

BMO Financial Group

# 2020 Sustainability Report and Public Accountability Statement



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## About BMO

BMO is a diversified North American financial services provider with a clear strategy for driving long-term growth. Anchored by superior risk management and powered by industry-leading customer loyalty, we create sustainable value for our shareholders through the operating groups: Personal and Commercial Banking, BMO Capital Markets and BMO Wealth Management. We're a digitally driven bank, supporting individuals, families, businesses, institutional clients and communities with the tools and advice they need to move ahead – delivered in a way that's distinctly BMO.

We know our own growth helps fuel a more inclusive and growing economy. That's why we work alongside BMO's diverse stakeholders to advance and accelerate positive change, united in the belief that success can and must be mutual – and confident that even when the future seems uncertain, our values will guide us. Everything we do is underpinned by our deep sense of Purpose, which we sum up in a simple statement: *Boldly Grow the Good in business and life.*

At our core, we're led by BMO's customers – all 12 million of them. With our integrated businesses and across a fast-paced world, it's the people and organizations we work with every day who keep us agile in responding to change – and in helping to create it.



## BMO's Purpose

Since the beginning, BMO has been guided by a sense of purpose: to be a champion of progress and a catalyst for change. Inspired by the Sustainable Development Goals (SDGs) and grounded in BMO's values of integrity, empathy, diversity and responsibility, our Purpose to **Boldly Grow the Good in business and life** drives everything we do.

Our commitment to create positive change for our customers, employees and communities has spanned more than 200 years, and our success in a changing society has always involved adapting together. We are dedicated to enabling real financial progress and being there for our customers when they need help. As an employer of tens of thousands of people, we are focused on fostering diversity and inclusion and on adapting to new ways of working. And we are proud members of the communities in which we live and work.

Our Board-reviewed Purpose gives intention to our actions, and our Bold Commitments to a more sustainable future, an inclusive society and to helping the economy thrive are our direct response to today's most pressing challenges.

**For a sustainable future:** we are mobilizing \$400 billion for sustainable finance, and have launched an impact investment fund to find and scale solutions to sustainability challenges.

**For a thriving economy:** we are doubling our support for small businesses and women entrepreneurs.

**For an inclusive society:** we are focused on providing access to opportunities and enabling growth for our colleagues, our customers and the communities we serve through our *Zero Barriers to Inclusion 2025* strategy. We are committed to supporting equity, equality and inclusion and to building a more just society – especially for groups facing systemic barriers.

These commitments shape the way that we serve our customers and the products and services we design for them; our hiring practices and employee training and development programs; and our community giving and engagement with our partners.

Over the past year, we have made impressive progress. But we're just getting started. To accelerate positive change guided by our Purpose, we will:

- Work to increase positive impacts and reduce negative impacts across BMO's operations and value chain.
- Develop new products and services to help our customers achieve their objectives aligned with our shared values.
- Embed sustainability more deeply within our operations and internal procedures.
- Support inclusive local economic activity, racial justice, innovation and social progress through our community giving activities.
- Actively engage stakeholders and investee companies to drive best practices.

We will continue to focus our efforts in areas where we can have a measurable impact on:

- **Our shareholders:** generating long-term value for our shareholders and engaging with them openly.
- **Our customers:** fostering inclusive relationships with our customers to address the challenge of economic disparity.
- **Our employees:** championing diversity and inclusion across our organization and preparing our colleagues for the jobs of the future.



- **Our environment:** managing our environmental footprint and working with our clients to navigate the transition to a resource-efficient, lower-carbon and circular economy.
- **Our community:** building stronger, healthier communities through donations, sponsorships, volunteering, and convening partners to foster change collaboratively.
- **Our suppliers:** dealing fairly and ethically with our suppliers and working with them to improve their practices and respect human rights.
- **Our peers:** collaborating on thought leadership and innovation initiatives and leveraging our combined influence to create positive and sustainable change.

This has been a year of unprecedented change. Now, more than ever, our Purpose, to Boldly Grow the Good, is guiding us to maximize our positive impact. We are mobilized to make real progress toward ensuring a fair, inclusive and sustainable future for all.

**SUSTAINABLE FUTURE**

**MOBILIZE \$400 BILLION FOR SUSTAINABLE FINANCE**



Target \$250 billion

Mobilize \$250 billion in client investments to align with sustainable objectives



Target \$150 billion

Provide \$150 billion in capital to companies pursuing sustainable outcomes



Target \$250 million

Create an impact investment fund and seed with \$250 million in capital

**THRIVING ECONOMY**

**INCREASE OUR SUPPORT FOR SMALL BUSINESS, WOMEN ENTREPRENEURS, INDIGENOUS AND MILITARY CUSTOMERS**



Target \$10 billion

Double small business lending in Canada to \$10 billion



Target \$8 billion

Double the size of the bank's Indigenous Banking business



Target 40 thousand

Double small business lending customers in the U.S.



Target 179 thousand

Double the number of women-owned businesses that we support across our footprint (Canada only)



Target 100 thousand

Double the number of Canadian defence community customers

**INCLUSIVE SOCIETY**

**COMMIT TO ZERO BARRIERS TO INCLUSION**



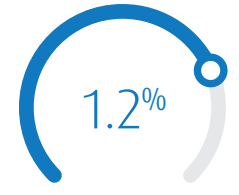
Target 100%

Foster an inclusive workplace where all employees complete "Learn from Difference for All" training



Target 20%

Increase the representation of People of Colour in U.S. senior roles by 2020



Target 1.6%

Increase the representation of the Indigenous workforce in Canada by 2020



Target 20,000 employees

Equip employees for the future through engagement in the BMO Forward "future of work" learning program

**Purpose Commitments Dashboard**

This dashboard summarizes how BMO is performing against our Bold Commitments as at October 31, 2020. Our progress against our Bold Commitments stands as a tangible expression of our Purpose in action, guiding our work every day. Our goal is to achieve all of these commitments by 2025, unless otherwise indicated.

2020 has been an extraordinary year where our purpose continued to guide how we support our customers, employees and communities. The recently announced [Zero Barriers to Inclusion 2025 goals](#), and our [5-year U.S. Community Investment Commitment](#) will be reflected in this dashboard going forward.

## A Message from the CEO

The extraordinary challenges of 2020 have only deepened BMO's commitment to sustainability. As we've joined with our customers and other stakeholders to address the constantly evolving pandemic, we've also worked to ensure the long-term, positive social impacts of every decision. Our bank's strength and stability are anchored by this fundamental insight: resilience and sustainability go hand in hand.

When the global pandemic emerged in March 2020, we moved quickly to protect the health of BMO's employees, customers and communities. Then, as the coronavirus took its toll on the North American economy, our whole organization came together – even as many of us worked remotely – to provide financial support and advice to our customers while expediting access to government relief programs.

Banks play a vital role in driving economic recovery. It's part of our responsibility as trusted stewards of the financial system and enablers of long-term growth. And in BMO's case, it reflects our deep-rooted belief in doing what's right – consistently, equitably and sustainably. We sum it up in a simple statement of purpose: **Boldly Grow the Good in business and life.**

This 2020 Sustainability Report provides concrete evidence of BMO's purpose in action. From our bold initiative against racial injustice to our support for the global effort to address climate change, our commitment to growing the good – for an inclusive society, for a

thriving economy, for a sustainable future – underpins everything we do.

### Banking on Sustainability

BMO continues to be a leader in sustainable finance, offering businesses and governments innovative ways to align financial priorities with broader sustainability goals. Just a few examples from the past year show the scope of our contribution:

- We acted as joint lead manager for the World Bank on a landmark US\$8 billion sustainable development bond for pandemic relief.
- We developed Canada's first sustainability-linked commercial loan, a \$2 billion credit facility with interest rates tied to specific targets for carbon emissions and other factors.
- BMO was joint bookrunner on a US\$700 million high-yield green bond for a wind and solar power utility – only the third such bond ever issued in the U.S.

Another area where we've taken the lead is responsible investing, which enables investors to build more resilient portfolios. BMO Global Asset Management engages directly with many companies on behalf of our clients, working with them to improve how they manage environmental, social and governance (ESG) issues – because responsible investing strategies that consider ESG factors have been shown to generate higher returns with lower risk over the long term.

### Transitioning to a New Reality

Many of BMO's sustainability initiatives address the urgent issue of climate change. While we've seen growing awareness of the scale of the threat – to the environment, as well as to human health, livelihoods, business and economic well-being – the world is still grappling with the transition to a lower-carbon economy.

BMO is committed to being part of the solution. Working with a wide range of stakeholders, we're building a transition strategy that focuses on social and economic outcomes alongside climate impacts. Together, we're creating opportunities for businesses and communities to thrive while ensuring that no one is left behind. Our rigorous approach, adopting the recommendations of the Task Force on Climate-related Financial Disclosures, is detailed in our 2020 Climate Report.

### Removing Social Barriers

BMO has long been committed to advancing equity, diversity and inclusion in our workforce and the communities we serve. During the past year, as cities across the U.S. and Canada witnessed troubling incidents of racial injustice, millions of people were united by the conviction that it's time – once and for all – to push for meaningful change.



Adding to that momentum, BMO has taken another step forward with an initiative we call *Zero Barriers to Inclusion 2025*. Within the bank, we've committed to recruit and develop diverse talent and provide clearer paths to advancement. For our customers, we're removing barriers by providing more capital for minority-owned businesses and facilitating other types of financing. And at the community level, in addition to donating \$1 million to organizations promoting racial justice, we're expanding our support for inclusive local economic initiatives modelled on the multi-million-dollar investments we're already making in Chicago and Toronto.

Efforts like these define BMO, which was recently ranked in the top 15 – and first among all banks – in the 2020 Wall Street Journal survey of the 100 Most Sustainably Managed Companies in the World. Such recognition reinforces the larger message of this report: sustainability is core to our business. It's integral to how we make decisions, work together and partner with others who share our goals, our values – and our commitment to growing the good.

Darryl White  
Chief Executive Officer  
BMO Financial Group

## A Message from the Chair, Sustainability Council

At BMO, our Purpose is to **Boldly Grow the Good in business and life**. Sustainability is fundamental to our Purpose, and our bold commitments to a more sustainable future, an inclusive society and a thriving economy are how we're responding to today's challenges.

This report details how we're managing our company to maximize positive impacts and manage negative ones for our shareholders, customers, employees, communities and our value chain. At BMO, we're committed to creating long-term value for our stakeholders and advancing progress on the eight Sustainable Development Goals (SDGs) and 18 SDG targets where we believe we can have a meaningful impact. We're doing that by applying industry-leading approaches to seize opportunities and manage risks in key areas like sustainable finance, climate change, human rights, and diversity and inclusion.

The events of 2020 have placed emphasis on the social dimensions of sustainability. BMO is committed to upholding human rights and, this year, we reviewed our approach. We brought together key stakeholder groups to deepen our understanding of how our business and value chain impacts people and to identify opportunities to further embed human rights considerations.

Our diversity and inclusion program is a big part of our commitment to social justice. In 2020, we launched our *Zero Barriers to Inclusion 2025* strategy. It builds on the

success of our previous diversity strategy and focuses on systemic inequalities and increasing workforce representation for Black, Indigenous, People of Colour, Hispanic/Latino and LGBTQ2+ colleagues, customers and community members. Through our Pro Bono Program, BMO employees spend thousands of hours working to close the justice gap.

Climate change remains a challenging issue that presents a test of resilience to our organization and the global economy. At BMO, we're focused on managing climate-related risks and capturing opportunities in line with the Task Force on Climate-related Financial Disclosures. In 2020, we identified climate-related risks as a material risk and we've improved our governance and management of these risks. We're expanding our enterprise-wide capacity to conduct climate change scenario analysis and embed these analyses in our broader risk management approach.

We continue investing in solutions to climate change through our sustainable finance activity and management of our operational impacts. In 2020, we set and achieved a goal to match

100% of our global electricity usage with electricity produced from renewable sources by investing in Renewable Energy Certificates. This is a powerful way to build market demand for renewable electricity, which drives industry growth and accelerates the transition to a lower-carbon economy. We recognize the opportunity associated with the transition to an economy where global net emissions reach zero by 2050. As we plan BMO's net zero ambition, we'll play our part to support our clients in achieving global climate goals.

Our commitment to mobilize \$400 billion in sustainable finance by 2025 includes lending, underwriting and investing \$150 billion in companies pursuing sustainable outcomes, and aligning \$250 billion in client investments to sustainable objectives. In 2020, we've made remarkable progress toward these goals, achieving 71% of our \$150 billion goal and surpassing our \$250 billion target.

To support our sustainable finance commitments, in 2019 BMO issued its first sustainability bond, a US\$500 million issuance with proceeds allocated to green or socially sustainable asset categories. The issuance brings together our support for women entrepreneurs, Indigenous businesses and communities and the transition to a lower-carbon economy. Our first Sustainability Bond Impact Report highlights the positive impacts resulting from the bond and is included within this report.

We believe lasting positive change can most effectively be achieved through collaboration and partnership both within BMO and beyond. We participate in industry associations seeking to advance industry-leading approaches to embedding sustainability and we're playing a role disseminating this information through our award-winning Sustainability Leaders podcast and thought leadership.



This report has been prepared applying several sustainability reporting frameworks including the Global Reporting Initiative, the Sustainability Accounting Standards Board, the International Integrated Reporting Council's Integrated Reporting Framework, and recommendations of the Task Force on Climate-related Financial Disclosures. We encourage ongoing initiatives to harmonize sustainability reporting and to simplify and enhance the sustainability reporting landscape.

BMO's sustainability program has achieved global recognition in 2020. We ranked #15 on the Wall Street Journal's 100 Most Sustainably Managed Companies in the World – the only bank in the top 50 and only Canadian bank listed. We ranked in the 91st percentile of banks globally on the Dow Jones Sustainability Index. And we're the top-ranked North American bank on Corporate Knights' Global 100 Most Sustainable Corporations in the World ranking, and first among the major Canadian banks and #9 overall on Corporate Knights' Best 50 Corporate Citizens in Canada. We continue to be listed on the Ethisphere® Institute's World's Most Ethical Companies®.

See page 6 for a list of sustainability-related awards and recognition.

Simon Fish  
General Counsel and Chair  
BMO Sustainability Council

## About This Report

BMO publishes a Sustainability Report and Public Accountability Statement (PAS) annually. This report and PAS covers our 2020 fiscal year (November 1, 2019 to October 31, 2020).

Past reports can be found on our [website](#). Our previous report (for fiscal 2019) was released in December 2019. Unless otherwise noted, the information presented here is as at October 31, 2020, and all dollar amounts are in Canadian funds. Performance data in this report is enterprise-wide, unless otherwise stated, and may be rounded. Measurement methods are described in the Glossary of Terms on pages [105–108](#).

### Our suite of publications:

The following publications are referred to in our 2020 Sustainability Report and PAS, and are available on our corporate website.

- [2020 Annual Report to Shareholders](#)
- [2019 Employment Equity Narrative Report](#)
- [2020 Management Proxy Circular](#)
- [2020 Climate Report](#)
- [BMO statements on current issues](#)

## Sustainability Report

Our Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (Core option) and the GRI Financial Services Sector Disclosure. A GRI Content Index is provided on pages [89–104](#).

The content of this Sustainability Report is informed by the findings of a materiality assessment we conducted in 2020. See page 13 for our materiality matrix and disclosure.

We have aligned our priority topics with specific GRI topics and Sustainable Development Goals (SDGs) and targets (pages 9–10). The relevant SDG symbols and targets appear at the start of each section in this report.

Our Climate Report appears on pages [59–69](#). The report is aligned with the

### Symbol Key for This Report

- Index
- Sustainable Development Goal (SDG)
- More information
- Chapter icon
- 2020 metric assured by KPMG
- [XX](#) Navigate to another section/page

recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). A one-page overview of our approach to climate change appears on page [8](#).

We also report on our performance in relation to the Sustainability Accounting Standards Board (SASB) standards that apply to our operating groups. This disclosure appears on pages [78–88](#).

In 2020, we have added our Sustainability Bond Impact Report to this report on pages [70–77](#). Having issued our inaugural sustainability bond in October 2019, we are fulfilling a commitment to report annually on the use of the proceeds and, where feasible, on any positive environmental or social outcomes.

## Public Accountability Statement

This report includes the Public Accountability Statements for Bank of Montreal, Bank of Montreal Mortgage Corporation, BMO Life Assurance Company and BMO Life Insurance Company. It outlines certain aspects of Bank of Montreal's contributions, and the contributions of our affiliates with operations in Canada, to the Canadian economy and society. These disclosures meet the requirements of the Canadian federal government's Public Accountability Statement regulations, section 459.3(1) of the Bank Act (Canada), section 444.2(1) of the Trust and Loan Companies Act (Canada) and section 489.1(1) of the Insurance Companies Act (Canada). These statements appear on pages [111–119](#).

## Your Feedback

We'd like to hear what you think about our Sustainability Report and PAS or any other aspect of our sustainability efforts. Please send questions or comments to [sustainability@bmo.com](mailto:sustainability@bmo.com).

**2020 Annual Report to Shareholders:** <https://www.bmo.com/home/about/banking/investor-relations/annual-reports-proxy-circulars>  
**2019 Employment Equity Narrative Report:** <https://corporate-responsibility.bmo.com/reports/>  
**2020 Management Proxy Circular:** <https://corporate-responsibility.bmo.com/reports/>  
**2020 Climate Report:** <https://corporate-responsibility.bmo.com/reports/>  
**BMO statements on current issues:** <https://corporate-responsibility.bmo.com/our-approach/statement-on-current-issues/#issues>



**Awards and Recognition<sup>1</sup>**

#1 in Canadian Retail Banking Advice – J.D. Power

100 Most Sustainably Managed Companies in the World – The Wall Street Journal

2020 Bloomberg Gender-Equality Index

Best 50 Corporate Citizens in Canada – Corporate Knights

BEST Award for Corporate Learning – Association for Talent Development

Best Employers for Diversity 2020 (United States) – Forbes

Best ESG Investment Fund: Equities for the BMO Responsible Global Equity Fund – ESG Investing Awards

Best in State Banks 2020: BMO Harris Bank – Forbes

Best Places to Work for LGBTQ Equality – Human Rights Campaign

Best Platform/Activation of the Year from Major League Soccer and a Strategy Online Marketing Award in the community building category for the Montreal Impact jersey swap campaign

Best Research of the Year: thought leadership paper on ESG in fixed income investing – *Environmental Finance* Sustainable Investment Awards

Disability Equality Index – American Association of People with Disabilities

Dow Jones Sustainability Index, North America

Financial Content Marketing Award for Sustainability Leaders podcast – Gramercy Institute

FTSE4Good Index Series – FTSE Russell

Global 100 Most Sustainable Corporations in the World – Corporate Knights

Gold Award for Excellence in Leadership Development – Brandon Hall Group

LGBT Corporate Canadian Index

Manhattan Legal Services’ 2019 Awards Benefit – BMO was recognized for our pro bono work providing legal assistance to low-income New Yorkers

Pro Bono Initiative of the Year, Gold Winner – Canadian Law Awards

STOXX ESG Indices

Top 25 Corporate Partner – United Way of Metro Chicago

World’s Best Banks 2020: BMO Harris Bank – Forbes

World’s Most Ethical Companies® – Ethisphere®

<sup>1</sup> Sustainability-related. All awards are from the 2020 fiscal year unless otherwise indicated. For a complete list, refer to [Awards and Recognition](#) on our corporate website.



