

Royal Bank of Canada Sydney

Prudential Standard CPS 511 Remuneration Disclosure

April 29, 2025



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1. Introduction

Royal Bank of Canada, Sydney Branch (RBC Sydney) operates in Australia as a Foreign Authorised Deposit-Taking Institution (Foreign ADI) regulated by the Australian Prudential Regulation Authority (APRA). RBC Sydney is a non-significant financial institution (non-SFI) for the purposes of APRA Prudential Standard CPS 511 Remuneration (CPS 511).

This remuneration disclosure has been prepared for RBC Sydney in accordance with the APRA CPS 511 disclosure requirements for non-SFIs for FY2024.

2. Compensation Governance

2.1 RBC's Human Resources Committee

The Board of Directors of Royal Bank of Canada (Board) is responsible for the overall stewardship of RBC and fulfils this responsibility by overseeing management and aiming to enhance long-term shareholder value. The Human Resources Committee (HRC) is responsible for advising the board on compensation and compensation risk management, as well as providing oversight of the key talent management and human resources strategies and practices including employee engagement, diversity and inclusion and health and wellness. The HRC is comprised of independent directors, and benefits from the advice of an external independent compensation advisor with deep expertise in the area of executive compensation. For more information on the HRC's role and responsibilities, composition, its independent advisor and the number of meetings held by HRC during the financial year, please refer to pages 54, 65 and 66 of our [2025 RBC Management Proxy Circular](#) and page 9 of our [Corporate Governance Framework](#)¹.

2.2 RBC Sydney Senior Officer outside Australia

For RBC Sydney, the Senior Officer outside Australia (SOoA), has oversight of RBC Sydney's remuneration framework, and its effective application on an annual basis.

RBC Sydney's SOoA assists the Board in carrying out compensation oversight responsibilities by:

- reviewing and approving RBC Sydney's compensation policies and programs;
- reviewing and making compensation decisions for employees identified under Specified Role (as defined on page 1) and individuals who are Accountable Persons (as defined under the Financial Accountability Regime Act);
- adjusting the variable remuneration downwards for situations involving misconduct, including non-compliance with applicable laws and regulations, accounting fraud or failure to follow internal policies and procedures. Please refer to page 6 for more details; and
- ensuring compliance with legal and regulatory requirements, including, without limitation, CPS 511.

3. Identification of Specified Roles

Criteria	Description
Senior Manager	Senior Manager means an employee who has or exercises any of the RBC Sydney's senior management responsibilities (within the meaning of APRA prudential standards and determined by RBC Sydney), as defined in the Banking Act 1959, and employees which are also categorised as Responsible Persons and defined in the RBC Sydney Fit and Proper Policy.
Highly-Paid Material Risk Taker	Highly-Paid Material Risk Takers are MRTs (as defined below) whose total fixed remuneration plus actual variable remuneration is equal to, or greater than, \$1 million AUD in a financial year.
Material Risk Taker	Material Risk Takers are RBC Sydney employees whose activities have a material potential impact on RBC Sydney's risk profile, performance, and long-term soundness.
Risk and Financial Control Personnel	RBC Sydney employee whose primary role is in risk management, compliance, internal audit, financial control, or actuarial control.

¹ This framework is as of March 2025 and is amended from time to time at the discretion of RBC.

4. Compensation Risk Management

RBC compensation risk management policies and practices applicable to all RBC employees, including RBC Sydney, are aimed at ensuring compensation aligns with the short-, medium- and long-term interests of our shareholders as well as regulatory guidance. Adherence to RBC policies and processes, including the Code of Conduct, is taken into account in determining performance-based compensation. The Board and management also consider potential risks associated with compensation arrangements, as well as risk accountabilities and ethical behaviour, as part of performance evaluations and compensation decisions. Annually, the Human Resources and Risk Committees hold a joint session to discuss compensation risk management practices and other areas of shared oversight.

