SCHEDULE A

According to CMHC, "[h]ousing is generally considered a human right, providing necessary security, comfort and sense of belonging and community… Some, however, feel that the search for financial returns through housing are now creating barriers to accessing adequate, affordable housing."[1]

Financialization of Housing

In 2019 the UN Special Rapporteur on the right to adequate housing issued a letter addressing the business of Invitation Homes Inc. (IH)[2]. IH describes itself as "a leading owner and operator of single-family homes for lease, offering residents high-quality homes in sought-after neighborhoods across America."

The letter states that:

- IH purchased "foreclosed single-family properties, which were then converted into rental accommodation. This large-scale ownership has made it possible for single family rentals (SFR) to become, for the first time, an asset class and has had deleterious effects on the enjoyment of the right to housing."
- "SFRs with institutional owners are associated with undue rent increases making housing unaffordable for many existing tenants and reducing the availability of affordable housing stock"
- "[R]ent increases in institutionally owned homes are higher than overall averages."
- "Tenants have indicated they feel insecure living in these conditions, where above average rent increases, exorbitant fees or the smallest infraction can result in arrears and lead to eviction and the threat of homelessness."

Bringing the SFR Rental Business to Canada

Core Development Group has begun purchasing hundreds of single-family homes in Ontario, for the purpose of renting them at a profit.[3] Core seeks a $1 billion Canadian residential real estate portfolio with 4,000 rental units, and eventually an IPO.

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[1] https://www.cmhc-schl.gc.ca/en/nhs/nhs-project-profiles/2019-nhs-projects/financialization-housing
[2] https://www.ohchr.org/Documents/Issues/Housing/Financialization/OL_OTH_17_2019.pdf
[3] https://www.theglobeandmail.com/business/article-condo-developer-to-buy-1-billion-worth-of-single-family-houses-in/

IH finances its business through mortgages and other bank debt facilities. As at 30/06/2021, IH had approximately US$4.5 billion in mortgage loans and $2.5 billion in bank debt facilities, constituting over 3/4 of IH's total liabilities. IH is heavily reliant upon banks to finance its business, and it is likely that any business seeking to replicate IH's business model in Canada will need to rely on funding from Canadian banks.

Human Rights Due Diligence

The UN OHCHR has stated:

> It is through conducting human rights due diligence that a bank is able to identify whether and how it is involved with actual or potential adverse human rights impacts…
>
> [A] bank should clearly communicate its expectations to its clients and undertake human rights due diligence appropriate to the proposed transaction, which may include seeking assurances from the client that it has in place adequate policies and processes to itself identify, prevent and mitigate risks associated with its activities.[4]

RESOLVED THAT shareholders request RBC take steps to assess and mitigate the human rights and reputational risks involved in the financialization of housing, including,

> (i) acknowledging that housing is a human right, and
>
> (ii) collaborating with leading Canadian banks to develop a human rights due diligence tool that can be used to assess and mitigate the risks of doing business with clients or potential clients whose business practices have the potential to exacerbate the negative effects of the financialization of housing in Canada.

[4] https://www.ohchr.org/Documents/Issues/Business/InterpretationGuidingPrinciples.pdf