## How We Create Value

BMO has a purpose beyond profit that guides our decisions. Our business model creates value for stakeholders by transforming various resources, capabilities and relationships, collectively known as “capitals,” into positive financial, social and environmental outcomes. The following graphic, which is based on the International Integrated Reporting Council’s Integrated Reporting Framework, encapsulates how we bring value to society.

TYPES OF CAPITAL >

OUR BUSINESS >

HOW WE CREATE VALUE >

2020 OUTCOMES

| TYPES OF CAPITAL  | OUR BUSINESS   | HOW WE CREATE VALUE  | 2020 OUTCOMES  |  |  |
|---|--|--|--|--|--|
| <p><b>Financial</b><br/>We are stewards of capital and we work to generate financial returns for our investors and customers.</p>   | <p>Personal and Commercial Banking</p> <p>BMO Wealth Management</p> <p>BMO Capital Markets</p> <p>Corporate Services</p> | <p><b>Boldly Grow the Good in business and life</b></p>  | \$4.24<br>annual dividends declared per share in 2020                              | 5.1%<br>five-year average annual shareholder return                            | 54<br>enterprise-wide Net Promoter Score® in 2020              |
| <p><b>Human and Intellectual</b><br/>We help people adapt and thrive by embracing diversity and investing in the development of our more than 43,000 employees.</p>   |  |  | \$7.9 billion<br>in salaries, benefits and other compensation in 2020              | 41.7%▲<br>gender equity in senior leadership roles in 2020                     | 20.3%▲<br>People of Colour in senior roles (U.S.) in 2020      |
| <p><b>Social and Relationship</b><br/>We foster the economic and social well-being of the communities in which we live, work and do business.<br/><br/>We work with our customers to help them achieve their goals and ensure a sustainable future for all.</p> |  |  | 8.5%▲<br>enterprise-wide voluntary turnover in 2020                                | 35.5%▲<br>Minorities in senior roles (Canada) in 2020                          | \$65.8 million▲<br>invested in training in 2020                |
| <p><b>Natural</b><br/>We use natural resources responsibly, and we consider the environmental impacts of our business and operations.</p>   |  |  | \$2.1 billion<br>in taxes and levies paid in 2020                                  | \$5.3 billion<br>in goods and services purchased in 2020                       | \$66 million▲<br>in donations in 2020                          |
|   |  |  | \$445 billion<br>in client investments aligned with sustainable objectives in 2020 | \$107 billion<br>in capital to companies pursuing sustainable outcomes in 2020 | \$5.4 billion<br>in loans to Canadian small businesses in 2020 |
|   | \$9.1 billion<br>assets held in ESG-designated strategies in 2020  | \$6.4 billion<br>in business with Indigenous communities and individuals in 2020                       | \$9.5 billion<br>in loans to women-owned businesses in 2020                        |  |  |
|   | 100%<br>of global electricity use procured from renewable sources in 2020  | 0<br>net carbon emissions in our operations annually, in line with our commitment to carbon neutrality | 15%<br>reduction in carbon emissions by 2021 from a 2016 baseline                  |  |  |

**FOUNDATION OF TRUST**

Trust is the foundation of our business and it enables us to deliver on our Purpose and create long-term value for all of our stakeholders. To earn our stakeholders’ trust, we govern ourselves ethically and with integrity, communicate transparently, innovate to meet our customers’ needs, and protect our stakeholders’ human rights.

## Our Approach to Climate Change

In 2020, BMO continued to focus on innovative approaches to managing climate-related financial risks and opportunities. We expanded our work on climate-related scenario analysis and enhanced our capabilities to embed this analysis into our broader risk management approach. We have partnered with our customers to build innovative sustainable finance products to support them during the transition to a net zero economy.

|  | Current State  | Future Goals   |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
|--|--|--|--------|----------------------------------|--|------|-----------------------|------|------------------------|-----|---------------|-----|-------------|-----|----------------|-----|-------------|-----|-----------|-----|--------|-----|-----------------|-----|----------|---|------------------------------|-----|-------------------------------------|-----|----------------------|-----|
| GOVERNANCE                             | <ul style="list-style-type: none"> <li><b>Board:</b> Audit and Conduct Review Committee; Risk Review Committee</li> <li><b>Management committees:</b> Sustainability Council; Sustainable Finance Steering Committee; Sustainable Bonds Working Group; Disclosure Committee; Risk Management Committee; Global Investment Committee</li> </ul>   | <ul style="list-style-type: none"> <li><b>Management:</b> General Counsel, Chief Sustainability Officer, Chief Financial Officer, Head of Sustainable Finance, Global Chief Investment Officer; Chief Risk Officer, Head of Enterprise Risk, Senior Credit Officers</li> </ul>   |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| STRATEGY                               | <ul style="list-style-type: none"> <li>Developing innovative sustainable finance products and making progress toward our goal to mobilize \$400 billion for sustainable finance by 2025</li> <li>Actively contributing to development of climate change knowledge and methodologies for financial institutions</li> </ul>  | <ul style="list-style-type: none"> <li>Engage with boards more frequently on risks and opportunities related to climate change</li> <li>Build capacity and strengthen climate change risk management governance</li> </ul>   |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| RISK MANAGEMENT                        | <ul style="list-style-type: none"> <li>Integrating climate risk analysis into risk frameworks</li> <li>Climate-related risk is an engagement priority for asset management</li> </ul>  | <ul style="list-style-type: none"> <li>Integrating climate risk analysis into risk frameworks</li> <li>Expanding climate-related scenario analysis work and capabilities</li> <li>Driving carbon neutrality and a commitment to 100% renewable electricity in our global operations</li> </ul>   |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| METRICS AND TARGETS                    | <ul style="list-style-type: none"> <li>Carbon neutral in our operations since 2010</li> <li>100% renewable electricity in 2020</li> <li>Surpassed goal to align \$250 billion in client investments with sustainable objectives</li> <li>Achieved 71% of goal to mobilize \$150 billion in capital to companies pursuing sustainable outcomes, 43% of which is green finance</li> <li>Tracking carbon-related assets in lending portfolio and explored methodologies to measure carbon intensity of lending portfolio</li> <li>Tracking Scope 1, Scope 2 and some Scope 3 emissions, including supply chain emissions</li> </ul> | <div style="display: flex; justify-content: space-around;"> <div style="width: 45%;"> <p><b>Sensitivity to Climate Risk of BMO Lending Exposures, as at October 31, 2020</b></p> <table border="1"> <thead> <tr> <th>Sector</th> <th>(% of net loans and acceptances)</th> </tr> </thead> <tbody> <tr> <td>No significant climate risk identified</td> <td>47.9</td> </tr> <tr> <td>Residential mortgages</td> <td>27.5</td> </tr> <tr> <td>Commercial real estate</td> <td>8.7</td> </tr> <tr> <td>Manufacturing</td> <td>5.7</td> </tr> <tr> <td>Agriculture</td> <td>2.9</td> </tr> <tr> <td>Transportation</td> <td>2.8</td> </tr> <tr> <td>Oil and gas</td> <td>2.7</td> </tr> <tr> <td>Utilities</td> <td>1.1</td> </tr> <tr> <td>Mining</td> <td>0.5</td> </tr> <tr> <td>Forest products</td> <td>0.2</td> </tr> </tbody> </table> <p> <span style="color: orange;">■</span> Primarily physical risks     <span style="color: blue;">■</span> Both physical and transition risks<br/> <span style="color: lightblue;">■</span> Primarily transition risks     <span style="color: grey;">■</span> No significant physical or transition risks identified                 </p> </div> <div style="width: 45%;"> <p><b>BMO Lending to Power Generation<sup>1</sup>, as at October 31, 2020</b></p> <table border="1"> <thead> <tr> <th>Category</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Low-carbon energy generation</td> <td>58%</td> </tr> <tr> <td>Fossil-fuel based energy generation</td> <td>31%</td> </tr> <tr> <td>Other (Unclassified)</td> <td>11%</td> </tr> </tbody> </table> </div> </div> | Sector | (% of net loans and acceptances) | No significant climate risk identified | 47.9 | Residential mortgages | 27.5 | Commercial real estate | 8.7 | Manufacturing | 5.7 | Agriculture | 2.9 | Transportation | 2.8 | Oil and gas | 2.7 | Utilities | 1.1 | Mining | 0.5 | Forest products | 0.2 | Category | % | Low-carbon energy generation | 58% | Fossil-fuel based energy generation | 31% | Other (Unclassified) | 11% |
| Sector                                 | (% of net loans and acceptances)   |  |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| No significant climate risk identified | 47.9   |  |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| Residential mortgages                  | 27.5   |  |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| Commercial real estate                 | 8.7  |  |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| Manufacturing                          | 5.7  |  |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| Agriculture                            | 2.9  |  |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| Transportation                         | 2.8  |  |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| Oil and gas                            | 2.7  |  |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| Utilities                              | 1.1  |  |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| Mining                                 | 0.5  |  |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| Forest products                        | 0.2  |  |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| Category                               | %  |  |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| Low-carbon energy generation           | 58%  |  |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| Fossil-fuel based energy generation    | 31%  |  |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |
| Other (Unclassified)                   | 11%  |  |        |                                  |  |      |                       |      |                        |     |               |     |             |     |                |     |             |     |           |     |        |     |                 |     |          |   |                              |     |                                     |     |                      |     |

• Maintain carbon neutrality in our operations  
 • Maintain 100% renewable electricity purchases  
 • Establish new operational emissions reduction targets beyond 2021  
 • Understand and incorporate emerging methodologies on Scope 3 emissions analysis and science-based targets

\$45.7 billion

BMO has provided \$45.7 billion in green finance since 2019

3.0%

of lending portfolio is carbon-related assets<sup>1</sup>

<sup>1</sup> The value of net loans and acceptances connected to the energy and utilities sectors, excluding water utilities, independent power producers, electricity transmission and distribution companies, renewable electricity producers, nuclear electricity producers, and waste management companies. The amount is reported as at the specified date, and is expressed as a percentage of total loans and acceptances, net of allowance for credit losses on impaired loans.

## Sustainable Development Goals

At BMO, we believe the success of the SDGs hinges on the mobilization of private sector finance. We are actively embedding these global goals into our approach to sustainability and sustainable finance to maximize the positive impacts our business can have on society and the environment. We focus our efforts on the eight SDGs and 18 SDG targets shown here because they are the areas in which we believe we can have the greatest impact.

The United Nations 2030 Agenda for Sustainable Development outlines 17 Sustainable Development Goals (SDGs) and 169 targets in areas of critical importance for humanity and the planet. They represent a universal call to action to end poverty, protect the planet and ensure that all people are able to enjoy peace and prosperity.

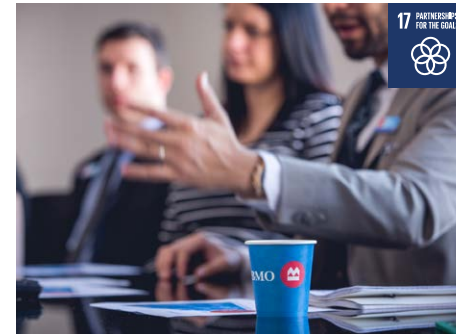


| Goals | Targets  | Our Contribution   |
|-------|--|--|
|       | 1.4 Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to financial services   | BMO has designed products and services tailored to underrepresented segments including women and Indigenous communities. See <a href="#">Financial Inclusion</a> .   |
|       | 8.3 Promote decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services<br>8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value<br>8.7 Take measures to eradicate forced labour, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labour<br>8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all | BMO promotes economic growth by creating fair employment opportunities in our own operations and in the broader economy through our support of small businesses and entrepreneurs. We take steps to address forced labour, modern slavery and human trafficking through our approach to human rights, and encourage our peers and value chain partners to do the same. See <a href="#">Employee Experience</a> , <a href="#">Financial Inclusion</a> and <a href="#">Human Rights</a> .                      |
|       | 10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, or economic or other status<br>10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard   | BMO has adopted policies and practices that aim to remove barriers to social and economic inclusion among our employees. For our customers, we have designed products and services tailored to underrepresented segments, and we are partnering with charitable organizations on initiatives focused on inclusive local economic opportunity. See <a href="#">Diversity and Inclusion</a> , <a href="#">Financial Inclusion</a> , <a href="#">Community Impact</a> and <a href="#">Customer Experience</a> . |
|       | 5.1 End all forms of discrimination against all women and girls everywhere<br>5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life<br>5.a Undertake reforms to give women equal rights to economic resources, as well as access to financial services  | BMO is a champion of diversity and inclusion in our workforce. We also support women-owned businesses by providing access to financial services, and actively support initiatives aimed at empowering women and girls. See <a href="#">Diversity and Inclusion</a> and <a href="#">Financial Inclusion</a> .   |
|       | 11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management   | BMO manages our environmental impact and resource use, and we partner with our customers to build more sustainable buildings and promote community development initiatives. See <a href="#">Climate Report</a> .   |
|       | 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters<br>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning   | We are raising awareness, building our capacity to manage climate change risks and opportunities, and mobilizing capital in support of a lower-carbon economy. We are actively partnering with industry peers to advance climate-related analytical methodologies. See <a href="#">Climate Report</a> .  |
|       | 7.2 Increase substantially the share of renewable energy in the global energy mix<br>7.3 Double the global rate of improvement in energy efficiency<br>7.a Enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology  | BMO advises on, finances and invests in renewable energy projects and clean energy technologies. We are also committed to stimulating market demand and driving industry growth by purchasing renewable energy equivalent to our global electricity use. See <a href="#">Sustainable Finance</a> and <a href="#">Climate Report</a> .  |
|       | 16.4 Reduce illicit financial and arms flows and combat all forms of organized crime<br>16.5 Reduce corruption and bribery in all their forms  | BMO upholds high standards of ethical and responsible conduct for ourselves, our customers and our partners to enhance the effectiveness and accountability of institutions. See <a href="#">Business Conduct</a> , <a href="#">Data Security</a> and <a href="#">Human Rights</a> .   |

## Partnerships for the Goals

We recognize the importance of collaboration and partnerships for scaling positive impact and making progress toward achieving the Sustainable Development Goals. BMO is committed to playing a role as a convener and catalyst of efforts to achieve these goals, in line with SDG 17 and target 17.16 to enhance partnerships for sustainable development that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the SDGs. We engage with stakeholders across our value chain and draw on our individual and collective capabilities to accelerate and amplify the change we all desire.

- **Canadian Bankers Association** – BMO is participating in a forum on how the industry can develop, share and disseminate best practices for climate-related disclosures that align with the recommendations of the TCFD. We are taking a leadership role in monitoring climate-related regulatory developments.
- **Canadian Standards Association – Technical Committee on Transition and Sustainable Finance** – BMO is participating in the development a national standard of Canada for transition and sustainable finance.
- **Equator Principles** – BMO has been a signatory to the Equator Principles (EP) since 2005. We represent North America on the EP Steering Committee, were actively involved in the EP4 update, and chair the Social Risk Working Group.
- **Canadian Mirror Committee for ISO TC 322 – Standardization in the Field of Sustainable Finance** – BMO is the Chair of the Canadian Mirror Committee for ISO’s Technical Committee 322 on Standardization in the Field of Sustainable Finance.



- **United Nations Environment Programme Finance Initiative (UNEP FI) TCFD Pilot Project for Banks** – BMO is participating in Phase 2 of a TCFD banking pilot to enhance the existing TCFD implementation toolkit for banks. We are also taking a leadership role in the development and testing of scenario analysis for the metals and mining sector.
- **UNEP FI Positive Impact Working Groups** – BMO is participating in two working groups to develop methodologies and tools to identify, monitor and manage corporate and portfolio impacts.
- **UNEP FI Target-Setting Working Groups** – BMO is participating in a working group to develop guidance on indicators, metrics and methodologies for target-setting related to financial inclusion and gender equality impacts.
- **UNEP FI Biodiversity Project** – BMO is participating in a project to develop tools for financial institutions to contribute to target-setting and assess portfolio alignment with biodiversity targets in key sectors.
- **UNICEF Canada and Global Compact Network Canada** – BMO participated in a working group to assess the impacts of business on children.

### Thought Leadership

#### Award-Winning<sup>1</sup> Sustainability Leaders Podcast

In 2020, BMO published 17 episodes of its sustainability [podcast series](#) on topics including climate change, biodiversity, human rights, and the impacts of and recovery from COVID-19.

#### Just Transition

BMO published an [article](#) and a podcast on the concept of a Just Transition, a transition to a lower-carbon economy that considers social impacts such as decent work, social inclusion and the eradication of poverty. We also co-hosted a UNEP-FI [webinar](#) on the topic.

#### ESG Viewpoints

BMO Global Asset Management regularly publishes ESG Viewpoints. In 2020, topics included the implications of COVID-19, climate risk and opportunity, the transition to a lower-carbon economy, racial justice, gender diversity, food production, labour issues, affordable housing, ocean health and others.

#### ESG Equity Research

BMO Research has published a number of ESG-related research pieces, and in 2020 added a dedicated ESG Strategist focused exclusively on publishing ESG thematic work and integrating ESG into the offering.

#### ESG Conference

BMO hosted its second annual ESG conference for the energy sector. The event featured a panel on the subject of governance and how the Canadian oil and gas sector is addressing a flight of foreign capital amid environmental concerns.

#### COVID Insights

BMO created a [forum](#) for clients, providing timely insights on how the pandemic is impacting the economy and what a road to recovery will look like in life and in business.

<sup>1</sup> Awards include: Platinum Award – 2020 Hermes Creative Awards; Gramercy Institute’s 2020 Financial Content Marketing Awards.

**Podcast series:** <https://bmo.com/sustainability/leaders-podcast>  
**Article:** <https://capitalmarkets.bmo.com/en/news-insights/covid-19-insights/sustainable-finance/charting-green-and-just-recovery-pandemic/>  
**Webinar:** <https://www.unepli.org/events/webinar-just-transition-bringing-people-and-communities-along-with-the-move-to-a-net-zero-carbon-economy/>  
**Forum:** <https://capitalmarkets.bmo.com/en/news-insights/covid-19-insights/>



## Engaging Our Stakeholders

Through regular and thoughtful engagement with stakeholders, we deepen our understanding of what’s important to them and ensure that our strategies, activities and reporting are aligned with their interests and needs. Our primary stakeholders are groups that are either currently affected by our operations or are able to have some influence on our future actions. We engage with these groups in the course of our day-to-day business and through activities that specifically address key sustainability topics.

