

Royal Bank of Canada

# Modern Slavery Act Statement 2022



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This document constitutes Royal Bank of Canada's Modern Slavery Act Statement (Statement), covering our fiscal year of November 1, 2021 to October 31, 2022.

This Statement is made on behalf of Royal Bank of Canada (the Bank) and certain of its subsidiaries (collectively RBC, we, us or our) pursuant to section 54(1) of the U.K. *Modern Slavery Act 2015* (the U.K. Act)<sup>1</sup> and section 14 of the Australian *Modern Slavery Act 2018* (the Australian Act).<sup>2</sup>

Slavery and human trafficking are contrary to our [Purpose, Vision and Values](#). We do not tolerate slavery or human trafficking in our organization or in those of our suppliers and subcontractors. We hold ourselves to the highest standards and expect RBC employees, contract workers and members of the boards of directors of Royal Bank of Canada and all its subsidiaries to act with integrity and comply at all times with the letter and spirit of the laws, regulations and rules that apply to RBC in the jurisdictions where we operate. If instances arise where these expectations are not met, we will strive to respond in an appropriate manner.

## Our structure, operations and supply chain

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 leverage their imaginations and insights to bring our Vision, Values and strategy to life so we can help our clients thrive and communities prosper. As Canada's biggest bank and one of the largest in the world based on market capitalization, we have a diversified business model with a focus on innovation and providing exceptional experiences to our 17 million clients in Canada, the U.S. and 27 other countries.

The Bank is a Schedule I bank under the *Bank Act* (Canada), with corporate headquarters in Toronto and listings on the Toronto Stock Exchange and the New York Stock Exchange. We operate around the world both directly and through subsidiaries under the master brand RBC®.

<sup>1</sup> This Statement is made on behalf of the following subsidiaries of the Bank with respect to the U.K. Act: RBC Europe Limited, RBC Investor Services Trust, RBC Investor Services Bank S.A., RBC Global Asset Management (UK) Limited, Royal Bank of Canada Holdings (U.K.) Limited, BlueBay Asset Management LLP and BlueBay Asset Management (Services) Ltd.

<sup>2</sup> This Statement is made on behalf of the following subsidiaries of the Bank with respect to the Australian Act: RBC Investor Services Trust and BlueBay Asset Management LLP. Since Royal Bank of Canada, RBC Investor Services Trust and BlueBay Asset Management use the same, or substantially the same, policies and processes regarding modern slavery risks this Statement constitutes a single, consolidated description of their actions to address such risks for the purposes of the Australian Act.

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## RBC Survivor Inclusion Initiative

In 2022, as part of our commitment to enabling economic inclusion, we expanded the RBC Survivor Inclusion Initiative to operate in multiple regions across Canada. Launched as a pilot in 2021 in partnership with FAST (Finance Against Slavery and Trafficking), a project housed at the United Nations University Centre for Policy Research (UNU-CPR), and Salvation Army Illuminate, the RBC Survivor Inclusion Initiative is designed to help provide equitable access to financial services for Survivors of human trafficking and modern slavery. Through this initiative, Survivors, often having no credit history and limited financial literacy, are nonetheless afforded the opportunity to access financial products and services through an unlimited chequing and savings account for free, which can help Survivors access fundamental opportunities and services. We also offer financial literacy training and assistance to help them build a secure future for themselves and their families.

Further information on RBC's Survivor Inclusion Initiative can be found [here](#).

## Our business segments

- **Personal & Commercial Banking:** Provides a broad suite of financial products and services in Canada, the Caribbean and the U.S. Our commitment to building and maintaining deep and meaningful relationships with our clients is underscored by the breadth of our product suite, our depth of expertise and the features of our digital solutions.
- **Wealth Management:** Serves affluent, high net worth and ultra-high net worth clients from our offices in key financial centres, mainly in Canada, the U.S., the U.K., Europe and Asia. We offer a comprehensive suite of investment, trust, banking, credit and other advice-based solutions. We also provide asset management products to institutional and individual clients through our distribution channels and third-party distributors. In addition we provide asset and payment services to financial institutions and asset owners worldwide.
- **Insurance:** Offers a wide range of advice and solutions for individual and business clients including life, health, wealth, home, auto, travel, annuities and reinsurance.
- **Capital Markets:** Provides expertise in advisory and origination, sales and trading, lending and financing, and transaction banking to corporations, institutional investors, asset managers, private equity firms and governments globally. We serve clients from 63 offices in 18 countries across North America, the U.K., Europe, Australia, Asia and other regions.
- **Corporate Support:** Consists of Technology & Operations, which provides the technological and operational foundation required to effectively deliver products and services to our clients, Functions, which includes our finance, human resources, risk management, internal audit and other functional groups and Corporate Treasury.

