining transparent about how personal information is used.
- **Cybersecurity** - Implement appropriate security and operational controls to safeguard our clients' information and assets.

Client Satisfaction and Loyalty

At RBC, our clients are at the centre of what we do. Enabled by our investments in technology and talent, we believe our differentiated advice, products and services deliver long-term value and create exceptional experiences.

These differentiated experiences are not just about new products, features and functions. They are also about building new business models, leveraging data and insights, and developing partnerships to deliver meaningful value for our clients. We actively track our client experience and give opportunities to provide feedback regularly. This listening- and action-oriented learning culture translates into an improved experience for the people we serve.

In 2022, underscored by the breadth of our product suite, our depth of expertise and the features of our digital solutions, we continued to focus on:

- Delivering meaningful insights, advice and solutions to help our clients thrive
- Collaboration across the bank and strategic partnerships
- Accelerating our focus on innovation and digital strategies

Within IS Bank, Client Satisfaction is measured monthly, quarterly and half-yearly according to the clients.

Client Satisfaction and Loyalty

Performance metrics	2022	2021	2020
Percentage of Client with highest Satisfaction rate (*)			
Top 20	58%	44%	40%
Top 50	85%	85%	85%
Top 300	98%	98%	98%

Digital Enablement

With more than 100 years of asset servicing experience, RBC I&TS has established in recent years a leading transfer agency (TA) market-share in the key European offshore centers mainly in Dublin and Luxembourg. Business in the Americas is on the upward trend due to exceptional delivery on its strategy to offer a cutting-edge digital offering to its buy-side clients.

Understanding our clients’ needs throughout their digitization journey is fundamental to us and prioritizing the evolution of the digital investor experience is a key strategic pillar of our current and future transfer agency offering. Collaboration with our clients and understanding why digitizing a task will enhance their experience is critical to ensuring that their goals and objectives are met every step of the way. We have continued our significant investment in our digital infrastructure to enhance our RBC One portal, providing our clients with greater access to investor data, dashboard analytics to better understand fund flows and the ability to effectively oversee the service we provide. Our digital and innovation strategies are fundamental to creating exceptional client experiences, driving customer loyalty and acquiring new clients. They also help us mitigate some of the risks associated with digital disruption as we work to differentiate our business and drive value for clients. We are committed to designing and building products, processes, technology and services in faster, simpler and more cost-effective ways.

Privacy

We have a clear approach to how we think about our clients' personal information. Transparency is key. All individuals dealing with RBC need to know how their personal information is being collected, used and shared and organizations must help them exercise control over this process.

RBC is managing privacy risk effectively. We have enhanced and automated the way we document the collection, use and sharing of personal information and brought in a modern privacy risk assessment technology to enable us to meet current and future challenges, including regulatory change as we look for more ways to drive value through data and move towards assessing risk across end-to-end business processes.

The RBC Global Privacy Office is part of the Regulatory Compliance group. The Chief Privacy Officer provides the strategic vision for global privacy risk management, and designated privacy officers are responsible for privacy advice, oversight and challenge across every business. In European locations and in the UK we have appointed in addition the Data Protection Officers responsible for overall compliance with regulatory requirements when dealing with personal information. Our privacy risk management program is based on the international privacy principles, which include cyber security as part of the Security Safeguards principle, as well as Canadian, U.S. and European Union privacy regulations. (Our approach to cyber security is discussed below.)

Our Privacy and Security webpage and our Global and European Privacy Notices articulate how we collect, use, share and protect the personal information. When we engage third-party service providers to process personal information on our behalf,

- (1) we share only the information necessary to perform the services;
- (2) we require them to protect the information in accordance with RBC and applicable regulatory standards, ensuring equivalence; and
- (3) we require them to notify us of any actual or suspected privacy breaches so we can work together to contain, remediate and, where required, report them.

Where personal information are being transferred to a different location outside of the EEA or the UK, we are always making sure that it happens based an appropriate transfer mechanism and subject to required safeguards.

All employees and contract workers are required to complete a privacy fundamentals course annually, which is supplemented with monthly enterprise-wide and additional local privacy awareness communications.

RBC did not experience any major privacy breaches in 2022. We manage actual and potential privacy incidents and complaints through well-established internal processes. Our policy requires all privacy incidents to be recorded and tracked centrally and reviewed by privacy officers. The same applies to the requests coming from our customers and data subjects whose personal information RBC processes.

2022 Highlights

- Continued efforts in **automation of Privacy processes**: RBC IS Bank continues its work on automation of activities related to personal information processing and its GDPR obligations. Following the implementation of the new breach management, data subject requests management and risk assessment tools, we have worked on improving the quality and exhaustiveness of our integrated records of processing of personal data. The digitalization effort is significantly increasing our ability to gain global insights in

personal information collection, use and sharing , as well improving the quality and efficiency in decision making process when it comes to data processing.

