



**RBC
Financial
Group**

2004 Corporate Responsibility Report
and Public Accountability Statement

First Principles



What's inside

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RBC's 2004 Corporate Responsibility Report and Public Accountability Statement

This *2004 Corporate Responsibility Report and Public Accountability Statement* is published for all stakeholders of RBC Financial Group (RBC), including employees, clients, investors, suppliers, government and community partners, and is an account of our social and environmental performance. It complements the account of our financial performance provided in our annual report to shareholders.

The examples and numbers contained in this report reflect activities undertaken in fiscal 2004 (November 1, 2003 – October 31, 2004).

When we refer to "employees," we are including people who work for all the businesses under the RBC Financial Group umbrella around the world (such as RBC Royal Bank, RBC Centura, RBC Investments, RBC Dain Rauscher, RBC Capital Markets, RBC Global Services, RBC Insurance, and RBC Liberty Insurance).

All dollar amounts are reported in Canadian dollars unless otherwise stated.

Public Accountability Statement requirements

All federally regulated financial institutions in Canada with equity greater than \$1 billion are required to produce annual public accountability statements for clients and other interested stakeholders, outlining the company's contributions to the Canadian economy and society.

All the content required in the *Public Accountability Statement* is included in this *2004 Corporate Responsibility Report and Public Accountability Statement*. Additional examples of RBC's ongoing corporate responsibility initiatives can be found year-round at rbc.com/community.

First principles

Gordon M. Nixon, President and Chief Executive Officer



> We strive to operate with integrity at all times, sustaining our company's long-term viability while contributing to the present and future well-being of all our stakeholders. RBC's *2004 Corporate Responsibility Report* is an account of how well we are living up to these principles.

RBC's history of corporate responsibility contains many significant "firsts." We produced our first social report in 1985, and I like to think we have remained true to the philosophy then outlined by my predecessor, Rowland Frazee.

"A business organization is made up, first and foremost, of people," he said. "If the organization is to be a good citizen, it is because people make it so, as an expression of their own values." Then, he outlined the principles underlying our approach to responsibility as "the degree to which we are faithful to, and successful in pursuing our purpose: to provide world-class banking and financial services, while being a sound business enterprise and a good corporate citizen."

In fact, these first principles have been a constant at RBC throughout our 136-year history. We strive to operate with integrity at all times, sustaining our company's long-term viability while contributing to the present and future well-being of all our stakeholders.

RBC's *2004 Corporate Responsibility Report* is an account of how well we are living up to these first principles: including an overview of our business practices, our leadership in providing banking and financial services, our economic impact on the regions in which we do business, and our support for community causes. We believe that living up to our first principles is an ongoing commitment, as is being transparent about our progress.

RBC produces information about our corporate responsibility performance in a number of places – including this report and our 2004 annual report. We made significant efforts to broaden our disclosure in 2004 by producing a detailed *Sustainability Report* on our external website and incorporating international standards for corporate responsibility reporting. This is still an evolving area, and we support the work of the

Global Reporting Initiative in its efforts to provide a common language for transparent reporting.

We are very proud to have received awards and recognition for our leadership in corporate responsibility and governance, including the prestigious award for "Canada's Most Respected Corporation." But we also know that corporate responsibility is a journey, not a destination; so we continue to look at ways to improve our performance as a good corporate citizen while producing strong financial results for our stakeholders.

I invite you to read our *2004 Corporate Responsibility Report*, or to browse through the areas you're interested in. Please visit our website for more information and to give us your feedback.

Gordon M. Nixon
President and Chief Executive Officer

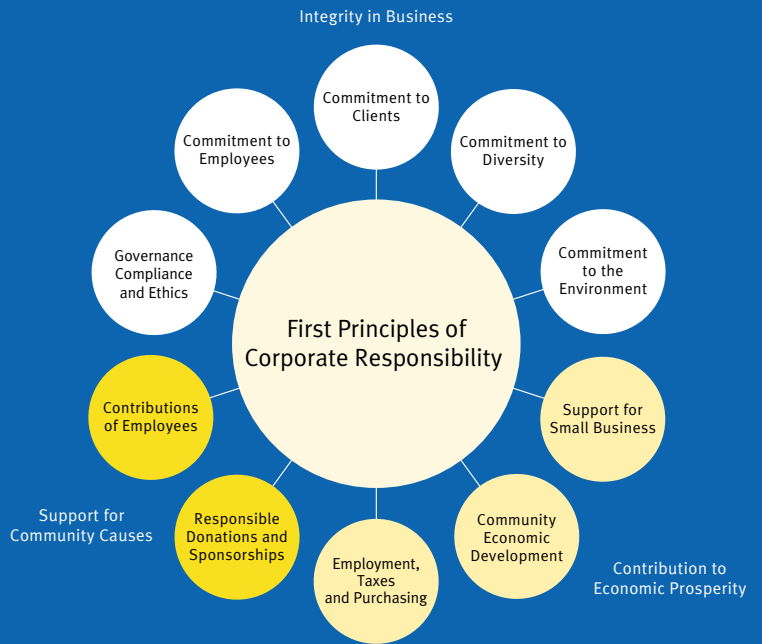
RBC's Vision:

Always earning the right to be our clients' first choice

RBC's Values:

Excellent service to clients and each other
Working together to succeed
Personal responsibility for high performance
Diversity for growth and innovation
Trust through integrity in everything we do

Corporate Responsibility at RBC Financial Group



> A company’s actions speak louder than its words. At RBC, corporate responsibility can be seen in how we operate our business, contribute to economic prosperity, and support communities and causes. Our report is structured to reflect these areas of focus.

INTEGRITY IN BUSINESS

RBC has implemented a wide range of policies and practices to ensure we operate with integrity. Some of these represent sound “first principles” for any business, such as our attention to governance, privacy, diversity and being an employer of choice. Others are specific to our role as a financial institution, such as how we manage risk, provide basic banking services, and respect environmental issues in our lending practices, daily operations and management.

CONTRIBUTION TO ECONOMIC PROSPERITY

If the communities and countries in which we operate are to achieve a high standard of living, they must be economically sustainable. At RBC, we make an economic impact by creating employment and a well-trained workforce, paying our share of taxes, and purchasing goods and services responsibly. As a financial services company, we also contribute to economic prosperity by providing access to credit for small business, supporting community economic development initiatives, innovation and entrepreneurship.

SUPPORT FOR COMMUNITY CAUSES

RBC believes in building prosperity by supporting a broad range of causes. In 2004, we contributed more than \$59 million to community causes worldwide, through corporate donations of more than \$39 million, and an additional \$20 million in the support and sponsorship of community events and national organizations. Our employees and pensioners also make an enormous contribution as volunteers, sharing their financial and business knowledge, time and enthusiasm with thousands of community groups.

Corporate Responsibility Firsts

RBC’s long history of corporate responsibility contains many significant “firsts.” In fact, RBC takes corporate responsibility so seriously that in 1980, we embedded it in our first formal employee *Code of Conduct*. Today, it is one of our Code’s eight “guiding principles”: “It is our duty as a corporate citizen to add value to society while earning a profit for our shareholders. RBC companies take responsibility for the effects of their actions, both social and economic.” Here are some highlights from our other “firsts.”

1891	1902	1929	1943	1947	1979	1991	1992	1992	2000	2003	2004
Our first donation on record, \$250 to the Springhill Mine accident relief fund.	We hire our first woman: Jennie Moore from Vancouver.	We start our corporate art collection.	We publish the first issue of <i>Royal Bank Monthly Letter</i> , devoted to topics of citizenship.	We are the first sponsor of the Canadian Olympic Association.	We establish an Equal Employment Opportunity program.	We are the first chartered bank in Canada to publish a formal privacy code.	We are the first North American signatory to the United Nations policy on the environment.	We are the first bank in Canada to provide Braille statements.	We are the first Canadian bank to be named to the Dow Jones Sustainability Index.	We are the first Canadian bank to adopt the Equator Principles, to assess the social and environmental impacts of large-scale project finance deals.	We are a founding member of the Canadian Aboriginal and Minority Supplier Council.

Integrity in business

- > Commitment to clients
- > Access to financial services
- > Commitment to employees
- > Commitment to diversity
- > Governance, compliance and ethics
- > Commitment to the environment
- > Risk management

We believe companies must be responsible to their employees, clients and shareholders by operating responsibly and with integrity, with strong corporate governance, ethical business practices, and a focused attention on caring for employees, protecting the privacy of clients, and stewarding the environment.

At RBC, we take pride in our hard-earned reputation in each of these areas.

Commitment to clients



IMAGE: DEREK OLIVER

RBC is committed to providing a superior experience to our clients, around the clock and around the world. Our goal is to provide integrated financial service offerings and innovative products through a variety of channels to ensure ease of client access. RBC's **Graciela Ugarte**, based in Buenos Aires, Argentina, is able to provide her clients with access to RBC's network of investment advisors worldwide.

> RBC's vision is "Always earning the right to be our clients' first choice," and our entire company is focused on that vision, from remaining vigilant about protecting the privacy of our clients, to providing access to financial services for underserved markets, to developing innovative product and service solutions.

A cornerstone of integrity

Through the course of our 136-year history, RBC has placed the highest value on operating with integrity. Over the years, we have developed codes and policies that formalize our commitment to clients, ensuring we build and maintain their trust.

First and foremost, our employees worldwide follow our *Code of Conduct*, which outlines their responsibilities in earning our clients' trust. All employees are tested on this Code upon joining the company, and are re-tested at least once every two years.

We support consumer education, and produce a series of *Straight Talk* brochures, covering topics such as privacy and fraud protection, and outlining the practices RBC employees are expected to follow.

A number of our businesses have also made voluntary service commitments directly to their clients, such as RBC Royal Bank's pledge to small business. RBC Investments produces regular communications for mutual fund clients about our policies on areas of current interest, such as trading practices.

Privacy and information security

One of RBC's most important priorities is to protect our clients' privacy of information and safeguard their personal and financial data – we believe this is the cornerstone for earning trust.

RBC has had a formal Privacy Code since 1991. RBC's privacy principles were established to govern our actions, outlining what we will and will not do with client information. For example, RBC is committed to safeguarding client confidentiality and personal financial information.

In just a few short years, technology has revolutionized the way we do business. RBC's policies and practices to safeguard the confidentiality of client information include the use of technology to protect data systems, information and transactions against unauthorized access, disclosure, alteration and misuse.



For more information, visit rbc.com/privacy

An ear for feedback

RBC encourages clients to tell us what they think, so we can evaluate how well we are "earning the right" to be their first choice. Each RBC business tracks client satisfaction as a key measure of performance.

For instance, in 2004, RBC Royal Bank solicited feedback from over 180,000 Canadian clients, and this research has helped us improve our problem resolution process and enhance financial planning services. All problems noted by clients are recorded in a central database, and we interview a sampling directly to find out how well their issue was resolved.

In the U.S., RBC Centura conducted 8,000 surveys by mail each quarter in 2004 and we are seeing a steady annual increase in client satisfaction.

We've also piloted new ways to better observe, understand and improve the quality of service in our branches, giving us real-time benchmarks for client experiences, such as wait times.



The Operational Risk team at RBC Mortgage in Houston ensures that client privacy and security of information is protected. The team, which includes (from left) **Marianne Meyer, Darla Cutler, John Wright and Olimpia Blake** regularly travels to each branch and office to conduct a thorough review of procedures, from making sure files are properly stored to reviewing each employee's understanding of the Privacy Policy.

A resolve to make it right

No company is perfect. While we always strive to provide our clients with excellent service, sometimes we don't get it right.

In 2004, a processing disruption in Canada delayed the posting of debits and credits to some client accounts. Our first job was to accept responsibility and make it right. We immediately extended branch hours, automatically reversed fees, and promptly set up a claims process to reimburse clients who incurred expenses related to the disruption.

Our formal process for handling client concerns is outlined on our website and in one of our *Straight Talk* brochures.

We make every effort to resolve concerns at the first point of contact. If that is not possible, the issue is referred to RBC's Customer Relations Centre. If an issue cannot be resolved here, the final point of appeal within RBC is the Office of the Ombudsman, which provides an impartial process for discussion and resolution.



For more information, visit
rbc.com/ombudsman

Help in times of crisis

When people's lives and communities are disrupted by the unexpected, RBC tries to find ways to help them cope financially.

For example, in 2004, hurricanes Charley, Frances, Ivan and Jeanne ripped through many communities RBC serves. In the Caribbean, where we employ people in nine countries, our contribution to immediate relief efforts included a \$500,000 donation. On the U.S. East coast, RBC Centura stepped in with donations and a hurricane-assistance program to get people back on their feet with rapid recovery loans, extended payment due dates and links to assistance programs.

In 2004, RBC's agricultural finance specialists worked on a case-by-case basis with producers and farm families to provide flexibility for loan and mortgage payments as a result of the Bovine Spongiform Encephalopathy (BSE) and avian flu crises in Canada, as well as working to help clients set strong financial strategies for the future.

Fraud prevention and education

No one wants their bank account to become a crime scene. That's why RBC has a dedicated team of employees and specialized systems working around the

clock to prevent and detect potential fraudulent activity in our clients' accounts. And that includes working with clients and taking action with authorities as needed.

Security is a responsibility we share with our clients, and we have developed a number of fraud-education initiatives, from providing tips and alerts on our websites and in our brochures, to making presentations to clients.

We are also vigilant about spotting, tracking and shutting down emerging scams, such as "phishing," where fraudsters impersonate real companies in e-mails or websites asking for client account numbers and passwords.

Clients are always advised not to share online banking passwords or any Personal Identification Number with anyone.

Product innovation

In 2004, we introduced seamless cross-border Internet banking, so people who bank at both RBC Centura and RBC Royal Bank can access accounts with one sign-on.

In July, RBC Royal Bank was the first major Canadian bank to give clients instant online access to digital images of their paper-based transactions, such as cashed cheques, saving them time and money.

Access to financial services



IMAGE: RANDY MILLER

RBC has led the way in introducing convenient alternatives so that people can access their money and finances anywhere. We also have branches in remote locations, such as Rankin Inlet, Nunavut, just south of the Arctic Circle. There, employees like Sally Kusugak, Rachelle Saulnier, Kyle Sheppard and Catherine Lightfoot provide financial services to clients from seven remote communities.

Access to basic banking

RBC is committed to ensure the process of opening an account is as straightforward as possible, while still meeting regulatory requirements. We train employees on account opening procedures and publish requirements for new accounts in plain wording in 21 languages.

RBC Royal Bank offers a number of products specially designed for low-income clients, youth and seniors:

- Our low-cost deposit account is one of the industry's most flexible, offering 15 debit transactions for a low, flat fee.
- Clients over 60 benefit from a seniors' rebate.
- RBC Access USA offers Canadians living or travelling in the United States seamless access to finances, including banking and investments, with special rates on banking, insurance, mortgage and foreign exchange services.
- RBC's affordable student banking and credit card options include the only student banking package with a price card to save money at participating retailers.
- For clients under 19, our Leo Young Savers Account includes 15 free debit transactions monthly. We also contribute a \$5 deposit into accounts opened for children under 12.

Barrier-free connections

For clients with special needs, RBC's goal is to ensure equal access to premises and services.

Our physical locations are audited periodically for accessibility, to identify and remove barriers to people with disabilities. Every new RBC branch must be wheelchair or walker accessible and, wherever possible, we exceed legal requirements for access. Over 90 per cent of RBC Royal Bank branches in Canada are considered accessible.