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## Risks of modern slavery in our operations and supply chain

According to the Responsible Sourcing Tool<sup>3</sup> and the U.S. State Department 2022 Trafficking in Persons Report,<sup>4</sup> employees in the financial services sector in the countries where we operate are low risk for modern slavery. We recognize we may be indirectly linked to the risk of modern slavery as a result of our business activities, and we are aware that certain sectors in our portfolios may pose a higher risk of modern slavery, including:

- Agriculture
- Construction
- Electronics & Electrical
- Extractives, Mining & Metals
- Fishing & Aquaculture
- Forestry
- Healthcare
- Hospitality
- Housekeeping & Facilities
- Textile & Apparel
- Transportation & Warehousing

RBC manages modern slavery risk through a variety of policies, processes and practices, which are outlined in this Statement. For example, we strive to avoid knowingly serving clients whose source of wealth or revenue is derived from illegal activity, including modern slavery and human trafficking practices.

RBC's supply chain involves purchasing a broad range of goods and services from international, national, regional and local suppliers. We follow a fair sourcing process whenever possible while managing our supply chain effectively, and we identify, assess and monitor areas in our supply chain where there may be a risk of slavery and human trafficking. Our principal supply chain includes suppliers of technology and other office equipment, software, property and facilities management services, business travel, merchandise suppliers, conference providers, recruitment agencies and various other professional and financially related services.

## Our frameworks and policies

We believe that good governance is the essential foundation of a respectful and inclusive corporate culture that earns trust from and builds value for our clients, employees, financial markets and regulators, communities, and shareholders. The Governance Committee of the board of directors of the Royal Bank of Canada (board) recommends individuals for election or re-election as directors, oversees the process for evaluating board committee and director effectiveness, and oversees management of culture and conduct, including breaches of our Code of Conduct. Additional responsibilities include (i) developing and recommending governance frameworks, principles and policies to the board; (ii) overseeing corporate citizenship matters; (iii) monitoring developments in corporate governance and adapting best practices; and (iv) reviewing shareholder proposals and recommending responses to the board. The Governance Committee is also responsible for reviewing the Bank's corporate citizenship strategy and certain of our environmental, social and governance (ESG) disclosures, including human rights. Our [Statement of Corporate Governance Practices](#) provides an overview of our corporate governance structure, principles, policies and practices.

<sup>3</sup> <https://www.responsiblesourcingtool.org/>

<sup>4</sup> <https://www.state.gov/wp-content/uploads/2022/10/2022TIP-Report.pdf>

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## Code of Conduct

At RBC, we recognize that respecting human rights is a shared responsibility of all enterprises regardless of where they operate globally. This perspective aligns with our Purpose, Vision and Values and has long been reflected in our policies and practices. Our Values and [Code of Conduct](#) guide us and set expectations for our behaviour and decision-making. Our Code of Conduct is the roadmap we follow to serve our clients with the highest standards of integrity. It also lays the foundation for how we work together in a respectful, transparent and fair environment. The Code of Conduct forms the basis for all of our relationships. It applies to all directors, employees and contract workers of the bank and its subsidiaries.

We require actual or possible violations of our Code of Conduct provisions with respect to human rights to be reported, and we take appropriate action to review and address any issue. The Governance Committee receives regular reports on culture and conduct matters, including violations of our Code of Conduct, and monitors emerging trends and best practices as part of its holistic approach to overseeing these issues.

## Culture and conduct

To build and maintain the trust of our clients, employees, communities and shareholders, the board establishes the tone from the top, sets the standards of conduct and champions our Values as set out in our Code of Conduct.

The RBC Enterprise Risk Management Framework and Enterprise Culture and Conduct Risks Framework serve as foundations to promote a risk-aware culture of “Doing What’s Right”. These two frameworks, along with the Enterprise Risk Appetite Framework, guide our other business risk frameworks, risk management

processes and procedures, and employee conduct. The board, both directly and through its Governance Committee, oversees the management of culture and conduct throughout the entire organization, including the implementation of enterprise frameworks and policies.