- **International Data Transfers:** As a global organization, RBC has been closely following the regulatory changes related to the international data transfers post Schrems II decision (July 2020). This decision invalidating the US Privacy Shield has in combination with subsequently issued new European Standard Contractual Clauses (June 2021) and UK addendum to them (March 2022) brought substantial changes to the international data transfer frameworks. RBC data transfer flows to third countries have been analyzed and its contractual templates re-designed to respect the more stringent transfer rules and comply with the requirement of enhanced care and implementation of additional measures to protect the data security and integrity outside of EU/UK space. 2022 was focused on repapering of all legacy transfer arrangements to comply with the new rules contractually.

Cyber Security

Globally, the volume and sophistication of cyber-attacks continue to evolve and increase; the resulting implications could include business interruptions, service disruptions, financial loss, theft of intellectual property and confidential information, litigation, enhanced regulatory attention and penalties, and reputational damage. We continue to enhance our security capabilities, educate our customers and workforce to ensure our cyber defenses remain effective in thwarting the threats targeting the financial sector.

We have a dedicated team of technology and cyber security professionals that manage a comprehensive program to help protect the organization against breaches and other incidents by ensuring appropriate security and operational controls are in place. We continue to strengthen our cyber control framework and improve our resilience and cyber security capabilities, including 24-hour monitoring and alerting of potentially suspicious security events and incidents. Throughout the year, we continued to make investments in the program and conducted multiple scenarios and simulations to test our resiliency strategy.

We are ensuring our cyber policies, standards and controls keep pace with the threat landscape and regulatory environment, and we continue to harness emerging technologies to combat cyber-crime and strengthen our end-to-end view of risks and controls across the enterprise. We continue to upskill to ensure we keep pace with the changing cyber risk profile.

Value for Society



Value for Society

Community and Social Impact

We believe in making a positive and measurable impact on our local communities by always doing what is right and supporting employees to make a difference. Our Corporate Citizenship initiatives focus on preparing the youth of today for the work of tomorrow and protecting our environment. By developing strong relationships with local charitable entities and providing them with both financial support and employee volunteers, we can help our communities grow and prosper. In addition, we empower our employees to make a difference where it matters most to them.

Investing in Local Youth

At RBC, we understand that unlocking the future potential of the work force and economy around us requires investment today. At RBC IS Bank and via the CDC / NextGen stream, we:

- reinforce the knowledge sharing between Senior/experienced employees and new joiners/young employees/interns.
- have local partnerships in place with local universities (Uni.lu), Lycée des Garçons d'Esch (LGE) and also the European School.
- reinforce and extend those partnerships to business schools in the Greater Region and in Europe (ICN Nancy, HEC Liège-Luxembourg, IMC, Neoma Business School). Thus, we pro-actively receive the book of CV's for internships and have access to some internal programs.
- work jointly with IMS and Care.lu organizations to map their roadmap, and so support or participate to specific events related to the next generation. For example, the Bank is engaged on such programs like DayCare.lu, Digital Challenge, Correspondants Humanitaires, Climate & Resilience Academy which could have an impact on external community but also on our internal one (staff, kids of our staff).

In October 2022, RBC IS Bank Luxembourg supported for the second time the DayCare.lu charity event and so welcomed 10 students (17 to 19 years old) during an internship of one day. The aim of the day at RBC was to present the activity of the bank, but also get a better overview of the types of job opportunities within an international bank. Furthermore, this day at RBC was also an opportunity for those students to participate to a lunch & learn session on learning, career opportunities, Environmental and Social Responsibility related topics and challenges. This event will be renewed on October, 25th 2023, and this time will be combined with another event confirmed by IMS (#DigitalChallenge).

In 2019, the Bank has supported the Uni.lu and especially the Scienceteens lab in the launch of a Pilot Coding Program for students. After the 3 successful sessions arranged for RBC I&TS in 2021 (36 kids/students in total were introduced to programming and artificial intelligence), some additional public sessions were arranged in June and July 2022 RBC I&TS continued to work with the Scienceteens lab by supporting the early design phase of their new program "Girls & Women in Technology" which will be rolled-out in 2023. Role Models at RBC I&TS were already identified for 2022.

In addition to that, we continue to sponsor RBC Race for the Kids (RFTK). In 2022, this five kilometer family fun run occurred again virtually due to Covid 19 measures. The charity event raises close to 17 000 euros for Croix-Rouge Luxembourgeoise for the benefit of the Perspectives service which welcomes young adults aged 16 to 26 in a situation of psychosocial distress. It offers socio-educational guidance based on the life project. Young adults must affirm their willingness to want to change their situation and formulate personal and professional goals. The service is based on three pillars: the provision of housing, supervision and life support, and professional and/or academic guidance.