Here are some examples:

| Stakeholder Group                         | Ways We Engage   | Key Topics in 2020   |  |
|---|--|--|--|
| <b>Customers</b>                          | <ul style="list-style-type: none"> <li>Advisory panels and focus groups</li> <li>Complaints management processes</li> <li>North American Client Contact Centre</li> <li>Customer experience surveys</li> </ul>   | <ul style="list-style-type: none"> <li>Net Promoter Score programs</li> <li>Dedicated mailboxes</li> <li>Meetings, phone calls and email correspondence</li> <li>Social media</li> <li>Conferences, podcasts and webinars</li> <li>Content on bmo.com</li> </ul>   | <ul style="list-style-type: none"> <li>Switching to online banking (see <a href="#">Customer Experience</a>)</li> <li>Managing finances during the pandemic (see <a href="#">Customer Experience</a>)</li> <li>Cyber security threats during the pandemic (see <a href="#">Data Security</a>)</li> <li>Managing a business during the pandemic (see <a href="#">Financial Inclusion</a>)</li> <li>Accessing government relief (see <a href="#">Customer Experience</a>)</li> <li>Indigenous relations (see <a href="#">Financial Inclusion</a>)</li> <li>Support for women in business (see <a href="#">Financial Inclusion</a>)</li> </ul>  |
| <b>Employees</b>                          | <ul style="list-style-type: none"> <li>Ad hoc surveys and focus groups</li> <li>Senior leader emails, internal blogs and videos</li> <li>Town halls and team meetings</li> <li>Podcasts</li> <li>Enterprise Resource Groups</li> <li>Internal grievance mechanisms</li> <li>Dedicated mailboxes and enterprise/targeted email announcements</li> </ul> | <ul style="list-style-type: none"> <li>BMOCentral intranet and group-specific portals</li> <li>Topic-specific training, such as annual Ethics, Legal and Compliance training, and diversity and inclusion training</li> <li>BMO University</li> <li>Our private newsreader mobile app with social functionality</li> <li>Workday, our internal human resources information system</li> </ul> | <ul style="list-style-type: none"> <li>Racial justice (see <a href="#">Diversity and Inclusion</a>)</li> <li>Diversity and inclusion (see <a href="#">Diversity and Inclusion</a>)</li> <li>Indigenous awareness and cultural sensitivity training (see <a href="#">Financial Inclusion</a>)</li> <li>People leader support for managing during the pandemic (see <a href="#">Employee Experience</a>)</li> <li>Working remotely (see <a href="#">Employee Experience</a>)</li> <li>Privacy and information security while working remotely (see <a href="#">Data Security</a>)</li> <li>Mental health support (see <a href="#">Employee Experience</a>)</li> <li>Learning and skills building for the future of work (see <a href="#">Employee Experience</a>)</li> </ul> |
| <b>Shareholder and Investor Community</b> | <ul style="list-style-type: none"> <li>Annual meeting</li> <li>Quarterly earnings conference calls</li> <li>Investor conferences</li> <li>Biennial institutional shareholders’ luncheon with Board Chair</li> </ul>  | <ul style="list-style-type: none"> <li>Meetings, phone calls and email correspondence</li> <li>Shareholder proposals</li> <li>Podcasts and webinars</li> <li>Investor Relations website</li> <li>BMO Global Asset Management engagement activities</li> </ul>  | <ul style="list-style-type: none"> <li>Environment and social risk (ESR) management framework (see <a href="#">Environmental and Social Risk Management</a>)</li> <li>ESG implications of COVID-19 (see <a href="#">Responsible Investing</a>)</li> <li>Sustainable finance (see <a href="#">Sustainable Finance</a>)</li> <li>BMO GAM engagement themes – environmental stewardship, climate change, human rights, labour standards, business conduct, public health and corporate governance (see <a href="#">Responsible Investing</a>)</li> </ul>  |

## Engaging Our Stakeholders cont'd

| Stakeholder Group                     | Ways We Engage  |   | Key Topics in 2020   |  |
|---------------------------------------|---|---|--|--|
| Government and Regulators             | <ul style="list-style-type: none"> <li>Meetings, phone calls and email correspondence</li> <li>Regulatory submissions</li> </ul>                              | <ul style="list-style-type: none"> <li>Public submissions to government consultations</li> </ul>                                  | <ul style="list-style-type: none"> <li>Indigenous rights (see <a href="#">Financial Inclusion</a>)</li> </ul>  | <ul style="list-style-type: none"> <li>Facilitating customer access to government relief programs (see <a href="#">Customer Experience</a>)</li> </ul>   |
| Industry Associations                 | <ul style="list-style-type: none"> <li>Industry association memberships</li> <li>Participation in industry working groups and technical committees</li> </ul> | <ul style="list-style-type: none"> <li>Multi-stakeholder partnerships</li> <li>Industry forums, panels and roundtables</li> </ul> | <ul style="list-style-type: none"> <li>Sustainable finance</li> <li>Cyber security during the pandemic</li> <li>Climate change</li> <li>Equator Principles (See <a href="#">Partnerships for the Goals</a>)</li> </ul> | <ul style="list-style-type: none"> <li>Positive Impact</li> <li>Target setting</li> <li>Biodiversity</li> <li>Human rights</li> </ul>  |
| Non-governmental Organizations (NGOs) | <ul style="list-style-type: none"> <li>Participation in working groups</li> <li>Multi-stakeholder partnerships</li> </ul>                                     | <ul style="list-style-type: none"> <li>Conferences and forums</li> </ul>  | <ul style="list-style-type: none"> <li>Human rights (see <a href="#">Human Rights</a>)</li> <li>Indigenous rights (see <a href="#">Financial Inclusion</a>)</li> </ul>   | <ul style="list-style-type: none"> <li>Sustainable finance (see <a href="#">Sustainable Finance</a>)</li> <li>ESR management framework (see <a href="#">Environmental and Social Risk Management</a>)</li> </ul> |
| Communities                           | <ul style="list-style-type: none"> <li>Community partnerships and giving</li> <li>Volunteering</li> </ul>   | <ul style="list-style-type: none"> <li>Sponsorships</li> </ul>  | <ul style="list-style-type: none"> <li>COVID-19 pandemic support (see <a href="#">Community Impact</a>)</li> </ul>   | <ul style="list-style-type: none"> <li>Combating social and racial injustice (see <a href="#">Community Impact</a> and <a href="#">Diversity and Inclusion</a>)</li> </ul>                                       |

## Materiality

BMO's 2020 materiality assessment was conducted using Datamaran's artificial intelligence and big data platform. The assessment was based on the GRI's approach to materiality and resulted in the development of a materiality matrix that prioritized the topics identified as important to our business and our stakeholders.

Datamaran's library of hundreds of sustainability issues was used to select and customize the 19 sustainability topics included in the assessment. The topics that were selected are generally consistent with BMO's previous sustainability reports, though some new topics have been added.

The importance of each sustainability topic to BMO's stakeholders (vertical axis) was determined based on the following inputs:

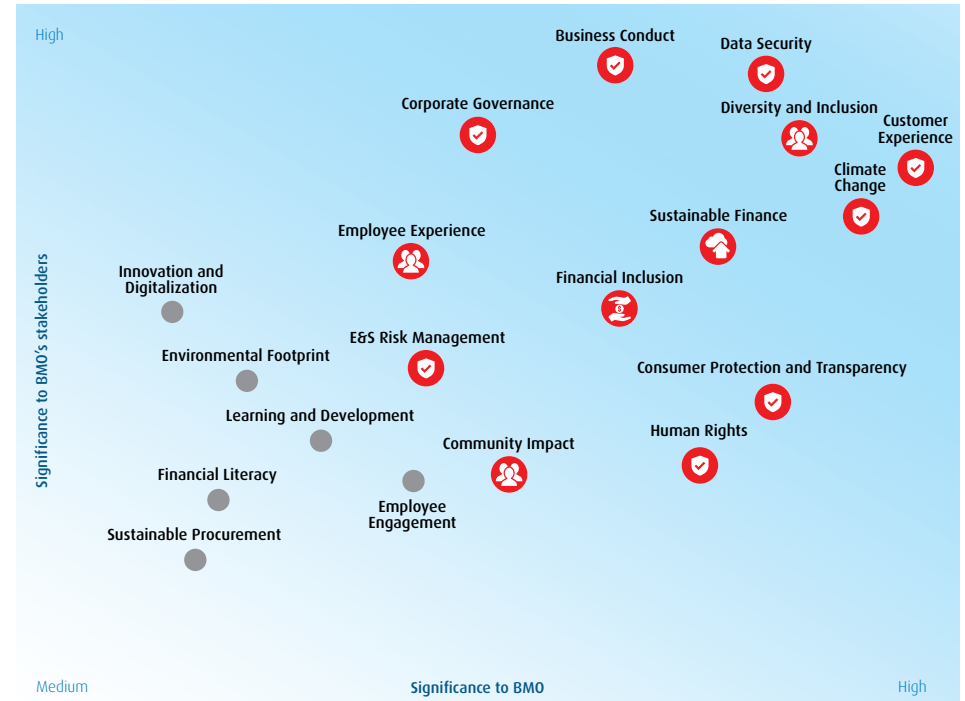
- Benchmarking of the latest corporate reporting of more than 750 financial services sector companies in the countries where BMO operates;
- A review of more than 1,600 mandatory sustainability-related regulations and more than 1,000 voluntary sustainability-related initiatives relevant to the financial services sector in the countries where BMO operates;

- A review of financial services sector media and social media activity, including more than 6,400 articles and nearly 150 million social media posts;

- A survey of BMO employees.

The importance of each sustainability topic to BMO (horizontal axis) was determined based on:

- The topic's potential impact on BMO's ability to achieve our corporate strategic priorities and our Purpose commitments, and to maintain the foundation of trust upon which our business depends;
- A survey of BMO's Sustainability Council members.



The materiality assessment and matrix were reviewed and validated in a workshop with BMO's Sustainability Council members. The final materiality matrix was reviewed by BMO's Disclosure Committee and the Audit and Conduct Review Committee of the Board of Directors as part of the Sustainability Report approval process.

The 13 priority topics identified in our materiality matrix are described in this year's report. Topics falling in the lower quadrant of the materiality matrix are important to BMO and are addressed in relation to other topics. Innovation and Digitalization is discussed in the context of enhancing our Customer Experience; Environmental Footprint is discussed in the context of Climate Change; Financial Literacy is discussed in the context of Financial Inclusion; Learning and Development and

Employee Engagement are discussed in the context of enhancing our Employee Experience; and Sustainable Procurement is discussed in the context of both Environmental & Social Risk Management and Human Rights.

BMO continuously engages with stakeholders and monitors trends to validate the relevance of the priority topics that are identified. In-person engagement was challenging in 2020 due to the social distancing requirements of the COVID-19 pandemic, so we relied upon virtual stakeholder engagement to inform this assessment. Going forward, BMO plans to continue to conduct stakeholder engagement on sustainability topics annually, and to update the Datamaran analysis each year in order to monitor the rapidly evolving sustainability landscape.

## Sustainability Scorecard

BMO tracks progress on our priority sustainability topics with the indicators presented in this scorecard. Indicator definitions can be found in the Glossary of Terms on pages 105–108.

▲ 2020 data for this metric has been externally assured. See KPMG’s Independent Limited Assurance Report on page 109.

| Priority Topics and Metrics  | Unit of Measure            | 2020             | 2019            | 2018    | Target<br>(if applicable)            |
|--|----------------------------|------------------|-----------------|---------|--------------------------------------|
| <b>Climate Change</b>  |                            |                  |                 |         |                                      |
| Carbon-related assets  | % of total assets          | 3.0              | 3.3             | –       |                                      |
| GHG emissions from fuel (Scope 1)  | tonnes CO <sub>2</sub> e   | TBD <sup>1</sup> | 45,672          | 42,883  | 15% reduction by 2021 vs. 2016       |
| GHG emissions from electricity and steam (Scope 2)                                 | tonnes CO <sub>2</sub> e   | TBD <sup>1</sup> | 90,457          | 99,062  |                                      |
| GHG emissions from waste generated in operations (Scope 3 category 5) <sup>2</sup> | tonnes CO <sub>2</sub> e   | TBD <sup>1</sup> | 530             | 1,227   |                                      |
| GHG emissions from business travel (Scope 3 category 6) <sup>3</sup>               | tonnes CO <sub>2</sub> e   | TBD <sup>1</sup> | 24,655          | 20,164  |                                      |
| Total GHG emissions  | tonnes CO <sub>2</sub> e   | TBD <sup>1</sup> | 161,314         | 163,336 |                                      |
| Carbon credits retired   | tonnes CO <sub>2</sub> e   | TBD <sup>1</sup> | 71,401          | 74,180  |                                      |
| GHG reductions from renewable energy credits purchased                             | tonnes CO <sub>2</sub> e   | TBD <sup>1</sup> | 89,913          | 89,156  |                                      |
| Net GHG emissions from operations  | tonnes CO <sub>2</sub> e   | TBD <sup>1</sup> | 0               | 0       | Annual operational carbon neutrality |
| <b>Community Impact</b>  |                            |                  |                 |         |                                      |
| Donations – Canada and United States ▲   | \$ millions                | 66.0             | 67.2            | 63.5    |                                      |
| Employee volunteer hours <sup>4</sup>  | total #                    | 2,682            | 18,394          | 19,500  |                                      |
| Total raised through BMO Employee Giving Campaign                                  | \$ millions                | 22.7             | 22.8            | 22.3    |                                      |
| <b>Corporate Governance</b>  |                            |                  |                 |         |                                      |
| Average tenure of members of Board of Directors                                    | years                      | 7                | 8               | 8       |                                      |
| Women on Board of Directors  | % of independent directors | 45.5             | 35.7            | 35.7    | No less than 1/3                     |
| <b>Customer Experience</b>   |                            |                  |                 |         |                                      |
| Average time to complete Banking reviews by BMO’s Office of the Ombudsman ▲        | days                       | 32               | 37              | 37      |                                      |
| Average time to complete Investment reviews by BMO’s Office of the Ombudsman ▲     | days                       | 34               | 41              | 43      |                                      |
| Banking reviews completed by BMO’s Office of the Ombudsman ▲                       | total #                    | 439              | 350             | 250     |                                      |
| Investment reviews completed by BMO’s Office of the Ombudsman ▲                    | total #                    | 56               | 52              | 41      |                                      |
| Customer loyalty surveys completed   | total #                    | 1,285,925        | 1,168,955       | 350,937 |                                      |
| Net Promoter Score – enterprise-wide   | NPS                        | 54               | 51 <sup>5</sup> | 47      |                                      |

<sup>1</sup> Available online in June 2021 at: [Environmental Performance](#).

<sup>2</sup> Scope 3 category 5 emissions include indirect GHG emissions from BMO’s solid waste sent to municipal landfills (North America only).

<sup>3</sup> Scope 3 category 6 emissions include indirect GHG emissions from employee business travel in non-company owned assets.

<sup>4</sup> Includes BMO Annual Volunteer Day and Days of Caring. In 2020, we suspended our Annual Volunteer Day in the interest of safety due to the COVID-19 pandemic.

<sup>5</sup> 2019 NPS is restated to reflect the final calculated value as disclosed on page 83 of the 2020 Management Proxy Circular.



## Sustainability Scorecard cont'd

BMO tracks progress on our priority sustainability topics with the indicators presented in this scorecard. Indicator definitions can be found in the Glossary of Terms on pages 105–108.

▲ 2020 data for this metric has been externally assured. See KPMG's Independent Limited Assurance Report on page 109.

| Priority Topics and Metrics  | Unit of Measure       | 2020              | 2019    | 2018   | Target<br>(if applicable) |
|--|-----------------------|-------------------|---------|--------|---------------------------|
| <b>Data Security</b>   |                       |                   |         |        |                           |
| Substantiated complaints regarding breaches of customer privacy and losses of customer data▲ | total #               | 4                 | 4       | 9      |                           |
| <b>Diversity and Inclusion</b>   |                       |                   |         |        |                           |
| Gender equity in senior leadership roles – Canada and United States▲                         | %                     | 41.7              | 41.1    | 39.7   | 40% by 2020 <sup>1</sup>  |
| Indigenous employees – Canada▲   | %                     | 1.2               | 1.2     | 1.1    | 1.6% by 2020              |
| Minorities in senior roles – Canada▲   | %                     | 35.5              | 33.6    | 31.9   | 30% by 2020               |
| People of Colour in senior roles – United States▲  | %                     | 20.3              | 19.4    | 17.8   | 20% by 2020               |
| Persons with disabilities – Canada and United States▲  | %                     | 4.7               | 4.2     | 3.9    | 4.5% by 2020              |
| Women in executive officer roles   | %                     | 27.2              | 30.8    | 23.1   |                           |
| Women in workforce   | %                     | 54.0              | 55.1    | 55.6   |                           |
| New women employees  | %                     | 52.6              | –       | –      |                           |
| <b>Employee Experience</b>   |                       |                   |         |        |                           |
| Open positions filled by internal candidates <sup>2</sup>                                    | %                     | 55                | 50      | 51     |                           |
| Voluntary turnover rate – enterprise-wide▲   | %                     | 8.5 <sup>3</sup>  | 10.7    | 10.9   |                           |
| Average training hours per full-time employee (FTE)  | hours/FTE             | 20.3 <sup>4</sup> | 25.8    | 25.0   |                           |
| Employees receiving annual performance reviews <sup>5</sup>                                  | %                     | 100               | –       | –      | 100% annually             |
| Investment in training▲  | \$ millions           | 65.8              | 86.8    | 78.1   |                           |
| <b>Financial Inclusion</b>   |                       |                   |         |        |                           |
| Women-owned businesses supported – Canada  | total #               | 113,000           | 109,377 | –      |                           |
| Loans to women-owned businesses – Canada   | \$ billions           | 9.5               | 8.5     | –      |                           |
| Small business lending – Canada  | \$ billions           | 5.4               | –       | –      |                           |
| Small business lending customers – United States   | total #               | 21,500            | –       | –      |                           |
| First Nations participating in BMO's On-Reserve Housing Loan Program – Canada▲               | total #               | 121               | 120     | 110    |                           |
| Indigenous communities with which BMO has a relationship – Canada                            | total #               | 250               | 248     | 225    |                           |
| Participants in financial literacy sessions offered by BMO Harris – United States            | total #               | 3,314             | 8,500   | 18,907 |                           |
| <b>Sustainable Finance</b>   |                       |                   |         |        |                           |
| Capital to companies pursuing sustainable outcomes   | \$ billions           | 80.2              | 26.7    | –      | \$150 billion by 2025     |
| Client investments aligned with sustainable objectives                                       | \$ billions in assets | 444.8             | 296.1   | –      | \$250 billion by 2025     |

1 Minimum of 40% women and men in each line of business.

2 In 2020, we updated our methodology to calculate open positions filled by internal candidates to exclude campus interns which by their nature are filled by external candidates (see Glossary of Terms). 2018 and 2019 values have been restated.

3 In 2020, a different headcount averaging method is used to calculate the turnover rate. 2018 and 2019 values have not been restated.

4 In 2020, we updated our methodology for tracking training hours to include informal, self-directed learning on BMO University. 2018 and 2019 values have not been restated. In 2020, we suspended in-person training in the interest of safety due to the COVID-19 pandemic. Virtual learning is generally shorter in duration, resulting in a year-over-year decrease.

5 Due to the digitization of our performance review process this year, this metric has been revised to refer specifically to the documented year-end performance review. BMO employees participate in performance and career development conversations.

Growing the Good for a Sustainable Future

We are committed to supporting our clients and partnering with others in the pursuit of sustainable objectives – which include achieving positive social outcomes such as those expressed in the UN Sustainable Development Goals, and environmental outcomes that support the transition to a lower-carbon economy.