## Human Rights Position Statement

Our [Human Rights Position Statement](#) sets out our commitment to meeting our responsibility to respect internationally recognized human rights in line with the United Nations Guiding Principles on Business and Human Rights (the UN Guiding Principles). It is a roadmap for how we will strive to avoid adversely impacting human rights in connection with our business activities. In so doing, we will give particular attention to the rights of vulnerable groups who bear a disproportionate risk of adverse human rights impacts including, at a minimum, women; national, ethnic, linguistic and religious minorities; children; persons with disabilities; LGBTQ+ people; and migrant workers and their families.

## Environmental and social risk policies

As a financial services company, the ability to manage risk is one of our core competencies and is supported by our strong risk-aware culture and an effective risk management approach. We define environmental and social (E&S) risk as the potential for an E&S issue associated with us, a client, a transaction, a product, a supplier or an activity to have a negative impact on our financial position, operations, legal and regulatory compliance, or reputation. It refers to the risk that we face as a result of the way we, a supplier or a client manages E&S issues or relationships with stakeholders and communities.

We maintain E&S risk management policies and procedures designed to identify, assess, measure, manage, mitigate, monitor and report E&S risks, including human rights.<sup>5</sup> These policies seek to identify sectors, clients and business activities that may result in E&S related issues and expose us to E&S risks. These policies and processes also guide the application of enhanced due diligence and

<sup>5</sup> RBC’s primary, enterprise-wide Environmental & Social Risk Management (ESRM) policy excludes RBC GAM, the asset management division of Royal Bank of Canada. RBC GAM includes the following wholly-owned indirect subsidiaries of Royal Bank of Canada: RBC Global Asset Management Inc. (including Phillips, Hager & North Investment Management), RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited, RBC Global Asset Management (Asia) Limited and BlueBay Asset Management LLP.

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outline escalation procedures. We proactively review and update our E&S risk management policies and procedures to reflect our ESG commitments as well as address regulatory changes, emerging and evolving issues, and international best practices. As a signatory to the [Equator Principles](#) (EP), which is a benchmark for determining, assessing and managing E&S risks for project finance,<sup>6</sup> we report annually on projects assessed according to the EP framework. Our most recent report can be found [here](#).

### Supplier Code of Conduct

Our [Supplier Code of Conduct](#) (the Supplier Code) requires suppliers and subcontractors to, among other things, abide by applicable employment standards, labour, non-discrimination and human rights legislation. Where applicable laws do not prohibit discrimination, or where they allow for differential treatment, we expect suppliers and subcontractors to be committed to non-discrimination principles and not to operate in a way that unfairly differentiates between individuals. Our supplier contract templates includes terms relating to Supplier Code of Conduct compliance. Pursuant to our Supplier Code, suppliers must be able to demonstrate that they have policies and procedures in place to confirm that:

- Child, forced or compulsory labour is not used
- Discrimination and harassment are prohibited
- Retaliation for speaking up is prohibited and employees are free to raise concerns and speak up without fear of reprisal
- Appropriate and reasonable background screenings, including investigations for prior criminal activity to support the integrity and good character of the supplier's employees have been conducted
- Clear and uniformly applied employment standards are used that meet or exceed legal and regulatory requirements

Where we are satisfied that a supplier's policies and procedures are at least equivalent to the Supplier Code, we may accept a supplier commitment to comply with their own policies and procedures.

## Our due diligence processes

### Financial crimes

We have an enterprise-wide financial crimes program designed to deter, detect and report suspected money laundering and terrorist financing activities across our organization, including modern slavery and human trafficking. To address the risk of our financial services being misused for financial crimes, including money laundering or terrorist financing, bribery, corruption or other activities that may violate applicable economic sanctions, we have implemented controls to monitor financial transactions across our global business segments. Examples of mitigating processes and systems include:

- Implementation of a variety of systems for monitoring transactions across various business segments globally. Through the transaction monitoring solutions and a centralized investigations model, RBC is able to manage risks consistently and effectively
- Client risk rating methodology uses cumulative assessment of anti-money laundering (AML) risk factors that form part of our client due diligence