Employee Volunteering and Giving

RBC provides corporate funds to support teams of employees participating in pledged charitable fundraising events. RBC's My Community is a one-stop community volunteering and giving hub for employees to find opportunities in their area and make donations, volunteer or fundraise for causes that really matter to them.

RBC employees bring our purpose of helping clients thrive and communities prosper to life by getting involved, individually and in teams, as passionate citizens of the communities where they live and work. We encourage their efforts through formal donations, volunteering, fundraising and participation programs. During Pandemic the in-presence group volunteer activities have been paused and we have focused more on giving back to the Community through donations. RBC IS Bank has reinstated in-presence events in 2022. The Bank is encouraging giving and makes it easy to direct funds to charities that is important to its Employees. In 2021, we ran our first annual Employee Giving Campaign. Each employee were given 55€ to donate to the charity of their choice. At RBC level, 80% of the Employees raised nearly 22 million CAD. Our global reward and recognition program, RBC Performance, also has a formal community involvement category for which employees can be nominated and receive quarterly awards.

The Campaign continued in 2022.

Governance & Integrity



Governance and Integrity

Integrity is one of our most important values. Governance and integrity are the foundation of a responsible business. We believe good governance is not just about overseeing RBC and its practices, but doing so in a way that is transparent, accountable and with integrity. It involves an independent board actively engaging with all stakeholders, knowing the business and its risks, challenging management where necessary, understanding the risks and opportunities of a changing industry and economy, and setting robust standards and principles that will guide RBC to success and helping clients thrive and communities prosper while enhancing value for our shareholders.

Our ESG Focus Areas:

Responsible governance practices - RBC is committed to the ongoing maintenance and improvement of strong and effective governance practices.

- **Conduct and trust** - We believe we have an obligation to serve our clients with integrity and safeguard the trust they put in us.
- **Risk management** - We guide and support the integration of environmental and social risk management across RBC, our clients, transactions, products and suppliers.
- **Human rights** - RBC is committed to taking actions to meet the responsibility of businesses like ours to respect human rights as set out in the UN Guiding Principles on Business and Human Rights.

We are committed to the ongoing improvement of strong and effective governance practices. Corporate Governance broadly refers to the way a company is controlled and directed. A corporation exhibits responsible governance not only by operating with fairness, transparency and accountability, but also by setting out the rights and responsibilities of the Board of Directors, management and shareholders.

Responsible governance Practices – RBC Group Level

Corporate Governance Principles

Principle	Description
Conduct and culture	By setting the tone from above, the board champions the values of trust, integrity and good governance. These values are well entrenched in the culture of RBC and reinforce the ethical principles on which RBC's reputation and success are founded. To enhance shareholder value on a sustainable basis, these values must extend into every segment of RBC operations and business activities.
Stewardship	Directors are the stewards of RBC, exercising independent judgment in overseeing management and safeguarding the interests of shareholders. In fulfilling its stewardship role, the board seeks to instill and foster a corporate environment founded on integrity and to provide management with sound guidance in pursuit of long-term shareholder value.
Strategic oversight	Directors are key advisors to management, advising on strategic direction, objectives and action plans, taking into account business opportunities and RBC's risk appetite. In carrying out this oversight role, the board actively engages in setting the long term strategic goals for the organization, reviews and approves business strategies, corporate financial objectives and financial and capital plans that are consistent with the strategic direction and monitors RBC's performance in executing strategies and meeting objectives.
Risk oversight	The board oversees the frameworks, policies and systems to identify and manage risks to the businesses, and seeks to embed a strong risk aware culture throughout RBC. The board actively monitors the organization's risk profile relative to risk appetite and seeks to ensure that management's plans and activities provide an appropriate balance of return for the risks assumed and are prudently focused on generating shareholder value.
Independence	Independence from management is fundamental to the board's effective oversight, and mechanisms are in place to ensure its independence. All direct and indirect material relationships with RBC are considered in determining whether a member of the board is independent.
Accountability	Transparency is a hallmark of good governance. The board is committed to clear and comprehensive financial reporting and disclosure and to constructive shareholder and stakeholder engagement. The board has carefully defined the expectations and scope of duties of the board, its committees and management.
Continuous Improvement	The board is committed to continuously improving its corporate governance principles, policies and practices. RBC's approach to corporate governance is designed to align the interests of the board and management with those of shareholders, to support the stewardship role of the board and to enhance the board's ability to safeguard the interests of shareholders through independent supervision of management. To ensure policies and practices meet or exceed evolving best practices and regulatory expectations, RBC's corporate governance system is subject to ongoing review by the governance committee.