Priority Topics in This Section

- Sustainable Finance
- Responsible Investing
- Environmental and Social Risk Management

\$445 billion

in client investments aligned with sustainable objectives

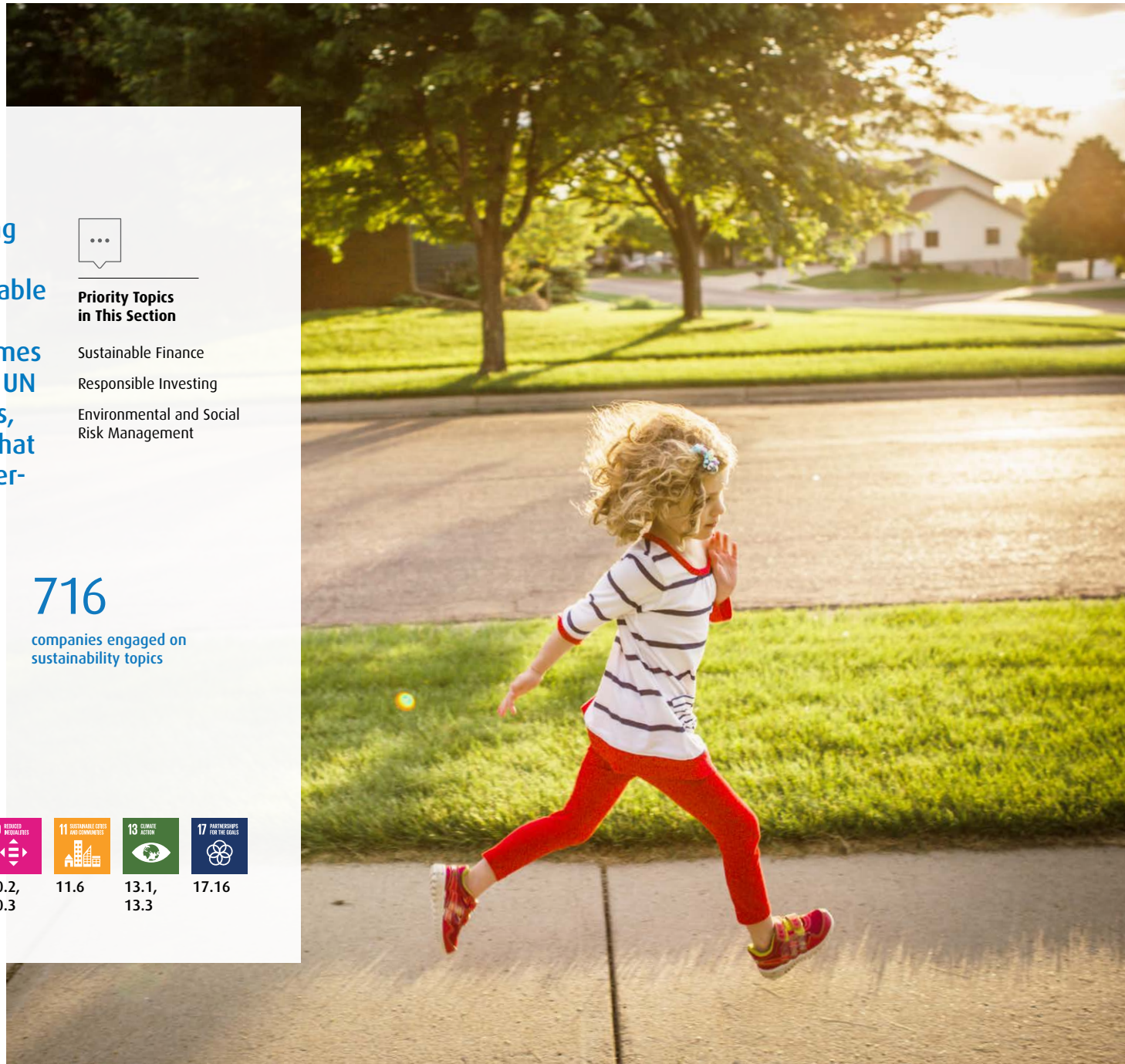
\$107 billion

in capital to companies pursuing sustainable outcomes

716

companies engaged on sustainability topics

Alignment with SDGs



## Building Global Solutions

### BMO AND THE WORLD BANK WORK TOGETHER TO ADDRESS A GLOBAL PANDEMIC – AND TO BUILD A MORE SUSTAINABLE FUTURE

Building a strong and sustainable future requires dedication to creating positive change – and taking meaningful action to make that change a reality. That’s why BMO has committed to mobilizing \$400 billion in sustainable finance, aimed at helping enterprises in a diverse range of sectors pursue sustainable outcomes.



Now, in the face of an ongoing global pandemic, building a sustainable future has become more urgent than ever before. As a purpose-driven company, we recognize the need for leadership in a global crisis of this magnitude.

That’s why BMO Capital Markets was pleased to act as joint lead manager for the World Bank’s landmark US\$8 billion, five-year Sustainable Development Bond, issued in April 2020. It was the largest-ever U.S. dollar-denominated bond issued by a supranational organization (an international body with regulatory authority over its member states).

Capital from the bond sale supports sustainable development activities in the World Bank’s member countries, including helping to fund the World Bank’s global coronavirus response, with a focus on saving lives, protecting livelihoods, building resilience and boosting the recovery.

BMO’s collaboration with the World Bank on this bond, along with several prior issuances, is part of a broader commitment to creating investment opportunities within an ESG framework. Sustainable Development Bonds are powerful tools for investing in positive social and environmental change. The proceeds from these bonds support the Sustainable Developments Goals (see page 9).

“We very much appreciate investors’ support for the World Bank and our development mandate. It allows us to serve our member countries, helping them safeguard their progress towards sustainable development – especially through this challenging period,” said Jingdong Hua, Vice President and Treasurer, World Bank. “The US\$8 billion transaction is part of the World Bank’s issuance program, which raises funds to support projects and programs, including those responding to the health, social, and economic impacts of COVID-19.”

The World Bank reports that the COVID-19 pandemic is estimated to push an additional 88–115 million people into extreme poverty this year, with the total rising to as many as 150 million by 2021, depending on the severity of the economic contraction. In response, the World Bank is delivering record levels of support to clients with its largest and fastest crisis response in its history. Support has been extended to more than 100 developing countries – home to 70% of the world’s population. Operations are underway with a focus on three stages – relief, restructuring and a resilient and sustainable recovery. It does this across four focus areas:

- Saving lives
- Protecting poor and vulnerable people
- Ensuring sustainable business growth and job creation
- Strengthening policies, institutions, and investments

The scale and speed of response is critical in helping mitigate the adverse impacts of this crisis – and in helping to accelerate recovery.

Dan Barclay, CEO and Group Head, BMO Capital Markets, expressed BMO’s pride in contributing to the record-breaking transaction. “During this unprecedented time, it is an honour to work with the World Bank again on another influential transaction,” said Dan. “Strengthening existing health systems in developing countries is part of the World Bank’s fast-track approach, and is aligned with our priorities and purpose at BMO for community involvement during the COVID-19 pandemic. We are proud to be a part of this global solution.”

In addition to this partnership, BMO has set a number of goals in sustainable finance for the near future. As part of mobilizing \$400 billion, we aim to work with clients to align \$250 billion in their investments with sustainable objectives and provide \$150 billion in capital to companies pursuing sustainable outcomes. BMO has also created an impact investment fund to find and scale solutions to the sustainability problems faced by clients, and we’ve seeded the fund with \$250 million in capital.

As the world changes in unexpected ways, we maintain our focus on the things that matter, while also remaining nimble and ready to react to events as they unfold. It’s all part of our purpose-driven commitment to a more sustainable future.



**SUSTAINABLE FINANCE**

By applying the full range of our capabilities in sustainable finance, we can help our customers navigate the transition to a sustainable economy and support widespread progress toward achieving the SDGs. We believe sustainable finance can promote the longer-term economic stability of both the organizations we fund and the overall financial system.

**Framing the topic**

**What we mean by sustainable finance:**

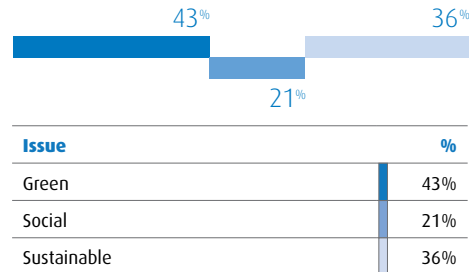
An approach in which all participants in the financial industry can come together, mobilizing capital to address global problems effectively and help ensure a sustainable future. Our definition of this approach includes investment and financing services and operations that have an ESG impact, or that integrate ESG criteria into decision-making.

**Who has responsibility:** BMO's Head of Sustainable Finance, with oversight by the Sustainable Finance Steering Committee, which is composed of BMO executives and chaired by the CEO and Group Head, BMO Capital Markets.

To deliver on our Purpose, in 2019, BMO committed to mobilize \$400 billion for sustainable finance by 2025. This commitment is supported by an enterprise-wide sustainable finance effort that brings together our capabilities in Capital Markets, Global Asset Management, and Personal and Commercial Banking, and is supported by our own corporate sustainability efforts. Accountability lies with our CEO and Group Head, BMO Capital Markets, who chairs the Sustainable Finance Steering Committee.



Since 2019, we have provided \$45.7 billion in capital to companies pursuing sustainable objectives related to climate and the environment, \$22.8 billion to companies pursuing social sustainability outcomes and \$38.5 billion to companies pursuing both green and social benefits.



**Our Bold Commitments**

- Mobilize \$400 billion for sustainable finance by 2025, including:
  - \$250 billion in client investments, which BMO, as trusted advisors, will help to align with sustainable objectives
  - \$150 billion in capital to companies pursuing sustainable outcomes through lending and investing, and through the marketable securities we help originate, trade and invest in
- Create an impact investment fund to find and scale solutions to the sustainability problems faced by clients, and seed the fund with \$250 million in capital
- Offer products and advisory services to help clients chart a path to improved sustainability

**2020 status:**

- \$444.8 billion in client investments against a target of \$250 billion, mainly due to significant growth in our Responsible Engagement Overlay (reo®) business

As at the year ended October 31, otherwise specified

| Metric   | Unit                  | 2020                 | 2019    | Target                | Progress |
|--|-----------------------|----------------------|---------|-----------------------|----------|
| ESG designated and responsible labelled funds          | \$ billions AUM       | \$9.1 <sup>1</sup>   | \$6.4   |                       |          |
| Responsible assets under advice                        | \$ billions AUA       | \$433.9 <sup>1</sup> | \$288.0 |                       |          |
| Other sustainable fund products                        | \$ billions AUM       | \$1.8                | \$1.7   |                       |          |
| Client investments aligned with sustainable objectives | \$ billions in assets | \$444.8              | \$296.1 | \$250 billion by 2025 | 178%     |

<sup>1</sup> As at September 30, 2020

**2020 status:**

- \$107 billion of capital provided to companies pursuing sustainable outcomes against a target of \$150 billion, through growth of sustainable lending and impact investment portfolios

For the year ended October 31, otherwise specified

| Metric  | Unit        | 2020   | 2019   | Total   | Target                  | Progress |
|---|-------------|--------|--------|---------|-------------------------|----------|
| Sustainable bond underwriting                           | \$ billions | \$42.7 | \$7.3  | \$50.0  |                         |          |
| Sustainable finance advisory                            | \$ billions | \$5.3  | \$0.0  | \$5.3   |                         |          |
| Sustainable investments                                 | \$ billions | \$0.4  | \$0.3  | \$0.7   |                         |          |
| Capital mobilized for sustainable clients and projects  | \$ billions | \$23.6 | \$8.3  | \$31.9  |                         |          |
| Lending authorized for sustainable clients and projects | \$ billions | \$8.2  | \$10.8 | \$19.0  |                         |          |
| Capital to clients pursuing sustainable outcomes        | \$ billions | \$80.2 | \$26.7 | \$106.9 | \$150 billion 2019-2025 | 71%      |

We will continue to report on our progress annually.



**HIGHLIGHTS**

- BMO was the 95th organization, and first major bank in Canada, to become a signatory to the Operating Principles for Impact Management (the Principles). Our commitment applies to our impact investment fund. Established by the International Finance Corporation of the World Bank Group, the Principles set a market standard for investing in which investors seek to contribute to measurable positive social or environmental impacts and financial returns, in a transparent and accountable way. Signatories commit to upholding nine principles, including defining impact objectives, assessing the expected impact of investments, and monitoring and reporting on progress. The newly launched impact investment fund is currently formalizing a framework and the necessary processes to abide by the Principles and we will disclose our approach once it is finalized.
- BMO provided Maple Leaf Foods Inc. with Canada's first sustainability-linked loan. This \$1.92 billion credit facility includes an interest rate margin reduction if Maple Leaf Foods achieves predetermined sustainability targets related to reducing its electricity use, water use and solid waste, and continues to reduce its carbon emissions to maintain net carbon neutrality. BMO was the sole bookrunner on the sustainability-linked loan and acted as sustainability structuring agent, working with Maple Leaf Foods to establish its targets.

- BMO partnered with the World Bank (International Bank for Reconstruction and Development, IBRD) on a record-breaking US\$8 billion Sustainable Development Bond. BMO Capital Markets was joint lead manager on this five-year global benchmark bond that was the largest-ever U.S.-dollar-denominated bond issued by a supranational. Proceeds from the bond will support the World Bank's member countries as they strengthen health systems in developing countries and address the human and economic impacts of COVID-19, while also raising awareness of SDG 3 (Good Health and Well-being).
- BMO has joined Mastercard's Priceless Planet Coalition (PPC), which brings together sustainability-minded organizations in a global effort to combat climate change by planting trees. BMO is the first Canadian bank to sign onto the PPC, and we will work to create products and services to help our clients contextualize and address their environmental footprint through nature-based carbon capture solutions.
- Other major global sustainable finance transactions included:
  - Led the World Bank's first benchmark of the new decade in any currency, a \$1.5 billion, five-year Sustainable Development Bond that raised awareness of SDG 6 (Clean Water and Sanitation) and SDG 14 (Life Below Water). The net proceeds helped support World Bank's efforts as the largest multilateral funder of ocean and water projects in developing countries.

- Acted as lead manager on the European Investment Bank's (EIB) \$500 million Climate Awareness Bond. One of the largest providers of climate finance, EIB has set ambitious sustainability targets, including aligning all of its financing activities with the goals of the Paris Agreement by the end of 2020, and increasing the share of its financing dedicated to climate action and environmental sustainability to reach 50% of new loans in 2025.
- Led Inter-American Development Bank's (IADB) \$500 million, seven-year Sustainable Development Bond (SDB) aimed at raising awareness of SDG 3 (Good Health and Well-being). The transaction was IADB's first-ever Canadian-dollar-denominated seven-year SDB and its longest-dated Canadian-dollar-denominated new issue since 2007.
- Acted as joint lead manager for two of Inter-American Investment Corporation's (IDB Invest) COVID-19 response bonds. The two- and three-year U.S. dollar-denominated benchmarks raised US\$2 billion to support IDB Invest's COVID-19 response, after the institution pledged US\$7 billion to aid companies in Latin America and the Caribbean.
- Partnered with the Asian Infrastructure Investment Bank (AIIB) on a US\$3 billion, five-year Sustainable Development Bond to fund its COVID-19 Crisis Recovery Facility. The Facility offers up to US\$13 billion of financing to support AIIB's members and clients in alleviating and mitigating economic, financial and public health pressures arising from COVID-19.

- Sustainable finance transactions in Canada included:
  - Acted as overall lead manager on the City of Toronto's inaugural \$100 million social bond, the first such bond issued by Toronto, or by any government issuer in Canada. Proceeds from the financing will be used to fund the George Street revitalization project and 1,000 new homeless shelter beds.
  - Acted as lead-left bookrunner on Granite REIT Holdings Limited Partnership's inaugural green bond offering – a \$500 million, seven-year senior unsecured fixed-rate debenture. The proceeds will be used to finance green buildings, resource efficiency and management, clean transportation, renewable energy, pollution prevention and control, and biodiversity and conservation.
  - Acted as joint bookrunner on a \$350 million, seven-year senior unsecured fixed-rate debenture (and inaugural green bond) offering for RioCan Real Estate Investment Trust. RioCan is the first Canadian REIT to issue a green bond and will use the proceeds to finance green buildings, resource efficiency and management, renewable energy, and adaptability and resilience to climate change.
  - Acted as joint bookrunner on BCI QuadReal Realty's inaugural senior fixed-rate green bond offering for \$350 million, which will help to advance the organization's goal of reducing the carbon footprint of its Canadian operations by 80% from 2007 levels by 2050.

Operating Principles for Impact Management: <https://c212.net/c/link/?t=0&l=en&o=2816032-1&h=1085449981&u=https%3A%2F%2Fwww.impactprinciples.org%2F&a=Operating+Principles+for+Impact+Management>  
 Record-breaking US\$8 billion: <https://www.worldbank.org/en/news/press-release/2020/04/15/world-bank-raises-record-breaking-usd8-billion-from-global-investors-to-support-its-member-countries>














**SUSTAINABLE BOND PROGRAM**

BMO established a Sustainable Bond Program in 2019 to support our Purpose and our sustainable finance commitment, building on our ability to direct capital toward strategic sustainability objectives and aligning those objectives with our fundraising and investor relations program.

As part of the program, we published our [BMO Sustainable Financing Framework](#), which sets out eligibility criteria for sustainable finance transactions. BMO is committed to reporting on the use of the proceeds and, where feasible, on any positive outcomes, within one year of issuing a sustainability bond.

**HIGHLIGHTS**

Having issued our inaugural US\$500 million, three-year sustainability bond in October 2019, we are publishing our first [Sustainability Bond Impact Report](#) along with our 2020 Sustainability Report (page 70). As of July 31, 2020, bond proceeds have been allocated as follows:

| Asset Category                                     | Sustainable Development Goals  | Description   | % of Selected Assets▲ |
|--|--|---|-----------------------|
| <b>Social Asset Categories</b>                     |  |   |                       |
| Women-Owned Business Lending                       |    | Lending to small and medium-sized enterprises with at least one woman owner   | 49%                   |
| Indigenous Peoples' Business and Community Lending |   | Lending to Indigenous peoples' bands, councils, governments, etc., or business entities majority-owned by such groups | 8%                    |
| <b>Green Asset Categories</b>                      |  |   |                       |
| Sustainable Land Use                               |    | Lending to agricultural projects that maintain or improve existing carbon pools, such as greenhouses                  | 20%                   |
| Renewable Energy                                   |    | Lending to renewable energy projects, such as solar and wind  | 11%                   |
| Green Buildings and Infrastructure                 |    | Lending to green buildings and infrastructure that achieve certifications such as LEED Gold, LEED Platinum, etc.      | 9%                    |
| Pollution Prevention and Control                   |    | Lending to waste management projects that prevent and control pollution, such as recycling                            | 3%                    |

BMO Sustainable Financing Framework: [https://www.bmo.com/it/files/F19 Files/BMOSustainableFinancingFramework.pdf](https://www.bmo.com/it/files/F19%20Files/BMOSustainableFinancingFramework.pdf)

**RENEWABLE ENERGY FINANCING AND ADVISORY**

BMO Capital Markets' Power, Utilities and Infrastructure team has deep expertise in the North American renewable energy sector. Team members act as advisors on mergers and acquisitions, lead equity and debt financing transactions, and provide capital for project finance and other corporate facilities to companies in the renewable energy sector.

**HIGHLIGHTS**

Transactions financed or advised on by BMO Capital Markets in 2020 included:

- Acted as administrative agent, joint bookrunner and co-lead arranger for syndicated credit facilities to finance a portfolio of 136 hydroelectric facilities, seven wind facilities and a hydro storage facility in various power markets in the United States, with a combined capacity of approximately 4,000 MW.

- Acted as financial advisor to Brookfield Renewable in connection with its acquisition of the 38% of TerraForm Power that it did not previously own. TerraForm owns and operates more than 4,200 MW of wind and solar assets in North America and Western Europe.
- Acted as administrative agent, lead joint arranger and bookrunner for financing facilities to support the Canada Pension Plan Investment Board's acquisition of Pattern Energy Group. Pattern owns more than 3,100 MW of solar and wind assets in North America and Japan.
- Acted as joint bookrunner on a \$700 million green bond offering for Pattern Energy to finance investments in renewable energy projects.
- Acted as joint bookrunner on a \$115 million green bond offering for Atlantica Sustainable Infrastructure. Atlantica owns more than 1,500 MW of renewable energy generation capacity worldwide.



A+

For the second consecutive year, BMO GAM received the highest possible score for strategy and governance in an assessment of its performance on the UN Principles for Responsible Investment.