### Group Risk Management

Group Risk Management (GRM) continues to evolve policies and practices related to E&S risk review, which require RBC's Capital Markets and the Corporate Client Group businesses to consider potential impacts to human rights prior to certain financings. Similarly, our policy and procedure on E&S risk management in our Business Financial Services business provides guidance on assessing borrower E&S risk in credit transactions. RBC's Enterprise Risk Appetite Framework provides that we will undertake only risk we understand and make thoughtful and future-focused decisions,

<sup>6</sup> [equator-principles.com](#)



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taking environmental and social considerations into account, including modern slavery. The board oversees the implementation of our risk management framework and promotes a strong risk culture throughout RBC. The Risk Committee of the board oversees our risk management program, which is designed to ensure that the policies, procedures and controls used by management are sufficient to keep risks within our Risk Appetite. GRM is responsible for guiding and supporting the integration of E&S risk management. The E&S Risk team within GRM regularly reviews and updates policies and processes to manage, mitigate and monitor E&S risks including when to apply enhanced due diligence and escalation procedures. Business segments and corporate functions are responsible for incorporating E&S risk management requirements into their operations.

### Supplier risk management

We have a comprehensive risk assessment and due diligence program in place for suppliers including confirmation that suppliers acknowledge acceptance of the Supplier Code of Conduct expectations. We risk assess suppliers at the inception of the business relationship, track changes in their risk profiles on an ongoing basis and identify negative news related to our highest risk suppliers. If a supplier is flagged for human rights risk, they will be subject to enhanced due diligence. RBC aims to prevent and mitigate adverse impacts we may be directly linked to by taking appropriate action to mitigate such risks, which may include exercising leverage in our business relationships.

Pursuant to the Supplier Code, RBC maintains the right to monitor supplier compliance and audit their control environment. We are also entitled to request information from our suppliers with respect to their compliance with the principles of the Supplier Code.

<sup>7</sup> Certain investment strategies or asset classes do not integrate ESG factors, including but not limited to money market, buy-and-maintain, passive and certain third-party sub-advised strategies.

<sup>8</sup> In some instances involving certain fixed income investments, quantitative investment, buy- and maintain, passive and certain third-party sub-advised strategies, there is no engagement with issuers by RBC GAM.

### Human rights

In line with the expectations of the UN Guiding Principles, which we refer to in our [Human Rights Position Statement](#), we undertook our enterprise-wide human rights salience assessments to better understand the ways our business activities could potentially impact the human rights of our stakeholders. In 2022, we continued to review our salient human rights risks across a number of our functions and business segments. These assessments are designed to help us address those risks to human rights deemed by us to be the most likely and severe within our organization, supply chain and business relationships. In line with the UN Guiding Principles, we assess severity by evaluating the scale, scope and irremediableness of the potential impact of our actions or lack thereof across different areas of our value chain. This assessment includes looking at modern slavery risk.

The results of our salience assessments are intended to help us continue to improve our policies and processes, as needed, and prioritize our ongoing efforts to strive to avoid causing or contributing to adverse human rights impacts through our own business activities, and aiming to prevent and mitigate adverse impacts to which we may be directly linked.

### RBC Global Asset Management

RBC Global Asset Management® (RBC GAM) provides global investment management services and solutions to individual and institutional investors in Canada, the U.S., the U.K., Europe and Asia. RBC GAM believes that being an active, engaged, and responsible investor empowers us to enhance the long-term, risk-adjusted performance of our portfolios and is part of our fiduciary duty. At RBC GAM, investment teams integrate material environmental, social and governance (ESG) factors into their investment decisions for applicable types of investments.<sup>7</sup> They also convey their views through thoughtful proxy voting, and engagement with issuers for applicable types of investments.<sup>8</sup>

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This may include engaging with regulatory bodies on material ESG issues and collaborating with other like-minded investors, where applicable. In line with their [Proxy Voting Guidelines](#), RBC GAM generally supports proposals that call on companies to respect internationally recognized human rights and comply with relevant international agreements regarding the protection of those rights, including the UN Guiding Principles.

RBC GAM integrates key ESG factors into their investment processes for applicable types of investments.<sup>9</sup> Social factors may include, but are not limited to, human rights, employee relations and working conditions, discrimination, child labour, forced or compulsory labour, and health and safety. RBC GAM's commitment is described in their [approach to responsible investment](#). RBC GAM is also a signatory to the [United Nations Principles for Responsible Investment](#), an investor-led initiative that seeks to advance the integration of key ESG factors in investment decisions. For more information, see the RBC GAM Responsible Investment [website](#).