The governance committee is the nominating committee responsible for:

- Recommending to the board individuals qualified election or re-election as directors.
- Overseeing the board's effectiveness evaluation process.
- Advising the board in applying governance principles, monitoring developments in corporate governance and adapting best practices to the needs and circumstances of RBC.
- Advising the board on relationships with governments. It oversees and coordinates environmental, social and governance (ESG) matters at the board and its committees, including ESG reporting and the bank's approach to corporate citizenship.

The governance committee fulfils the role of a conduct review committee for RBC and ensures that management has established practices and procedures relating to self-dealing, insider trading and personal loans, as required by law. It monitors procedures to resolve conflicts of interest, oversees culture and conduct at the bank and continues to enhance board and committee reporting on culture and conduct matters. It reviews and recommends for approval by the board the RBC Code of Conduct and obtains assurances that RBC has processes in place to ensure adherence to the Code.

IS Bank ESG strategy

IS Bank has developed an ESG Strategy which aims at creating a positive impact for our clients, our employees and the community we live in, which is integral to how we do business and core to our culture.

The Bank has established five strategic provisions to address climate and environmental risks as well as ESG themes:



Objectives	Details
Develop product offer to help our clients implement their own ESG/Climate Risk strategy	<ul style="list-style-type: none"> Continue to partner closely with our clients Provision of sustainable finance products and services Help them achieve their sustainability objectives and support global efforts to lower carbon emissions
Build market intelligence and communicate around climate and environmental risks	<ul style="list-style-type: none"> Partner with external advisors to guide RBCIS Bank and conduct market intelligence assessment Assess how climate-related & environmental risks could impact our competitive landscape and macro-economic environment
Continue pursuing low emissions investment strategy and strive to identify opportunities for reducing own waste and environmental footprint	<ul style="list-style-type: none"> Reinforce our current investment strategy and continue to reduce our own environment footprint Support our RBC Green initiatives
Identify and mitigate our exposure to transition and physical climate risks	<ul style="list-style-type: none"> Preliminary policy has been defined and will be refreshed by June 2022 Risk Management teams are engaged, and collaboration group has been launched. Actions plan defined to realize the 29 requirements, monitored by Steering Committee. Risk mapping is being reviewed by geography ICAAP is being re-assessed GRM has appointed a Director responsible of climate-related and environmental risks and disclosure (ICAAP, Investment policy, Pillar 3 disclosure)
Empower all employees to embrace ESG culture	<ul style="list-style-type: none"> Continue to support our Citizenship & Diversity Committee (including the initiatives launched by RBC Green stream) Continue to build awareness and communicate about ESG across RBCIS Bank staff

Responsible governance – IS Bank Level

RBC IS Bank internal governance guidelines are applicable to the Bank and its subsidiaries and branches. They are based on key frameworks and policies among which the:

- Whistleblowing Policy
- Conflicts of Interest Policy

Whistleblowing Policy

Royal Bank of Canada is a values-based organization and, having particular regard to the value of Integrity and what's right, promotes a working environment of open communication. People are actively encouraged to speak up on issues that are important to them and the organization.

At RBC, we are guided by our Values and Code to act with integrity and always do the right thing. Our shared commitment and accountability means that, in addition to personally complying with the Code, we also have a duty to report actual or possible misconduct that we become aware of.

Speaking up to report misconduct can be an uncomfortable process, but RBC is committed to fostering an environment where employees and contract workers feel safe to do so. These Standards reinforce the obligation under the Code to report actual or possible misconduct, outline the various reporting options available to employees and contract workers and elaborate on RBC's commitments to review and assess all reports of misconduct, investigate the reports as appropriate, treat them confidentially and protect from retaliation those who bring them forward or participate in an investigation.

RBC IS Bank is keen to identify and address any malpractice, inappropriate conduct, or other risks or potentially harmful behavior within the organization and every employee should feel secure about speaking up regarding such issues without fear of reprimand or detriment.

RBC IS Bank Policy on Whistleblowing (the “Whistleblowing Policy”) in conjunction with the RBC Standards on Reporting Misconduct, provides guidance to employees and contract workers of RBC IS Bank who wish to raise issues relating to RBC IS Bank and/or on how to report and escalate actual or possible misconduct wrongdoing at work.

This Whistleblowing Policy provides a process for RBC IS Bank’s staff to draw attention to concerns about adherence to regulations, laws and internal policies and procedures, as well as internal governance rules and to report such allegations directly to the designated internal or external channels.

RBC IS Bank’s staff are encouraged to report Reportable Concerns openly, however, they have the right to anonymity. Additionally, all reports, disclosures, contacts and investigations are treated as being confidential to the fullest extent possible, subject to the need to investigate and address the matter.

. The whistleblowers should be protected against any form of retaliation, whether direct or indirect.