RESPONSIBLE INVESTING

At BMO we invest with a Purpose – to Boldly Grow the Good. Our focus is simple: to help our clients meet their investment goals, while also building a more sustainable and secure future for all of us. We view responsible investing and our broader investment stewardship activities as part of our duty to act in the best interests of our clients and our commitment to our Purpose.

Framing the topic

What we mean by responsible investing:

Integrating environmental, social and governance (ESG) considerations into decision-making and active ownership practices in our investment and asset management activities, and collaborating with other investors and stakeholders to achieve common sustainability goals.

Who has responsibility: BMO Global Asset Management’s Global Investment Committee, chaired by the Global Chief Investment Officer, and BMO Private Wealth’s Chief Investment Officer.

BMO GLOBAL ASSET MANAGEMENT

At BMO GAM, we firmly believe that our principles and the way we do business will generate genuine value for our clients and deliver benefits to our organization, society at large and the environment. Responsible investment is a central pillar of our investment processes and products.

Our approach is aligned with BMO’s core values and Purpose. It draws on national and international codes and standards for responsible investment and ownership, including the United Nations Principles for Responsible Investment (UNPRI), to which we are a founding signatory.

For BMO GAM, responsible investing is a commitment to:

- Integrate active ownership and security selection to meet the boarder goals of our clients.

- Innovate in thought leadership and investment solutions, for example by including UN Sustainable Development Goals directly in strategy objectives.
- Engage in dialogue with companies on significant matters related to ESG issues in order to reduce risk, improve performance, encourage best practice and underpin long-term financial, social and environmental value creation.
- Incorporate analysis of relevant ESG issues into investment processes, as appropriate for each strategy and asset class.
- Vote in line with our corporate governance guidelines across our global holdings.
- Take a transparent approach to our responsible investment activities, for both clients and the wider public.

**Related BMO policies, statements and reports**

- [Global Asset Management Influencing for Good – Lessons from 20 years of engagement](#)
- [Global Asset Management Responsible Investment Approach](#)
- [Global Asset Management Corporate Governance Guidelines](#)
- [Expectations for Social Practices Statement](#)
- [Expectations for Environmental Practices Statement](#)
- [Climate Change Engagement Approach](#)
- [BMO GAM 2019 Responsible Investment Review](#)
- [BMO GAM Responsible Investment Strategies Summary Criteria](#)
- [BMO GAM Sustainable Opportunities Global Equity Strategy ESG Profile and Impact Report 2020](#)
- [BMO GAM Responsible Global Emerging Markets Equity Strategy ESG Profile and Impact Report](#)
- [BMO GAM Responsible Global Equity ESG Strategy ESG Profile and Impact Report 2020](#)
- [BMO SDG Engagement Global Equity Fund Impact Report 2020](#)

Global Asset Management Influencing for Good – Lessons from 20 years of engagement: <https://www.bmogam.com/be-en/intermediary/20-years-of-engagement-responsible-investing/>  
 Global Asset Management Responsible Investment Approach: <https://www.bmogam.com/gb-en/intermediary/wp-content/uploads/2019/05/responsible-investment-approach.pdf>  
 Global Asset Management Corporate Governance Guidelines: <https://www.bmogam.com/gb-en/intermediary/wp-content/uploads/2019/05/corporate-governance-guidelines.pdf>  
 Expectations for Social Practices Statement: <https://www.bmogam.com/wp-content/uploads/2020/03/expectations-for-social-policies.pdf>  
 Expectations for Environmental Practices Statement: <https://www.bmogam.com/wp-content/uploads/2020/07/our-expectations-on-environmental-practices.pdf>  
 Climate Change Engagement Approach: [https://www.bmogam.com/gb-en/intermediary/wp-content/uploads/2019/10/climate-change\\_esg-viewpoint.pdf](https://www.bmogam.com/gb-en/intermediary/wp-content/uploads/2019/10/climate-change_esg-viewpoint.pdf)  
 BMO GAM 2019 Responsible Investment Review: <https://www.bmogam.com/gb-en/institutional/wp-content/uploads/2020/05/responsible-investment-annual-review-2019-retail.pdf>  
 BMO GAM Responsible Investment Strategies Summary Criteria: <https://www.bmogam.com/gb-en/institutional/wp-content/uploads/2020/05/responsible-investment-summary-criteria-2019-retail.pdf>  
 BMO GAM Sustainable Opportunities Global Equity Strategy ESG Profile and Impact Report 2020: <https://www.bmogam.com/wp-content/uploads/2020/08/bmo-sustainable-opportunities-global-equity-strategy-esg-profile-and-impact-report-2020.pdf>  
 BMO GAM Responsible Global Emerging Markets Equity Strategy ESG Profile and Impact Report 2020: [https://www.bmogam.com/gb-en/intermediary/news-and-insights/bmo-responsible-global-emerging-markets-equity-strategy-esg-profile-and-impact-report-2020/?utm\\_source=Sales\\_Inter&utm\\_medium=Email&utm\\_campaign=Responsible&utm\\_term=RG&utm\\_content=Impact\\_Report](https://www.bmogam.com/gb-en/intermediary/news-and-insights/bmo-responsible-global-emerging-markets-equity-strategy-esg-profile-and-impact-report-2020/?utm_source=Sales_Inter&utm_medium=Email&utm_campaign=Responsible&utm_term=RG&utm_content=Impact_Report)  
 BMO GAM Responsible Global Equity ESG Strategy ESG Profile and Impact Report 2020: [https://www.bmogam.com/gb-en/intermediary/news-and-insights/bmo-responsible-global-equity-strategy-esg-profile-and-impact-report-2020/?utm\\_source=Sales&utm\\_medium=Email&utm\\_campaign=R&utm\\_term=Impact%20Report&utm\\_content=RG&utm\\_content=Impact\\_Report](https://www.bmogam.com/gb-en/intermediary/news-and-insights/bmo-responsible-global-equity-strategy-esg-profile-and-impact-report-2020/?utm_source=Sales&utm_medium=Email&utm_campaign=R&utm_term=Impact%20Report&utm_content=RG&utm_content=Impact_Report)  
 BMO SDG Engagement Global Equity Fund Impact Report 2020: <https://www.bmogam.com/wp-content/uploads/2020/09/bmo-sdg-engagement-global-equity-fund-impact-report-2020.pdf>



\$433.9 billion

of third-party assets under advice  
as at September 30, 2020

In 2020, we marked 20 years of our global engagement program. Over this period, we have engaged with over 5,000 companies in 87 countries and recorded 3,763 instances of change achieved.

The program is structured around seven themes: environmental stewardship, climate change, human rights, labour standards, business conduct, public health and corporate governance. Each year we select priority issues for engagement, with our 2020 focus areas including climate change, the payment of a living wage and responsible drug pricing. As the COVID pandemic struck, we also engaged companies on how they were dealing with the crisis, and in particular pressed them to take measures to protect the health and well-being of their staff. For more information see our report [Influencing for Good – Lessons from 20 years of engagement](#).

We report regularly on our engagement, voting, public policy and advocacy activities in ESG Viewpoint research articles and in our annual Responsible Investment Review. The review connects our engagement initiatives with instances of progress toward the SDGs, based on a systematic analysis of how our engagement maps to the 169 targets that underlie the 17 goals. Our SDG Engagement Global Equity strategy builds on this methodology by using intensive engagement with a concentrated set of portfolio companies to achieve positive social and environmental change.

BMO GAM offers a wide range of screened funds for clients who wish to link investment performance to ethical and sustainability principles. We have developed stringent criteria to determine the eligibility of companies for investment under these strategies, which are published on our [website](#). We review these criteria regularly, along with a range of related indicators, to ensure they address any critical emerging or evolving issues, as well as regulatory changes.

\$9.1 billion

of assets held in BMO GAM's ESG  
funds as at September 30, 2020

BMO GAM also offers thematic investment solutions, such as the Women in Leadership Fund and the Sustainable Opportunities Global Equity Fund, which seek to generate returns by investing in companies that are working to meet specific sustainability challenges.





HIGHLIGHTS

- BMO GAM issued two statements outlining our expectations for the social practices and environmental practices of our investee companies. While we recognize that some of these expectations are aspirational and that companies are at different stages of managing social and environmental issues, we encourage companies to adhere to best practices in these areas and we monitor their progress.
- BMO GAM launched a suite of seven indexed exchange-traded funds (ETF) that support responsible investing, including the first balanced ESG ETF in Canada, after a survey determined that investors recognize the financial benefit of investing with an ESG lens and are increasingly looking for solutions that align with both their financial and social priorities.
- In addition to the ETFs, BMO GAM launched the BMO Sustainable Opportunities Canadian Equity Fund, which invests in high-growth Canadian companies that demonstrate a clear commitment to sustainability. The fund focuses on companies that benefit from or contribute to trends in sustainable development, particularly companies with products, services or actions that align with the SDGs. This new fund is part of a range that includes the BMO Sustainable Opportunities Global Equity Fund and the BMO Sustainable Opportunities European Equity Fund.
- BMO GAM published a broad selection of ESG Viewpoints and produced a webinar

series to help companies in their response to the COVID-19 pandemic, including:

- [ESG implications of the COVID-19 pandemic](#)
- [COVID-19 and labour-related impacts](#)
- [The ESG implications of COVID-19: Focus on food production](#)
- [The ESG implications of COVID-19: Focus on ocean health](#)
- [COVID-19 and the pharmaceutical industry](#)
- [The ESG implications of COVID-19: Executive Pay](#)
- [The ESG implications of COVID-19: Annual General Meetings \(AGMs\)](#)
- [The COVID-19 effect: Cybersecurity and data privacy](#)

• BMO GAM's Responsible Global Equity Fund was named Best ESG Investment Fund: Equities in the 2020 ESG Investing Awards, and a BMO GAM thought leadership paper on ESG in fixed income investing won Best Research of the Year in the 2020 *Environmental Finance* Sustainable Investment Awards.

• BMO GAM supported the Investor Statement of Solidarity to Address Systemic Racism and Call to Action, and published a Viewpoint setting out what we see as the role of investors in promoting diversity and racial equality.



2020 engagement

716

Engaged with 716 companies on sustainability topics

322

Held 322 board-level meetings with 271 companies

346

Influenced change in the outcomes of 346 engagements

Company engagement by issue

27%

Labour standards

22%

Climate change

22%

Corporate governance

11%

Environmental standards

9%

Public health

5%

Business conduct

4%

Human rights



Social practices: <https://www.bmogam.com/wp-content/uploads/2020/03/expectations-for-social-policies.pdf>  
 Environmental practices: <https://www.bmogam.com/wp-content/uploads/2020/07/our-expectations-on-environmental-practices.pdf>  
 ESG implications of the COVID-19 pandemic: <https://www.bmogam.com/gb-en/intermediary/news-and-insights/esg-implications-of-the-covid-nineteen-pandemic/>  
 COVID-19 and labour-related impacts: <https://www.bmogam.com/gb-en/intermediary/news-and-insights/esg-viewpoint-covid-19-and-its-labour-related-impacts/>  
 The ESG implications of COVID-19: Focus on food production: <https://www.bmogam.com/gb-en/intermediary/news-and-insights/the-esg-implications-of-covid-19-focus-on-food-production/>  
 The ESG implications of COVID-19: Focus on ocean health: <https://www.bmogam.com/viewpoints/responsible-investment/macro-views/the-esg-implications-of-covid-19-focus-on-ocean-health/>  
 COVID-19 and the pharmaceutical industry: <https://www.bmogam.com/gb-en/institutional/news-and-insights/esg-viewpoint-covid-19-and-the-pharmaceutical-industry/>  
 The ESG implications of COVID-19: Executive Pay: <https://www.bmogam.com/gb-en/institutional/news-and-insights/the-esg-implications-of-covid-19-executive-pay/>  
 The ESG implications of COVID-19: Annual General Meetings (AGMs): <https://www.bmogam.com/gb-en/institutional/news-and-insights/the-esg-implications-of-covid-19-annual-general-meetings-agms/>  
 The COVID-19 effect: Cybersecurity and data privacy: <https://www.bmogam.com/gb-en/institutional/news-and-insights/the-covid-19-effect-cybersecurity-and-data-privacy/>

**BMO PRIVATE WEALTH**

BMO Private Wealth offers investment services through BMO Private Investment Counsel, which provides discretionary investment counsel, and BMO Nesbitt Burns, a full-service brokerage. Investment decisions are made in the best interests of our clients, and are informed by our belief that incorporating a range of responsible investing strategies can have a significant impact on the creation of long-term investor value.

Both lines of business consider ESG criteria in their selection of investment managers and in their due diligence and oversight processes. The majority of managers engaged by BMO Private Investment Counsel are signatories to the UNPRI, which requires a commitment to the UNPRI’s six principles for incorporating the consideration of ESG issues into investment practices.

While investment managers determine the role of responsible investing in their strategies, every BMO Private Investment Counsel strategy incorporates one or more responsible investing approaches into its processes. This includes, for example, integrating ESG criteria into investment analyses, engaging with investee companies and exercising our voting rights with the aim of improving companies’ sustainability performance.

Both BMO Private Investment Counsel and BMO Nesbitt Burns assess the effectiveness of investment managers’ integration of ESG criteria based on their responses to our annual responsible investing survey, as well as input from a third-party consultant that assigns ESG ratings to investment managers.

**HIGHLIGHTS**

- As of October 31, 2020, approximately \$43 billion of assets under management in BMO Private Wealth were managed by sub-advisors that have incorporated at least one responsible investing approach into their strategies.
- BMO Nesbitt Burns added five responsible investment ETFs to its ETF recommended list for investment advisors. The firm also added a thematic mutual fund that focuses on investing in companies that make a positive contribution to sustainability and a second thematic fund that targets a fossil fuel free universe to its mutual fund recommended list.
- BMO Private Investment Counsel added responsible investment substitution options to its investment manager mandates, enabling investment counsellors to create ESG focused solutions for clients.



## ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

Identifying and managing the environmental and social impacts of our business and operations enables BMO to mitigate risks to the bank, and also to our clients, people, the environment and the communities where we do business while contributing to a sustainable future.

### Framing the topic

**What we mean by environmental and social risk management:** Integrating environmental and social impacts and governance considerations into operational and business decision-making processes, including financing and lending activities, and procurement of goods and services.

**Who has responsibility:** BMO's Sustainability Office works with Risk and various lines of business to develop and implement environmental and social risk management approaches to identify, assess and manage such risks in line with the bank's risk appetite.

### RESPONSIBLE LENDING

Responsible lending is covered by BMO's environmental and social (E&S) risk management approach, which informs our credit risk management framework. We identify, mitigate, manage and measure the environmental and social risks associated with our business and operations, which range from climate change, pollution and biodiversity to human rights, Indigenous peoples' rights and consultation, labour standards, sensitive ecosystems and other issues.

We have in place frameworks that outline our governance and accountabilities, enhanced due diligence, escalations and exceptions processes. We have sector-specific financing guidelines to help us identify and manage environmental and social issues in higher risk sectors and determine how to factor these issues into our decision-making. Social and environmental requirements in transaction agreements are monitored by the lines of business as part of our overall process for monitoring transaction requirements. Updates to our policies are distributed to all affected employees, and when necessary, we inform key decision-makers on a case-by-case or issue-by-issue basis. Our internal audit function periodically conducts audits on all operating units. These audits include assessing compliance with applicable policies and procedures, including E&S policies and risk management procedures as relevant.



Higher risk sectors and activities are subject to enhanced due diligence, escalations and exception processes. Restrictions are in place for lending to companies involved in the sale of firearms and ammunition or weapons banned by existing international arms control treaties or involving international transfer of military or civilian equipment for military or internal security purposes and business activity affecting UNESCO World Heritage Sites or High Conservation Value Forests. It is the bank's intention to avoid direct financing for any project or transaction that involves exploration or development in the Arctic National Wildlife Refuge (ANWR).

BMO has been a signatory to the Equator Principles (EP) since 2005, sits on the Equator Principles Steering Committee and chairs the Social Risk Working Group. The EPs are a voluntary risk management framework for identifying, assessing and managing environmental and social risk in relation to financial transactions within its scope. As part of our commitment, we apply environmental and social screening procedures to categorize and assess projects based on the magnitude of their potential impacts and risks, and we track and report publicly on EP transactions annually.



**HIGHLIGHTS**

- We strengthened our overall E&S risk management framework by refreshing processes and tools for enhanced due diligence related to higher-risk industries and customer relationships.
- We expanded our climate change scenario analysis work to evaluate a broader selection of physical and transition risks, as well as additional sectors within our lending portfolio. See our [2020 Climate Report](#).
- We conducted an in-depth review of BMO’s human rights program that will inform our responsible lending and responsible procurement programs going forward.
- We actively contributed to the evolution of the Equator Principles and the release of EP4 in 2019.
- In 2020, we conducted training on the Equator Principles EP4 framework for our Capital Markets team. We also provided training on new processes and tools for risk assessment and enhanced due diligence.

**Equator Principles Reporting**

| Sector  | Category A | Category B | Category C |
|---|------------|------------|------------|
| <a href="#">Project Finance Advisory Services</a> |            |            |            |
| Total Mandated                                    | 0          | 0          | 0          |
| <a href="#">Project Finance</a>                   |            |            |            |
| Total Reaching Financial Close                    | 0          | 2          | 0          |

Further details of BMO’s Equator Principles transactions can be found in our [2020 Equator Principles Report](#).



Maxime Viger, Business Transformation Manager, Procurement Enablement.

**SUSTAINABLE PROCUREMENT**

BMO’s sustainable procurement practices are guided by our [Supplier Code of Conduct](#), which outlines the principles that we expect our suppliers to uphold related to integrity, fair dealing and sustainability. Procurement continues to work with the Sustainability Office to support their efforts to enable the identification of environmental and social risk within BMO’s supply chain.

We use environmental and social risk data tools to enhance our monitoring of environmental and social risk issues affecting our supply chain. In 2020, we advanced our capabilities for understanding GHG emissions related to our supply chain, specifically Scope 3 category 1 emissions from purchased goods and services in the GHG Protocol. This work will enable us to better identify carbon hot spots in our supply chain and will also inform the development of our sustainable procurement program.

**Related BMO policies, statements and reports**

- [Supplier Code of Conduct](#)



 Growing the Good for a Thriving Economy

As part of our Purpose, BMO helps to propel the economy forward. This means supporting the aspirations of small business owners, women entrepreneurs, Indigenous communities and other underserved groups, so that everyone can participate in growing the economy and sharing the benefits of that growth.

\$5.4 billion

in small business lending in Canada

\$6.4 billion

in business with Indigenous customers

\$9.5 billion

in loans to women-owned businesses



Priority Topics in This Section

Financial Inclusion

Alignment with SDGs



1.4



5.1, 5.a



8.3, 8.10



10.2, 10.3



17.16



## Investing in Our Communities

### BMO PARTNERS WITH AVANATH CAPITAL MANAGEMENT TO HELP CREATE WEALTH IN BLACK COMMUNITIES IN THE U.S.

“Affordable housing creates the conditions for building Black wealth in this country,” says Daryl Carter, Founder, Chairman and CEO at Avanath Capital Management. “When we invest in a community – in all different dimensions – the community gets stronger.”



Avanath is an investment management firm that buys, manages and sells affordable apartment buildings. Most residents in Avanath communities spend 1/3 of their income on rent, allowing them to save – and potentially become homeowners. “That’s the beginning of wealth creation,” says Daryl, who has more than 39 years of experience in commercial real estate. “And that economic development is a game changer.”