In 2004, clients had access to 286 "talking" bank machines across Canada, and more than 500 machines ergonomically designed for easier access to those in a wheelchair. We continue to provide Braille statements, large-print cheques and cheque-writing guides.

Anywhere, anytime banking

RBC has led the way in introducing convenient alternatives for people to be able to access their money anywhere, anytime. We continue to expand and improve our branch networks, online and telephone banking, and full-service banking machines. In Canada, we opened an additional four banking branches and one agency location in 2004. With close to 4,000 automated banking machines

(ABMs), RBC has one of the largest ABM networks to serve Canadians.

In 2004, RBC Centura more than doubled its ABM network by providing clients with fee-free access to the Presto® network of ABMs at 850 Publix® locations in Florida, Georgia, South Carolina, Alabama and Tennessee.

Community banking services

RBC is trying innovative ways to deliver services to distinct or remote communities.

We continue to pilot a new banking concept for inner-city urban markets in Toronto, called Cash & Save, offering a defined range of banking services in smaller premises, for people who may not have a bank account.

In June 2004, we opened our fourth and largest agency banking location in Canada, serving the Nisichawayasihk Cree Nation at Nelson House, in Northern Manitoba. Agency banking provides access to banking services, capital and improved financial education in areas where clients have traditionally had to travel long distances or pay hefty surcharges. The agency teams with a host RBC branch to provide basic banking services. Agency management decides on its own hours, language of service and business objectives, and it can reinvest the revenue it earns in the community.

Commitment to employees



Learning is a fundamental part of our business, and we encourage and help our employees to enhance their skills and professional development through continuous learning. RBC's **D'Niro Mycklewhyte** (left) and **Clara Smith**, based in Nassau, Bahamas, continue their development by participating in training through the Bahamas Institute of Financial Services and the Institute of Canadian Bankers.

> With 71,876 employees worldwide, our people are fundamental to our ability to build enduring relationships with clients and communities. RBC continuously invests in programs that help us to be considered an employer of choice. We are recognized for leading-edge people practices, innovative learning and career development programs, diversity, and workplace flexibility.

Total Rewards

Employees have said that their relationship with RBC goes beyond pay and benefits: it encompasses their entire experience on the job – including competitive pay and benefits, career development potential, and a supportive and dynamic workplace environment. We recognize this range of employee needs through a “Total Rewards” approach, outlined here.

Support for work/life needs

RBC provides an array of work/life options that respond to employees' evolving priorities, including dependent-care support, flexible work arrangements, time-off or leave policies, wellness programs and educational support.

More than one-third of employees now benefit from formal and informal arrangements, such as flextime, reduced hours, modified work weeks, job sharing, flexiplace and phased retirement.

We also offer an employee assistance and work/life support service, available to all employees and their families worldwide, accessible by telephone and online, 24 hours a day, 7 days a week.

Other innovative programs include:

- a Community Leave program, in which employees can earn up to 50 per cent of their annual salary for up to one year while working for a charitable organization;

- a post-secondary scholarship program for employees' children. In 2004, we awarded scholarships of \$1,000 each to more than 100 students;
- retention and career transition services to assist employees affected by organizational change.

Continuous learning

RBC clients require the best in expertise and capability and, in 2004, RBC invested \$129 million in employee learning worldwide. Employees have access to a wide array of tools, such as anytime/anywhere e-learning, accessible from work or home.

We also offer experience-based learning through projects, work assignments and individual coaching. We provide orientation, internal career development, accreditation, external seminars and conferences.

Many RBC employees are professionally accredited or annually re-certified. For example, since 1999, more than 10,000 licensed mutual fund salespeople, including certified financial planners, participate in an Annual Investment Review designed to test and reaffirm their knowledge.

Our “one company, many careers” approach promotes the movement of talented people within and across RBC's

diverse businesses and functions. About one-quarter of our employees take on new positions and challenges each year. An online career tool helps employees manage their careers and easily search and apply online for positions. In 2004, we expanded the scope of this tool for our employees in the United States. We receive more than 22,000 resumes a month from prospective employees.

Reward and recognition

RBC has a strong history when it comes to recognizing employees. In fact, we were one of the first Canadian banks to implement a formal reward and recognition program in 1988. RBC Performance allows employees worldwide to recognize their colleagues' outstanding performances by awarding points that can be redeemed for merchandise and travel. Top performers are rewarded with a one-week business convention and, from these, the best of the best are awarded RBC's highest honour: the *LEO* award.

We celebrate major employment milestones through a service awards program, through which employees can select from a range of awards. In 2004, about 10 per cent of the awards given were to employees who have worked at RBC for 10 or more years.



IMAGE-AP/WIDE WORLD PHOTOS/RICK RYCROFT

For nearly 25 years, RBC has conducted regular employee surveys to gain feedback that enhances our human resources programs, allowing us to attract and retain talented employees around the world, such as **Simon Hutchinson**, **Lyndal Quilkey** and **Sienny Sutedja**, three of the nearly 220 employees at RBC Global Services in Australia.

Benefits

We offer flexible benefit and pension programs to meet the needs of our diverse workforce.

In 2004, a common benefit platform was launched for all RBC businesses in Canada to enhance employee choice and provide the flexibility to select the benefits that are right for employees and their families. The common benefit program will be launched in the U.S. in 2005.

Pay

Our compensation programs – salary, commissions, variable-pay and performance-based incentives – are benchmarked to the external market.

Compensation is aligned to an employee's level of skill, knowledge and performance, with performance expectations and appraisals across the company in alignment with our client vision.

We also offer employee savings and share ownership plans. Over 80 per cent of eligible employees are RBC shareholders.

Listening to our employees

RBC has conducted regular employee opinion surveys since 1981, and we compare our survey results with top performing North American companies.

We not only celebrate our successes, but also take action on areas for improvement as identified by our employees. In our 2003 survey, for example, employees said they wanted more support in managing their personal and work responsibilities, so in 2004 we introduced a new program through which employees can buy up to one additional week of vacation. We also tested an emergency backup childcare program.

Employee feedback also helps us direct our training priorities and investments. For example, employees confirmed that their managers play a pivotal role in their relationship with RBC and their ability to serve clients. We are committed to a continued focus on building managerial excellence by enhancing our formal and informal training for this group.



For more information, visit
rbc.com/careers

Health and safety

Maintaining a supportive, safe and productive work environment is a fundamental goal of our health and safety policies, which apply to our entire workforce.

A 12-member executive committee is responsible for setting policy on behalf of the entire corporation, while each business develops and monitors its own initiatives in this area. All departments and branches must assign their own health and safety representatives, some 1,500 employees in all.

In 2004, RBC implemented new health and safety training for 7,000 managers, involving a four-hour online course, with a final exam they were required to pass with a minimum grade of 80 per cent.

Employee Ombudsman

RBC promotes open communication and encourages employees to resolve issues locally whenever possible. To assist in this process, we provide tools such as manager and employee helplines. If extra steps are required, we have an Employee Ombudsman, the employee arm of our Office of the Ombudsman, which provides employees with a confidential and objective way to deal with unresolved concerns.

Commitment to diversity



RBC believes that responding to the needs of diverse markets makes good business sense. That includes representation and understanding of our clients at every level of our business. **Eleanor Tolentino, Faye Domingo and Raquel David** speak both English and Filipino, giving the Filipino community in Yellowknife, Northwest Territories, a more welcoming banking environment.

> RBC Financial Group is committed to respecting the diversity of our clients, communities and employees. We believe that RBC will be a more rewarding place to work and a more dynamic organization with which to do business when we welcome a vibrant mix of cultures, ages, backgrounds, experiences and products into our workplaces and marketplaces.

Leadership at the top

RBC's commitment to diversity starts at the most senior level. Our Diversity Leadership Council, chaired by our President and CEO, sets the diversity strategy. This council, established in 2001, includes executive champions from all businesses in North America who are directly engaged in leading implementation and communication efforts, identifying emerging issues, and measuring and reporting on results.

Employees at all levels take responsibility for our commitment to diversity. In 2004, a number of advisory boards were created across RBC's businesses, including Visible Minority Advisory Boards in Canada, and at RBC Dain Rauscher in the United States. RBC Centura also established a Diversity Leadership Council and Employee Diversity Action Committee.

Employee awareness

"Diversity for growth and innovation" is one of RBC's values and we recognize that sometimes words are easier to say than to live by. That's why we have implemented training tools, learning activities and resources for our employees. In 2004, almost 1,600 employees participated in a new diversity training program designed to help them create inclusive and innovative work environments.

RBC's *Destination Diversity* – a comprehensive intranet site – is regularly updated to facilitate ongoing learning, with nearly 150,000 hits to the site per year.

As firm believers in sharing what we've learned, RBC makes a number of our diversity resources, including our award-winning *What We Can Do* booklet on gender behaviour, available to individuals, community organizations, academics and representatives from other industries.



For more information, visit rbc.com/careers

External leadership

As a leading corporate citizen, RBC believes we have a role to play in diversity research and programs that benefit all business sectors, not just our own.

For example, in 2004, RBC participated in a research study by the Conference Board of Canada on maximizing the talents of visible minorities in Canada. Representatives from the private and public sectors, and non-government and labour organizations took part, and the study resulted in a comprehensive how-to guide to help employers better leverage the expertise of visible minorities.

In 2004, RBC also helped create *Diversity In Action*, a Junior Achievement program that teaches youth how diversity can improve creativity and teamwork. Employees helped test the program with more than 40 classes of grade 7–9 students in the Toronto area, and a national implementation is planned for 2005.

Recruitment

At RBC, we have dedicated specialists in our Recruitment Centre who are focused on diversity recruitment, and we also partner with firms specializing in diverse markets to help us find qualified candidates.

We participate in career fairs and partner with community associations, such as Bridge to Employment, which offers a wide range of services to assist people with disabilities to obtain competitive employment. In the U.S., RBC continues to partner with the National Black MBA Association and the National Society of Hispanic MBAs. In Canada, RBC's involvement continues to grow with Career Bridge, a work transition program for internationally trained professionals.

Employment equity performance

RBC is committed to having a diverse workforce. We firmly believe that what gets measured gets done, so our businesses develop annual employment equity plans.



IMAGE: STAN WALDHAUSER

RBC Dain Rauscher's Minority Employee Association (MEA) promotes an environment that embraces minority employees and their communities. The association, which includes **Cliff Mahto**, **Jill Haynes**, **Kimberley Washington** and **Jose Miranda**, arranges networking and support programs and ensures RBC is represented at community events.

In Canada, we provide an annual employment equity report to the federal government disclosing our representation data for RBC's federally regulated businesses, as well as reporting on activities relative to hiring, development, promotions and terminations of designated groups.

In the U.S., our businesses are regulated by, and comply with, affirmative action and Equal Employment Opportunity legislation.

We encourage all RBC employees and prospective applicants to complete a diversity survey so that there are accurate records of representation. Employees have the opportunity to update their information electronically, with 99 per cent of employees in Canada having done so in 2004.



For RBC's Annual Employment Equity Report, visit rbc.com/careers

Diversity in business

We believe that unlocking the power of diversity enables RBC to be more competitive and our communities to be more dynamic: this belief guides us in developing our business strategies, products and services.

Having a diverse workforce is the first step to ensuring we can best serve an increasingly multi-ethnic client base. Wherever possible, our employees reflect the makeup of the communities they serve. For example, in Canada, we have 158 branches staffed with employees who speak a number of Chinese dialects. In other key markets, we have managers dedicated to serving the growing South Asian and Middle Eastern populations. In Atlanta, Georgia, where the Latino population continues to increase, RBC Centura has appointed a manager devoted to this market.

We also acknowledge changing demographics when we develop programs. For example, the Korean population is one of the fastest growing in Canada. In 2004, RBC partnered with the Ontario government, creating a resource guide to help prospective Korean immigrants establish their businesses in Ontario.

It's also critical for us to recognize the financial realities facing diverse client groups, so we can provide superior advice tailored to their needs. After changes to Canadian legislation regarding same-sex unions in 2004, RBC Investments developed a financial planning initiative for gay and lesbian couples, focusing on tax and estate planning issues.

Diversity in communities

RBC supports programs all around the world that celebrate the cultural fabric of our communities. Some highlights from 2004 include:

- a donation of \$1 million towards the creation of the Canadian Museum for Human Rights, to be built in Winnipeg. The Museum will advance Canada's commitment to freedom, democracy and diversity, and will include a national program to bring 100,000 high school students to the museum annually;
- a donation of \$40,000 to help Girl Guides of Canada make its website available in Arabic, Cantonese, Inuktitut, Mandarin and Punjabi;
- employee involvement in cultural events all around the world. For example, almost 200 RBC employees and their families in Vancouver took part in Walk with the Dragon, helping raise \$4,500 for an organization that provides settlement services to new immigrants. The RBC Foundation donated \$10,000 to the cause as well.

For more on Diversity at RBC, see [Aboriginal Peoples, page 21](#), and [People with disabilities, page 30](#).

Governance, compliance and ethics



- > Our culture comprises an ethical vision and corporate leadership founded on controls, policies and practices directed at strengthening the Board of Directors' oversight of management and creation of value for shareholders, employees, clients and communities.

A global approach

Our approach to corporate governance has long been characterized by continuous improvement. Consequently, RBC has remained in the forefront of evolving best practices in governance. Many practices recently called for by regulators were already well established at RBC.

The strength of our governance is founded on having an independent chairman and knowledgeable, well-informed directors whose major concerns include oversight of the strategic planning and resulting performance of RBC, and ensuring that standards exist to promote ethical behaviour throughout the organization.

RBC believes that good governance requires controls and programs to promote a proactive governance culture within our global network. For this reason, some of our more recent innovations have focused on spreading a holistic approach to governance, compliance and ethics:

- Our Subsidiary Governance Office (SGO), launched in 2001, promotes consistency, simplicity and transparency in the global organizational structure of RBC. The SGO provides governance oversight among our many subsidiaries and has helped develop a more economical and sharply focused group structure.
- In 2000, we expanded the RBC *Code of Conduct*, introduced in Canada in the 1980s, to cover all RBC businesses. In 2002, we introduced a *Code of Conduct e-Learning Program* to ensure all our employees (from the CEO on down) know and understand the principles in the Code, including issues such as privacy and confidentiality. This e-learning program includes both an online course and an online test. In addition to our long-standing encouragement to our employees about reporting Code issues and protection of whistle-blowers, this year we set up a reporting hotline as an additional channel for employees to report concerns related to auditing or accounting irregularities.
- RBC's Financial Controls Office, created in 2003, introduced an automated, enterprise-wide process focused on managing auditor independence. It provides a structure and an online system for RBC's business platforms, functional units or subsidiaries that are entering into a relationship with a public accounting firm, to confirm or obtain approval prior to the commencement of work.

Current and emerging best practices

RBC was rated among the top 10 companies in the *Report on Business Magazine* 2004 survey of corporate governance in Canada, based on board composition, compensation features, shareholder rights and disclosure practices.

Increasingly, public companies are asked to report environmental, social and ethical performance in addition to financial measures. In this emerging field, RBC reports in a number of ways, including our online *Sustainability Report and Index*, based on regulatory guidelines, best practices and responses to independent surveys.

In 2004, RBC was named to the Dow Jones Sustainability Index for the fifth consecutive year. This Index recognizes some 300 companies that lead their industries with a business approach that recognizes opportunities and manages risks stemming from economic, environmental and social developments.

RBC also earned an overall award of excellence in corporate reporting from the Canadian Institute of Chartered Accountants.