As set out in the RBC Code of Conduct and in RBC's Culture and Conduct Risks Framework, all employees have an important role in promoting a risk-aware culture built on our values. We have embedded these values across all of our talent practices. The governance committee oversees the bank's management of culture and conduct, including breaches of the Code of Conduct, and meets with the Chief Human Resources Officer, Chief Risk Officer (CRO), Chief Legal and Administrative Officer and Chief Compliance Officer to review progress on programs that strengthen RBC culture and conduct practices. For more information on RBC compensation risk management policies and practices, please refer to pages 67 and 68 of the **2025 RBC Management Proxy Circular**.

RBC Compensation Risk Management Policy	
Purpose and key features <i>(applies to all RBC employees, including RBC Sydney)</i>	<p>To set out the compensation risk management practices for RBC. The policy outlines:</p> <ul style="list-style-type: none"> • The proportion of variable compensation that will be paid under deferral arrangements for executives and RBC MRTs. • That deferred compensation should be awarded in equity or equity-linked instruments to executives and RBC MRTs. • The determination of variable compensation should take into account the financial soundness of RBC and the impact on RBC's ability to strengthen its capital base. • Where RBC's financial results fall short of objectives, performance-based incentive awards payable to executives and employees may be reduced. • Compensation for Risk and Financial Control Personnel is determined independently from the performance of the business segments they oversee.
RBC Sydney Compensation Risk Management Policy Addendum	
Purpose and key features <i>(applies to employees identified as Specified Roles and Accountable Persons under the FAR Act)</i>	<p>To set out compensation risk management practices applicable to RBC Sydney and to align with Australian regulatory requirements under CPS 511 and the FAR Act. The policy outlines:</p> <ul style="list-style-type: none"> • The roles and responsibilities of SOoA, as described on page 1. • Deferral obligations for employees identified under the policy, including employees in Specified Roles. Please refer to page 5 for more information. • Per the RBC Conflicts of Interest Control Standards for Personal Trading, recipients of deferred or unvested equity-based remuneration are prohibited from hedging any economic exposure. Should any failure to observe that prohibition occur, the RBC Australia Capital Markets, Regulatory Breach Handling & Reporting Policy will apply. • In circumstances involving a person under investigation for misconduct, including non-compliance with applicable laws and regulations, accounting fraud or failure to follow internal policies and procedures, variable remuneration must not vest until the investigation is closed. • RBC Sydney must, at a minimum, prevent providing indemnification or insurance (whether directly or through arrangements with another person) to the relevant person against the consequences of breaching an obligation under CPS 511 or applying in-period adjustment, malus or clawback under CPS 511.

RBC Forfeiture and Clawback Policy	
Purpose and key features <i>(applies to RBC MRTs¹ and other employees who receive share based compensation)</i>	<p>Addresses situations in which individuals might profit from business activities that are conducted inappropriately or outside of approved risk limits and tolerances, or from a material error or misstatement of financial results, financial reporting or financial statements.</p> <ul style="list-style-type: none"> • Enables RBC to recoup incentive awards that have been paid or have vested and to cancel unvested mid- and long- term incentive awards for situations involving misconduct, including non-compliance with applicable laws and regulations, accounting fraud or failure to follow internal policies and procedures. • If RBC terminates an employee for cause, the employee, subject to applicable laws, forfeits all previously awarded unvested mid- and long-term incentive awards.
Asia-Pacific (APAC) Remuneration Conduct and Performance Adjustment Protocol	
Purpose and key features <i>(applies to all employees in Asia Pacific region, including RBC Sydney)</i>	<p>Sets out guidance for the adjustment of variable compensation following disciplinary action.</p> <ul style="list-style-type: none"> • In cases where disciplinary action relates to employee conduct, a standard reduction may be applied based on the recommendation in the policy dependent on the level of severity of the disciplinary action taken. • In cases where disciplinary action relates to poor employee performance, discretion to establish a year-end variable compensation award (if any) may be applied, taking into account the disciplinary action as well as performance over the full fiscal year.

5. Compensation Components

Compensation plays a critical role in attracting, engaging and retaining the talent that drives RBC's high-performance culture, enables the achievement of strategic goals and generates sustainable shareholder returns. As such, compensation represents a key element of integrated talent management. While compensation at RBC is designed to drive superior financial performance and link the interests of employees and shareholders, RBC's compensation practices are also designed to align with RBC's risk management frameworks and with the guidance provided by global regulatory authorities. RBC's variable compensation programs, including the design, are regularly reviewed by multiple management committees and overseen by the HRC to ensure compensation is consistent with enterprise and business segment strategy, market competitiveness and regulatory environment. The majority of employees at RBC, including RBC Sydney, are compensated through a combination of base salary and variable compensation awards which generally fall into one or more of the following forms: short-term incentives, discretionary, commission and equity. In evaluating appropriateness of incentive plans, RBC may consider several factors including but not limited to objectives related to business performance, risk and culture.