Carl Jenkins helps facilitate that economic development. As Managing Director & Group Head, Corporate Finance - Community Investments at BMO, Carl is part of a group that supports the bank’s commitment to small business expansion, increased availability of quality, affordable housing and targeted community-based commercial real estate. His team invests the bank’s equity into real estate and other companies, guided by Community Reinvestment Act (CRA) legislation.

BMO has invested \$30 million with Avanath. “It’s a very successful company in a sector lacking in diversity,” says Carl. “We’re focused on changing that.”

Firms owned by women and minorities manage only 1.1% of the asset management industry’s \$71.4 trillion in assets, according to a 2017 study commissioned by the John S. and James L. Knight Foundation and the Bella Research Group.

BMO Harris has committed more than \$140 million to women and minority-owned investment management companies, making us the leading commercial bank investor in U.S.-based diverse alternative investment managers.

<sup>1</sup> As measured in 2018 dollars.

And while we’ve been investing in diverse firms for more than ten years, Carl recognizes that this is a unique moment. “Right now, all eyes are on equity in the Black community, so we have to take advantage of the chance to try to make things happen. For me, that’s not only a professional goal – it’s a personal one,” he says. “It’s only an inflection point if you make it one.”

“A lot of wealth is generated through these investments,” says Carl, “And one of BMO’s priorities is helping to create Black wealth.” Working with Avanath allows us to work toward that goal on two levels – we’re investing in a Black-owned business, and that business is working to support Black communities.

Daryl believes it’s important to focus on communities that are historically underserved by institutional capital. “There’s a big disparity in homeownership between white Americans and Black and Latino Americans – and that disparity is often the difference in net worth,” he says.

Numerous recent studies have shown that the wealth gap between white and Black Americans remains high, and might be growing larger. Pew Research shows that the difference in median household incomes between white and Black Americans has grown from about \$23,800 in 1970 to roughly \$33,000 in 2018.<sup>1</sup>

That’s why, in addition to building affordable housing, Avanath also invests holistically in the communities it creates, setting up youth sports and afterschool activities, community forums with elected officials, and financial literacy and wellness programs.

“We invest in the entire community, and that creates upward mobility in a neighborhood,” says Daryl. “Wellness goes up, crime goes down, kids do better in school – access to affordable housing truly allows people to participate in the American economy.”

Daryl is passionate about strengthening communities across the country – and his business relies on strong financial partnerships to do so. “We have a fantastic relationship with BMO. The money is appreciated, but it’s bigger than that,” says Daryl. “Carl and BMO’s Elizabeth Wright offer real thought leadership. I can call Carl anytime. He’s insightful, he understands the market – and he really understands the value of what we do every day.”

Carl feels the same about working with Daryl. “To be able to help him realize his personal and professional dreams – you can’t put a value on that,” says Carl, adding, “And it’s nice to work with someone who looks like me.”

Avanath is continuing to build and grow new communities across the country. In the past five years, the firm has doubled their business, and in the next five years Daryl plans to double it again. “We’ve been able to grow our business because of greater access to capital. We hope we can continue to attract capital and generate good returns,” he says. “If you believe in something, you invest in it. I believe in our communities – and I know that BMO believes in me. That makes all the difference.”

**FINANCIAL INCLUSION**

When we provide financial education and access to banking, credit and capital to those who have too often been denied them, we lay the foundation for their individual stability – home ownership, financial security, and thriving small businesses that create jobs and help communities thrive – and also strengthen our ability to create value.

**Framing the topic**

**What we mean by financial inclusion:**

Meeting the needs of small businesses, women entrepreneurs and underserved communities by creating specialized products and services that make our offerings more accessible to specific groups.

**Who has responsibility:** Responsibility is delegated to product groups within the various lines of business – for example, the Indigenous Banking and BMO for Women units of our Canadian Personal and Commercial Banking operating group.

**SMALL BUSINESS**

Small businesses are the foundation of local economies across Canada and the United States, and account for a large portion of local tax revenue and employment. BMO has pledged to support such companies with a bold commitment to double our small business lending by 2025.

To achieve this, we offer a range of specialized small business accounts, plans and services, as well as online financial resources, educational content and tools that are available on our dedicated small business websites. Our new products include a small business-focused credit card and credit line.

BMO Business Xpress is our small business lending platform in Canada. Since time is often the most precious commodity for a small business owner, the platform uses data analytics technology and automated adjudication strategies to shorten the loan application and approval process from several days to just 20 minutes. This platform will be available in the United States in early 2021.

**Our Bold Commitment**

- Double BMO’s support for small business by increasing small business lending in Canada to \$10 billion, and increasing small business lending in the United States to reach 40,000 customers

**2020 status:**

- \$5.4 billion in small business lending in Canada
- 21,500 small business customers in the U.S.

**HIGHLIGHTS**

- In order to help small to mid-sized businesses thrive during the COVID-19 pandemic, we:
  - Leveraged our BMO Business Xpress platform to deliver nearly \$2.9 billion in interest-free, government-backed loans for more than 72,000 Business Banking clients in Canada through the Canada Emergency Business Account (CEBA) program. Secured US\$5.2 billion in funding for more than 22,000 borrowers through the Small Business Administration’s Paycheck Protection Program (PPP) in the United States. Of these loans, 53% were for US\$35,000 or less, 79% were less than US\$150,000, and 23%, totalling US\$1.2 billion, were to borrowers in low- or moderate-income locations.
  - Launched the *Business Unplanned* podcast series, offering expert opinions and advice from entrepreneurs on how to navigate the new normal.
  - Added pandemic-related resources to BMO’s online resource hub, including information on emergency financing to support business continuity, workbooks and calculators to help pivot operations, advice on sourcing alternative suppliers, and best practices for supporting employees’ health and remote working needs.
- Delivered a series of workshops for women business owners to help them increase their personal and business resilience during the pandemic.
- Published a special mid-year edition of our *BMO Blue Book* focusing on small businesses and their recovery from the pandemic lockdown, which is key to Canada’s economic recovery. This flagship publication combines expert analysis by BMO economists with insights on business conditions.
- In 2020, BMO also supported the Government of Canada’s Black Entrepreneurship Program with up to \$33.3 million in lending capital for the Black Entrepreneurship Loan Fund. The fund will provide loans between \$25,000 and \$250,000 to Black business owners and entrepreneurs to support their growth and success. In partnership with the Government of Canada and other financial institutions, BMO will contribute to an additional \$128 million in lending support.

Edition of BMO Blue Book: <https://economics.bmo.com/media/pdf/7c2cc5ed-f42e-402a-bcd5-3c0ce82291aa.pdf>





**BMO FOR WOMEN**

Equal opportunity is essential to a healthy economy, yet women still do not have the same opportunity as men. BMO challenges the status quo by supporting the growth of women-owned businesses and empowering women to feel confident about their finances and their financial futures.

In 2018, BMO committed to make \$3 billion in capital available to women business owners in Canada over three years. In 2019, in support of our Purpose, we made a bold commitment to double our support for women entrepreneurs by 2025, and we became the first Canadian bank to sign the [UN Women’s Empowerment Principles](#).

\$9.5 billion

in loans to women-owned businesses in 2020.



BMO was recognized in Bloomberg’s Gender-Equality Index for the fifth year in a row.

**Our Bold Commitment**

- Double BMO’s industry-leading support for women entrepreneurs

**2020 status:**

- 113,000 women-owned businesses supported across our Canadian footprint against a target of 179,000

**HIGHLIGHTS**

- Working to fulfill this commitment, in 2020 we introduced strategy teams for female clients, tying together Business Banking, Private Wealth and Financial Planning to provide holistic support to women. We also launched a BMO for Women Learning Course for client-facing employees in Canada and the U.S. focused on understanding the nuances of working with female clients.
- We continued to offer a diverse array of programs that provide specialized support to women business owners. The BMO for Women website connects female investors and business owners to support, advice and tools. In 2020, we relaunched our podcast series, renamed *Bold(h)er*, which discusses issues of importance to women entrepreneurs and features diverse voices and stories.
- To mark International Women’s Day 2020, BMO attempted to break financial stereotypes of girls and women by launching an advertising campaign to raise awareness and start a dialogue about the lifelong consequences of telling women they’re bad with money.
- BMO Harris Bank and Chicago tech hub 1871 pivoted their innovation program to focus on women, after noting that just 20% of worldwide start-ups that raised their first funding round in 2019 had a female founder. Open to U.S. fintech start-ups with a female founder or co-founder, WMN•FINtech offers a three-month mentoring program that provides guidance from BMO Harris experts, and the opportunity to pitch to venture capital investors.
- BMO, in collaboration with Deloitte, announced that its Canadian BMO Celebrating Women program has created a new grant program for women-owned businesses, and pledged \$100,000 in grants to Canadian women-owned businesses to celebrate their innovation and resilience during the COVID-19 pandemic and provide them with support.

UN Women’s Empowerment Principles: <https://www.weeps.org/>  
 BMO for Women: <https://bmo4women.com/>  
 Campaign: <https://www.youtube.com/watch?v=R3seOG5bH5g&feature=youtu.be>



**INDIGENOUS COMMUNITIES**

Indigenous people represent a growing economic force. BMO’s specialized support helps Indigenous communities and individuals take their place in the national economy, and provide for themselves, their families and coming generations.

Our relationship with the Indigenous community runs deep. The Canadian Council for Aboriginal Business (CCAB) has recognized BMO with five consecutive gold-level Progressive Aboriginal Relations (PAR) three-year certifications for our approach, which is closely aligned with the pillars of the PAR program: employment, business with Indigenous peoples, procurement and community investment.

Through our network of 106 branches and one business banking office serving Indigenous communities, both on and off reserve, and our financial education programs for Indigenous young people and elders, we make our financial products and services more accessible – for example, our housing and renovation programs provide financing for qualifying individuals wishing to build, purchase or renovate an on-reserve personal residence.

We also support the economic growth of Indigenous communities by providing trust services, investment management solutions and long-term financing for on-reserve infrastructure and economic development.

Through our company-wide training program and our Indigenous Enterprise Resource Group (the Sharing Circle), we encourage understanding, self-identification and celebration of Indigenous peoples and cultures.

**HIGHLIGHTS**

- BMO has committed to doubling our Indigenous banking business and our team of Indigenous bankers by 2025. To achieve this, we launched an enhanced retail banking program available to all Indigenous people in Canada, which includes free banking for a year, unlimited e-transfers and preferred rates on BMO products and services.
- BMO secured \$1.5 billion in deposits from the McLean Day Schools Settlement Corporation, a business banking customer. This corporation, together with Deloitte Canada, is responsible for disbursing funds to federal Indian day schools class action lawsuit claimants. These funds compensate First Nations, Métis and Inuit students who attended various federal day schools and Indian day schools. Eligible claimants received their disbursements by cheque.

**Our Bold Commitment**

- Double the volume of BMO’s Indigenous banking business by 2025

**2020 status:**

- This business has increased to \$6.4 billion in 2020 against a target of \$8 billion

- We added a new Indigenous-owned small business, Anish Branding, to our supplier management program. The company supplied BMO with 25,000 face masks and 10,000 pairs of nitrile gloves to help keep employees safe in our branches and customer contact centres during the COVID-19 pandemic.
- The strength of our relationship with Indigenous communities in Canada was tested in 2020 when an Indigenous customer in a British Columbia branch was not treated with the respect or trust all BMO customers deserve. We deeply regret that what should have been a positive interaction ended with the customer being escorted from the branch by police. BMO leaders immediately reached out to Indigenous customers, chiefs and communities to apologize and gather feedback on how we can do better. We then took the following actions to ensure that our management and organizational practices support inclusivity and to rebuild trust with Indigenous communities:
  - Formed the BMO Indigenous Advisory Council (IAC) in the second quarter of 2020, with leaders from Indigenous communities across Canada representing all three Indigenous groups. The IAC supports education and awareness, provides input on BMO policies and practices, and builds on BMO’s long-term commitment to diversity and inclusion.

**Fast Facts: BMO Indigenous Banking Unit**

- Established in 1992 by Ronald Jamieson, a member of the Mohawk Nation from the Six Nations Reserve and an Order of Canada recipient
- More than \$6 billion in deposits, loans and investments in approximately 250 Indigenous communities
- Growing at 16% year-over-year
- 13 branches and one business banking office on or adjacent to Indigenous lands, with another 93 branches serving Indigenous communities
- Plans to contribute more than \$11.2 million to 29 charitable and non-profit Indigenous organizations over the next 10 years
- More than \$3.6 million donated by BMO Capital Markets to the Indspire scholarship program since 2005
- Five consecutive three-year gold-level PAR certifications by CCAB

- Introduced, in partnership with Indigenous leaders, a new training program required for all senior leadership team members in Canada.
- Accelerated planned training for all employees in Canada in response to the Truth and Reconciliation Commission of Canada’s call to action to provide education on Indigenous peoples’ history, including the history and legacy of residential schools, treaties and Aboriginal rights. Additional training was created, with input from the IAC and Indigenous and non-Indigenous employees, to assist branch employees in serving Indigenous customers.

**PEOPLE WITH DISABILITIES**

We are committed to treating every person in a way that respects and supports their dignity and independence. We believe in integration and equal opportunity. As we pursue our Purpose and its set of related commitments, we are focused on removing all barriers to inclusion, including those that limit accessibility.

BMO has adopted accessibility standards similar to those set out in the *Accessibility for Ontarians with Disabilities Act*, and we are implementing them across North America. In terms of the built environment, these standards include barrier-free “beyond-the-standards” access at branches and improved access to our automated teller machines, with features that include audio directions and braille on functional areas.

We have set up a program dedicated to improving the experience of our customers with accessibility needs. Our [Accessibility Plan](#), outlined on our website, addresses issues such as accessible emergency information, employee training, workplace accommodation for people with disabilities, design of public spaces and more.



**Free or Discounted Services**

| Number of recipients                  | 2020      | 2019      | 2018      |
|---------------------------------------|-----------|-----------|-----------|
| <b>Canada</b>                         |           |           |           |
| Seniors                               | 1,194,641 | 1,271,325 | 1,140,050 |
| University and high school students   | 321,222   | 347,097   | 334,364   |
| Local and non-profit organizations    | 41,626    | 44,497    | 46,597    |
| <b>United States</b>                  |           |           |           |
| Under 25 (including college students) | 53,538    | 61,328    | 63,470    |
| Non-profit organizations              | 20,258    | 20,972    | 20,686    |

Accessibility Plan: <https://www.bmo.com/main/about-bmo/accessibility/accessibility-plan/>

**COMMUNITY INVESTMENT**

At BMO, diversity, equity and inclusion are at the core of our Purpose to **Boldly Grow the Good in business and life**. We have a responsibility to respond to the demands of our rapidly changing economic and social landscape to drive meaningful change and champion racial equity. In 2020, we responded to this challenge by launching BMO EMpower, our \$5 billion commitment over five years to address key barriers faced by minority businesses, communities and families in the United States. Through lending, investing, giving and engagement

in our local communities, we are tackling barriers to inclusion in the financial services industry to create more opportunity for recovery and success.

It's clear that our Purpose is more important than ever. BMO EMpower is another step in our commitment to growing the good in our communities. For more information, including updates on our progress, please visit [www.bmo.com/EMpower](http://www.bmo.com/EMpower).



One of many Chicago Public School students participating in the CPS Lives artists' residency program that turned plywood boards, which covered the windows of BMO's Chicago headquarters during protests, into a work of art expressing messages of hope and unity, titled "If I Could Show the World." – Photograph: Flint Chaney

**BMO'S FIVE-YEAR COMMITMENT TO ADVANCE INCLUSIVE ECONOMIC RECOVERY**

**Boldly Grow the Good in Business and Life**

BMO EMpower  
\$5 Billion  
 Over 5 Years

|  |  |   |   |  |  |
|--|--|---|---|--|--|
| <p><b>\$300 Million Small Business Lending</b></p> <p>Women, Black and Latino-owned small business lending program</p> | <p><b>\$500 Million Minority Commercial Lending</b></p> <p>Accelerate lending for Black and Latino-owned commercial businesses</p> | <p><b>\$3 Billion Community Development Lending &amp; Investing</b></p> <p>Community reinvestment in real estate, affordable housing and neighbourhood revitalization</p> | <p><b>\$300 Million Municipal &amp; Non-Profit Lending</b></p> <p>Provide critical support for non-profit and municipal clients</p> | <p><b>\$500 Million Home Mortgage Lending</b></p> <p>Lending to low-to-moderate income level communities</p> | <p><b>\$500 Million Corporate Social Responsibility</b></p> <p>Philanthropic giving, community engagement, supplier/business diversity initiatives and diverse talent programs</p> |
|--|--|---|---|--|--|

EMpower: <https://www.bmo.com/EMpower>

**COMMUNITY DEVELOPMENT LOANS**

Under the U.S. *Community Reinvestment Act* (CRA), federally insured depository institutions like BMO Harris have an obligation to support the credit needs of the communities in which they are located. Our efforts, which range from community-based financial literacy programs and small business financing to major urban redevelopment projects, have consistently earned us the rating of Outstanding in CRA examinations.

BMO Harris partners with non-profit agencies to offer first-time home buyers an average of US\$6,000 in down payment assistance. The financial education we provide with this assistance positions future homeowners for success and helps them save their money for the unexpected. We also work with programs like I-REFI, which provides federal assistance to help people with mortgages in at-risk communities in Illinois keep their homes. I-REFI has had significant success in bringing financial stability to families in need.

**HIGHLIGHTS**

- BMO Harris was the recipient of the Consumer Bankers Association’s 2020 Joe Belew Award, which honoured the member bank that had the most innovative and effective community development program. The award recognized BMO Harris for its support of the Neighborhood Network Initiative facilitated by the United Way of Metro Chicago, which included a US\$10 million grant for underserved neighbourhoods. Rather than dictate how the money should be spent, we let community stakeholders decide what would make the biggest difference in improving the lives of local residents. Over a three-year period, the program significantly increased the number of children enrolled in early learning programs and the number of residents securing job placements.

- BMO Harris launched a free webinar series to help community members stay on track with their financial milestones amidst the economic uncertainty of 2020. Delivered by BMO Harris leaders, and local realtors and non-profit organizations, the first session addressed home buying and down payment assistance. Presenters offered tips on preparing for home ownership and accessing down payment assistance programs, details on housing counselling services, and local property listings to help participants visualize possibilities for themselves.

**Customers Facing Financial Hardship**

Many BMO customers experienced financial pressures in 2020 due to the widespread business disruption and job loss caused by the COVID-19 pandemic. Guided by our Purpose, we took decisive action to help our customers:

- For personal banking customers, we deferred payments on mortgages, loans, credit cards and credit lines; extended hours in select branches for senior and vulnerable customers; and introduced an AI tool for predicting cash flow shortages across bank accounts.
- Our tailored financial relief packages for business customers included payment deferral on small business credit cards, credit lines and loans, and increases on small business operating lines to help with short-term working capital.
- In Canada and the United States, we provided online information about government financial relief programs, processed applications and developed procedures to enable customers to access relief funds as quickly as possible.

**FINANCIAL LITERACY**

Financial literacy plays a key role in financial inclusion. As individuals gain access to financial services, they need financial knowledge, skills and confidence to make well-informed decisions. Here are some of the ways BMO promotes financial literacy:

- Our dedicated small business and BMO for Women websites include a wide range of articles, videos and podcasts for improving financial literacy. In 2020, BMO Harris led educational workshops on financial literacy topics for small business in partnership with the Chicagoland Chamber of Commerce, and the BMO Harris Women in Business initiative provided virtual mentorship through an educational webinar series.
- In Canada, our forums, webinars and retreats bring women business owners together to learn and network. In 2020, we held two webinars on managing business finances during COVID-19 in partnership with the Business Development Bank of Canada and Export Development Canada, which reached more than 300 women entrepreneurs.

