



CAMSC

Inclusive Procurement Leadership

RBC - Case Study

**RBC's Corporate Policy
and Executive Support**

*“Selling a supplier diversity strategy
across a large organization starts with
commitment and vision at the top.”*



LEADING PRACTICE:

Business Case and Executive Support



Driving Business Value through a Holistic Commitment to Diversity

As one of the first Canadian corporations to become a founding member of CAMSC in 2004, RBC has had a long journey with supplier diversity. Its supplier diversity initiative was launched as an integral part of a broad diversity commitment that existed in the bank since 1970. Strong executive support – both across the organization and from Procurement leadership – has enabled a range of leading practices to be implemented with respect to supplier diversity. RBC’s goal is to achieve a truly inclusive supply chain to advance the achievement of inclusivity by providing access to procurement opportunities to qualified suppliers, which enhances the levels of quality, service and overall value to the bank. Driven by visible leadership, supplier diversity is embedded in corporate goals, policies, and procurement processes, supported by clear accountabilities and performance metrics to evaluate success. RBC strives to remain a diversity leader in Canada, and to continue to strengthen its diversity initiatives in the United States and internationally.



Supplier Diversity is Embedded in Corporate Goals, Policies, & Procurement Processes. Supported by Clear Accountabilities & Performance Metrics to Evaluate Success.

KEY PRACTICES AND PROCESSES



Comprised of Senior Executives from Across Businesses and Functions



Inclusive Sourcing Training is Provided to all Category Managers



The Next Three Year Plan Involves Getting Broader Business Unit Support

- › Diversity and inclusion is an organizational priority for RBC which is why the RBC Diversity Leadership Council (DLC), established and chaired by the President and CEO since 2001, sets the bank's diversity strategy and goals. It is comprised of senior executives from across businesses and functions. The RBC DLC meets quarterly to discuss the Diversity and Inclusion Report and action plans that ensure the bank is making measurable progress towards achieving diversity goals. DLC sub-committees are also established in the business lines to deliver on the established diversity mandate.
- › The RBC DLC has oversight over the Diversity and Inclusion Blueprint which sets out RBC's forward-looking vision and outlines its priorities and commitments. It builds on past achievements and successes and supports RBC's purpose of "Helping clients thrive and communities prosper".
- › RBC's formal supplier diversity program approved by the DLC is posted publicly on the website at www.rbc.com/sourcing/supplier_diversity.html. Updates are provided to the council to share progress against these goals.
- › Resources are allocated to supplier diversity including staff responsibility within Procurement and time allocation for outreach and engagement with the supplier diversity community.
- › Inclusive sourcing training is provided to all category managers, and supplier diversity goals are incorporated into Procurement staff annual performance objectives.
- › A key pillar is investment in supplier development through the establishment of formal mentorship programs and workshops for diverse suppliers.
- › As a corporate member of various diversity councils, RBC has established partnerships to access their databases of certified suppliers. RBC actively participates in their supplier diversity events, including speaking engagements, panel discussions, webinars and match-maker sessions, and works with other Canadian corporations to advance the supplier diversity landscape.
- › The next three year plan involves getting broader business unit support, expanding to other regions and expanding mentorship activities to also include supplier development initiatives.

A CLOSER LOOK

RBC takes a holistic view of diversity and inclusion, with supplier diversity that is seen as an engine for innovation and sustainable economic prosperity. By drawing on the strength of diversity, the bank believes it can meet new challenges and help create prosperity for its clients, employees, shareholders and communities. In other words, it is viewed as both the smart thing and the right thing to do.

“Because of the bank's early commitment (since the 70's) to having a more diverse workforce, adding the supplier diversity component in 2004 was a natural extension.”

Thus, gaining executive support and embedding supplier diversity in corporate policies were therefore accelerated. A number of foundational elements existed

A CLOSER LOOK CONT'

such as the RBC Diversity Leadership Council, the RBC Diversity and Inclusion Report and the RBC Diversity Blueprint, all of which demonstrate commitment at the highest levels. Since embracing diversity for innovation and growth as one of the five core values of the bank, it served as a driver for supplier diversity. As a major purchaser of goods and services, RBC recognizes its tremendous impact on the supplier community where it operates and, conversely, the supplier community's impact on the products and services the bank delivers. RBC believes supplier diversity helps it drive business value - whereby including diverse suppliers in sourcing processes, the bank gains access to competitive offerings, greater innovation, and culturally diverse business interactions. This, in turn, positions RBC well to meet the needs of its diverse customer base.

Foundational Elements



In 2009, the First RBC Diversity Blueprint was Published.

RBC's Diversity Leadership Council, established in 2001 and chaired by the President & CEO, has senior representation from the business lines. The DLC documents its progress through RBC's Diversity and Inclusion Report - introduced in 2005, which is a broad, substantive document outlining all of the bank's initiatives in the area and is updated annually. In 2009, the first RBC Diversity Blueprint was published.