Total direct compensation includes base salary and performance-based incentive awards.

5.1 Base salary

Base salary reflects each employee's level of responsibility, capabilities and experience in the context of their role and the market. We review base salaries annually, and generally grant increases when an employee assumes increased responsibilities or significantly deepens their knowledge and expertise.

5.2 Variable remuneration

Awards for all employees, including employees identified under Specified Roles, under the short-, mid- and long-term incentive programs are determined based on individual, business segment and RBC's overall performance. The annual Short-Term Incentive (STI) Program is cash-based. The mid- and long-term incentive programs are equity-based.

For Capital Market (CM) employees, these incentives are delivered through the Capital Market Compensation Program, where a portion of the award is delivered as cash bonus and a portion is delivered as RBC Share Units (RSUs) if an employee's variable compensation meets a certain threshold.

¹ Represent the most senior levels of employees whose activities may have material impact on RBC's risk profile, as determined by RBC. Please refer to please refer to **2025 RBC Management Proxy Circular**, page 102.

For all other employees, including Risk and Financial Control Personnel and supporting personnel who are not in CM, these incentives are delivered through a combination of STI and RSUs and/or Performance-Deferred Share Units (PDSUs).

Short-Term Incentive Program

Overview	Rewards individuals for business segment and RBC's overall performance, as well as individual contribution.
Form of award	Annual cash bonus
Performance period	12 months
Award Determination / Performance Measures	The STI program is comprised of the following key performance factors: Individual Performance – based on performance against personal goals Business Performance ¹ – based on year-end business Net Income After Tax (NIAT) RBC Performance – based on client satisfaction across our businesses and for senior roles (as determined by RBC), RBC NIAT
Payout	Paid following the end of the fiscal year.

¹ For employees in Functions and Technology and Operations (T&O), the business component of the STI Program is based on RBC NIAT results.

Equity Incentive Programs

Overview	Rewards participants for their contribution to medium- and long-term performance and their potential for future contributions, as well as to align with long-term shareholder interests.	
Form of award	RBC Share Unit (RSUs)	Performance Deferred Shared Unit (PDSUs)
Performance period	Three years	Three years
Performance measures at grant	Common share price performance	PDSU grant is driven by RBC's performance compared to medium-term objectives of diluted earnings per share growth, return on equity and strong capital ratio (CET1) ratio.
Performance measures at vesting	Common share price performance	Common share price performance plus relative total shareholder return (change in common share price plus reinvested dividends paid compared to the global peer group).
Vesting and payout	Awards vest and are paid after three years.	

Capital Markets Compensation Program

Performance period	12 months
Bonus pool funding	<ul style="list-style-type: none">Capital Markets earnings before variable compensation and taxes, which includes cost of funds, provision for credit losses and mark-to-market adjustments and also considers RBC's overall performance. The resulting compensation ratio is reviewed and may be used to adjust bonus pool funding to reflect market and competitive conditions.The CRO, RBC reviews the bonus pool to determine whether additional adjustments for risk are appropriate, reviews the assessment with the Compensation Risk Management Oversight Committee (CRMOC)¹ and makes recommendations to the human resources committee. The human resources committee recommends the bonus pool to the board for approval after considering management's recommendations.
Individual performance	<ul style="list-style-type: none">The performance of the employees in Capital Markets are determined on a number of factors including but not limited to, personal performance, business performance, adherence to internal policies and procedures etc. Although the criteria include many of the key factors used in consideration of an employee's variable compensation, the overall individual incentive awards are discretionary.
Form of awards	<ul style="list-style-type: none">Cash bonusShare-based compensation comprised of RSUs.