- BMO Harris employees lead free, community-based financial literacy programs. Of the 3,314 people who participated in 2020, 45% were low-to moderate-income individuals. Topics included home buyer counselling and foreclosure prevention, and consumer finance and credit repair.
- In Canada and the United States, BMO employees volunteer to teach Junior Achievement (JA) classes, sharing their expertise in financial matters with students. When schools closed due to the pandemic, some of BMO’s JA funding was shifted to delivering free online programs that introduce learners in grades three to 12 to the world of finance and business. A total of 324 BMO Harris employees contributed 32,295 volunteer hours to provide virtual assistance for three online JA programs in the U.S, reaching 3,560 students. A total of 164 BMO volunteers delivered 82 programs that reached 2,096 students in Central Ontario between January and March 2020.



 Growing the Good for an Inclusive Society

BMO is working to build a society with zero barriers – one in which everyone can contribute to their full potential, offering diverse points of view based on unique lived experience. We stand for equality and justice for all people and are committed to helping advance change for some of society’s biggest challenges.

**41.7%<sup>▲</sup>**  
gender equity in senior leadership roles in Canada and the United States

**\$66 million<sup>▲</sup>**  
in donations to registered charities and non-profit organizations in Canada and the United States

**83%**  
of employees believe BMO is a great place to work



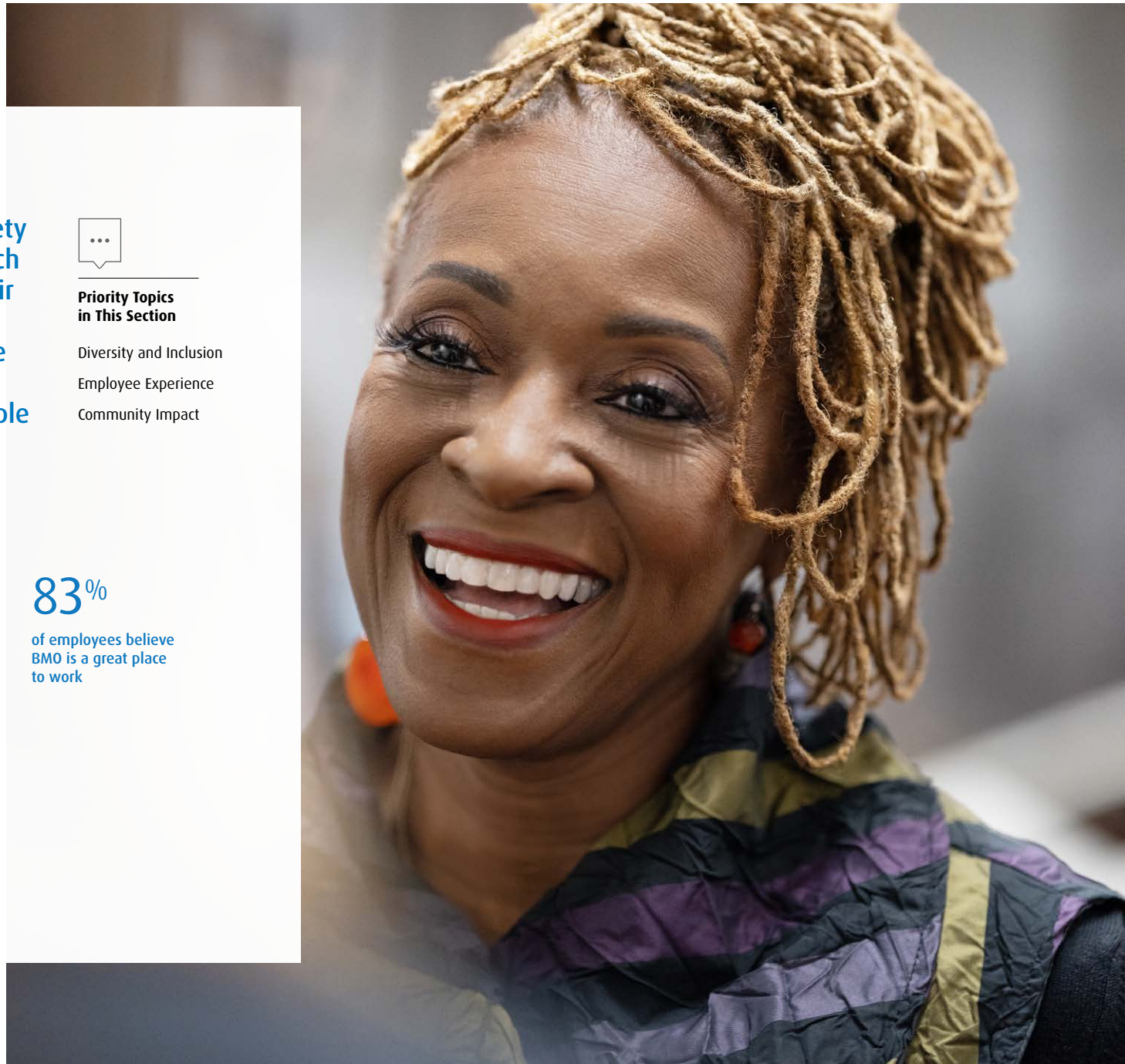
**Priority Topics in This Section**

- Diversity and Inclusion
- Employee Experience
- Community Impact

**Alignment with SDGs**

|  |   |   |   |   |
|--|---|---|---|---|
|  |  |  |  |  |
| 4.4  | 5.1, 5.5, 5.a   | 8.3, 8.5, 8.7   | 10.2, 10.3  | 17.16   |

Daphne Jones, President of Glorious Malone’s Fine Sausage, Inc., a family business in Milwaukee, WI. Malone’s has been a BMO customer for 12 years.



## Breaking Down Barriers

### BMO IS FOCUSED ON BREAKING DOWN BARRIERS TO INCLUSION FOR OUR COLLEAGUES, CUSTOMERS AND COMMUNITIES

In a year filled with transformative events, the historically large protest movement for racial justice stands apart as a catalyst for global change, and an unprecedented driver of wide-ranging cultural transformation. Across North America and in many nations around



Chicago high school students created murals that were installed at BMO's main branch as a visual reminder to continue our progress toward a more inclusive society.

the world, people came together – in the streets, online, and in our workplaces – to express frustration with the slow pace of progress, advocate for justice, and hold authorities to account. The fight continues to this day, as we all work toward a more just society. In the words of BMO Harris' Carl Jenkins, when reflecting on this year: "It's only an inflection point if you make it one."

BMO is committed to building a more equitable world, and part of that commitment is our new diversity and inclusion strategy. *Zero Barriers to Inclusion 2025* is a multi-year strategy that supports equity, equality and inclusion. We're focused on providing access to opportunities and enabling growth for our colleagues, our customers, and the communities we serve. It's part of our Purpose-driven commitment to grow the good for an inclusive society – one with zero barriers to inclusion.

We are focused on creating a more just society – especially for groups facing systemic barriers, including our Black, Latino and Indigenous colleagues, customers and communities. For us, it starts where we work – but that's just the beginning. BMO is committed to ensuring our workplace is inclusive – a place where employees can be confident that they are valued, respected and heard. Removing barriers ensures an equitable employee experience with access to career development and advancement for everyone who works here.

Focusing on underrepresented employees, we've set ambitious hiring goals for 2025, which include:

- Increasing representation of Black employees in senior leadership roles to 3.5% and 7% in Canada and the U.S., respectively

- Increasing representation of People of Colour employees in senior leadership roles to 30% or greater in Canada and the U.S.
- Increasing representation of Latino employees in senior leadership roles to 7% in the U.S.
- Sustaining our current gender equity position with a range of 40–60% representation in senior leadership roles across our organization
- Increasing representation of Black and Latino interns and entry-level employees to 30% in the U.S. and ensuring 40% of student opportunity in Canada is directed to BIPOC youth
- Increasing representation of Indigenous Peoples across our workforce in Canada to 1.6%
- Increasing representation of persons with disabilities within a range of 5–7% of our workforce
- Introducing an LGBTQ2+ representation goal of 3% of our workforce

We've also created a number of internal and external groups to ensure an equitable employee experience – for example, the Black and Latino Advisory Council, which focuses on employee experience, advancement, and engagement of Black and Latino talent.

2020 also saw the creation of our Indigenous Advisory Council (IAC), comprised of Chiefs and Indigenous leaders from across Canada, with a mandate to support education, employment and economic empowerment for Indigenous employees, customers and communities.

The IAC is just one example of our holistic approach to supporting inclusion. We know providing an equitable workplace is not enough, so BMO's *Zero Barriers to Inclusion 2025* strategy is also focused on providing access to opportunities and enabling growth for our customers, and the communities we serve. As we continue to eliminate barriers in our community alliances and partnerships, especially in areas such as workforce development, health care, small business, affordable housing, arts, and culture, BMO remains focused on supporting minority-owned businesses as part of our overall diversity strategy.

We've launched several initiatives to support Black-owned businesses and organizations, providing long-term capital and attracting investment from the business community, philanthropists, and government. We're expanding our Supplier Diversity Council enterprise-wide to ensure we work with diverse suppliers and partners that positively affect local communities. And in our communities, we will continue to lead inclusive local economic initiatives, including our \$10 million investment in the Mayor of Chicago's Economic Development Plan and our \$10 million partnership with United Way Greater Toronto. We've also donated \$1 million to organizations focused on social and racial justice.

"In this year of unprecedented events, our colleagues, customers and communities' well-being has been placed under tremendous strain," says Karen Collins, Chief Talent Officer, BMO. "It will take all of us working together to make a difference, to break down barriers and overcome injustices. This is a call to action, and we have the opportunity to lead the way and positively impact society." Our *Zero Barriers to Inclusion 2025* strategy is one way of answering this call.

**DIVERSITY AND INCLUSION**

Our commitment to diversity and inclusion (D&I) supports BMO’s long-term business success. It also provides a wide range of perspectives that enhance our decision-making and ability to serve our broad client base. D&I is fundamental to our brand and character, and to the fulfillment of our Purpose.

**Framing the topic**

**What we mean by diversity and inclusion (D&I):**

Providing equal opportunities to employees regardless of gender, race, ethnicity, disability, sexual orientation, religion, marital status or age, and maintaining an inclusive culture in which they feel valued, respected and heard, and can bring their best self to work.

**Who has responsibility:** The Leadership Committee for Inclusion and Diversity (LCID), an enterprise-wide committee of 25 senior executives, establish strategic priorities and oversee our progress toward our Diversity and Inclusion (D&I) goals. The committee is co-chaired by a member of BMO’s Executive Committee, who is appointed by the CEO. BMO’s Chief Human Resources Officer, Head of People & Culture and the Human Resources Committee of the Board also provide oversight and receive regular D&I updates.

In line with our Purpose, BMO is committed to accelerating initiatives that eliminate barriers to inclusion in our workforce and our communities, and create meaningful and sustainable change.

We have signed on to several industry commitments, including the [Catalyst Accord 2022](#) in Canada, the [UN Women’s Empowerment Principles](#), the [UN LGBTI Standards of Conduct for Business](#) and the [BlackNorth CEO Pledge](#). BMO’s CEO is a vocal champion of inclusivity, and our Leadership Committee for Inclusion and Diversity, comprised of 25 senior executives from across the organization, establishes strategic priorities and oversees progress toward our D&I goals. Their work is augmented by the grassroots efforts of the more than 6,800 members of our 14 Enterprise Resource Groups (ERGs).

**Related BMO policies, statements and reports**

- [BMO’s Code of Conduct](#)
- [Board Diversity Policy](#)
- [Statement on Human Rights](#)
- [2019 Employment Equity Narrative Report](#)

**Our Bold Commitments**

- Increase the representation of People of Colour in senior roles in the United States to 20% by 2020
- Increase the representation of the Indigenous workforce in Canada to 1.6% by 2020
- Foster an inclusive workplace where all employees complete “Learn from Difference for All” training

**2020 status:**

- 20.3%▲ People of Colour in senior roles in the U.S.
- 1.2%▲ Indigenous representation in Canada
- 83.5% of employees have completed “Learn from Difference for All” training

We set ambitious workforce representation goals by identifying gaps, removing barriers and holding all leaders, managers and employees accountable for moving BMO forward. Diversity goals are included in the annual performance objectives of each Group Head. The representation of diverse employees in each line of business is discussed at quarterly meetings of the Performance Committee, which is led by the CEO and includes our most senior leaders.

employees – our aspiration is that all BMO colleagues complete this training and over 83% have completed it so far.

Each year, as part of BMO’s Leadership Planning program, we identify employees with the potential to take on more senior roles in the organization, and then compile a plan for senior leaders. Our objective is to ensure a diverse leadership pipeline.

Learn from Difference (LFD) is our signature D&I learning program, a multi-year initiative focused on building leadership capabilities and equipping leaders with strategies to create a more inclusive environment for colleagues, customers and communities. The program has two components: one for BMO’s people managers and a second for all

**Age of Workforce**

| Age-Group Category           | Female (%) | Male (%) | Enterprise (%) |
|------------------------------|------------|----------|----------------|
| Gen Z (1996 or after)        | 5.3        | 5.3      | 5.3            |
| Millennial (1980–1995)       | 21.9       | 24.1     | 22.9           |
| Gen X (1966–1979)            | 50.7       | 53.7     | 52.0           |
| Boomers (1946–1965)          | 22.0       | 16.7     | 19.7           |
| Pre-Boomers (1945 or before) | 0.1        | 0.2      | 0.1            |

Catalyst Accord 2022: <https://www.catalyst.org/solution/catalyst-accord-2022-accelerating-the-advancement-of-women/>  
 Women’s Empowerment Principles: <https://www.weps.org/>  
 LGBTI Standards of Conduct for Business: <https://www.unfe.org/standards/>  
 BlackNorth CEO Pledge: <https://www.blacknorth.ca/The-Pledge>

BMO’s Code of Conduct: [www.bmo.com/home/about/banking/corporate-information/codeofconduct](http://www.bmo.com/home/about/banking/corporate-information/codeofconduct)  
 Board Diversity Policy: [www.bmo.com/home/about/banking/corporate-governance/select-documents](http://www.bmo.com/home/about/banking/corporate-governance/select-documents)  
 Statement on Human Rights: [corporate-responsibility.bmo.com/our-approach/statement-on-current-issues/](http://corporate-responsibility.bmo.com/our-approach/statement-on-current-issues/)  
 2019 Employment Equity Narrative Report: <https://corporate-responsibility.bmo.com/reports/>





Women at BMO earn >98 cents for every dollar earned by men.

**Equal Pay**

Our Purpose as a bank is to Boldly Grow the Good in business and life and, in keeping with that, we are committed to maintaining a diverse and inclusive workplace. We believe that all of our employees should be treated fairly and compensated equitably.

Underpinning BMO’s approach to compensation is a unified and comprehensive framework that includes job evaluation systems which measure and compare jobs using objective, gender-neutral criteria, independent third-party market data which is used to create the salary ranges and bonus targets for our employees, and clear workplace policies and procedures on how to treat employees fairly. We provide ongoing communications to leaders and managers to reinforce the importance of applying performance

and compensation decisions consistently and equitably, and we monitor and assess our compensation outcomes.

In 2020, we conducted a thorough statistical review of our compensation programs and their outcomes with an independent third party to assess the alignment of our pay decisions with our Purpose.

The review found that women earned more than 98 cents for every dollar earned by men in base salary and total compensation.

We are committed to ongoing assessment of our compensation program and, where appropriate, adjusting compensation decisions to deliver on the promise of fair treatment and gender-neutral pay for our employees.



Urmi Mogra, BMO Personal Banking Associate.

**Supplier Diversity**

Supplier diversity is a key component of BMO’s D&I strategy. Integrating diverse suppliers into BMO’s supply chain aligns with the goals of our shareholders, customers and employees. We are committed to building long-term relationships with diverse suppliers and ensuring that qualified businesses have equal opportunity to compete for business. BMO works directly with diverse businesses and expects its suppliers to provide similar opportunities in their own supply bases.

Supplier diversity is embedded in our procurement practices in both Canada and the U.S. The BMO Procurement team focuses on supplier inclusion through the following activities:

- **Sourcing Process:** Identifying and including diverse suppliers in competitive events hosted to purchase a new product or service
- **Reporting:** Tracking inclusion efforts consistently, with results reported quarterly to BMO’s newly enhanced Enterprise Supplier Diversity Council as well as the Leadership Committee for Inclusion and Diversity (LCID), ensuring senior-level visibility and sponsorship

- **Partnerships and Outreach:** Establishing corporate partnerships with supplier diversity advocacy councils, which allows the bank to connect with and build relationships with diverse supplier communities to continuously improve inclusion in the sourcing process
- **Education:** Continuously engaging with diverse business communities, conducting one-on-one meetings and encouraging registration in BMO’s supplier portal for consideration in future opportunities

Beyond the Procurement team, BMO is continuously improving its supplier diversity practices, most recently by reaffirming senior leadership and spend-influencer support through an Enterprise Supplier Diversity Council and aggressive goals for growth. We are also launching a formal Supplier Development Program to provide executive mentorship, connect promising diverse suppliers with spend influencers at BMO, and help them grow their businesses.

Annual gender pay gap report: <https://www.bmogam.com/wp-content/uploads/2020/03/bmo-gam-uk-gender-pay-gap-report-2019-1.pdf>



**HIGHLIGHTS**

- BMO’s Vision 2020 strategy, launched in 2017, focused on increasing workforce representation in areas that needed improvement. By year-end 2020, we had exceeded four of our five goals: women in senior leadership roles reached 41.7%; minorities in senior roles in Canada reached 35.5%; People of Colour in senior roles in the United States reached 20.3%; and persons with disabilities reached 4.7%. We fell short in just one area: the representation of the Indigenous workforce in Canada, at 1.2% at year-end against a target of 1.6%. We are now setting new workforce representation goals for 2025, with annual milestone targets, in order to increase senior leader representation in key diversity areas such as gender equity and minorities in Canada, and People of Colour in the United States.
- BMO’s commitment to zero barriers to inclusion means there is no middle ground on issues of racial injustice and inclusion. While we already had many initiatives underway to address gaps that impact Black, Indigenous and People of Colour (BIPOC) employees, customers and communities, the #BlackLivesMatter movement and the racial injustice events of 2020 compelled us to do more. To accelerate change in our workplace and in society, we consulted with our Enterprise Resource Groups, and then took the following actions, which are consistent with our CEO’s commitment to the BlackNorth CEO Pledge and the Truth and Reconciliation Commission of Canada Call to Action 92:

- Created the Black and Latino Advisory Council (BLAC), charged with ensuring that Black and Latino employees experience an inclusive environment and have equitable access and support to develop and advance their careers at BMO.
- Launched a new intranet site with racial injustice educational materials, including a guide for understanding issues of racial injustice in the Black community and conducting constructive conversations on race.
- In October 2020, launched a new speaker series, BMO Bold Conversations, connecting our colleagues, customers and communities through candid and bold conversations, on topics that impact People of Colour. The inaugural conversation focused on closing the racial wealth gap in the U.S.
- Added a pathway entitled *Understanding and Taking Action Against Racism* to our BMO U mobile learning platform with a series of resources.
- Improved access to development programs through the launch of new Career Advancement Programs supporting Black and Latino employees, focusing on building future skills and access to the leadership pipeline.
- Ensured 40% of student opportunities are directed to BIPOC youth.
- Donated \$1 million to North American organizations fighting for social and racial justice, including the NAACP Legal Defense Fund, the Equal Justice Initiative, the Canadian Anti-Hate Network and the Greater Twin Cities United Way (see page 44).