As a fund manager, our mutual fund subsidiary, RBC Asset Management, is a member of the Canadian Coalition for Good Governance, which promotes the best corporate governance practices in companies its members consider for investment.

Commitment to the environment



IMAGE: VERNA ALLINSON

Ted and Olive Perrin, of Castleland Ranch in Beechy, Saskatchewan, were winners of The Environmental Stewardship Award (TESA) in 2004 for innovative watering practices and managing native species on their pristine 10,000-acre cattle ranch. RBC sponsors the award with the Saskatchewan Stock Growers Association to promote sustainable ranching methods.

> RBC believes that sustained economic growth and a sound environment are inextricably linked. We continue to take a leading industry role to support and advocate sustainable business practices as a financial services provider and corporate citizen.

Policies that protect the environment

RBC's *Environmental Policy* guides every activity that can influence the environment, including our lending and investment decisions. Environmental risk management is integral to our lending practices, and we have a comprehensive set of environmental policies and sector-specific procedures designed to assess the social and environmental costs of any deal or project.

RBC was the first Canadian bank to adopt the Equator Principles in 2003, agreeing to voluntary guidelines for assessing large-scale project finance deals against social and environmental impacts. This led to the introduction in 2004 of RBC's new Policy on Social and Environmental Review in Project Finance, which includes all elements of the Equator Principles, plus specific procedures for lenders and risk managers. In 2004, we applied the policy in the assessment of a number of resource sector projects in Canada and in developing countries. As with all RBC credit policies, compliance is audited on a periodic basis by RBC's Internal Audit Services.

Leadership on climate change

RBC was among 50 global companies named to the Climate Leadership Index in May 2004 by the Carbon Disclosure

Project (CDP), an initiative sponsored by 95 of the world's largest institutional investors. It assesses how companies manage climate change issues, measure and reduce greenhouse gas (GHG) emissions, and quantify competitive and financial costs and benefits.

We were cited by the CDP this year for collaborating with the International Emissions Trading Association to help develop the framework for a Canadian market for trading GHG emissions under the Kyoto Protocol.

As a first step in our strategy to eventually incorporate carbon risk into our risk assessment process, in 2004, RBC launched *Climate Change Central* – an online employee resource with information on climate change and how the Kyoto Protocol is likely to affect our clients and us.

RBC runs a US\$50 million alternative energy technology venture fund overseen by RBC Capital Partners. In 2004, RBC Technology Ventures, Inc., announced that it would take the position of lead investor in the GEF Clean Technology Fund, L.P. It is a new private equity investment fund that will seek to identify and finance companies that create technologies that enable traditional industrial companies to reduce energy consumption, material waste, discharge of pollutants, safety or public

health hazards and other environmental consequences.

We recognize the opportunity in alternative energy resources, and already finance more than 25 wind farms in Canada, the U.S., the U.K. and Italy. In February 2004, RBC Capital Markets was the key advisor in closing a deal for a 400-megawatt wind farm portfolio for Zephyr Investments Ltd. and Beaufort Wind Ltd. in the U.K., deemed the renewable energy deal of the year by Project Finance International.

Conservation in the workplace

RBC's real estate and operations groups make conservation a day-to-day concern by finding ways for us to run our premises more efficiently.

Big gains can come from something as tiny as a light bulb: in 2004 RBC saved nearly 1.8 million kilowatt-hours of energy just by switching lighting in 142 office and branch locations to more energy-efficient systems. This is equivalent to the amount of energy it takes to power 150 households for one year.

In 2004, RBC purchased 640 megawatt-hours of Green Power from BC Hydro. In terms of emissions avoided, this purchase is equivalent to taking 64 passenger cars off the road for a year.



In 2004, RBC switched to electronic pay statements for Canadian employees, eliminating the printing of nearly two million statements and envelopes, and saving nearly 16 tonnes of paper annually. Employees who prefer paper pay statements may still opt for that form of delivery. **Ada Bragado, Steve Wong, Loretta Peragine** and fellow team members in Toronto developed and executed a seamless transition to the electronic statements.

Through the energy-efficient lighting and Green Power programs alone, RBC will reduce GHG emissions by at least 600 tonnes this year.

New construction standards now require the installation of occupancy sensors in new branches and in major renovations, to switch lights off automatically when no one is around. We also changed our corporate standards for room temperature settings in all of our offices. This slight modification will have a beneficial impact on energy use across all our premises.

When we renovate, we try to reuse material. This year more than 52 tonnes of carpet tile were reused, rather than land-filled, thanks to a program started in 2002.

In 2005, we plan to reduce the number of printers in our workplaces by 60 per cent by introducing shared, networked devices capable of many functions. The new units are Energy Star compliant, and are expected to reduce energy consumption.

Thanks to a staff suggestion, RBC was also able to reduce dramatically the number of inkjet cartridges used in automated banking machines last year. By simply printing less information for internal use, we've used 31,000 fewer cartridges.

Conservation in the community

- RBC is represented on the advisory panel of the Canadian Brownfields Network, launched in March 2004. Its goal is to accelerate redevelopment and urban revitalization across Canada and promote Brownfields redevelopment to meet the challenges of sustainable community planning.
- RBC has pledged \$500,000 over five years to support the Nature Conservancy of Canada's *Campaign for Conservation*, which aims to protect habitats for species at ecologically important sites.
- Our \$50,000 donation to the Wonder of Wetlands Educational Partnership with Ducks Unlimited Canada in 2004 allowed over 1,700 children in Saskatoon to learn about wildlife and wetlands conservation through class field trips and resource materials for teachers.

A place on the benchmarks

- For the fifth consecutive year, RBC was named to the Dow Jones Sustainability Index, recognizing the world's financial, social and environmental corporate leaders.
- RBC is listed on the FTSE4Good Global Index, designed to track the performance of companies that meet globally recognized corporate responsibility standards.

- RBC is included on the Jantzi Social Index, a stock index of 60 Canadian companies that pass a set of social and environmental screens.

Industry-wide collaboration

RBC is committed to working with colleagues in the international financial services industry to properly manage our environmental risks and minimize the impact of our operations on the environment. We are a member of:

- the Canadian Bankers Association Environmental Issues Advisory Group;
- the Environmental Bankers Association;
- the United Nations Environment Programme (UNEP) Finance Initiative.

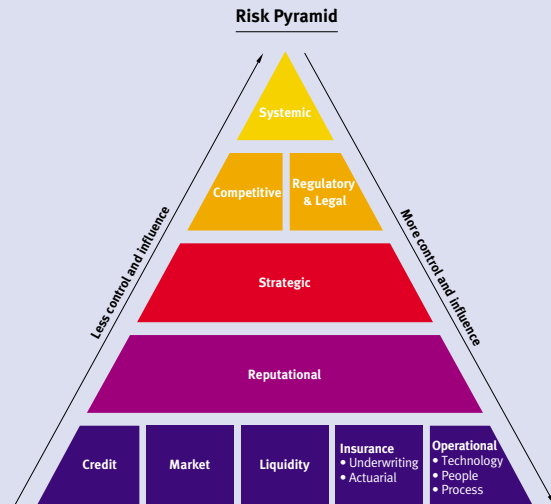
We are also a signatory to the:

- Equator Principles;
- International Chamber of Commerce Business Charter for Sustainable Development;
- UNEP Statement by Financial Institutions on the Environment & Sustainable Development.



For more information, visit rbc.com/environment

Risk management



At RBC, our business activities expose us to a wide variety of risks, outlined in this Risk Pyramid, a graphic that acts as a checklist to help us identify and assess risk in 10 categories.

> Managing risk is both an art and a science at RBC; in fact, as a financial institution, it is one of our core competencies. We proactively evaluate and manage all the risks inherent in our businesses, while weighing the economic, social and environmental impact of our practices.

Structure and responsibility

RBC has a strong culture of risk management. Our Group Risk Management team, led by our Chief Risk Officer, is responsible for working in partnership with our businesses to identify, assess, manage and report on all risks within an enterprise-wide framework.

We have a formal structure of management and Board Committees, including the Ethics and Compliance Committee at the senior management level. These committees are supported by authorities and accountabilities assigned at the business level.

Policies and procedures

Like any citizen, RBC Financial Group and our employees must comply with the laws, regulations and ethical codes of conduct in all the markets in which we do business. All employees worldwide are also governed by our internal *Code of Conduct*, and everyone, including senior management, is tested regularly to ensure understanding of the *Code*.

RBC has developed formal policies to address anti-money laundering, conflict of interest, insider trading, client and employee privacy, and “know your client” (client due diligence).

We have formalized specific lending policies outlining the requirements for environmental risk management, lending to political parties and financing military materiel. We have integrated management policies and processes in place to support the assessment and management of risks.

In 2004, we enhanced the whistleblowing section of our *Code* to include a reporting hotline, a new requirement under the *Sarbanes-Oxley Act*, setting out the process by which RBC’s employees can confidentially and anonymously relay concerns about a questionable accounting or auditing matter directly to RBC’s Ombudsman.

Employee training

All the best policies in the world are just words on a page unless employees understand and have the proper tools to implement them, so we ensure that policies contain a clear plan for communication, training, implementation and ongoing monitoring to review their effectiveness. For example, to enhance our anti-money laundering policy, we are implementing an enhanced software system to assess transactions for suspicious activities.

In 2004, RBC launched a new online policy and procedures library system to make it easier for employees to access policies and related documents.

Crisis management

RBC’s Crisis Management Teams are responsible for the overall identification, isolation and management of major crises, and are activated when crises emerge that are both within and outside of RBC’s control. We also have formal business continuity management processes in place right across the organization.

In 2004, the corporate Crisis Management team set up an emergency information telephone line, available to employees and families in event of RBC-wide crisis, in case of incidents such as power blackouts, severe weather conditions, or other situations affecting our ability to access RBC offices or serve our clients.

Leadership

In 2004, RBC announced a donation of \$500,000 to establish the RBC Centre for Risk Management at Dalhousie University, in Halifax. “The Centre will take a holistic approach to risk management by studying how individuals and organizations make decisions to manage risk from all sources,” says Abol Jalilvand, Dalhousie’s Dean of Management. “It will provide world-class learning and research opportunities for students, practicing managers and researchers nationally and internationally.”

Contribution to economic prosperity

- > Community economic development
- > Small business
- > Aboriginal Peoples
- > Employment, taxes and purchasing

At RBC Financial Group, being responsible means observing such first principles as creating employment and a well-trained workforce, paying our share of taxes and purchasing goods and services responsibly. For RBC, a financial services company, it also means providing access to credit for small business, as well as supporting innovation and entrepreneurship, and investing in the economic development of our communities.

Community economic development



IMAGE: ROD STEARS

The First Steps Housing project in Saint John, New Brunswick, helps break the cycle of poverty by letting pregnant and parenting teens pursue their education, such as young mother **Kim Davis**, pictured here with her new baby, **Dylan**. First Steps is the type of program encouraged by Vibrant Communities. This national network, supported by RBC, unites non-profit organizations, government, community leaders and business to help reduce poverty.

> RBC invests skills and knowledge to cultivate sustainable economic development in communities. We are committed to contributing to the future success of people and businesses in the places where we operate, through our support, partnership and leadership.

Social entrepreneurs against poverty

Canada is a rich nation, yet more than 4.7 million people are poor, including nearly one in six children – a serious socio-economic challenge for communities.

Recognizing that the problem-solving skills of business can be applied to help fight poverty, RBC became a national supporter of the Tamarack Institute's Vibrant Communities initiative in 2004, with a four-year pledge of \$250,000.

This national network unites 250 non-profit organizations and government agencies, 100 community leaders and 100 businesses in 15 cities to share and start poverty-reduction plans.

One vibrant community is Saint John, New Brunswick, where businesses have stepped up to the problem-solving plate. RBC's Tom Gribbons chairs the Poverty Reduction Leadership Roundtable convened by the Saint John Business Community Anti-Poverty Initiative, founded by RBC pensioner Bill Gale, to lead a strategy that aims to guide 2,000 people out of poverty over the next three years.

Resources to promote self-sufficiency

Social and Enterprise Development Innovations (SEDI) is a charitable organization that runs programs to enable low-income, unemployed and under-employed people to become self-sufficient.

For the fourth year, RBC was a national partner in Learn\$ave, the world's largest asset-building project, helping low-income Canadians save for the future. We provide a modified savings account, an Individual Development Account, that allows deposit of matching funds from Human Resources and Skills Development Canada, while participating agencies can track individual goals.

To date, over 3,600 Canadians have saved more than \$2.3 million through this program.

In 2004, RBC was also a sponsor of the first SEDI Awards, a celebration of the entrepreneurial spirit of people faced with adversity – the poor, the jobless, people with disabilities and those in damaging home environments – who, through SEDI's programs and their own tenacity, have become independent. SEDI's self-employment programs have created 1,900 jobs over the past decade.

Financial literacy

How to budget, what to save, when to invest: these are basic concepts in financial literacy. Yet, for some low-income people, the sheer complexity of the banking and financial system can be intimidating and a barrier to making good financial choices. To reach these people, community programs will play an increasingly important role, building on trust and local knowledge.

In 2004, RBC seconded an employee to work with Toronto's Yonge Street Mission, a social services network that serves the city's poor, to help assess the financial literacy needs of this diverse community. Over the year, Fred Hayes helped the mission research possibilities for a community-run literacy program and other financial services that could be introduced in the future. In 2002, in a partnership with St. Christopher House, RBC introduced Cash & Save, a neighbourhood financial services centre that offers lower-cost cheque cashing and other basic banking services. A second location opened in 2003.



As a member of the Federal Home Loan Bank of Atlanta, RBC Centura helped client **Buddy Owen** (right) secure low-interest Economic Development Growth Enhancement (EDGE) financing to build a sewer line and waterworks in Dillsboro, North Carolina, in the Smoky Mountains. The new development created jobs for more than 20 people in 2004, including **Pam Frady**, who is manager of a new convenience store on the site.

Community development

In the U.S., the *Federal Community Reinvestment Act* (CRA) requires the Federal Reserve Board to evaluate our performance in helping meet the credit needs of our communities.

RBC Centura's Community Development Lending Group works with community leaders, government agencies and funding sources to achieve common goals, such as affordable housing, area revitalization or bringing services to low-income communities.

We help communities access public and private financing sources for economic development. One example is the revitalization of the historic downtown district and the new Imperial Centre Arts Complex in Rocky Mount, North Carolina, which draws on the banking and financing expertise of several RBC businesses. Three projects in Port St. Lucie, Florida, contribute to the state's fastest growing economy.

Through the Federal Home Loan Bank of Atlanta, RBC Centura also arranges below-market rate development loans to projects, such as the Cumberland County Association for Indian People in Fayetteville, North Carolina, for a new childcare centre and cultural museum.

Wealth through homes of their own

When renters become homeowners, the tax base grows and families can build equity – the foundation for prosperous communities. In 2004, RBC Centura launched a home ownership initiative to reach out to lower-income people who assumed they could not qualify for a mortgage or were afraid to try.

RBC partnered with local economic development agencies, community leaders, real estate experts, credit counsellors and others, to offer home ownership workshops in Virginia and North Carolina, where people could apply for a mortgage or loan assistance programs on-site. As a result, over 30 per cent of RBC Centura's mortgages were to lower-income people in 2004.

RBC Royal Bank eliminated the biggest barrier for would-be homeowners in Canada by introducing a no-down-payment mortgage.