### Our training

Understanding and complying with the Code of Conduct is a condition of working at RBC, and employees and contract workers must complete the Code training course and acknowledgment annually. We leverage this mandatory annual course to train all employees and applicable contract workers to look for indicators of financial crime and other possible violations of human rights.

RBC works to identify, investigate and report potential cases of human trafficking as a predicate offence. We are active participants in the Financial Transactions and Reports Analysis Centre of Canada's successful "Project Protect" initiative, which targets human trafficking. For detailed information about our approach to financial crimes, see our [website](#).

## Our remediation processes

Our Code of Conduct requires all employees and contract workers to report actual or possible misconduct, and our Leadership Model, which sets out key behaviours expected of our workforce, encourages speaking up for the good of RBC. Employees and contract workers are encouraged to speak to their manager, senior management, Human Resources, Compliance, or report through the Conduct Hotline so issues can be resolved quickly and objectively. The Conduct Hotline, is a global hotline available to all employees and contract workers to report misconduct that may violate our Code of Conduct, policies and laws or is otherwise unethical and could put RBC at risk. This hotline is secure, fully accessible and available 24/7. It is administered by a third party, and reports may be made anonymously.<sup>10</sup> RBC upholds a strict commitment to non-retaliation.

We also have the Global Business Activities & Human Rights communication [channel](#) for our stakeholders to report concerns related to RBC business activities worldwide that may not align with our Human Rights Position Statement. Like our Conduct Hotline, this channel is secure, available 24/7, facilitated by a third party and allows for reports to be made and tracked anonymously.

Clients can raise concerns through our [Make a Complaint website](#), and anyone who has reason to believe that the spirit or principles of the Supplier Code are not being respected by an RBC Supplier can report this to [RBC Third Party Risk](#).

## Assessing our effectiveness

We intend to continue to assess and refine key performance indicators to measure our success in operationalizing the commitments in our Human Rights Position Statement and continuously improve our approach to human rights. The effectiveness of RBC's financial crimes program is regularly evaluated to confirm it remains current and aligned with business activities, regulatory developments, industry standards and best

<sup>9</sup> Certain investment strategies or asset classes do not integrate ESG factors, including but not limited to money market, passive and certain third-party sub-advised strategies.

<sup>10</sup> [https://www.rbc.com/our-company/\\_assets-custom/pdf/Code-Of-Conduct.pdf](https://www.rbc.com/our-company/_assets-custom/pdf/Code-Of-Conduct.pdf)



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practices. By doing so, RBC adheres to all applicable anti-money laundering and terrorist financing laws and regulatory requirements in the jurisdictions in which we operate, including guidance on money laundering risk related to modern slavery and human trafficking.

We conduct ongoing screening of all suppliers, which allows us to baseline a supplier's risk profile and subsequently flag and assess any activities that would violate our Supplier Code. We discuss any instances where corrective actions are required with the supplier and track these issues from beginning to completion. No instances were raised for review in fiscal 2022, and there were no modern slavery or human trafficking incidents related to our suppliers identified through our supplier monitoring procedures.

To assess the effectiveness of our approach to E&S risk, we consider input from relevant internal and external stakeholders, including investors, clients, civil society and community representatives.

## Our consultation and governance process

In preparing this Statement, the Bank engaged with each of the reporting entities covered by this Statement, and with other entities it owns or controls. It also consulted with key areas of our organization to prepare this Statement, including Procurement, Third Party Risk, Group Risk Management, Financial Crimes, Human Resources, Corporate Citizenship and the Law Group. These teams operate across our enterprise, including across the subsidiaries to which this Statement applies. This consultation process has supported our enterprise-wide approach to modern slavery.

## Approval

This Statement was approved by the board members of BlueBay Asset Management LLP on March 24, 2023 and the board of directors of: RBC Europe Limited on March 15, 2023; RBC Investor Services Trust on March 21, 2023; RBC Global Asset Management (U.K.) Limited on March 21, 2023; RBC Investor Services Bank S.A. on March 29, 2023; BlueBay Asset Management (Services) Ltd. on March 24, 2023; Royal Bank of Canada on April 4, 2023; and Royal Bank of Canada Holdings (U.K.) Limited on March 21, 2023.

## Conclusion

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

Signed by



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

**April 30, 2023**