The Whistleblowing Policy applies to RBC IS Bank and its branches and subsidiaries. In addition to the Whistleblowing Policy, RBC IS Bank branches and subsidiaries should follow their local legal and regulatory requirements with respect to the whistleblowing process and reporting, including reporting to their local regulators, where required by regulation. To this effect they shall establish a local addendum to the Whistleblowing Policy (if necessary).

It is worth noting that amendments to the Whistleblowing Policy are expected in light of Directive (EU) 2019/1937 (the “Whistleblowing Directive”). EU Member States had until Dec 17, 2021 to implement this Directive into their national legislations, however, the Luxembourg transposition is still pending..

Conflicts of Interest Policy

The RBC Investor & Treasury Services (“RBC I&TS”) Global Compliance Policy: Conflicts of Interest Policy (the “Col Policy”) sets out the RBC I&TS requirements with respect to the identification, management, recording and disclosure of the conflicts of interest that occur as a result of the business it conducts.

The Col Policy should be read in conjunction with the corresponding section of the enterprise-wide RBC Enterprise Conflicts of Interest Policy and RBC , Code of Conduct, along with other relevant policies, procedures and control documents.

RBC I&TS has established this policy to ensure it meets its regulatory requirements with respect to identifying, managing, recording and disclosing conflicts of interest that may entail (or be perceived to entail) a material risk of damage to the interests of a client or clients.

Conflicts of interest may arise when a person or company exploits their professional or official capacity for their own benefit or for the benefit of the company. Conflicts of interest include actual/ realized conflicts and potential/ perceived conflicts where there is a possibility that a conflict will materialize, and perceived (but not actual) conflicts if the perceived conflict could cause reputational damage to RBC. Conflicts of interest could be of economic, personal, professional or political nature and could be persistent or linked to a single event. *Conflict of interest* does not only refer to present situations and events which may result in conflicts

of interest, but also those in the recent past in so far as these events continue to have a potential impact on the institution or person concerned.

The key types of conflicts of interest affecting RBC I&TS are conflicting interests between:

- RBC and Client(s);
- Employee and RBC;
- Employee and Client; and
- Client and Client.

Compliance with this Policy is intended to ensure compliance with RBC Enterprise requirements, RBC I&TS requirements, and legal and regulatory requirements applicable in jurisdictions where RBC I&TS operates.

Common situations and activities that can create real or perceived conflicts of interest include, but are not limited to:

- Personal trading activities
- Having access to inside information
- Participation in outside business activities and external directorships (including at the request of RBC)
- Exchanging gifts and entertainment with external or internal parties

The COI Policy and the related RBC Control Standards focus on the key relationships and activities described above, however, it is critical to note that conflicts of interests can arise in many other scenarios at RBC. I&TS Employees must always be mindful of and consider whether something could trigger a conflict in their day to day activities.

This Policy sets out the minimum requirements with which all RBC I&TS employees (including contract employees) acting on behalf of I&TS must comply. The Policy provides requirements related to:

1. Identification of Conflicts of Interest
2. Elimination/Removal of Conflicts of Interests
3. Identification, Prevention and Management / of Conflicts of Interest
4. Documentation Requirements – Register on Conflicts of Interest

Nomination Committee

The Nomination Committee is a specialized sub-committee of the Board of RBC IS Bank which assumes responsibility for assisting the Board in (i) overseeing nominations to the Board, Authorized Management and Key Function Holders and (ii) approving and laying down in writing, notably the guiding principles governing on the appointment and succession to the Management Body and of individuals with key functions in RBC IS Bank, as well as the procedures governing the composition of the Board, including the aspects of diversity, responsibilities, organisation, operation, and individual and collective assessment of its members.

Duties of the Nomination Committee:

- a) The Nomination Committee monitors the composition of the Board, Authorised Management and Key Function Holders for compliance with legal and regulatory requirements and RBC IS Bank's policies.
- b) The Nomination Committee develops and maintains a matrix that specifies the existing experience and strengths of Board members and Authorized Management, as well as the areas of expertise and experience that should be represented on the Board and within Authorized Management. The Nomination Committee monitors the current and future profile of the Board and Authorized Management and determines the competencies, skills and personal qualities it should seek in new members.
- c) The Nomination Committee will review annually the continuing eligibility of the directors, Authorized Management and Key Function Holders considering:
 - a. Qualifications under the applicable laws and regulations;
 - b. Compliance with eligibility rules under the conflict of interest requirements in respect to the law on commercial companies dated 10 August 1915 as amended from time to time and the CSSF Circular 12/552 point 169; and
 - c. The competences, skills, personal qualities and other characteristics of the individual.
- d) The Nomination Committee receives regular reports from Human Resources with respect to succession planning for Authorized Management and Key Function Holders.
- e) The Nomination Committee recommends suitable candidates to nominate for election or appointment as directors, members of Authorized Management and Key Function Holders, based on criteria established by the Nomination Committee. The Nomination Committee focuses on diversity, including gender diversity, when considering candidates and ensures that RBC IS Bank complies with Article 435(2)(c) of Regulation (EU) No 575/201. A more diverse Management Body, in its supervisory and management functions, can reduce the phenomenon of 'group think' and facilitate independent opinions and constructive challenging in the process of decision making. It also aims at fostering more balanced and robust risk taking, by incorporating a broader range of views, opinions, experiences, perceptions, values and backgrounds.