RBC also supports home ownership through donations to Habitat for Humanity, and employees participate in community builds all over North America, including Houston, Denver, Seattle and Minneapolis. A donation of \$120,000 helped Habitat construct 10 homes across Canada in 2004.

The currency of new ideas

The ability to commercialize new ideas helps to create high value companies and jobs for the future.

With this in mind, RBC has taken a leadership role in supporting innovation and commercialization. For example, we are involved in a number of leading-edge initiatives, including the Medical and Related Sciences (MaRS) project, the National Angel Organization and the Canadian Institute for Advanced Research.

We have made direct investments in a number of promising early-stage ventures across North America through RBC Technology Ventures and its partner funds.

We also support universities as the heart of the knowledge-based economy, and made a number of donations in 2004 focused on innovation.

For example, a \$600,000 endowment to Simon Fraser University in Vancouver will allow the RBC Professor in Technology and Innovation to work with research centres and MBA students to manage innovation in emerging technologies.

Our contribution of \$750,000 to the University of Ottawa created a professorship to study ways to commercialize science and technology ideas. We directed



IMAGE: CATHRYN TUCKER/SCOTT HARTLEY

Luz Elena Piedrahita moved to Canada from Colombia with a master's degree in finance and years of banking experience, but no place to prove herself. The Calgary Immigrant Women's Association (CIWA) played matchmaker, securing an internship for Luz Elena with RBC, which led to full-time employment with our main branch in Calgary.

\$800,000 to help create the first Professorship in Entrepreneurship at the University of British Columbia. And, recognizing the role of family-owned businesses, RBC donated \$1.5 million to the University of Alberta for its Centre for Entrepreneurship and Family Enterprise.

A place for skilled workers

Gabriel Rosales landed in Toronto from Venezuela in 2003 with a resume that included an MBA and hands-on marketing know-how. But, his lack of local experience meant no job or chance to contribute to the economy. He landed an eight-month internship in an RBC Royal Bank marketing department in 2004, thanks to Career Bridge.

This program, designed and managed by Career Edge, helps recently arrived, skilled immigrants earn the local job experience so often demanded, and helps employers find qualified workers. RBC took part in a 2003 pilot project, in which 40 employers provided internships for 132 people. In 2005, the goal is to place 150 people, including 10 at RBC. We support Career Bridge as a model for opening a world of needed talent: new Canadians account for about 70 per cent of the growth in today's labour force, and are expected to represent all growth by 2011.

Bridge to trade and productivity

Through industry partnerships, RBC promotes economic growth, access to markets and co-operative development.

We are a member of the Canadian American Business Council, which raises awareness of the value of the Canada-U.S. trade relationship and the importance of keeping the border open for business.

In 2004, RBC Centura sponsored a "Team Florida Canada" trade mission led by Enterprise Florida, opening cross-border opportunities for our clients. Canada is Florida's second-largest export market.

Our employees are also active members of local Chambers of Commerce in many places where we do business.

RBC Royal Bank was also the premier sponsor of the Commercial Real Estate Women's Network (CREW) conference in Toronto. Nearly 1,000 delegates explored cross-border networking opportunities and real estate trends.



For more information on RBC's support of community economic development, visit rbc.com/community

Help in times of crisis

Without the basics of life, it can be nearly impossible for people to achieve their full potential or for communities to thrive. RBC supports programs that help people in need, such as food banks, a cause that is close to the heart of thousands of RBC employees. They hold bake sales to raise money for local food banks, donate money earned through dress-down Fridays, engage in friendly competitions with neighbouring branches to see who can collect the most food items and encourage clients to support their efforts.

In 2004, RBC gave over \$300,000 to replenish food banks and soup kitchens across Canada.

We also believe that having a roof over your head is a basic human right, and we invest our resources in a number of initiatives to fight homelessness, including our ongoing support for Raising the Roof, whose mission is to find long-term solutions to homelessness. For the sixth year, RBC employees took part in the charity's annual fundraising campaign in Canada, raising close to \$75,000 for local agencies, while the RBC Foundation donated an additional \$50,000.

Small business



RBC's business banking account managers offer practical financial advice and customized solutions. RBC's **Martin Marcoux** (far left) helped Precision Mechanical Inc., in Prince Edward Island expand from a small office in 1998 to a large modern metal fabricating facility in 2004, providing work to some 60 employees. Pictured with Martin are three of the company's seven founders: **Brian Reeves, Garth MacDougall and Chrys Jenkins.**

> RBC recognizes that small business is a powerful engine of economic growth. But we also know that small business represents the personal hopes and dreams of our clients. As a North American leader in seeding entrepreneurial success, we continually adapt our products, services and processes to help people achieve their goals in life and in business.

The facts about RBC and small business

RBC Royal Bank is the marketplace leader in Canada with almost 600,000 small and medium-sized enterprise clients. RBC Centura serves over 50,000 small business clients in the United States.

In Canada, we have more than 1,300 account managers dedicated to small and medium-sized enterprises. In the U.S., about 600 bankers at RBC Centura serve small and medium-sized businesses, with nearly 500 dedicated to entrepreneurs.

But access to credit is only one concern of small business clients. Clients consistently tell us they want strategic advice and planning resources as well as loans, so we also strive to provide the best advice and expertise possible.

In 2004, our business account managers in the United States received training in financial analysis to communicate better with company owners, while 90 per cent of our business account managers in Canada participated in training to develop their expertise further.

Service puts people first

RBC's "people first" approach to small business means we are committed to make it easier for our clients to do business with us. We adapt our products, processes and skills to keep pace with the needs of today's entrepreneurs.

For instance, in 2004, RBC Royal Bank redesigned the credit application process so that we can provide a credit decision for most clients within 24 hours and we pre-approve up to \$50,000 in financing without the need for a business plan.

For self-employed entrepreneurs, who represent 15 per cent of Canada's labour force, we added mortgage options that accept fluctuating incomes. In the U.S., RBC Centura created banking packages that bundle most-used business services.

We listen to small business

RBC Royal Bank surveys about 6,000 small business clients each year to assess how well we meet their needs, and to help us keep abreast of the changing nature of small business. We also survey a cross-section of business owners who are not our clients, to identify trends and issues in the marketplace.

For example, clients told us they wanted a single point of contact. In response, we are doubling the number of employees who are dedicated to help small business owners with both their business and personal financial needs and will have 480 people devoted to this role by the end of 2005. In the U.S., RBC Centura noticed small business clients using personal accounts to manage business funds online, so we introduced a full range of online banking and cash management services for them.

Services for a diversity of needs

There aren't one-size-fits-all solutions for small business clients. We serve a diversity of industries, and have dedicated specialists to meet the varied priorities of our clients. For instance:

- we have a team of bankers in Canada and the United States trained to serve knowledge-based industries in biotechnology, software and telecom, among other fields;
- we have nearly 50 specialists dedicated to the manufacturing sector in Canada;
- we tailor products and services for professionals, franchise owners and public sector organizations in Canada and the United States.



IMAGE: NIGEL DICKSON

In 2004, RBC Royal Bank launched advertising that featured the successes of our small business clients. For example, **Marianne Bertrand** was able to grow her business into a 15,000-sq.-ft. manufacturing facility in Toronto, where she makes the “Mutluks” line of dog boots, inspired by her basset hounds.

Focus on women entrepreneurs

In both Canada and the U.S., women-owned businesses are a growing trend.

RBC Royal Bank identified this market as a priority a decade ago, and has helped women build their businesses by sharing information, advice and networks. Today, RBC is the market leader for women entrepreneurs in Canada with a 22 per cent market share. Our Women’s Champions Network is made up of more than 100 account managers, personal bankers and investment advisors across the country.

RBC is a founding member of the Global Banking Alliance for Women, dedicated to speeding the growth of women-owned businesses. In 2004, we sponsored Women Trading Globally, an international trade mission for women to link with potential business partners from around the world.

Agricultural partnership

RBC is Canada’s largest non-government private lender to agriculture and serves more farmers and farm families than any other financial institution in the country.

After 136 years in the business, our policy is to work with clients as partners, through bad times and good.

Our farm financing specialists tailor solutions for clients who run into challenges, such as those affected by the BSE and avian flu crises in 2004. RBC proactively contacted clients to explore ways to manage in these situations, such as deferring principal payments, restructuring debt or adding credit.

We also help farmers plan for the future. In 2004, we took agricultural economist Dr. David Kohl, of Virginia Tech, on tour to talk about farm expansion.

We encourage careers in agriculture through support of the Douglas McRorie Memorial Scholarship for agriculture students and, since 1963, the RBC Royal Bank 4-H Interprovincial Exchange.

Networks for new business

To help fuel the next wave of business growth, RBC supports practical ways for clients to expand and become more productive. In Canada, RBC joined an initiative to help manufacturing industries increase their competitiveness as a sponsor of the Manufacturing 20/20 cross-country consultation led by the Canadian Manufacturers & Exporters (CME).

Not-for-profit organizations

Considered one of the fastest growing sectors in Canada, not-for-profit organizations have needs similar to those of any enterprise. RBC is committed to helping them thrive – so they can focus on their real work of helping others.

More than 18,000 not-for-profit clients in Canada use the RBC Community Account, launched in 1999. This low-fee account is available to churches, schools, societies and lodges, charities and associations. Service fees are waived for the first three months for certain core banking transactions.

And we share our expertise as well. In 2004, for example, we held a series of breakfast seminars in Toronto for not-for-profit organizations, covering topics such as corporate governance, fraud protection, legal issues and funding.



For more information on RBC’s support for small business, visit rbccentura.com or rbccentura.com

Aboriginal Peoples



RBC's *Aboriginal Stay in School Program* has provided "work and learn" opportunities for youth since 1994. In British Columbia, **Symbia Barnaby** (left) took part in the program in 2000, and is now a full-time employee at RBC Royal Bank. She also travels to schools across Vancouver Island to help raise awareness of the program with aboriginal students, such as **Christine Boucher** (right), who interned with RBC in 2004.

- > RBC has a long history of strong relationships with aboriginal communities. We are committed to serve Aboriginal Peoples by developing innovative products, improving access to financial services and supporting programs that enhance economic and community well-being. In 2004, RBC Foundation invested more than \$1 million in support of aboriginal community initiatives.

Strength in prosperity

More than half of Canada's aboriginal population lives in urban centres, and RBC supports a range of activities in partnership with the National Association of Friendship Centres – the hub of urban aboriginal communities. We sponsor efforts to expand economic opportunity through the Council for the Advancement of Native Development Officers and the Aboriginal Financial Officers' Association.

In 2004, RBC presented the First Nations Business Forum and Trade Show in British Columbia.

RBC has sponsored the Canadian Executive Service Organization's national MBA Experience Program since 1994, teaming graduate students with aboriginal leaders to work on six economic development projects in 2004 alone.

RBC strives to support aboriginal-led businesses, such as our sponsorship of the *Venturing Forth* TV program. In 2004, we became a founding member of the Canadian Aboriginal and Minority Supplier Council (see page 22).

RBC enhanced our On Reserve Housing Loan Program this year, to help more families enjoy the long-term benefits of home ownership.

The power of education

More than half of the aboriginal population in Canada is under the age of 25, and RBC is committed to ensuring these youth have every chance to reach their fullest potential – and that means investing in education.

Since its inception in 1992, RBC's *Aboriginal Student Awards Program* has provided 59 scholarships totalling \$548,000. Five students were recipients in 2004, selected by an independent committee of academics from the aboriginal community.

RBC's national *Aboriginal Stay in School Program* has provided "work and learn" opportunities for youth since 1994. In 2004, some of our extraordinary students included Quebec's Skawenniio Barnes, the Mohawk teenager who became known for initiating a public campaign to collect 35,000 books for her Kahnawake community library.

For the past eight years, we've partnered with the National Aboriginal Achievement Foundation to co-sponsor *Blueprint for the Future*, a national career fair for high school students.

Legacy of caring

"It's not my job!" You won't hear those words from the employee-driven groups across RBC that share a passion for causes outside their official job descriptions. Our aboriginal employees are a shining example. Their volunteer efforts raise the profile of aboriginal culture within RBC and connect us with the community. For instance, groups known as "Royal Eagles" in Calgary, Edmonton and Winnipeg, help bridge cultural barriers between employees and cultivate community activity.

In 2004, a Christmas gift box program in Ontario involved collecting gifts for the 900 children of Kashechewan, a Cree community on James Bay.

RBC also supports aboriginal causes at a corporate level. We funded a shipment of 50,000 books in a drive to fill empty shelves in libraries across 26 First Nation communities in Ontario, donated \$35,000 to set up *Breakfast for Learning* programs across Canada, and supported the National Aboriginal Achievement Foundation with a gift of \$30,000.

Employment, taxes and purchasing



RBC's history has been driven by our ability to expand to new frontiers. We now have more than 70,000 employees, with operations in more than 30 countries. In 2004, we moved to a new RBC Capital Markets trading floor in London, England, run by John Burbridge, Richard Pilosof and Mark Allen, representing another frontier for the trading business.

> RBC Financial Group has a positive economic impact on the communities and countries in which we do business, through the jobs we create and provide, the taxes we pay, and through our purchase of goods and services.

Employment worldwide

RBC's history has been driven by our ability to expand to new frontiers, and we now have operations in more than 30 countries. As we have grown our businesses outside of Canada, we have also added to our international employee base.

As little as three years ago, we had a few hundred employees in the United States, and a few thousand around the world. Now, we employ more than 16,000 people outside of Canada.

2004 fiscal year

(ended October 31, 2004)

	Number of employees	Full-time equivalent positions
Canada	55,340	46,386
United States	12,600	12,377
International	3,936	3,803
Total	71,876	62,566

Taxes

In fiscal 2004, RBC Financial Group paid \$2.2 billion in taxes worldwide.

Purchase of goods and services

In 2004, RBC spent \$3.7 billion on goods and services from national, regional and local suppliers of all sizes.

Our Strategic Sourcing Group is responsible for sourcing significant products and services used across RBC, as well as for maintaining a disciplined process to keep our supply chain fair, open and competitive.

Our procurement policies are inclusive and aim to promote sustainable business practices and economic development where possible and appropriate.

RBC is a founding member of the Canadian Aboriginal and Minority Supplier Council, established in October 2004. This will open opportunities for entrepreneurs among Canada's native population and visible minorities. RBC has been a member of the Council's U.S. affiliate, the National Minority Supplier Development Council, since 2002.

In 2004, our U.S. Supplier Diversity Program prepared its first annual report, tracking nearly US\$3.5 million of purchases in the U.S. from suppliers identified as minority- or women-owned or disabled/disadvantaged; a baseline for future targets.

Social and environmental policies and practices are among criteria ranked and considered when awarding contracts through our Requests for Proposal (RFP).

As appropriate to a specific RFP, RBC's Strategic Sourcing Group may ask prospective vendors to detail their environmental performance, manufacturing process, employment practices, safety record, human rights performance and audit processes.

We've introduced electronic invoicing to make business transactions more efficient and ensure small and medium-sized business owners can compete alongside national or larger suppliers. We provide companies with the opportunity to introduce themselves via our website, to increase their chances of being invited to compete for a purchasing relationship.

We also use an e-procurement program to manage the purchase of certain goods and services in Canada and plans are underway to implement this technology across most of the North American companies of RBC Financial Group. Buying goods and services electronically lowers the cost of processing transactions, and allows for better contract compliance and speedier cash flow to our suppliers.



