



This is part of a series providing background on our marketplace, workplace, community and environmental policies and programs, our economic impact, as well as our overall approach to business integrity, corporate responsibility and reporting. It supplements our RBC® Annual Report to Shareholders, as well as our ongoing corporate responsibility performance metrics on rbc.com.

About Working at RBC

Priorities, Policies and Governance

What's inside

| | |
|-----------------------------------|---|
| Priorities and programs | 2 |
| Compensation and benefits | 2 |
| Learning and growth opportunities | 3 |
| Diversity | 3 |
| Health and wellness | 4 |
| Employee engagement | 5 |
| Stakeholder engagement | 5 |
| Policies and practices | 6 |
| Governance | 7 |

Why employee engagement is important to our business

At RBC, we believe that our first priority is doing our jobs as bankers well, serving our clients with integrity every day. That’s how we define sustainability. As a large global financial institution, we also recognize that our success depends on the efforts and engagement of our employees, as we are first and foremost a ‘people’ business. In fact, the financial services industry is a knowledge-based one, where a highly qualified workforce can create above-market shareholder value.

We are committed to being an employer of choice, with strong workplace programs that enable us to attract, retain and engage the very best employees who can serve our clients and deliver value to our shareholders.

Our approach

As one of Canada’s largest and oldest employers in a very competitive marketplace, we have a well-established approach to being an employer of choice. Our vision of “always earning the right to be our clients’ first choice,” is supported by our values of service, teamwork, responsibility, diversity and integrity. Our Code of Conduct sets our expectations for ethical behaviour and decision-making and is integral to the way we do business. And finally, knowing that we are in a people business, we have established the the RBC Workplace Principles which define what we stand for as an employer. These six principles guide our ongoing efforts to support the mutual success of employees and RBC:

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

For more information, please visit rbc.com/careers/stand.html.

Priorities and programs

Compensation and benefits

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

Compensation

Our approach to compensation is based on five guiding principles:

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

The majority of our employees receive compensation that includes both salary and a bonus. For any given position, the proportion of total compensation that is based on performance depends on the person’s level and on the type of work they perform. Higher level positions, for example, will have a larger proportion of performance-based compensation leading to potentially greater rewards. Variable compensation can represent a significant portion of senior executives’ total annual compensation. Additionally, some employees participate in sales incentive and commission-based compensation programs.

For more information, please see the Management Proxy Circular at rbc.com/investorrelations/annual-meeting-reports.html.

Executive Compensation

For information around executive compensation, please see the Management Proxy Circular at rbc.com/investorrelations/annual-meeting-reports.html.

Incentive programs

We offer a Short Term (STI) Incentive Program, where employees may be eligible to receive an annual bonus. The bonus is based on the performance of the individual employee, of his or her business unit and of RBC overall.

We also offer Long Term Incentive (LTI) programs to reward participants for their sustained contributions leading to shareholder value creation. This program is also used to recognize talent and retain key senior staff. RBC delivers LTI in the form of Performance Deferred Shares and Stock Options.

Benefits

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

Retirement and savings programs

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

Canada: RBC employees may join our savings program. Employee contributions (up to six per cent of their salary) are matched at 50 per cent by RBC.

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

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

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



Learning and growth opportunities

Career development & learning

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

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

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

Performance management

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

While performance management processes vary by business, every RBC employee goes through a pre-defined performance appraisal process, and managers review their individual team ratings with their direct reports. In many cases, there is also a formal calibration session to ensure individuals are rated fairly compared to others. In some cases, we use multidimensional 360° reviews for development purposes. These provide a consolidated report based on feedback from direct reports, peers and management.

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

People management

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

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

Career transition and continued support

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

Diversity

Diversity is a source of innovation and sustainable economic prosperity. RBC believes that diversity and inclusion provide an advantage in intellectual capital and help ensure our company's continued growth. By drawing on the strength of diversity, we can meet new challenges and help create prosperity for our clients, employees, shareholders and communities.

Our company-wide diversity priorities include: the hiring and promotion of priority groups (described below); enabling business clients; supplier diversity; education and youth programs; and inspiring progress. In addition, individual business units or regions may have diversity priorities that reflect needs and opportunities that are aligned to that particular business group or geographic area.

Our priority groups include women, individuals belonging to minority groups, newcomers to Canada, persons with disabilities, Aboriginal and Indigenous peoples, and lesbian, gay, bisexual and transgendered persons.



Equal opportunity

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

Human rights

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

Our businesses are expected to abide by all non-discrimination or human rights legislation in the various jurisdictions where we operate. These laws generally prohibit discrimination on various grounds such as race, colour, religion/creed, age, gender, marital status, sexual orientation and disability. Even where laws do not prohibit discrimination, or where they allow for differential treatment, our businesses are still committed to non-discrimination principles to ensure we do not operate in any way that is contrary to our Code of Conduct, perpetuates stereotypes or establishes barriers.

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

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

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

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

Aboriginal employment

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

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

Additional resources

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

For more information, please visit rbc.com/diversity.

Health and wellness

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

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

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

Work/Life balance

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

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

Employee engagement

RBC employees and retirees are passionate volunteers and we have a number of programs to support their efforts.