Diversity within the Management Body leads to a broader range of experience, knowledge, skills and values. A diverse composition within the Management Body can be achieved by taking into account such aspects as educational and professional background, age, gender and geographical provenance.

There is no hard quota or measures of "positive discrimination" required by CSSF. The current minimal objective is to strengthen the principle of non-discrimination and encourage measures ensuring equal opportunities.

In this respect a gender balanced composition of the Management Body is of particular importance.

Aligning with RBC's values, IS Bank embraces diversity for innovation, growth and success. In keeping with the IS Bank's business imperative to attract and retain the best talent, the Board recognises the benefits of promoting diversity, both within IS Bank and at the Board level. RBC and the IS Bank are committed to diversity and inclusion at all levels, as this provides RBC and all of its subsidiaries with access to a wider pool of talent and drives creativity, innovation and growth.

The Nomination Committee considers highly qualified candidates based on their experience, functional expertise, and personal skills and qualities for Board membership, and reviews Board composition and any anticipated Board vacancies, in light of IS Bank's diversity objectives.

Diversity is a critical lens through which the Nomination Committee assesses a Board candidate's merit in seeking representation on the Board of the full range of characteristics necessary to meet our goals of excellence, innovation and success. Pursuant to RBC and RBC IS Bank's commitment to a balanced and diverse Board, diversity of gender, age, geographical origin and educational and professional background are always important factors considered by the Nomination Committee.

In particular, in identifying and nominating candidates for election or re-election, the Nomination Committee considers the level of representation of women on the Board in light of a target for the underrepresented gender of 20% of Board members, excluding directors-employee representatives . The promotion of diversity is based on the principle of non-discrimination and on measures ensuring equal opportunities.

f) In case of serious problems, shortcomings and irregularities, the heads of the internal control functions shall immediately inform the Authorized Management, the chairperson of the Board and, where appropriate, the chairs of the specialized committees. In such cases, the heads of the internal control functions may request to be heard by the Nomination Committee in a private meeting.

Responsible Governance

Performance metrics	2022	2021	2020	2019
Number of Board Members	10	10	9	9
Percentage of independent directors	30%	20%	22%	22%
Percentage of women directors	33%	20%	0%	11%

Conduct and trust

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 behaviors, judgments, decisions and actions of the organization and its individuals. Our organizational direction establishes the expectation of fair conduct outcomes as the operating norm for the organization, including all employees and third-party service providers operating on behalf of RBC.

Our Values and our Code of Conduct guide our behavior and decision-making when we serve our clients and when we interact with investors, our fellow employees and our communities. All employees and contract workers must successfully complete compliance training, and commit to and to acknowledge the Code of Conduct annually.

How we achieve our results is as important as the results we achieve. The mindset is embedded in our culture, mandates and compensation programs.

We have a risk behavior expectations in place to promote our risk-aware culture of “Doing What’s Right”, and are articulated through:

- Values
- Code of Conduct
- Risk management principles, including the Enterprise Risk Management Framework
- Risk appetite limits and statements
- Regulatory conduct rules, practices and policies
- Performance management processes
- Enterprise Culture and Conduct Risks Framework

RBC's values

Client First

We will always earn the right to be our clients' first choice.

- Put client needs above our own whatever our role, to build lasting relationships
- Listen with empathy, understand client needs to offer the right advice and solutions
- Bring the best of RBC to deliver excellent value and differentiated client experiences

Collaboration

We win as One RBC.

- Believe in each other and trust in teamwork and colleagues' intentions
- Share knowledge, listen and teach to learn and achieve more together
- Look beyond ourselves to see the bigger picture for opportunities and solutions

Accountability

We take ownership for personal and collective high performance.

- Be bolder, reach higher, act with courage to realize potential and make a difference
- Own it; seek out accountability and empowerment to grow and excel
- Be curious and learn continuously to build skills and careers

Diversity & Inclusion

We embrace diversity for innovation and growth.

- Speak up for inclusion and empower people to grow and achieve more
- Seek out and respect different perspectives to challenge conventional approaches
- Identify and act on the opportunities and needs that client diversity brings

Integrity

We hold ourselves to the highest standards to build trust.

- Be respectful, transparent and fair in all relationships
- Stand up for what we believe; speak with candour; constructively challenge
- Build trust of clients, colleagues and community partners by listening to and understanding their interests and needs

At RBC we bring these Values to life every day — continuing to earn the trust of RBC's clients and each other and ensuring our strong reputation for doing what's right.