For more information, visit rbc.com/sourcing/index

Support for community causes

- > Overview of donations
- > Volunteer activity
- > Education and youth
- > Arts and culture
- > Amateur sport
- > People with disabilities
- > Health and wellness
- > Guidelines for donation and sponsorship requests

RBC Financial Group supports a broad range of community initiatives. In 2004, we contributed more than \$59 million to community causes worldwide, through corporate donations of more than \$39 million, and an additional \$20 million in the support and sponsorship of community events and national organizations. Our employees and pensioners also make an enormous contribution as volunteers.

In 2004, our RBC Royal Bank branches collected for the Canadian Red Cross, UNICEF and the Terry Fox Foundation, and our RBC Centura branches collected for Florida Hurricane Relief.

This report provides highlights from 2004 – you can find more details all year long at rbc.com/community.

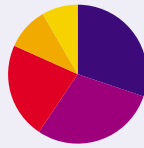
Overview of donations

2004 Donations

Canada	\$ 30,600,000
International	\$ 8,700,000
Worldwide total (C\$)	\$ 39,300,000

2004 Donations

(Canada \$30,600,000)



■ 30.2% Education
■ 29.2% Health
■ 22.3% Social services
■ 9.9% Arts and culture
■ 8.4% Civic

2004 Donations by Region (C\$)

Newfoundland and Labrador	\$ 260,000
Prince Edward Island	\$ 140,000
Nova Scotia	\$ 900,000
New Brunswick	\$ 430,000
Quebec	\$ 4,280,000
Ontario	\$ 12,970,000
Manitoba	\$ 1,000,000
Saskatchewan	\$ 600,000
Alberta/Northwest Territories/ Nunavut/Yukon	\$ 2,470,000
British Columbia	\$ 3,260,000
National (Canadian)	\$ 4,290,000
United States	\$ 7,650,000
International	\$ 1,050,000
Total	\$ 39,300,000

> Donations are an important cornerstone of our community programs. Our tradition of philanthropy dates back to our roots, with donations on record as far back as 1891, when a mining explosion in Springhill, Nova Scotia, killed 125 men. We contributed \$250 to the relief fund, and are now one of Canada’s largest corporate donors, contributing to communities across North America.

Due diligence

RBC Financial Group has a formal Donations Policy, reviewed annually by the Public Policy Committee of the Board of Directors, outlining our giving guidelines and strategy. The RBC Foundation, established in 1993, also has a Board of Directors, composed of heads of each of our businesses worldwide.

RBC Foundation receives about 20,000 requests for funding each year – more than 10 for every hour of the business day.

Our professional grant-makers follow a rigorous process when evaluating proposals to ensure our funds are invested with the utmost care and responsibility. The process includes a complete assessment of the charity’s financial statements, as well as its fiscal management and governance practices.

Seeing so many proposals for funding, we are in a privileged position to notice when the mandates of different charities overlap, and we encourage synergies between organizations. Our goal is to ensure that our charitable partners have sustainable sources of funding and use their donors’ funds responsibly. We look

at whether the charity has a wide range of support and assess the charity’s ability to deliver its programs. Once a grant is given, we require an accounting of its impact.

Donations

Through RBC Financial Group, its subsidiaries and the RBC Foundation, we are committed to donating at least one per cent of our average annual net income before taxes, based on a five-year average.

We are a founding member of Imagine, a Canadian initiative to encourage corporate citizenship, donations and individual volunteerism.

We take great pride in the accomplishments of our community partners, and appreciate the opportunity to invest in their good works.



For more information, visit rbc.com/community/donations

Support for United Way

RBC Financial Group is the largest private sector contributor to United Way in Canada, where we are one of only 40 organizations that contributes over \$1 million annually. We also have the largest private sector employee giving campaign in Canada, with nearly \$7 million contributed through payroll deduction and direct giving. In 2004, we also seconded, or loaned, 10 employees to work full-time on local United Way campaigns.

United Way: Corporate Donations

Canada	\$ 3,289,627
United States	US\$ 553,946

United Way: Employee Donations

Canadian employees	\$ 6,736,861
American employees	US\$ 808,043
Funds raised through	
Canadian special events*	\$ 463,245
Funds raised through	
American special events*	US\$ 16,000

* RBC employees across North America also helped raise hundreds of thousands of dollars for community groups in addition to United Way.

Volunteer activity



RBC's **Charmaine Pattinson** in San Francisco is among many of our employees who volunteer with Habitat for Humanity across North America. In addition to helping build houses, Charmaine also shares her financial expertise with Habitat's local board, and in 2004, helped develop their first budget and evaluate the organization's budget control systems.

> Around the world, RBC employees and pensioners play a vital role in helping build the prosperity of the communities in which they live and work, by volunteering their time and expertise for good causes. While we can't take credit for their efforts, we celebrate and thank our employees for all they do to build strong, healthy communities.

Heads, hearts and hands

RBC's employees and pensioners are passionate volunteers and, as financial services professionals, one of the most significant contributions they make is by sharing their knowledge. Around the world, you'll find our employees on not-for-profit boards and committees, providing money-management workshops, and sharing knowledge about budgeting and business planning.

But our employees are also renowned for sharing their hearts and hands, volunteering with schools, hospitals, community sports clubs and civic causes. Here are some examples from 2004:

- More than 30 RBC employees volunteered at the Calgary Drop-In and Rehabilitation Centre, painting its exterior and serving 500 hot lunches as part of the United Way Day of Caring.
- Over 40 employees at RBC Mortgage volunteered to paint, plant and clean up schools, parks and social service agencies as part of Chicago Cares Serve-a-thon, the largest single day of community service in Chicago.
- RBC employees are active with organizations like Junior Achievement and Big Brothers and Sisters.

Dollars for doers: local impact

RBC's Employee Volunteer Grants Program was launched in 1999 to support and encourage community involvement. Employees and pensioners who volunteer a minimum of 40 hours a year with a registered charity are eligible for a \$500 grant to the organization in their honour.

Many of these grants are applied to specific projects at smaller organizations that do not even have the resources to fundraise, so they can have a real impact.

"I don't know if I can adequately express what a donation of this size means to a small organization like ours," says Deborah Davis of the Manitoba Riding for the Disabled Association, where RBC employees Dianne Borger and Heather Anderson both volunteer to help give horseback riding lessons to children with disabilities. "We are 99 per cent volunteer driven and it is a joy to have two RBC employees involved, who are a credit to themselves, their community and their employer. It's a true reflection of RBC's social consciousness that they recognize their employees' volunteer activities."

2004 Employee Volunteer Grants

Since 1999, RBC has made over 7,000 grants and donated more than \$3.5 million to celebrate our employees' volunteer efforts. In 2004, employees and pensioners donated their volunteer grants to projects as diverse as:

- a food and shelter program for homeless people in Vancouver;
- a program to end child hunger in Regina, Saskatchewan;
- guide/assistance dog training in Sainte-Madeleine, Quebec;
- lifesaving equipment for the Guelph General Hospital in Ontario;
- literacy support programs at an elementary school in Mount Pearl, Newfoundland and Labrador.

Employee Volunteer Grants: 2004

Number of grants 1,802
Total \$901,000



- 37.8% Education
- 27.2% Health
- 19.5% Social services
- 8.1% Civic
- 7.4% Arts and culture

Education and youth



IMAGE: CP IMAGES/DEREK CROWE

RBC's **Louanna Burlingame** (right) volunteers with the Yukon Learn Society, an organization that provides continuing education and skill-development for adults. In recognition of her efforts, RBC donated \$500 to Yukon Learn, through our Employee Volunteer Grants Program. Louanna is joined by **Karen Smith**, executive director of Yukon Learn.

> An investment in education lasts forever, enriching our children's lives, and building the intellectual capital will ensure the future health and prosperity of our communities. That's why over 30 per cent of the RBC Foundation's annual budget is devoted to education – more than \$9.2 million in 2004. Our employees also spend countless hours volunteering in classrooms and in 2004, RBC invested \$129 million in employee learning.

Building the foundation

RBC supports learning programs for all ages, but our focus is on helping youth stay in school.

For some kids, having the opportunity to shine outside the formal classroom is a real boost that keeps them motivated and inspired. That's why we support after-school programs, providing almost 5,000 children with opportunities to build social skills and self-esteem through structured activities in safe environments since 1999.

In 2004, RBC invested \$1.7 million to 57 of Canada's top community-based after-school programs, bringing our total funding in this area to \$8.8 million.

In North Carolina, RBC Centura supports El Centro Latino, an agency that hosts a free after-school program for Hispanic youth that features tutoring and recreational activities in Spanish. Parents are required to take an active role in the local parent-teacher association in order for their children to participate.

And these programs are making a difference: 40 per cent of the after-school programs we've supported have noted a marked improvement in their participants' social skills and academic performance.

Building knowledge

Most parents want their children to know more about credit cards, budgeting and money management. That's why we developed *RBC Royal Bank Financial Lifeskills Seminars*, free information kits for teachers to provide students with clear direction along the path to financial literacy. Nearly 6,000 kits were requested in 2004.

Along with the seminars, the *RBC Royal Bank Financial Lifeskills Scholarships* encourage young people to make informed decisions about their post-secondary education and career goals. In 2004, 10 students received \$2,004 each towards tuition, books or any other school-related expense.

"Students seldom get scholarships for being passionate about a cause and staying focused on their goals," says scholarship winner Adam Brayford of North Delta, British Columbia. "RBC recognized my passion for the environment, and with their help, I'm now completing my first year of study to become an ecologist." More information can be found at rbccroyalbank.com/lifeskills.

RBC employees took the financial literacy message right to the classroom as well. In 2003 and 2004, 88 RBC employees volunteered 1,080 hours to deliver

There's Something About Money, a seminar developed by the Canadian Bankers Association to help 5,000 high school students understand topics such as how to handle credit or start a business.

Hands-on support for education

Education is not only important to RBC, but it's also a key focus area for our employees around the world, especially for those who have children of their own and for those who have seen the difference a mentor can make in the life of a child.

RBC Centura's Drew Putt is a good example. She is chair of Junior Achievement's (JA) volunteers committee in Atlanta, Georgia, and in 2004, she even organized a class of 30 students from Southside High School to shadow 20 RBC employees for a day.

In fact, JA, an international organization that provides students with a first-hand glimpse into the world of business and entrepreneurship, is the partner of choice for many RBC employees.

In Canada, 1,003 RBC employees spent 16,251 hours interacting with students through JA in 2004, including delivery of *The Economics of Staying in School* seminar program.



In 2004, RBC provided \$1.7 million in funding for 57 of Canada's top after-school programs for the 2004–2005 school year. After-school programs offer structured, supervised activities where children can develop social skills and self-esteem. In Toronto, RBC Olympian **Perdita Felicien** gave an inspirational talk to children at the Christie-Ossington Neighbourhood Centre, one of our grant recipients.

Building a career

Many university and college graduates get caught in the no job/no experience cycle. Often, all they need is a foot in the door to get started.

That's where Career Edge comes in. RBC is a founding partner of this organization, which provides internship opportunities for Canadian graduates who have little to no work experience in their field of study. RBC hosted 12 Career Edge interns in 2004, bringing our total to more than 120 interns since 1996. Through our Associate Host program, we also arranged the placement of an additional 22 interns with small-business enterprises and not-for-profit organizations in 2004.

Post-secondary financing

The prospect of financing a child's education can be daunting, and RBC provides a range of initiatives to help.

- In 2004, RBC Funds introduced the *RBC Target Education Funds*, an innovative solution to provide investment growth needed to match the rising costs of tuition early on, with a declining risk level as the child approaches college or university age. Visit rbcfunds.com for more information.
- Through the RBC Rewards program, RBC Royal Bank *Visa* cardholders can exchange their points for a cash contribution into an RBC registered education savings plan.
- As specialists in providing banking services to students, RBC Royal Bank and RBC Centura have a great deal of information about post-secondary education, available at rbcrooyalbank.com and rbccentura.com, including tips on how to finance a post-secondary education and how to choose the right college or university.
- In 2004, we launched the *RBC Medical & Dental Student Scholarship* for students in Canada who are beginning their studies, along with lending programs that recognize the cost of their education and their long-term earnings potential. More information can be found at rbcrooyalbank.com/student/medical/scholarship.
- The *RBC Dain Rauscher Colorado Scholarship Fund* awards 10 students who demonstrate academic excellence, leadership and exceptional personal achievement.

Classroom investments

RBC's support of education includes major donations to university campaigns, totalling more than \$3 million in 2004. But we also understand that local elementary and secondary schools sometimes need a hand as well.

In 2004, RBC Centura donated US\$50,000 to *DonorsChoose.org*, a website on which public school teachers post their wish-lists for materials or experiences their students need. Then, civic-minded individuals can make these ideas a reality by choosing the project they want to fund.

For the past three years, RBC Liberty Insurance has supported School Tools, a United Way-initiated back-to-school event designed to give students of low-income families the right start to the school year by providing a brand new backpack filled with school supplies.



For more information on how RBC supports youth and education, visit rbc.com/community

Arts and culture



IMAGE: BRUCE MONK

RBC supports initiatives that improve access to the arts. In 2004, RBC sponsored *Ballet in the Park*, a free performance by the Royal Winnipeg Ballet at Assiniboine Park in Winnipeg. The performance highlighted selections from *Giselle*, *The Sleeping Beauty* and *Don Quixote*.

> A community's prosperity isn't just defined by its economic outlook: lively communities celebrate arts and culture as well. RBC supports a wide range of initiatives that contribute to the cultural fabric of our communities, from nurturing young artists to ensuring the long-term viability of arts organizations in communities large and small.

Nurturing new talent

One of RBC's goals is to assist talented artists in their careers. Our cornerstone program is the *RBC Investments Canadian Painting Competition*, established in 1998. The 2004 competition received entries from 300 artists, with Toronto's Dionne Simpson being named the grand-prize winner for her work, *Urban e_escape13*. Simpson and the two other finalists received cash prizes and their works will be showcased in RBC's own art collection, while the artwork of 15 semi-finalists was shared with the public on a tour of the country. Visit rbcinvestments.com/paintingcompetition for more information.

We also support the National Ballet of Canada Apprentice Programme, helping young artists make the transition from the dance studio to performance, and are a sponsor of the Banff International String Quartet competition.

The thrill of performing has the potential to inspire children to pursue an interest in the arts, and a donation from RBC Foundation to the Lethbridge Symphony Kids Choir did just that in 2004, as 838 elementary school children performed with the Lethbridge Symphony Orchestra.

Access and outreach

Often, small towns don't have access to the range of arts programs available in a city. That's why RBC supports initiatives to improve access to the arts in remote areas. For example, RBC Dain Rauscher has supported a mobile art education centre through the Crocker Arts Museum in Sacramento, California, since 2002. This "Art Ark" visited 32 schools and over 18,000 students throughout Northern California in 2004. In Saskatchewan, RBC also supported a series of rural concerts by the Saskatoon Symphony.

It's not just remote communities who may not have access to the arts: RBC supports inner-city programs as well. For example, the RBC Foundation donated \$50,000 to the *Take P-Art Program*, giving over 6,000 students in Surrey, British Columbia, a chance to visit a local arts centre and experience a First Nations dance troupe live. To cap it off, 10 schools will work together to create and present their own production to the community.



For more information on how RBC supports arts and culture, visit rbc.com/community

Performing arts in the community

Performing arts organizations rely on more than just ticket sales to ensure a successful run: they also depend on corporate support, and RBC is a long-time patron of the performing arts.