Deferrals²

For Highly-Paid MRTs³:

- At least 40% of total variable remuneration is deferred over a minimum deferral period of four years, vesting no faster than on a pro-rata basis and only after two years.
- The 40% deferral obligation does not apply to Highly-Paid MRTs whose deferred variable remuneration is less than AUD\$50,000. For more information on Highly-Paid MRTs, refer to page 1.

For CM employees:

- A portion of the CM award is paid cash, and the remainder is awarded in equity as RSUs.
- The percentage of the equity award deferred depends upon the variable compensation awarded which ranges between 0-60%.
- The deferral period is as per the terms and conditions of the applicable compensation plan/program.

For RBC Sydney employees identified as RBC MRTs⁴:

- A significant portion of their variable compensation is deferred (at least 40%), with a vesting period of three or four years.

For the SOoA, an assessment was performed to identify the proportion of their role allocated to RBC Sydney in FY2024. Based on this evaluation, their variable compensation was deferred in alignment with FAR requirements, and specific CPS 511 requirements (as applicable) on a pro-rata basis.

¹ The CRMOC is a senior management committee; members include the Chief Human Resources Officer, Chief Risk Officer, Chief Financial Officer, and Senior Vice-President, Compensation and Benefits.

² Deferral arrangements for Accountable Persons are determined in accordance with Financial Accountability Regime Act 2023, as amended from time to time.

³ Effective from 1 November 2024 (FY 2025).

⁴ Represent the most senior levels of employees whose activities may have material impact on RBC's risk profile, as determined by RBC. Please refer to 2025 RBC Management Proxy Circular, page 102.

Risk and performance adjustments

At enterprise level, the Board may reduce awards at vesting and payout, as applicable, if there has been a material downturn in financial performance or a material failure in managing risk, or if actual risk and performance outcomes are materially different from the assessments made at the time of grant. The HRC recommends, and the Board approves, any such adjustments.

In the event of misconduct or a material error or misstatement of RBC financial results, financial reporting or financial statements, cash bonuses and mid- and long-term incentive awards may be subject to forfeiture or clawback, as outlined in the RBC Forfeiture and Clawback Policy. For more information on the RBC Forfeiture and Clawback Policy, please refer to **2025 RBC Management Proxy Circular**, page 63 and 68.

For RBC Sydney employees identified in Specified Roles (as defined on page 1), the SOoA may adjust the variable remuneration downwards when, at a minimum, any of the criteria below apply, and the total downward-adjustment to variable remuneration must be proportionate to the severity of the risk and conduct outcome:

- misconduct leading to significant adverse outcomes
- a significant failure of financial or non-financial risk management
- a significant failure or breach of accountability, fitness and propriety, or compliance obligations
- a significant error or a significant misstatement of criteria on which the variable remuneration determination was based, and/or
- significant adverse outcomes for customers, beneficiaries or counterparties.

For all RBC Sydney employees, the APAC Remuneration Conduct and Performance Adjustment Protocol sets out guidance for the adjustment of variable compensation following disciplinary action due to employee misconduct and poor performance. Refer to page 3 for more information.

Where an employee is not eligible for variable compensation, other measures are used to address misconduct or breaches regarding types of conduct set out above. These could include written warning, changes to responsibilities, suspension or even termination, depending on the severity of the issue.

6. Additional items

Additional Information

For more information on RBC's compensation framework, including the design, structure and the different forms of variable remuneration offered, please refer to the to **2025 RBC Management Proxy Circular**.

7. Glossary

Term	Definition
Accountable Persons	a person, including a senior executive, who falls within the definition of an accountable person under section 10(1) or 10(2) of the FAR Act.
CEO	means the President and Chief Executive Officer of RBC.
CRO	means the Chief Risk Officer of RBC.
Disciplinary Action	means any disciplinary sanction applied following a formal disciplinary procedure
Group Executive	means the members of the Group Executive of RBC, as determined by the RBC Board from time to time.
RBC	means Royal Bank of Canada and its subsidiaries
Specified Role	means a person who is a Senior Manager, Executive Director, material risk-taker (including Highly-Paid Material Risk-Takers) and risk and financial control personnel.
SOoA	means the Senior Officer Outside Australia with delegated authority from the RBC Board who is responsible for overseeing the operation of RBC Sydney.