Based on our assessment of stakeholder interest, our discussion of conduct and trust concentrates on our:

- Enterprise Culture and Conduct Risks Framework and business focus on making sure our behaviours, judgments, decisions and actions lead to fair outcomes for clients and employees.
- Anti-Money laundering (AML), anti-terrorist financing (ATF) and economic sanctions policies and programs
- Policies on lobbying and making political contributions
- Paying our fair share of taxes

Our Values and our Code of Conduct guide our behaviour and decision-making when we serve our clients and when we interact with investors, our fellow employees and our communities. All employees and contract workers must successfully complete compliance training, and commit to and acknowledge the Code of Conduct annually.

Anti-Bribery and Anti-Corruption Policy

RBC is subject to Anti-Bribery and Anti-Corruption (ABAC) laws across the multiple jurisdictions in which it operates. The establishment of a strong, holistic and sustainable global ABAC compliance program (ABAC Program) will support the twin objectives of managing RBC's Bribery Risk, and providing assurance that it is effectively meeting its regulatory compliance management expectations.

The Enterprise Anti-Bribery Anti-Corruption Policy (this "Policy") establishes the minimum enterprise-wide Anti-Bribery Anti-Corruption (ABAC) requirements and standards for the prudent management of Bribery Risk applicable to RBC.

This Policy applies globally to all RBC business, operational and corporate functional units and all employees, contract workers, officers and directors of such units. The principles contained in it may also apply to Third Parties, where it would be appropriate to incorporate them into contractual arrangements.

RBC IS Bank is committed to maintaining the highest level of professional and ethical standards in the conduct of all of its business affairs and places the highest importance upon its reputation for compliance with all applicable laws and rules, and for honesty and integrity. 99,33% of the employees took the ABAC training on time within the Bank for fiscal year 2022. The ABAC Policy is an integral component of RBC's ABAC Program that expands on the broad principles in our Code of Conduct.

Conduct and Trust

Performance metrics	2022	2021	2020
Sales conduct and business practices			
Percentage of Employees who completed the ABAC training on time	99,33	99,44	99,41
AML, ATF, economic sanctions			
Percentage of employees who completed the Combating Money Laundering and Terrorist Financing training on time	99,04	99,39	99,36

IS Bank position on human trafficking and Human Rights:

RBC also fights human trafficking which cannot exist without corruption. IS Bank has approved and endorsed the 2021 RBC Modern Slavery Act Statement and the RBC Human Rights Position statement:

- **2021 RBC Modern Slavery Act Statement**

This statement is required under the U.K. Modern Slavery Act 2015 (The U.K. Act) and the Australian Modern Slavery Act 2018 (the Australian Act). This is our sixth statement under the U.K. Act and our second under the Australian Act.

The statement covers RBC and certain of its subsidiaries. The U.K. Act applies to 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.

The purpose of both the U.K. and Australian Acts is to combat modern slavery, which encompasses slavery, servitude, forced or compulsory labour, child labour and human trafficking. Both laws require eligible businesses to produce an annual statement setting out the steps they have taken to ensure there is no modern slavery in their own business and supply chains

- **RBC Human Rights Position Statement**

The Executive Committee of IS Bank Luxembourg has approved the 2021 RBC Human Rights Position Statement on March, 08th 2022.

RBC published its first Human Rights Position Statement (the "HR Statement") in October 2020, after being endorsed by senior management and the RBC Board of Directors. The HR Statement sets out RBC's commitment to respect internationally-recognized human rights through all business units and functions, in line with the United Nations Guiding Principles on Business and Human Rights, which is the leading framework for human rights and business.

The HR Statement recognizes that RBC can impact human rights, directly and indirectly, through its primary business activities. The HR Statement also provides guidance on how RBC reduces the risk of it negatively impacting human rights and protecting vulnerable groups. It is not a guarantee against negative outcomes, rather a commitment that RBC has a process to identify risks, escalation procedures to address situations of concern, and an established grievance mechanism.

Risk Management

Risk Management Principles – RBC Group Level

The *Enterprise Risk Management Framework* (Framework) serves as the foundation for RBC's approach to risk management. Under the oversight of the RBC Board of Directors and senior management, this Framework provides an overview of RBC's enterprise-wide programs for managing risks, including identifying, assessing, measuring, controlling, monitoring and reporting on the significant risks faced by the organization. A number of risk-specific frameworks and policies supplement this Framework and should be consulted for further details.

Together, the Business Segments and Functional Units work to manage risk strategically, ensuring that business strategies and RBC's overall risk appetite are aligned across the enterprise. This enterprise-wide approach enables RBC (including all of its legal entities) to meet the expectations of the Office of the Superintendent of Financial Institutions (OSFI) and other host regulators around the world.