In 2004, for example, we presented *A Recital*, showcasing the best of Canada's young performers from the National Ballet School of Canada, the Canadian Opera Company Ensemble Studio Program, and the Royal Conservatory of Music. To help launch Les Grands Ballets Canadiens de Montréal's 47th season, RBC sponsored *Romeo and Juliet*.

In other instances, our support not only helped stage a performance, but also helped support a worthy cause. RBC Investments sponsored the Canadian Opera Company's presentation of Margaret Atwood's *The Handmaid's Tale*, with partial proceeds going to the Canadian Women's Foundation.

To help celebrate 100 years of tradition in the Midwestern United States, RBC Dain Rauscher and RBC Mortgage sponsored the Ravinia Festival in 2004. Founded in 1904, the Ravinia Festival is one of the nation's longest-running summer music events, attracting nearly 600,000 visitors annually.

Amateur sport



In 2004, RBC hired 19 Olympic and Paralympic athletes as RBC Olympians, including Quebec's **Élaine Allard** (left) and **Émilie Heymans**. RBC Olympians travelled to schools and communities across Canada, sharing their Olympic experiences and promoting healthy living. RBC Olympians received funding for sport, an accommodating work schedule and job training to help them prepare for life after sport.

> RBC supports athletes of all levels, from those who take part in community sports to those who dream of Olympic gold. We believe that the spirit of teamwork and personal achievement embodied in amateur sport contributes to building a positive future for all our communities.

From grassroots to gold

RBC was the first sponsor of Canada's Olympic Team in 1947, and is now the longest-standing sponsor of Canada's Olympic movement.

To celebrate the Olympic Games in 2004, RBC provided postcards to our clients so they could cheer on Canada's Olympic athletes. Over 20,000 postcards were sent to Athens.

We also supported the Canadian Olympic Excellence Fund by enabling clients to donate through our branches or transfer points from their RBC Royal Bank Visa cards.

The RBC Olympic FanFair, a travelling sports pavilion, brings Olympic sports and athletes directly to schools and communities, encouraging Canadians to be active. We visited 25 locations in 2004, raising over \$50,000 for Canadian amateur sport.

RBC strives to provide opportunities for young athletes in the community as well. For example, in 2004, RBC became official sponsor of the Canadian Freestyle Ski Association and the Canadian Snowboard Federation, supporting elite level and grassroots programs leading up to 2010.

Frozen ponds

RBC has been a Premier Sponsor of Hockey Canada since 1995. In addition to supporting our National and Olympic teams, RBC is title sponsor of the National Junior A Championship, the RBC Royal Bank Cup. In 2004, the Aurora Tigers won the prestigious championship, which was hosted by Grand Prairie, Alberta. In addition to great hockey, the community also enjoyed a number of events including an RBC-sponsored barbeque and golf tournament, while team members visited schools to be "reading buddies" with local students.

But hockey wouldn't exist at any level if it weren't for dedicated volunteers. That's why, in 2004, RBC presented the first *RBC Local Hockey Leaders* awards, recognizing and rewarding behind-the-scenes volunteers who dedicate their time to supporting grassroots hockey in their communities. Thirteen regional winners were recognized in the Hockey Hall of Fame for their efforts, and RBC donated \$95,000 to minor hockey in their honour.



For more on how RBC supports amateur sport, visit rbc.com/sponsorship

Special Olympics

RBC is a founding sponsor of Special Olympics Canada, helping to provide sport training and competition opportunities for 28,000 athletes of all ages and abilities. RBC employees volunteer their time as coaches and fundraisers while the RBC-sponsored Sport Celebrities Festival raises more than \$1 million annually.

Arctic Winter Games

RBC sponsored the 2004 Arctic Winter Games in Fort McMurray, Alberta, with athletes from Greenland, Russia, Alaska and Northern Canada competing in events such as snowshoe biathlon and dog mushing. To commemorate the Games, the RBC Foundation also donated \$40,000 to the YMCA of Wood-Buffero to enhance its preteen and teen programming.

Employee involvement

In addition to coaching and mentoring young athletes, RBC's employees are active themselves. Golf remains a popular pastime, and employees organized countless golf tournaments to raise funds for charity in 2004. In Rocky Mount, North Carolina, over 100 employees took part in company-wide softball tournaments, raising funds to help the local Boys & Girls Club help underprivileged youth.

People with disabilities



IMAGE: BRIAN PIETERS

Rohit Ahluwalia was placed as an intern at RBC through Ability Edge, a paid-internship program established in 1999 that helps graduates with disabilities obtain meaningful work experience. Rohit, who has a hearing impairment, was hired full-time at RBC Insurance as a financial analyst. Says Rohit, "The program really helped me jump-start my career."

> RBC is committed to being an employer of choice for people with disabilities and ensuring an inclusive and barrier-free environment for our employees, clients and the communities we serve. We strive to do this through integrated policies, innovative programs and community partnerships. In 2004, RBC Foundation donated over \$900,000 to charitable causes that support people with disabilities.

Recruitment

At RBC, our goal is to have an employee base that is representative of the workforce at large.

In Canada, 2.6 per cent of RBC employees are identified as persons with disabilities, and we are working towards increasing that number to 3.7 per cent, which would be representative of the Canadian workforce, according to the 2001 census.

To achieve this goal, we strive to recruit individuals with disabilities by engaging in a number of activities including partnering with national and local organizations that specialize in programs for people with disabilities.


In 2004, RBC sponsored the Skills Training Partnership Program, a joint effort with government agencies that provide specialized training for individuals with disabilities seeking work in the financial services industry.

We have also actively partnered with Strategic Employment Solutions in Toronto to provide job opportunities to nine individuals.

RBC continues to support Ability Edge, a paid internship program for graduates with disabilities. In 2004, we placed 14 interns in Canada.

In the U.S., as a federal contractor, we are subject to the *Americans with Disabilities Act* (ADA) relative to the employment of persons with disabilities.

In 2004, RBC Centura enhanced relationships with recruiting sources to increase access to candidates with disabilities.

 For RBC's Annual Employment Equity Report, visit rbc.com/careers

Barrier-free workplace

Recruiting people with disabilities for employment is only one step for RBC. We also make it a priority to accommodate employees with disabilities through a barrier-free workplace. Our comprehensive workplace accommodation policy was enhanced in 2004.

A cornerstone of our commitment to workplace accommodation is the *I Make it Barrier-Free* program, empowering managers through on-the-spot authority to approve up to \$3,000 per employee in expenses annually, related to workplace accessibility. In 2004, almost 100 employees benefited from the program.

We also want to be sure that we adapt the workplace appropriately for each employee. So, in Canada, we partner with the Canadian Council on Rehabilitation and Work (CCRW). CCRW accessibility experts conduct thorough workplace assessments for individual employees with disabilities. Assessments might recommend special furniture, adaptive technology or even adjustments to traffic flow within buildings.

We strive to ensure all our employees are sensitive to the needs of both colleagues and clients who have disabilities, and provide online training, tools and resources, including *Removing the Barriers*, a reference guide for all employees.

For an overview of how we provide financial services to people with disabilities, please see page 6.



The Atlantic Centre at Saint Mary's University in Halifax provides support to students with disabilities. In 2004, RBC pledged \$400,000 to help the Centre expand its programs, establish a summer training institute and improve access to information through speech recognition technology. (from left): **Barry Abbot**, Atlantic Centre counsellor; **Andrew Fuller**, SMU alumnus and RBC Investments employee; **Melanie McCallum**, student; **Dr. David Leitch**, Atlantic Centre director.

Adaptive technology for employees with disabilities

Within RBC, we rely on internal usability experts to maintain and improve the tools and technology we provide to employees with disabilities.

We ensure adaptive technologies, such as amplified telephones, interactive messaging on wireless devices, Braille displays and printers and TTY text telephones, are available to support the day-to-day work of employees with disabilities.

In addition to adaptive hardware technology, RBC continues to promote usability and accessibility through various communications media. This has been accomplished through the internal development and promotion of accessibility standards for web development as well as making publications available in alternative formats, such as large print and Braille, upon request.



For more information on how RBC supports people with disabilities, visit rbc.com/community and rbc.com/careers

Community giving

RBC recognizes that today's youth represents tomorrow's workforce and Canada's future, and we believe that all youth should have the opportunity to make a contribution. That's one reason we continue to invest in programs that help remove barriers to education and to employment opportunities for youth with disabilities.

In 2004, RBC pledged \$500,000 to the Life Skills and Transition program at the Bloorview MacMillan Children's Centre in Toronto. This unique program allows young people with disabilities to acquire the skills and experience they need to live more independent lives. RBC's donation will allow Bloorview MacMillan to broaden the scope of the program locally to meet demand and improve effectiveness, as well as develop a best-practice model to share with organizations and communities around the world.

Local heroes

Sometimes, the greatest contribution you can make to a cause is the gift of your time. There are hundreds of stories from around the world about how RBC employees give their time and talents to help people with disabilities, such as the

countless employees who volunteer with Special Olympics, and these:

- RBC's Doug Anderson volunteers with a program in Vancouver that teaches the fundamentals of skiing to students with mental challenges. "Our certified instructors show them the basics of skiing, and soon, families are hitting the slopes together," says Anderson.
- Having a disability hasn't stopped Nova Scotia's Geoff Woodworth from volunteering. Geoff was disabled as a result of a car accident in 1981, and now uses a wheelchair. In 2004, he was selected as a Rick Hansen Ambassador, and now travels to schools and businesses to share his story and educate people about living life with a spinal cord injury.
- RBC Liberty Insurance took part in Hands on Greenville Day, an annual event where organizations donate their employees for a day to help with projects around the city. Over 30 employees spent their day at a school for children with disabilities, planting a butterfly garden, and cleaning the school's greenhouse.

Health and wellness



Nearly 1.5 million North Americans will succumb to diabetes and its complications each year, and many of RBC's employees are committed to reducing that number. In 2004, RBC's **Eyvett Parker, Stephanie Donald, Christine Kapteyn** and **Cliff Smith**, in Greenville, South Carolina, joined over 1,600 colleagues across North America to raise over \$450,000 through organized walks, runs and bike rides for the Juvenile Diabetes Research Foundation.

> RBC's commitment to health and wellness means supporting health care and research at institutional and community levels. Our emphasis is on research, and programs that improve community services and enhance quality of life. In fact, 25 per cent of our donations go to this sector. Our employees also generously volunteer their time to health care organizations and charities around the world.

Health giving

As medical researchers look to cure disease, they can make significant breakthroughs along the way that improve quality of life. In 2004, RBC committed \$200,000 over five years to the Canadian Cystic Fibrosis Foundation's *Breathe* program, where researchers aim to break the progression of lung infection and disease.

Fifty per cent of all Canadians – about 15 million people – have had a neuroscience-related disorder, such as Alzheimer's or Parkinson's disease, affect their family. In 2004, RBC pledged \$500,000 to NeuroScience Canada's *Brain Repair Program*, where the mission is to fast-track transformative research to discovery and development of new treatments and therapies for neurological and psychiatric diseases and disorders.

RBC was one of the first major corporate donors to Canadian Foundation for AIDS Research (CANFAR) in 1991, with a donation of \$75,000. CANFAR is an organization that generates funds for research in HIV infection and AIDS, and in 2004 we continued our support with a donation of \$150,000 over three years.

Insuring good health

As individuals plan for what's ahead in life, it's easy for them to imagine an afternoon lazing by the lake. But the possibility of contracting a serious illness is an unpleasant thought that can't be ignored.

RBC Insurance is a market leader in providing what's most important when planning the future, no matter what happens – peace of mind.

In 2004, RBC Insurance became the leading provider of individual living benefits in Canada. Living benefits insurance includes critical illness, disability and long-term care insurance options and is designed to pay out a benefit while the policyholder is still alive.

In the United States, RBC Liberty Life Insurance offers Cancer Expense Insurance, which can ease the financial burden of cancer by supplementing primary health plans with cash benefits paid directly to the policyholder. It covers medical and other expenses, there are no lifetime limits on most of the benefits of the basic policy and benefits are not reduced over time.

People power

While RBC is a strong corporate supporter of health and wellness, our employees also take an active role in supporting health care-related initiatives around the world.

In North Carolina, RBC Centura employees volunteered to work the phones and take pledges for the 11th annual Radiothon for Duke Children's Hospital and Health Center.

In other instances, our employees test their own fitness to raise money for a good cause. September 2004 marked the 24th annual *Terry Fox Run*, with hundreds of RBC employees, from London, Ontario, to London, England, taking part in what is considered the largest single-day fundraiser for cancer research in the world. RBC Royal Bank branches once again accepted pledge sheets from runners.

Also in 2004, 468 RBC employees split into 47 teams in over 140 communities across Canada, and together they raised \$141,056 for multiple sclerosis in the annual *Super Cities WALK for MS* and *RONA MS Bike Tour*.



For more information on RBC's support for health, visit rbc.com/community

Guidelines for donation and sponsorship requests



Through our donation activities, RBC supports not-for-profit organizations such as the Adventure Group, in Charlottetown, Prince Edward Island, which offers an active environment for youth aged 13–15 so that they can develop self-esteem and problem-solving skills.

> Donations and sponsorships are often the first things people think of when you mention RBC Financial Group's support of communities. No wonder: these are cornerstones of our community investment programs, and living proof of how we try to build prosperity together with not-for-profit and community organizations.

Donations: Canada

Within Canada, RBC Financial Group and RBC Foundation donations are directed to not-for-profit organizations designated as registered charities by the Canada Revenue Agency. Funding is targeted to specific projects or programs that add value to the scope of services offered by an organization. We encourage the development of a broad base of support for all charitable organizations.

What we support

Donations through RBC Financial Group and the RBC Foundation are intended to:

- assist educational, health, social services, civic and arts organizations that enhance quality of life, particularly for youth;
- support endeavours that benefit the community, and thus RBC's clients, employees and shareholders, by improving the quality of community services;
- encourage and support community-minded efforts and involvement of RBC Financial Group employees.



For specific areas of focus and application guidelines, visit rbc.com/community/donations

Donations: United States

RBC Centura:

What we support

RBC Centura partners with not-for-profit organizations with 501(c)3 designation from the Internal Revenue Service (IRS), primarily in the areas of education, economic development, human services, and arts and culture.

Requests for local donations may be submitted to local RBC Centura banking centres. We do not fund requests in geographic areas where we do not actively do business.

What to send us

Requests for charitable donations are accepted throughout the year, and must include:

- written outline of project (two to three pages in length, maximum);
- most recent audited financial statements and current operating budget;
- project budget;
- brief description of the organization, including its mission and history;
- list of board of directors;
- list of other committed or approached donors, including government sources;
- copy of 501(c)3 designation from IRS.

Due to the nature of documents required, RBC Centura does not accept requests through our website or via fax or e-mail.

RBC Dain Rauscher:

What we support

RBC Dain Rauscher focuses our giving on youth education, human services, and arts and culture. Giving is concentrated in geographic areas where RBC Dain Rauscher has a major business presence, and on programs that fit strategically with the interests of our business. Special consideration is given to organizations in which our employees are involved.



For guidelines, visit rbcdain.com and click on "Community Involvement"

RBC Insurance:

What we support

RBC Insurance supports not-for-profit organizations with 501(c)3 designation from the IRS that foster awareness of programs in education, health and the arts with emphasis on programs benefiting young families, the elderly and the medically underserved. These include charities and local chapters of national organizations operating in the communities where we do business.

What to send us

- current Financial Statement and Form 501(c)(3);
- a brief description of the organization including its mission and history, along with evidence that the donation will be used to support initiatives consistent with our areas of focus.

