

Message from Katie Taylor



The global pandemic has made perfectly clear what matters most in life: our health, safety and financial security.

No organization understands that better than RBC. Throughout the crisis, the bank remained ever present on the front lines, playing an essential role in the lives of those we serve. RBC responded to the evolving needs of our employees, advised clients and made available billions of dollars of financial relief, as well as anticipated and mobilized resources to protect and promote the viability and vibrancy of local communities.

Leadership always matters. But it is during times of crisis when it becomes the defining difference for an organization and its stakeholders. That is why the honour bestowed upon Dave McKay by *The Globe and Mail* was especially meaningful in 2020. Earning the Corporate Citizen of the Year recognition speaks to why RBC exists: to help clients thrive and communities prosper.

More than ever, robust communication between the Board and management has been vital in enabling the Board to provide sound oversight and pivot quickly to support management during the global pandemic.

The crisis highlighted the need for the Board to continue to ensure the bank has the right strategy, risk management and talent to stay true to its Purpose and pursue its strategic objectives. It is a central tenet to our role as stewards of the bank, exercising independent judgment in overseeing management and safeguarding the interests of shareholders.

To this end, enterprise and business segment strategy are discussed at each Board meeting and at its annual offsite session, which was held virtually in 2020. The Board challenges management on how best to leverage RBC's strong capital position and create value by investing in organic growth and exploring strategic acquisitions.

Promoting strong risk conduct and embedding a risk management culture throughout RBC are key priorities. This includes careful assessment that management's plans appropriately balance strategic opportunities with risk discipline to ensure long-term shareholder value. The global pandemic presented an unprecedented opportunity to test and ultimately confirm the soundness of the bank's operational resilience and risk processes. RBC's ability to migrate over 80% of its employees to remote work locations in a matter of weeks—and continue serving clients even with unprecedented activity levels—reinforced our confidence and showcased the cohesion between the bank's business continuity plans and risk management practices.

The Board was also actively engaged in surveying the bank's operating environment and ensured its leaders were well prepared to address issues impacting the reputation of our business and ability to operate. In 2020, it has been especially important to reach out and listen to our clients and be empathetic when dealing with financial hardship.

An organization's strategy can only achieve its desired outcomes when the right people are in place to lead and execute on it. The Board actively assesses senior management and reviews development plans for key executives in an effort to ensure the long-term success of the bank. The selection, appointment and development of the CEO and the Group Executive is a key focus, as is the need to ensure our executive compensation programs align with performance, retain top talent and motivate the bank's senior leaders to bring our vision, values and strategy to life. In 2020, the Board also provided oversight of new initiatives to further enhance the diversity of the bank's executive team, which includes efforts to ensure that enhanced staffing targets for women and those who identify as Black, Indigenous or People of Colour are detailed and measurable to deliver desired outcomes.

Last year, the strength of RBC's financial position and balance sheet enabled the bank to manage through significant headwinds and continue to build the bank for the future. Indeed, when combined with the bank's prudent risk management, diversified business mix and proven ability to generate organic earnings, the Board remains confident in RBC's growth strategy.

Challenges will persist in the new year. Yet, as 2020 demonstrated, RBC has the strength to adapt and will remain focused on delivering for clients, employees, communities, and shareholders. What's more, we will continue to shape the future in ways that serve the best interests of all our stakeholders. That is a defining trait of who we are and a competitive advantage of what we do.

Your Board will continue to provide management with sound guidance and oversight and foster robust communication with management. The appointments of Cynthia Devine and Maryann Turcke to the Board add to our existing strength, and provide a unique set of experiences and insights to RBC.

On behalf of the Board, I want to express my ongoing confidence in and gratitude to Dave McKay, the executive leadership team and the entire RBC team for being present and purposeful in everything they do. Our clients, employees and communities are better for it.



Kathleen Taylor
Chair of the Board