The RBC Diversity Blueprint sets out how the bank views diversity and inclusion, and outlines objectives, priorities and commitments at an enterprise level. It sets out the organizational priorities while accounting for geographic and regional priorities as well. Business units also have a business specific version of their Diversity Blueprint or Diversity Playbook that factors in priorities based on marketplace realities.

These were the supplier diversity goals within the inaugural 2009-2011 Blueprint:

Goals

In the U.S., develop formal supplier diversity guidelines and a reporting and monitoring process.

In the U.S., strengthen our partnership with the National Minority Supplier Development Council.

In Canada, assist minority-owned businesses to grow by increasing the opportunities for purchases made by RBC.

Key Progress Indicators

- > Introduced reporting and monitoring templates and processes
- > Supported NMSDC by participating in fairs and conferences. In 2009 and 2010 participated in the NMSDC annual conference.
- > Provided access to RBC Procurement professionals by hosting a booth at the Canadian Aboriginal and Minority Supplier Council's Procurement Fair
- > Met regularly with referred minority suppliers to walk through processes and put them in touch with relevant parties
- > Sponsored the Diversity Business Network, which provides tools, strategies and systems for Canadian corporations to increase competitiveness and revenues through supplier diversity

A CLOSER LOOK CONT'

Goals

In Canada, team up with the Canadian Aboriginal and Minority Supplier Council and other partners to develop a system for identifying Canadian minority/Aboriginal suppliers.

Key Progress Indicators

- > Developed a questionnaire that is included in RFPs to encourage minority suppliers to self-identify
- > Enhanced online registration database to allow potential minority suppliers to register and self-identify in order to be included in future sourcing exercises (RBC Procurement)
- > Sponsored CAMSC, WEConnect and other organizations supporting supplier diversity

The supplier diversity goals of the 2012-2015 Blueprint, which built on the successes and lessons of the 2009-2011 efforts, were:

- > To establish formal supplier diversity guidelines and a reporting and monitoring process in the U.S. and establish a means of monitoring procurement spending and establishing targets for diverse suppliers in Canada.
- > To strengthen partnerships with diverse supplier stakeholder groups.
- > To assist women, Aboriginal and minority-owned businesses grow by increasing the opportunities for purchases made by RBC with its suppliers through formal procurement processes in Canada as well as mentorship programs.

Goals for 2016-2020 include:

- > Strengthening partnerships with diverse supplier groups; and
- > Expanding supplier diversity efforts.

Supplier diversity progress reports are presented quarterly by the EVP, Enterprise Services who chairs a DLC sub-committee.

Resources Allocated

RBC has a number of resources and programs demonstrating its executive support:

- > **Staff resources:** This includes one full-time and two part-time resources to the Corporate Social Responsibility program, along with others within Procurement who support the program.
- > **Supplier development.** Unlike many corporations, RBC embraced supplier development early on - hand in hand with getting Procurement and category managers engaged, which is a reflection of how committed the bank is to diversity. In fact, RBC was one of the first organizations in Canada to implement supplier mentorship programs. Mentorship is a key pillar in its supplier diversity platform. The goal is to help diverse suppliers discover where opportunities exist to compete and to increase their chances of competing successfully.

A CLOSER LOOK CONT'

- > **Training and education:** This includes on-board training for new sourcing managers as well as refresher sessions for all category managers and outreach to business units and account managers.
- > **Sponsorship and time allocation for outreach and engagement.** RBC plays an active role in supplier diversity councils, such as CAMSC and WBE Canada, and participates in supplier diversity events and conferences that include speaking engagements, panel discussions, webinars, match-maker sessions and workshops across Canada.

Supplier Diversity Journey



Embed Supplier Diversity into Day-to-Day Procurement Activities

- > The first leg of the journey involved identifying executive champions, garnering their support and getting funding for the program. One of the key factors to success was tapping into their desire to demonstrate market leadership.
- > The supplier diversity role was assigned to a procurement manager. In order to promote diversity in Procurement, the next steps were to educate and engage category managers (which continues as an ongoing process), to embed supplier diversity into day-to-day procurement activities, such as tapping into certified supplier databases and adding RFP questions, and to incorporate supplier diversity goals into Procurement staff annual performance objectives as a way of driving the mandate.
- > The program evolved from baselining the diverse supplier spend to establishing benchmarks, setting targets and creating tracking mechanisms, with the objective of increasing the number of diverse suppliers each year and the spend with them. Each category manager has responsibility for contributing to the diverse supplier financial spend target and for setting aside time to meet with diverse suppliers.
- > Questions around diversity status and commitment to diversity are included in the supplier registration process, which sends a strong signal to the market.
- > RBC encourages its Tier 1 suppliers to diversify their supply base and to join certifying councils to source from networks of diverse suppliers.
- > Establishing collaborative partnerships with diversity councils early on helped RBC implement and refine its initiatives. The bank became a founding member of CAMSC in 2004 and a member of NMSDC in the U.S. in 2010, viewing active participation as a way to demonstrate leadership, tap into expertise, share best practices and access databases of certified diverse suppliers to invite them to bid on appropriate contracts. These partnerships also provide a forum to offer advice to others – whether a diverse supplier or another large corporate looking to start a supplier diversity program of its own.
- > RBC also works closely with major institutions, even competitors, to move supplier diversity forward and strengthen the landscape. It has emerged as a thought leader, actively participating in supplier diversity events and conferences that include speaking engagements, panel discussions, webinars, match-maker sessions and workshops.
- > In tandem, RBC introduced a supplier mentorship plan and has led a robust program since 2012, including networking sessions as well as supplier mentoring. An annual mentorship workshop - with suppliers, other