Requests for participation in walks and mentoring programs will be reviewed on a case-by-case basis.

Sponsorships: Canada and United States

RBC considers sponsorships that align with our brand and business strategies, that also offer an assortment of marketing benefits such as consumer promotions, business-to-business opportunities, on-site brand and product exposure, paid and unpaid media coverage and related media extensions, database access, targeted research, measurement audits, client hosting and staff volunteer opportunities.

What we support

- amateur sport;
- arts and culture;
- community programs – Canada;
- community programs, specifically in health and education – United States.

Exclusions

RBC does not traditionally sponsor the production of films, books or television shows, service clubs, or religious or political organizations. We prefer to focus sponsorship dollars on associations that provide support at the community, provincial or state, and national levels.

What to send us

Proposals should be submitted with adequate lead time, and should include contact information, executive summary, program objectives, strategy, target audience, supporting research, sponsor rights and benefits, media plan (if applicable), list of other sponsors and/or contributors, timing, and associated cost.

Where to send your proposal

Donations

(National Canadian Campaigns)
National Manager, Donations
RBC Foundation
9th Floor, South Tower
Royal Bank Plaza
200 Bay Street
Toronto, Ontario M5J 2J5

Sponsorships

(National Canadian Programs)
Director, Sponsorship Marketing
RBC Financial Group
7th Floor, North Tower
Royal Bank Plaza
200 Bay Street
Toronto, Ontario M5J 2J5

Regional campaigns and programs

Applications for local or regional donations and sponsorships should be directed to the appropriate contact, as below.

Atlantic Provinces

Manager, Donations
(or Manager, Sponsorships)
RBC Financial Group
5161 George Street
P.O. Box 1147
Halifax, Nova Scotia B3J 2Y1

British Columbia

Manager, Donations
(or Manager, Sponsorships)
RBC Financial Group
1055 West Georgia Street, 34th Floor
Vancouver, British Columbia V6E 3S5

Quebec

Manager, Donations
(or Manager, Sponsorships)
RBC Financial Group
1 Place Ville Marie
P.O. Box 6001
Montreal, Quebec H3C 3A9

Alberta, Northwest Territories, Nunavut & Yukon

Manager, Donations
(or Manager, Sponsorships)
RBC Financial Group
335–8th Avenue S.W., 24th Floor
Calgary, Alberta T2P 1C9

Ontario

Manager, Donations
(or Manager, Sponsorships)
RBC Financial Group
20 King Street West, 11th Floor
Toronto, Ontario M5H 1C4

United States – RBC Centura

Secretary
RBC Centura Donations Committee
P.O. Box 1220
Mail Code: 000-900-0601
Rocky Mount, North Carolina 27802-1220

Saskatchewan, Manitoba & Northwestern Ontario

Manager, Donations
RBC Financial Group
220 Portage Avenue, 2nd Floor
Winnipeg, Manitoba R3C 0A5

United States – RBC Dain Rauscher
For information, visit rbcdain.com and click on “Community Involvement”

Manager, Sponsorships
RBC Financial Group
220 Portage Avenue, Main Floor
Winnipeg, Manitoba R3C 0A5

United States – RBC Insurance

Corporate Affairs Manager (Donations)
RBC Insurance
P.O. Box 789
Greenville, South Carolina 29602-0789



For an overview of our
sponsorship programs, visit
rbc.com/sponsorship

Recognition and external affiliations

> A company's reputation is built in part by what people say about it. We feel privileged to have received these honours in 2004, and to be recognized by the company that we keep in terms of external affiliations.

AWARDS

Most respected

- **Canada's Most Respected Corporation 2004** (annual KPMG/Ipsos Reid poll appearing in *The Globe & Mail*). RBC placed first in six of nine categories, including "Top of Mind Most Respected," "Financial Performance" and "Long Term Investment Value."

Corporate responsibility

- **Canada's Most Respected Corporation 2004** for "Corporate Social Responsibility" (KPMG/Ipsos Reid poll);
- Number one in **Corporate Social Responsibility "Banking" category** (*Report on Business Magazine*);
- **Canada's Best 50 Corporate Citizens** (Corporate Knights).

Governance

- **Canada's Most Respected Corporation 2004** for "Corporate Governance" (KPMG/Ipsos Reid poll);
- **Board Games** (*Report on Business Magazine*), RBC ranked fifth in corporate governance rankings in Canada;
- **Best Corporate Governance** (*IR Magazine 2004 Awards*);
- **Overall Award of Excellence in Corporate Reporting** (Canadian Institute of Chartered Accountants);
- Ranked fourth in annual survey of corporate governance (*Canadian Business* magazine).

Privacy

- **Top 5 Most Trusted Companies for Privacy in Canada** (Ponemon Institute survey in which Canadian consumers were asked to name the companies they most trusted for protecting and safeguarding sensitive personal information).

Employer/Labour Practices

- **Canada's Most Respected Corporation 2004** for "Human Resources Management" (KPMG/Ipsos Reid poll);
- **Best Employer for 50-Plus Canadians** (Canadian Association for Retired Persons), awarded to RBC Royal Bank's Global Banking Service Centre, for treatment of older workers, in the areas of recruitment and retention, skill development, compensation and benefits, retirement planning and education;
- **2004 Award of Recognition** (Vanier Institute of the Family) for RBC's leadership and commitment to families through our comprehensive work/life programs;
- **2004 Career Edge Spirit Award** for providing the best experience to interns working in Career Edge, Ability Edge and Career Bridge programs, based on nominations from interns;

- **2004 Ability Edge Host Award** (Career Edge) for RBC having the most people working in this internship program for graduates with disabilities;
- **2004 Alberta's Top 50 Employers** (*Alberta Venture Magazine*), recognizing RBC as one of Alberta's largest employers;
- **T.E.A.M. Award** (Twin Cities RISE! Responsible, Independent, Skilled, Employed). RBC Dain Rauscher was the first recipient of this award recognizing companies that offer career opportunities to under-employed adults living in poverty.

Sustainability

- **Dow Jones Sustainability Index**, recognizing financial, social and environmental leaders (fifth consecutive year);
- **FTSE4Good Index** (fourth consecutive year);
- **ACCA-CERES North American Sustainability Reporting Awards** (shortlist), for RBC's 2003 suite of financial and non-financial reports, published in 2004.

Environment

- **Climate Leadership Index** (Carbon Disclosure Project (CDP)/Innovest). RBC was among 50 large companies worldwide recognized as leaders in understanding and addressing a breadth of climate change issues based on our responses to CDP's second information request to the FT500 Global Index of companies.

Diversity

- **Eid-ul-Adha Award** for Commitment to Diversity and Support of South Asian Communities (Association of Progressive Muslims of Ontario);
- **2004 Best Practices Award** (Greater Vancouver Business Leadership Network/BC Centre for Ability), for leadership and commitment to hiring people with disabilities;
- **2004 Canada's Gender Intelligent Companies** (Thomas Yaccato Group's poll of women).

Economic development

- **2004 Housing North Carolina Award for Affordable Housing** (NC Housing Finance Agency), given to RBC Centura for our construction financing solution to LIFE House, a residential project that provides affordable housing for people with disabilities;
- **2004 North Carolina International Community and Economic Development Award** (NC Department of Commerce), given to RBC Centura, this is for foreign-owned companies that embrace the North Carolina communities in which they do business.

Community involvement

- **Best Community Support award** (Manitoba Customer Contact Association) to the RBC Royal Direct team in Winnipeg;

- **Leaders in Business** (Chevron Canada Resources) Bronze Award to RBC in Calgary, honouring exemplary employee volunteerism and partnerships with non-profit groups.

Arts

- **2004 National Post Award for Business in the Arts** (Most Innovative Marketing Sponsorship) for RBC's partnership with the National Ballet of Canada in its tour of Western Canada.

MEMBERSHIPS AND AFFILIATIONS

RBC is involved with a number of leading organizations around the world to steward corporate responsibility.

- Since 1997, RBC has been a member of the **Center for Corporate Citizenship at Boston College**, a leading resource in North America providing research and executive education on citizenship topics, and we sit on its Executive Council. In 2004, we hosted the Center's Executive Conference in Toronto.
- In 1988, we were a founding member of **Imagine**, a program to encourage philanthropy and volunteering. Currently a major funder of Imagine through the RBC Foundation, we have representation on Imagine's board and a number of sub-committees. In 2004, we were one of the first Canadian companies to sign Imagine's new citizenship commitment and CEO Leadership Pledge.
- In 2004, we became a member of the **Committee to Encourage Corporate Philanthropy**, a network of North American CEOs and Chairpersons.
- In 2004, RBC became a sustaining member of **Canadian Business for Social Responsibility**.
- In 2004, RBC became a funder of the **Global Reporting Initiative's (GRI) G3 project**, to ensure GRI has a self-sustaining business model. GRI is an independent institution whose mission is to develop and disseminate globally applicable sustainability reporting guidelines. In 2004, RBC became an incremental GRI reporter. See page 36 for more details.
- In 2004, RBC became a member of the **Compliance and Ethics Leadership Council** of the Washington-based Corporate Executive Board.
- RBC is a member of the **Conference Board of Canada**, and we sit on its Corporate Community Investment Council, Business Council for Sustainability and Corporate Ethics Management Council. In 2004, we sponsored the Conference Board's *Corporate Social Responsibility* conference.
- RBC works both nationally and internationally to help manage environmental liability in the financial services industry and to reduce the impact of our own operations on the environment. See page 13 for more details.

RBC's approach to sustainability reporting

Publicly traded companies report their financial results using commonly accepted accounting principles. Increasingly, companies are being asked to report on their environmental and social performance as well. However, non-financial, or “sustainability” reporting is an emerging discipline, and there is still a great deal of debate about which performance indicators are the most relevant.

RBC has not formally adopted a single approach to non-financial reporting; rather, we pay attention to a number of guidelines, frameworks and best practices, and regularly consult with experts to help us understand emerging trends in non-financial reporting. We report on various indicators in a number of publications, such as our *Annual Report*, *Proxy Statements*, this annual *Corporate Responsibility Report* and our external websites.

In 2004, in an effort to make our sustainability information easier to find, we produced our first *Sustainability Report and Index*: an online, one-stop reference to detailed information (and quick access to already published information) on performance indicators that have been deemed significant by RBC stakeholders and by external sources such as:

- the Canadian federal government's *Public Accountability Statement* regulations;
- the *Sustainability Reporting Guidelines* of the Global Reporting Initiative (GRI);
- investment research organizations that produce investment indices such as the Dow Jones Sustainability Index and the Jantzi Social Index.

We intend to update this online report on an ongoing basis, ensuring our corporate responsibility efforts are as transparent as possible while still respecting the privacy of our clients and preserving proprietary marketing information. These reporting efforts qualify RBC Financial Group as an incremental GRI reporter.

The list below shows just some of the more than 125 performance indicators reported online in our 2004 *Sustainability Report and Index*, and is cross-referenced to some of the external sources that call for reporting on each indicator.

Our online *Sustainability Report and Index* can be found on the Corporate Responsibility site at rbc.com.

General company information

- vision, values, sustainability strategy, major brands, operational structure, countries of operation, nature of ownership, markets served d, g, p;
- changes in size, structure, ownership, products and services g.

Economic indicators

Corporate governance

- information on Board of Directors (number with executive functions, outside directors, independence, nationality, number of women, committee responsibilities) d, g;
- corporate governance framework d, g;
- percentage of non-audit related fees (e.g., for management consulting) paid to auditing firm d.

Analyst and investor relations and engagement d, g

Strategic planning d, g

Risk and crisis management (risk process and crisis management structure) d, g

Codes of Conduct (compliance, corruption and bribery, whistle-blowing, etc.) d, g

Code of Ethics and business principles for investing d

Stakeholder engagement overview d, g

Client relations and engagement (such as geographic breakdown of operations, privacy policy, complaint process) d, g

Financial products and services

- access to financial services for seniors, Aboriginal Peoples, low-income people and people with disabilities d, p;
- branch openings and closings (Canada) g, p;
- support for small business and loans to small business (Canada) p.

Supplier relations and engagement

(responsible purchasing policy, cost of goods and services purchased, country of supplier origin) d, g

Human resource policies and practices

- policies (compensation and benefits, diversity/employment equity, hours of work, human rights) d, g;
- programs (employee share ownership and profit sharing, reward and recognition, tuition subsidy) d, g;
- practices (layoffs and redeployment) d, g;
- employee relations and engagement d, g;
- number of employees g, p;
- employee attraction and retention d, g;
- organizational learning and development d, g;
- diversity (policy, structure, training, goals and reporting) d, g;
- health and safety (policy, structure, training) d, g.

Environmental Indicators

- environmental policy/management d, g;
- structure, partnerships and engagement d, g;
- environmental performance: eco-efficiency d, g;
- environmental performance: paper consumption/recycling d, g.

Social indicators

- corporate citizenship/philanthropy policies and programs d, g, p;
- community relations and engagement d, g, p;
- social value added: financial inclusion/capacity building d, g;
- political donations d, g;
- taxes paid d, g, p;
- awards received g.

Key

p – *Public Accountability Statement* requirements

d – Dow Jones Sustainability Index categories

g – Global Reporting Initiative performance indicators

2004 Public Accountability Statement

All federally regulated financial institutions in Canada with equity greater than \$1 billion are required to produce annual public accountability statements for clients and other interested stakeholders, outlining the company's contributions to the Canadian economy and society.

Declaration

In accordance with regulations, RBC Financial Group is publishing this statement describing the contribution to the Canadian economy and society of Royal Bank of Canada and our prescribed affiliates.

Reporting Period

RBC has included all content required in the *Public Accountability Statement* in this *2004 Corporate Responsibility Report and Public Accountability Statement*, as indicated in the chart below, covering activities from our fiscal 2004 (November 1, 2003 – October 31, 2004).

Affiliates

The information documented in this report captures activities from Royal Bank of Canada and its prescribed affiliates in Canada and is reported collectively under the brand name RBC Financial Group (RBC). Affiliates that are either finance entities or federally regulated financial institutions include RBC General Insurance Company, RBC Life Insurance Company, RBC Travel Insurance Company, Royal Bank Mortgage Corporation, The Royal Trust Company, Royal Trust Corporation of Canada, RBC Action Direct Inc. and RBC Dominion Securities Inc.

Public Accountability Statement Requirements	Page Number
Access to financial services for low-income individuals, senior citizens and people with disabilities	6
Examples of community economic development initiatives and support, including philanthropic activity and employee volunteer efforts	16, 17, 18, 21
Examples of support for small business	19, 20
Debt financing to Canadian firms (table)	39
Charitable and other philanthropic donations	24
Examples of employee volunteer activity	9, 10, 16, 17, 18, 21, 25–32
Number of employees by province (table)	38
Income and capital income taxes (table)	38
Facility openings and closings (table)	40

Employment and taxes

Employment

RBC Financial Group is one of Canada's largest employers, with a growing number of employees in the United States and in our international locations. In 2004, we employed 71,876 people in 62,566 full-time equivalent positions worldwide.