For more information, please visit [About RBC in the Community](#).

Stakeholder engagement

Employee opinion survey

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

The RBC Employee Opinion Survey measures employee engagement and the drivers of engagement. We use this information for trend analysis, external benchmarking and to develop action plans to address any gaps or emerging issues. Results are presented to the senior management of the company, the Board of Directors, individual business and functional unit managers, and other employees so we can both take action in areas where improvement is needed and celebrate our successes where feedback is positive.

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

Each year we also poll our employees to better understand what they think about our corporate citizenship activities and reputation which includes areas such as our integrity, as well as our leadership in the workplace, marketplace, communities and environmental sustainability.

Resolving problems and concerns

It is important for great workplaces to have an environment where everyone feels safe and comfortable in voicing ideas and opinions as well as in speaking up. This allows the company to deliver better solutions, be more innovative and manage risks more effectively. We encourage open communication and the resolution of employee concerns locally whenever possible. Our "Reporting Concerns" web site, available to all employees worldwide, contains contact information for discussing and reporting any concerns about discrimination, harassment, violence and workplace accidents. In addition, the RBC Reporting Hotline is a communication channel for the confidential and anonymous reporting of concerns and allegations of wrongdoing relating to accounting, auditing or internal accounting controls of RBC.

In Canada, RBC employees also have access to advice and counsel from our Human Resources Employee Relations group, as well as a call line and email box where they can receive assistance in managing issues.



Employees with unresolved concerns may also contact our Employee Ombudsman, a confidential and impartial resource within the Office of the Ombudsman. The Employee Ombudsman aims to help employees explore options to find solutions, and assist them in removing barriers that may be preventing due process or appropriate consideration of concerns.

Policies and practices

RBC Vision and Values

Every employee at RBC is guided by our vision, “Always earning the right to be our clients’ first choice,” and by our values of service, teamwork, responsibility, diversity and integrity.

For more information, please visit rbc.com/aboutus/visionandvalues.html

The RBC Code of Conduct

Our [Code of Conduct](#) guides and sets our expectations for ethical behaviours and decision-making. The RBC Code of Conduct is integral to the way we do business at RBC and reflects our fundamental values. To maintain the highest possible standards of honest and ethical behaviour and to meet our regulatory and compliance requirements, all RBC employees and contract workers must successfully complete RBC’s Code of Conduct Training Program (“training”) as a condition of their work at RBC. New employees and contract workers to RBC must successfully complete the training and acknowledgement within 30 days of their start date. All RBC employees and contract workers must successfully complete the training and acknowledgement annually.

For more information, please visit rbc.com/governance/index.html

RBC Respectful Workplace Policy

This policy sets out RBC’s commitment to maintaining a workplace free from harassment, discrimination, violence, retaliation and other disrespectful and inappropriate behaviour. It sets expectations for all employees to contribute to a safe, respectful and professional workplace. The policy also outlines when, where and how employees can report their concerns.

Anti-Bribery Anti-Corruption Policy

RBC has an enterprise-wide, global Anti-Bribery Anti-Corruption policy that expands upon the broad principles outlined in our Code of Conduct. The policy sets consistent standards to address corruption and bribery of government officials and private persons including internal controls to identify and manage areas of risk and measures to address the specific anti-bribery anti-corruption requirements of the jurisdictions in which we conduct business.

The policy prohibits RBC entities, employees, and any party acting on behalf of an RBC entity from ordering, authorizing, assisting, giving or receiving an offer, gift, payment, authorization of payment, item of value, excess hospitality (or the promise of any of these items) with the intent of assisting RBC in obtaining an unfair advantage, or causing a person to act or not to act with the corrupt intent of obtaining or retaining business, or directing business to any person, either directly or indirectly, including but not limited to a government official.

RBC has an online Anti-Money Laundering/Anti-Terrorist Financing awareness training and certification program to enhance employees’ understanding of individual and company responsibilities. All employees must complete this training annually.

Freedom of association

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

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

Labour Relations Framework

In 2014, RBC produced an Integrated Labour Relations Framework to provide a frame of reference for fostering positive labour relations with employees and their employee associations, staff representations and unions (collectively, referred to as “employee representatives”) as they exist throughout the enterprise.

Governance

The following groups play key roles in establishing and providing oversight of our workplace policies and programs.

| |
|---|
| Board of Directors Oversight |
| <ul style="list-style-type: none">■ RBC Board of Directors■ Human Resources Committee |
| Executive and management – Oversight, strategy, direction, policy and program development leads |
| <ul style="list-style-type: none">■ President and Chief Executive Officer■ Group Executive■ Chief Human Resources Officer■ Business Unit Heads■ Human Resources executives within business and functional units |
| Groups of experts – Specialized functions |
| <ul style="list-style-type: none">■ Human Resources |

Results of the Employee Opinion Survey are presented to the senior management of the company, to the Board of Directors, and to individual business and functional unit managers.

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

® / ™ Trademark(s) of Royal Bank of Canada.

When we say “RBC” we’re referring to all of our businesses and functions around the world.