Questions Around Diversity Status and Commitment to Diversity



RBC Introduced a Supplier Mentorship Plan and has Led a Robust Program Since 2012

A CLOSER LOOK CONT'



A Formal Written
Supplier Diversity
Policy Statement/
Program was
Recognized to
Communicate the
Bank's Commitment
Externally

corporations and diversity councils participating - includes presentations on topics such as how to respond to RFPs and how to do business with RBC. It also includes rich networking opportunities through roundtable discussions where suppliers can pitch their business to RBC Procurement representatives in attendance. A successful Reciprocal Mentorship Program that ran from 2013 to 2016 paired certified diverse suppliers (eight each year) with Procurement professionals for a year-long, one-on-one relationships to build connections and to help the suppliers understand how to navigate the corporate contracting process and develop their capabilities.

- › As this process unfolded, the need for a formal written supplier diversity policy statement/program was recognized to communicate the bank's commitment externally. Many groups, including Legal, HR, Procurement, Corporate Communications and the Leadership Council, contributed to the development and approval of the program, and it was formalized in 2015. Having this formal statement outlining the bank's philosophy and program not only communicates the bank's commitment to diverse suppliers, but is also an important factor when RBC itself responds to RFPs requiring that bidders have a supplier diversity policy. The program is posted publicly on the bank's website at www.rbc.com/sourcing/supplier_diversity.html

NEXT STEPS

Now that the foundational pieces are in place, RBC is developing its next three-year supplier diversity plan, which includes strengthening partnerships with both internal business partners and external partners and expanding its program to other regions. **Specific goals include:**

- › More broadly communicating the program and its successes internally to educate staff about supplier diversity, create strategic alliances, introduce potential diverse suppliers to RBC's business units and engage account managers.
- › Transforming the mentorship program into a supplier development program that will include a greater number of participants, education, the provision of business reviews and mentorship as one component.
- › Expanding the supplier diversity program beyond Canada and the U.S.

Results & Impact Enabled

Supplier diversity at RBC is not only about “doing the right thing” and being a responsible corporate citizen. The bank believes supplier diversity helps RBC drive business value and, by including diverse suppliers in the sourcing processes, RBC gains access to competitive offerings, greater innovation, and culturally diverse business interactions. This, in turn, positions RBC well to meet the requirements of its diverse customer base. RBC measures the success of its supplier diversity program through a variety of performance metrics, including but not limited to the following:



Year over year absolute increase in diverse suppliers



Year over year increase in diverse supplier spend



Number of RBC suppliers that become corporate sponsors and/or certified members with certifying organizations

RBC tracks such information in Canada and in the U.S. In 2012, RBC began a thorough review of its supplier database.

The 2012-2015 Blueprint indicates the substantial growth RBC has achieved with its goal of being the financial institution of choice for diverse clients.

SPOTLIGHT ON SUCCESS

RBC has received a number of key external awards and recognition over the last several years, making it a top performer in the financial industry in terms of supplier diversity.

Some of the awards RBC has achieved in the last three years include:

2014

- › One of the Top 10 Leaders in Diversity in Canada, Diversity Plus Magazine
- › WBE Canada Corporate Member of the Year
- › 10 Year CAMSC Supporter of the Year Award

2013

- › CATA Alliance Award for Innovation in Supplier Diversity
- › CAMSC Corporation of the Year
- › WEConnect Canada Leader of the Year

2012

- › Included in the Maytree Supplier Diversity Study by Paul Larson as a leader in supplier diversity

LESSONS LEARNED

“Selling a supplier diversity strategy across a large organization starts with commitment and vision at the top.”

It requires identifying and engaging champions who will influence their peers, gaining their support and ensuring funding for a program is allocated. In summary, having champions who are committed, engaged and take action to promote a culture of innovation and inclusion, leads to smart business decisions in growing a gateway of economic opportunities.



CAMSC (Canadian Aboriginal and Minority Supplier Council) is a non-profit organization created in 2004 to advance the economic strength of Aboriginal and visible minority communities through business development and employment. CAMSC's mission is to facilitate business relationships with Canadian corporations dedicated to diversity and supplier organizations owned by Aboriginals and minorities. Since its inception in 2004, corporate members have spent more than \$2 Billion with CAMSC certified Aboriginal and minority-owned businesses. Visit www.camsc.ca

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