Employment worldwide

2004 fiscal year (ended October 31, 2004)

	Number of employees	Full-time equivalent positions
Canada	55,340	46,386
United States	12,600	12,377
International	3,936	3,803
Total	71,876	62,566

Employment in Canada

2004 fiscal year (ended October 31, 2004)

Province	Number of employees	Full-time	Part-time
Newfoundland and Labrador	343	228	115
Prince Edward Island	112	73	39
Nova Scotia	1,484	1,021	463
New Brunswick	1,379	931	448
Quebec	7,693	5,296	2,397
Ontario	29,158	23,514	5,644
Manitoba	2,222	1,354	868
Saskatchewan	1,530	962	568
Alberta	4,017	2,750	1,267
British Columbia	7,319	4,708	2,611
Yukon, Northwest Territories and Nunavut	83	59	24
Total	55,340	40,896	14,444

Taxes

In fiscal 2004, RBC Financial Group paid \$2.2 billion in taxes worldwide. In Canada, our tax expense to all levels of government in Canada exceeded \$2 billion. This included more than \$1.3 billion in income taxes and \$140 million in capital taxes, as indicated here, in addition to realty and business taxes, payroll taxes (employer portion), goods and services and sales taxes.

Capital and income taxes in Canada

2004 fiscal year (ended October 31, 2004) (C\$ thousands)

	Capital taxes	Income taxes
Federal government		881,279
Provincial governments		
Newfoundland and Labrador	1,387	2,655
Prince Edward Island	459	1,194
Nova Scotia	4,761	12,503
New Brunswick	2,481	6,183
Quebec	35,285	47,455
Ontario	55,893	257,598
Manitoba	10,095	12,322
Saskatchewan	8,843	11,685
Alberta	–	29,380
British Columbia	20,775	50,021
Yukon, Northwest Territories and Nunavut	–	921
Provincial subtotal	139,979	431,917
Total	139,979	1,313,196

Authorized business loans



Access to credit is only one concern of small business; we also strive to provide the best advice and expertise to our clients. RBC's Pat Sampson (standing, centre left) works closely with clients, such as Lawrence Guy (standing, centre right), to help businesses grow. In 2004, RBC helped finance the construction of Mr. Guy's fourth seniors' residence in Newfoundland and Labrador. Pictured with Pat and Lawrence are residents and staff of Nightingale Manor.

Debt financing: Total amount of money* made available to firms in Canada

2004 fiscal year (ended October 31, 2004)

Province		\$ 0 – \$ 24,999.99	\$ 25,000 – \$ 49,999.99	\$ 50,000 – \$ 99,999.99	\$ 100,000 – \$ 249,999.99	\$ 250,000 – \$ 499,999.99	\$ 500,000 – \$ 999,999.99	\$ 1,000,000 – \$ 4,999,999.99	\$ 5,000,000.00	>=	Grand total
Newfoundland and Labrador	Number of clients	988	341	253	193	82	44	41	18		1,960
	Authorizations (\$000s)	\$ 8,854	\$ 11,801	\$ 17,167	\$ 28,292	\$ 27,366	\$ 30,529	\$ 78,366	\$ 350,265	\$	552,639
	Outstanding loans	\$ 4,421	\$ 6,361	\$ 9,767	\$ 15,554	\$ 15,275	\$ 20,136	\$ 57,404	\$ 172,500	\$	301,416
Prince Edward Island**	Number of clients	376	151	146	135	48	43	39			938
	Authorizations (\$000s)	\$ 3,304	\$ 5,347	\$ 9,984	\$ 20,271	\$ 17,732	\$ 29,518	\$ 77,574		\$	163,731
	Outstanding loans	\$ 1,806	\$ 3,237	\$ 5,595	\$ 12,525	\$ 12,687	\$ 21,031	\$ 53,866		\$	110,747
Nova Scotia	Number of clients	4,405	1,517	1,368	943	468	266	246	69		9,282
	Authorizations (\$000s)	\$ 36,806	\$ 53,131	\$ 92,953	\$ 145,865	\$ 161,900	\$ 182,400	\$ 498,508	\$ 973,656	\$	2,145,219
	Outstanding loans	\$ 16,881	\$ 29,313	\$ 52,165	\$ 81,819	\$ 91,047	\$ 111,452	\$ 304,955	\$ 487,456	\$	1,175,087
New Brunswick	Number of clients	2,375	834	731	557	250	133	161	26		5,067
	Authorizations (\$000s)	\$ 19,752	\$ 29,125	\$ 49,457	\$ 83,870	\$ 87,117	\$ 91,162	\$ 335,838	\$ 703,435	\$	1,399,755
	Outstanding loans	\$ 9,247	\$ 17,272	\$ 28,271	\$ 53,221	\$ 53,490	\$ 62,785	\$ 214,875	\$ 323,787	\$	762,949
Quebec	Number of clients	13,357	3,868	3,340	2,800	1,628	1,162	1,280	406		27,841
	Authorizations (\$000s)	\$ 109,128	\$ 134,673	\$ 229,225	\$ 431,490	\$ 572,835	\$ 798,750	\$ 2,632,531	\$ 10,475,644	\$	15,384,277
	Outstanding loans	\$ 49,877	\$ 69,983	\$ 120,905	\$ 250,387	\$ 358,687	\$ 520,149	\$ 1,603,620	\$ 3,762,321	\$	6,735,929
Ontario	Number of clients	43,722	16,023	13,888	10,829	5,062	3,371	3,075	1,160		97,130
	Authorizations (\$000s)	\$ 357,692	\$ 568,581	\$ 933,650	\$ 1,634,861	\$ 1,760,739	\$ 2,313,873	\$ 6,254,120	\$ 41,751,998	\$	55,571,514
	Outstanding loans	\$ 160,310	\$ 330,890	\$ 523,541	\$ 991,481	\$ 1,140,715	\$ 1,488,405	\$ 3,740,193	\$ 11,085,656	\$	19,461,190
Manitoba	Number of clients	4,393	1,652	1,714	1,339	504	278	300	94		10,274
	Authorizations (\$000s)	\$ 36,384	\$ 58,335	\$ 117,314	\$ 200,837	\$ 175,642	\$ 190,987	\$ 662,335	\$ 1,818,178	\$	3,260,013
	Outstanding loans	\$ 16,830	\$ 31,158	\$ 61,868	\$ 121,531	\$ 106,699	\$ 109,177	\$ 343,902	\$ 682,664	\$	1,473,829
Saskatchewan	Number of clients	5,893	2,675	2,688	2,078	652	310	201	54		14,551
	Authorizations (\$000s)	\$ 55,325	\$ 95,234	\$ 188,064	\$ 314,350	\$ 222,899	\$ 211,312	\$ 392,944	\$ 1,118,495	\$	2,598,623
	Outstanding loans	\$ 29,159	\$ 54,565	\$ 112,791	\$ 213,194	\$ 149,787	\$ 142,310	\$ 252,261	\$ 467,418	\$	1,421,484
Alberta	Number of clients	15,429	4,697	4,193	3,824	1,583	1,018	951	349		32,044
	Authorizations (\$000s)	\$ 122,089	\$ 165,618	\$ 285,723	\$ 583,351	\$ 550,368	\$ 696,476	\$ 1,890,136	\$ 11,738,416	\$	16,032,177
	Outstanding loans	\$ 50,906	\$ 86,383	\$ 150,574	\$ 347,865	\$ 355,129	\$ 451,839	\$ 1,119,936	\$ 4,694,342	\$	7,256,974
British Columbia	Number of clients	18,907	5,623	5,010	3,965	1,989	1,372	1,437	344		38,647
	Authorizations (\$000s)	\$ 153,570	\$ 196,265	\$ 334,936	\$ 591,898	\$ 690,888	\$ 943,776	\$ 2,969,622	\$ 7,159,021	\$	13,039,976
	Outstanding loans	\$ 62,825	\$ 98,912	\$ 169,534	\$ 337,174	\$ 456,402	\$ 625,831	\$ 1,926,925	\$ 3,120,216	\$	6,797,819
Yukon, Northwest Territories & Nunavut**	Number of clients	423	119	92	82	43	29	32			820
	Authorizations (\$000s)	\$ 3,184	\$ 4,018	\$ 6,318	\$ 12,840	\$ 15,215	\$ 19,174	\$ 55,347		\$	116,098
	Outstanding loans	\$ 1,209	\$ 2,029	\$ 3,515	\$ 7,129	\$ 9,904	\$ 13,269	\$ 39,296		\$	76,351
Total number of clients		110,268	37,500	33,423	26,745	12,309	8,026	7,763	2,520		238,554
Total authorizations (\$000s)		\$ 906,089	\$ 1,322,128	\$ 2,264,793	\$ 4,047,926	\$ 4,282,701	\$ 5,507,956	\$ 15,847,322	\$ 76,089,107	\$	\$ 110,268,022
Total outstanding loans		\$ 403,469	\$ 730,103	\$ 1,238,526	\$ 2,431,880	\$ 2,749,821	\$ 3,566,384	\$ 9,657,234	\$ 24,796,358	\$	\$ 45,573,775

* Our 2003 Public Accountability Statement did not include lending data from Auto Finance and Asset Based Finance businesses, which totalled approximately \$1.3 billion. This 2004 Public Accountability Statement includes data from both these groups.

** For reasons of client confidentiality, some data has been omitted for PEI and Yukon, Northwest Territories & Nunavut to preclude identification of clients with authorized limits equal to or greater than \$5 million.

Branch openings and closings

The decision to close a branch is not an easy one – for our clients, our employees or the communities we serve. RBC Royal Bank complies with federal legislation in our commitments to:

- provide clients and communities with four months' advance notice of network reconfigurations/branch closures (six months' notice in the case of rural communities where there is no other financial institution within a 10 kilometre radius);
- ensure community leaders and public officials are aware of our reconfiguration initiatives and have an understanding of service alternatives for the affected communities.

We are committed to working individually with each employee affected by a branch closure to identify placement opportunities as well as training and development activities to enhance placement.

Canadian branch/facility openings and closures

2004 fiscal year (ended October 31, 2004)

Opened Units	Street address	City	Prov.	Date opened
McLaughlin & Bovaird	10098 McLaughlin Rd.	Brampton	ON	Nov. 3, 2003
Third Line & Dundas	2501 Third Line, Suite A	Oakville	ON	Sept. 20, 2004
South Point Branch	3002 152nd St.	Surrey	BC	Feb. 17, 2004
St. Albert Trail Branch	1365 St. Albert Trail	Edmonton	AB	Feb. 17, 2004
Nisichawayasisk	NA	Nelson House	MB	June 23, 2004

Closures	Street address	City	Prov.	Date closed
Fraser Glen Personal Financial Service Centre	16825 104th Avenue	Surrey	BC	Oct. 5, 2004

Relocations

From:	To:	City	Prov.	Date
Westmount 785 Wonderland Rd.	Westmount 851 Wonderland Rd.	London	ON	Jan. 9, 2004
Lynn Valley 1255 Ross Rd.	Lynn Valley 1501 Lynn Valley Rd.	North Vancouver	BC	Jan. 31, 2004
St. Clair & Yonge 26 St. Clair Ave. E.	St. Clair & Yonge 10 St. Clair Ave. W.	Toronto	ON	Mar. 12, 2004
Global Banking Service Centre 102, 8th Ave. S.W.	Global Banking Service Centre 335, 8th Ave. S.W., 5th Floor	Calgary	AB	Apr. 2, 2004
Global Banking Service Centre 4585 Canada Way, 4th Floor, Burnaby	Global Banking Service Centre 1055 West Georgia St., 34th Floor	Vancouver	BC	Apr. 2, 2004
Tawa Centre 3033 66th St.	Millwoods Towne Centre 2633 66th St.	Edmonton	AB	May 7, 2004
Spring Garden & Queen 5466 Spring Garden Rd.	Summer 5855 Spring Garden Rd.	Halifax	NS	June 4, 2004
Brien & Iberville 85B Brien Blvd.	Repentigny 447 Leclerc St.	Repentigny	QC	June 18, 2004
Portage & Edmonton 328 Portage Ave.	Portage & Hargrave 333 Portage Ave.	Winnipeg	MB	Sept. 17, 2004
Mont-Tremblant In-Store Banking Unit 1011 de St-Jovite	Mont-Tremblant Branch 759 de St-Jovite (as a Sales-Only Unit)	Mont-Tremblant	QC	Sept. 17, 2004
Maple 2414 Major Mackenzie Dr.	Maple 9791 Jane St.	Maple	ON	Sept. 25, 2004
Spencerville 18 Centre St.	Spencerville 29 Bennett St.	Spencerville	ON	Oct. 1, 2004

Vital statistics

As a leading employer, corporate donor, taxpayer, and purchaser of goods and services, RBC Financial Group has an impact on the communities in which we operate. Our extensive network of operations and sense of civic involvement make us a strong presence in communities of all sizes across Canada, the Bahamas, the Caribbean and increasingly in the United States.

Who we are

- Royal Bank of Canada (RBC), which trades as RY on the TSX and NYSE, and its subsidiaries operate under the masterbrand of RBC Financial Group.
- We are Canada's largest financial institution as measured by assets, and one of North America's leading diversified financial services companies.
- We serve more than 12 million personal, business and public sector clients through offices in North America and some 30 countries around the world.

In Canada

- We rank first or second in most personal and commercial banking retail products, including mortgages and deposits.
- We have the leading full-service brokerage operation (by assets), the largest private bank, the top mutual fund provider among Canadian banks and the second-largest self-directed brokerage operation (by assets).
- We are the largest Canadian bank-owned insurer, one of the fastest growing in Canada, and a leader in travel insurance and creditor products.
- We continue to be the top-ranked securities underwriter and a leading mergers and acquisitions advisor.
- We have the largest custody operations in Canada.

Internationally

- In the United States, we provide personal and commercial banking, mortgage origination, insurance, full-service brokerage and corporate and investment banking services to over two million clients through RBC Centura, RBC Mortgage, RBC Builder Finance, RBC Insurance, RBC Liberty Insurance, RBC Dain Rauscher and RBC Capital Markets.
- We have a retail network in the Caribbean and the Bahamas. Outside North America, we provide corporate and investment banking, trade finance, correspondent banking, treasury and securities custody services to business clients, and private banking services to individuals.
- We have a presence in the global reinsurance market.
- We have operations in more than 30 countries.

Our people

- 71,876 people employed;
- 62,566 full-time equivalent positions;
- \$6.8 billion paid in employee compensation and benefits;
- \$129 million invested in employee learning;
- approximately 80 per cent of eligible employees own our shares through employee savings and share ownership plans.

Our clients

- more than 12 million personal, business and public sector clients;
- nearly 650,000 small and medium-sized enterprise clients;
- 2.4 million* telephone clients;
- 3.1 million online clients.

Our network

- 2,272 branches and other service delivery units; 1,433 of these in Canada;
- 4,372 automated banking machines (ABMs); 3,999 of these in Canada.

Our clients' banking preferences*

- (number of financial transactions made)
- 501.2 million at point-of-sale;
 - 302.4 million through our ABMs;
 - 82.5 million in-branch;
 - 75.5 million Internet (including online banking);
 - 16.1 million by telephone.

* These numbers refer to RBC Royal Bank clients in Canada as of October 31, 2004.

Our economic impact

- \$2.2 billion paid in taxes;
- \$3.7 billion spent on goods and services, from suppliers of all sizes;
- \$1.7 billion spent on technology.

Our community investments

- more than \$59 million in community investments, including \$39.3 million donated to charities, and over \$20 million in the support and sponsorship of amateur athletics, the arts and community events;
- RBC is a founding member of Imagine, an organization encouraging Canadian corporations to participate in charitable giving, and a member of the Committee to Encourage Corporate Philanthropy, a North American network;
- our employees devote tens of thousands of hours to charitable causes in their communities.



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