The intent of the Framework is to promote an understanding of the roles, responsibilities, and authorities for the management of risk at RBC, as well as the use of a common risk language. The ability for RBC to articulate, measure, and manage its risks is critical for effective risk management. It also ensures that we are able to provide accurate and transparent risk reporting and disclosures aligned with industry best practices. The dynamic nature of the financial services industry, and technological innovation, necessitate that our processes, tools and practices are continuously improving and responding to the changing landscape and emerging risks. We seek to accomplish this through an effective and evolving risk management approach. All risk taking activities and exposures must be within the Board-approved risk appetite, risk limits and corresponding capital and liquidity constraints. We seek to ensure that our business activities and transactions provide an appropriate balance of return for the risks assumed and the costs incurred. Our organizational design and governance processes ensure that our Group Risk Management (GRM) function (including Risk Management and Regulatory Compliance) is independent from the businesses it supports.

Risk Management Principles – IS Bank Level

The following general principles apply to the management of risk at RBCIS Bank including its branches and subsidiaries:

Effectively balance risk and reward to enable sustainable growth.

RBCIS Bank balances risk and reward to capitalize on opportunities within our business strategy and risk appetite, avoid excessive concentrations of risk through diversification and risk transfer, manage earning volatility, and ensure the long-term viability and profitability of the organization.

Collectively share the responsibility for risk management.

- Following the Three Lines of Defense risk governance model, employees at all levels of the organization, as one RBCIS Bank, are responsible for managing the day-to-day risks that arise in the context of their roles

Undertake only risks we understand. Make thoughtful and future-focused risk decisions.

- In order to create long term value for our shareholders, clients, employees and communities, we exercise rigor in our risk assessments, analyze emerging risk factors and trends, ensure transparency in risk discussions, and improve processes and tools for simpler, better, faster decision-making without exposing us to undue risks.

Always uphold our Purpose and Vision, and consistently abide by our Values and Code of Conduct to maintain our reputation and the trust of our clients, colleagues and communities.

- Guided by our Collective Ambition, we champion Good Conduct and do business openly and fairly. We never compromise quality or integrity for growth. We adhere to the “Know Your Client” standards, and ensure transparency and suitability of the products and services offered. We comply with all laws and regulatory requirements, and support transactions and relationships with proper and complete documentation.

Maintain a healthy and robust control environment to protect our stakeholders.

- To achieve our operational and financial performance goals while maintaining our reputation and integrity, and operating within the parameters of applicable laws and established risk appetite, we employ effective processes and controls and resiliency practices to minimize harm from internal and external threats, avoid business interruptions, and ensure timely resolution of control issues.

Use judgment and common sense.

- Policies and procedures cannot cover all circumstances. Employees should apply judgment and common sense, and when in doubt, escalate.

Always be operationally prepared and financially resilient for a potential crisis.

- RBCIS Bank strives to maintain effective protocols and escalation strategies to respond to all risks that the bank faces, including regulatory, macroeconomic, and the market. This includes maintaining operational readiness and financial resilience to effectively operate during and or after financial crisis. It is also critical to maintain agility and readiness to respond to potential disruptors to the financial industry.

Commitments

Under the oversight of the Board and senior management, the Enterprise Risk Management Framework provides an overview of our enterprise-wide programs for managing risk, including identifying, assessing, measuring, controlling, monitoring and reporting on the significant risks the organization faces. Our Risk Appetite is the amount and type of risk that RBC is able and willing to accept in the pursuit of its business objectives, and operating within our Risk Appetite is an indicator of a healthy, risk-aware risk culture. Our Enterprise Risk Appetite Framework outlines the foundational aspects of our approach to Risk Appetite, and articulates RBC's Risk Appetite statements and their supporting measures and associated constraints, in alignment with strategic, financial and capital planning processes. While our Risk Appetite encompasses what and how much risk we are able and willing to take in the pursuit of our business objectives, our risk conduct and culture articulate how we expect to take those risks.

Risk culture at RBC IS Bank

RBC's Values and risk-aware culture of "Doing What's Right" effectively support the long term success of the organization. The Values set the tone of our culture, and translate into desired behaviors as articulated in our Code of Conduct and Leadership Model. Our Risk Management Principles provide a risk lens for these desired behaviors, enabling us to focus on achieving fair outcomes for our stakeholders: clients, employees, financial markets and regulators, our communities including the impact to RBC's reputation, and shareholders (also referred to as clients and other stakeholders).

RBC defines conduct as the manifestation of culture through the behaviors, judgment, decisions and actions of the organization and its employees. For the purposes of this framework, culture refers to those factors deemed influential to managing conduct risk, namely tone from above, accountability, speaking up and openness, incentives and performance management, and risk awareness (risk culture).