**Zero Barriers to Inclusion 2025**

Our *Zero Barriers to Inclusion 2025* strategy raises our representation targets bank-wide, while sustaining our current gender equity position within a range of 40% to 60% representation in senior leadership roles across our organization.

3.5% and 7%

Black employees in senior leadership roles in Canada and the U.S., respectively

40%

of student opportunities in Canada directed to BIPOC youth

≥30%

People of Colour in senior leadership roles in Canada and the U.S.

1.6%

Indigenous peoples across our workforce in Canada

7%

Latino employees in senior leadership roles in the U.S.

3%

LGBTQ2+ representation across our workforce

30%

Black and Latino interns and entry-level employees in the U.S.

5%–7%

Persons with disabilities across our workforce

- In line with our commitment to increase Indigenous representation in our Canadian workforce, we launched on-reserve employment hubs where Indigenous employees can remain close to their communities and homes while working at BMO. To increase Indigenous employees’ promotion and retention rates, BMO talent advisors began offering one-on-one coaching and support for our Indigenous employees. We also strengthened our Indigenous cultural awareness training for BMO leaders and employees (see page 30).
- BMO was the executive sponsor of Plan Canada’s Girls Belong Here program for the third year in a row. To reflect the theme of the 2020 program, *Safety Online in a Digital World*, we showcased BMO’s leading capabilities in cyber security and technology, career opportunities for women in science, technology, engineering and math (STEM) fields, and anti-human trafficking initiatives. This year, we offered three seat shares where our Capital Markets Chief Information & Technology Officer and Group Head of North American Personal & Business Banking stepped down to allow BMO’s youth participants to experience what it’s like to be a leader for a day.

NAACP Legal Defense Fund: <https://www.naacpldf.org/>  
 Equal Justice Initiative: <https://ejj.org/>  
 Canadian Anti-Hate Network: <https://www.antihate.ca/>  
 Greater Twin Cities United Way: <https://www.gtciuw.org/>

EMPLOYEE EXPERIENCE

In our dynamic and competitive business environment, effectively engaging with and managing our people is critical for differentiating our culture and maximizing organizational performance. When we attract and hire great talent, develop our employees' skills, act on their ideas and input, and inspire bolder decision-making, we make progress toward achieving our Purpose.

Framing the topic

What we mean by employee experience:

the personal journey an employee takes with BMO, and every interaction they have in the company. It is shaped by our values and culture, including the ways we attract and inspire diverse and talented people, create a safe and healthy workplace, empower and equip employees with the skills they need to succeed, and align individual and organizational goals.

Who has responsibility: BMO's Chief Human Resources Officer and Head of People and Culture, along with BMO's senior leadership team. The Human Resources Committee of the Board oversees human resources strategies.

TALENT ATTRACTION AND RETENTION

At BMO, we firmly believe in the importance of prioritizing and nurturing our values across our workforce. We want to hire and retain people who have a shared sense of our Purpose and are passionate about helping us deliver on it.

We have simplified, integrated and digitalized our talent acquisition practices to help us find, hire and advance diverse talent at the right time to deliver business performance. Our talent acquisition technology platform makes our recruitment processes more transparent for candidates and provides a personalized, online experience.

We hold all recruiters responsible for assembling a diverse slate of candidates. Diversity hiring goals are integral factors for hiring managers, starting with the first intake session. All managers are equipped to assess the candidate's corporate culture fit. Our dedicated recruitment marketing team promotes BMO's purpose-driven employment value proposition through multiple channels, including social media and our careers website.

A strong communication environment is an essential ingredient of our workplace culture. We use a wide range of multimedia channels to communicate with our employees, including leader town halls; *On Point*, an enterprise-wide social media channel where BMO's senior leaders engage in two-way dialogue with employees; and *BMO Jams*, an online ideation and innovation platform where leaders and employees candidly exchange ideas.

In addition to their pay, full-time and part-time employees have access to a wide range of benefits to help plan for and respond to various events in their lives, including health

and wellness programs (medical and dental coverage, employee assistance and wellness resources), life insurance, income protection in case of disability, and vacations and leaves such as time off for new parents. BMO's retirement savings and share purchase plans help employees plan and save for retirement. Temporary employees do not participate in these plans.

HIGHLIGHTS

- To support leaders and employees during the pandemic, we issued a COVID-19 People Leader Guide that was continually updated as the situation evolved. The guide addressed topics such as prioritizing team members' health and safety, managing teams in an inclusive way, hiring and onboarding of new employees, and helping reduce anxiety. We also increased our regular communications from senior leaders through social media, weekly videos from the CEO and leadership blogs. Our *BMO Inspires* series featured personal stories from employees motivating others to lead in this time of adversity.
- We redoubled our support for mental health by creating a series of wellness email bursts that were delivered via mobile app. We also produced a first-of-its-kind workplace mental health playbook for business leaders. It features case studies from leading organizations, including BMO, and five recommendations for how business leaders can prioritize workplace mental health.
- We enhanced our benefits program to help our people cope during this difficult time:

- Employees were given up to 15 additional days of paid time off to support family needs.

- Virtual health care was launched in Canada. Employees across all jurisdictions (Canada, U.K. and U.S.) now have access to high-quality virtual care through a mobile app.
- Temporary Employee Share Ownership Plan and Employee Share Purchase Plan withdrawal relief was offered in the form of a one-time sale of shares with no penalty.
- A stipend of \$50 a day for up to 14 weeks was granted to core employees working on the front line in our branches and call centres.
- Emergency unpaid leaves were provided to employees to support child, elder and family care needs.
- BMO's performance management practices are intended to help our employees reach their full potential and drive business results. In 2020, we introduced several new practices to help activate our high-performance culture, including sharing best practices on how to ask for and give performance feedback; using Workday, our new human resources system, to set goals, provide feedback and conduct performance reviews; testing a skills-based conversation model for managers to improve the quality of their performance discussions; and training leaders on managing performance in new ways, including seeking multiple perspectives and holding virtual performance discussions.

55%

open positions filled by internal candidates

\$65.8 million<sup>▲</sup>

invested in training in 2020 – an average of \$1,478 per employee

**Our Bold Commitment**

- Equip employees for the future through engagement in the BMO Forward “future of work” learning program

**2020 status:**

- 5,000 employees against a target of 20,000 employees

**BMO Canada Pension Plan (defined benefit pension plan)**

|   |   |
|---|---|
| a. Estimated value of liabilities   | \$5,868 million   |
| b. Extent to which the liabilities are estimated to be covered on a going concern basis | 122.5% funded as of October 31, 2020  |
| c. Funding strategy   | Follows Canadian legislative requirements for funding pension plans   |
| d. Employee contributions   | No required contribution for employee unless employee participates in the optional contributory portion of the plan |
| d. Employer contributions   | Employer pays required contribution based on the actuarial valuation report that is filed with the authority        |
| e. Plan participation   | 22,918 active members as at October 31, 2020  |

**Voluntary Turnover Rate (%)**

| Enterprise               | Female | Male | Enterprise |
|--------------------------|--------|------|------------|
| Canada                   | 7.7    | 8.4  | 8.1▲       |
| United States of America | 9.9    | 9.3  | 9.7▲       |
| Enterprise               | 8.3    | 8.6  | 8.5▲       |

902,131  
hours of learning in 2020



Employee work spaces at BMO's 250 Yonge Street offices.

**LEARNING AND DEVELOPMENT**

A key way we're bringing our Purpose to life is by levelling the playing field through learning and development. We ensure that every BMO employee has access to opportunities to upskill and reskill for their job, their career and the future. We believe that one of the most important capabilities employees can develop is agility, and our learning platforms stoke curiosity and encourage employees to be ready for anything.

Learning and development at BMO take many forms. BMO U, our mobile learning platform, offers a wide range of videos, articles, courses, podcasts, and e-books and opportunities for social collaboration. BMO IFL (our Institute for Learning) delivers formal, cohort-based learning programs and informal self-study experiences. Each year, thousands of our leaders and employees attend BMO IFL courses, conferences, design and strategy sessions, hackathons and more.

We are currently deepening our approach to measurement for learning, including how we assess the efficiency of learning operations, the effectiveness of learning programs, the depth and breadth of learned skills, and how learning supports BMO's overall strategic priorities and key people metrics.

**HIGHLIGHTS**

- When COVID-19 struck, the number of BMO employees working from home increased from about 5,000 to more than 30,000 in a matter of days. Our learning team quickly introduced resources and support to ensure that employees working remotely – and those who remained on-site at BMO premises – could be as healthy, safe and effective as possible. These resources included guides, tip sheets, podcasts and learning pathways on topics such as leading and working in times of change, building resilience and well-being, best practices for working remotely and practicing social distancing, and help for caregivers and parents. We continually added new content to BMO U, and offered online alternatives to in-person classroom programs so that employees could keep learning through the pandemic.
- BMO IFL proactively pivoted its physical premises during the pandemic, turning its hotel rooms into a home away from home for front-line health care workers to give them a place to rest and provide additional safety to their families at home.

**EMPLOYEE ENGAGEMENT**

Listening to our people is a priority at BMO, and we regularly survey employees to help us identify the most effective approaches to fostering engagement and high performance.

In recent years, BMOPulse has been the cornerstone of our employee listening strategy – this annual survey helps leaders track and improve their teams’ engagement. However, the extraordinary circumstances of 2020 highlighted a critical need to connect with employees faster and more frequently. As a result, we paused BMOPulse in 2020 and implemented shorter, more frequent pulse checks instead. This new approach enabled us to better understand employee needs and provide the required support as people adapted to new ways of working, and to gather feedback on key issues as they developed.

As of September 1, our employees have responded to 24 pulse checks during the year. Their input guided the development of critical initiatives such as our work-from-home and return-to-office strategies.

**Of the employees and contractors who responded to our first COVID-19 response pulse check:**

90%

felt pride in BMO’s response to customers/clients

82%

felt pride in BMO’s response to colleagues

83%

felt pride in BMO’s response to communities

75%

felt cared about personally as an individual

**In our August pulse check:**

83%

believe BMO is a great place to work

**Related BMO policies, statements and reports**

- [BMO’s Code of Conduct](#)
- [Statement on Health and Well-being](#)
- [Statement on Freedom of Association and Collective Bargaining](#)



BMO branch, Sherbrooke, Quebec.

**BMO’s Code of Conduct:** <https://www.bmo.com/home/about/banking/corporate-information/codeofconduct>  
**Statement on Health and Well-being:** <https://corporate-responsibility.bmo.com/our-approach/statement-on-current-issues/>  
**Statement on Freedom of Association and Collective Bargaining:** <https://corporate-responsibility.bmo.com/our-approach/statement-on-current-issues/>



COMMUNITY IMPACT

By supporting innovative, locally focused and collaborative approaches that help people and build strong communities, we apply our core values to create value for our customers, our business and society at large.

Framing the topic

What we mean by community impact:

Making a positive difference in communities through a variety of initiatives and programs, including corporate giving, employee giving and volunteering, and sponsorships.

Who has responsibility: BMO's Chief Strategy and Operations Officer has overall responsibility for community giving. BMO's Chief Marketing Officer is the most senior executive with responsibility for sponsorships.

\$66 million\*

in donations to registered charities and non-profit organizations in Canada and the United States

COMMUNITY GIVING

The BMO Community Giving strategy is built on three pillars – collaboration, learning and innovation – that are supported by our 200-year commitment to helping improve the quality of life in the communities where we live and work. Our pillars guide and influence how we build capacity, select and work with our community partners, and measure performance.

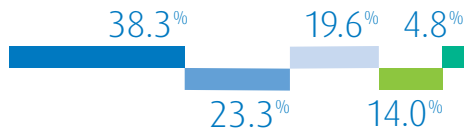
We believe that progress on important social issues can be made through sharing and pooling information, data, resources, lessons learned and promising practices. We seek out opportunities to collaborate with partners across all sectors, disciplines and geographic boundaries, looking for those who share our passion for delivering new and sustainable solutions to ever-evolving challenges, and for seeding transformational change.

Our Community Giving Operating Procedures are reviewed and updated annually to ensure they remain relevant. The most recent update was conducted in September 2020.

HIGHLIGHTS

• **Meeting community needs during the COVID-19 pandemic** – BMO donated \$1 million to United Ways across Canada to support newly exposed gaps in community services. BMO Harris donated US\$500,000 to the Chicago Community COVID-19 Response Fund, the United Way of Greater Milwaukee & Waukesha County's COVID-19 Urgent Needs Fund, and the United Way of Dane County's COVID-19 Emergency and Recovery Fund. BMO is also the lead financial services donor to Sunnybrook Hospital's CONCOR-1 clinical trial, which is investigating the therapeutic use of plasma – the component of blood that contains antibodies – from patients who have recovered from COVID-19.

- **Combatting social and racial injustice** – BMO donated \$1 million to support social and racial justice and inclusion in North America. The funds went to the NAACP Legal Defense Fund, the Equal Justice Initiative, the Greater Twin Cities United Way and the Canadian Anti-Hate Network.
- **Supporting Indigenous pediatric health** – BMO donated \$3 million to Montreal's Children's Hospital to support Minnie's Hope Social Pediatric Centre, a culturally safe, inclusive centre – the first of its kind in Canada – dedicated to helping children reach their full potential. Located at the meeting of the Kuujuarapik and Whapmagoostui communities in northern Quebec, Minnie's Hope provides relationship-based intervention to Indigenous children regardless of the physical, developmental or social challenges they face. The centre provides critical medical, psychological and holistic services to Inuit and Cree children and their families in partnership with the communities' elders and other members. These two very different cultural communities are working together in collaboration with the Montreal Children's Hospital.
- **Investing in youth** – BMO pledged \$600,000 over six years to Boys and Girls Clubs of Canada as the founding partner of Kid Tech Nation, a national program that teaches children digital skills, coding concepts, internet safety and computational thinking. The program also focuses on engaging young people who are typically underrepresented in technical fields: girls, racialized and Indigenous children, children with disabilities and those who are newcomers to Canada. The eight-week curriculum encourages learners to exercise their creativity by producing animations, art, games and music. Participants also learn how the skills they have developed can be applied to various industries and careers.
- **Developing talent pipelines in underserved communities** – BMO Harris Bank created a pilot program, the BMORE Retail Hiring Initiative, to develop talent pipelines in African-American and Latino communities in order to attract diverse local talent. In partnership with work readiness non-profit Cara Chicago, a customized curriculum was developed that combines the core competencies valued by both organizations. Participants take part in skills assessment, training and coaching at Cara Chicago prior to being recommended to BMO for hiring as part of a cohort. Once hired, they participate in customized onboarding and training. This joint approach closes the skill and work readiness gap and provides a strong foundation for new hire success. Our goal in the first cohort is to hire up to 10 individuals to work as customer experience representatives at branches in their local communities. Their branch managers will participate in inclusivity training.
- **Bringing innovative, locally focused approaches to building strong neighbourhoods** – Having made \$10 million in donations to United Way Greater Toronto and United Way of Metro Chicago in 2018 and 2019, respectively, BMO is now partnering with these organizations to spur economic activity in high-need neighbourhoods. In Toronto, BMO co-convened the Inclusive Local Economic Opportunity (ILEO) initiative, which in 2020 established a Corporate Charter – a framework for corporate action that challenges other companies to join the ILEO mission – and launched five pilot initiatives. In Chicago, BMO's donation supported Latino Progresando's new community resource centre in the Little Village neighbourhood, continued progress on the Aspire Center for Workforce Innovation in the Austin neighbourhood, and COVID-19 rapid response community hubs in 2020.



| Community giving by focus area  | % of total |
|---|------------|
| Health and Social Services (includes hospitals and federated appeals) | 38.3       |
| Arts and Culture  | 23.3       |
| Education   | 19.6       |
| Civic/Community Services and Economic Development                     | 14.0       |
| Other   | 4.8        |

**EMPLOYEE GIVING AND VOLUNTEERING**

Employee giving and volunteering are central to our culture, and we offer unique opportunities for our people to support causes they care about. Employees are involved in fundraising for Kids Help Phone, United Way and other important organizations. They volunteer in community programs throughout the year, and especially on BMO Volunteer Day and Days of Caring.

Our pro bono legal program offers free legal services to low-income and vulnerable people in need. We consider this a vitally important community service, and have delivered a call to action to the legal community to formalize in-house pro bono programs and increase funding. We have also committed to reviewing law firms' pro bono support when we engage external law firms.

**HIGHLIGHTS**

- In the fall of 2019, 91% of our employees participated in the annual BMO Employee Giving Campaign, donating almost \$23 million to local United Way organizations and other charities across North America.

- For employees interested in volunteering during the pandemic, we launched a volunteer opportunities website that lists safe ways to help people cope with the crisis. BMO employees also raised more than \$1.1 million at the Never Dance Alone-A-Thon in support of Kids Help Phone, Canada's only 24/7 national support service for youth. Typically a walk-a-thon, the event was held virtually in 2020.

- In the United States, BMO volunteers handle asylum and other immigration matters through the National Immigrant Justice Center. When in-person support was no longer an option due to the pandemic, we transformed the intake clinic at Chicago Volunteer Legal Services into a virtual service; supported the American Bar Association's Free Legal Answers online clinic; staffed the New York City Bar Association hotline; and piloted a remote program with the Hebrew Immigrant Aid Society.

- In Canada, we worked with Pro Bono Ontario (PBO) in four areas in 2020: staffing PBO's free legal advice hotline for low-income Ontarians; offering advocacy assistance to families seeking support to address school-related challenges such as bullying and discipline matters; creating and executing powers of attorney and advance care directives for patients in hospitals; and joining PBO's Assistance for Children with Severe Disabilities Appeals Project.



2019 Canadian Law Awards – Pro Bono Initiative of the Year, Gold Winner

**SPONSORSHIP**

BMO sponsors festivals and cultural events, as well as professional sports teams, as part of our commitment to our Purpose and in support of our business objectives. These sponsorships are selected based on the community impact and social benefits they can deliver, and the relationships they can create for BMO.

**HIGHLIGHTS**

- We continued to deliver on our commitments in 2020 by finding creative new ways to support our partners during a challenging year. For example:
  - BMO Harris Bank and the Chicago Bulls partnered to upcycle Bulls T-shirts into 10,000 face coverings that were donated to community partners My Block My Hood My City, Breakthrough Family Urban Ministries, Boys and Girls Clubs of Chicago, and After School Matters.
  - BMO enhanced its existing partnership with Maple Leaf Sports and Entertainment by assisting with the Bringing Toronto Back to its Feet initiative. For one of the group's activities, the kitchen facilities at BMO Field were used to prepare up to 3,000 meals daily for first responders and residents of homeless shelters.



United Way of Metro Chicago – BMO Harris was recognized as one of its Top 25 Corporate Partners



Manhattan Legal Services' 2019 Awards Benefit – in December 2019, BMO was recognized for our pro bono work providing legal assistance to low-income New Yorkers

- Our Montreal Impact jersey swap campaign earned us a 2020 Strategy Online Marketing Award in the community building category, the Major League Soccer award for best platform/activation of the year, five 2020 IDEA awards for strategy, brand experience and social impact, and a 2020 CLIO award representing the Sports category. BMO is a premier sponsor of the Montreal Impact and when the team redesigned its jerseys for the 2019 season, we offered fans the chance to exchange any jersey from the past 25 years for a new one. Thousands of old jerseys were collected and transformed by local craftsmen into nets that were installed on soccer fields in underprivileged neighbourhoods, supporting more than 20,000 young players.

**BMO's Pro Bono Legal Program**

1

Number of new agencies or projects in Canada in 2020

327

Total Canadian volunteer hours in 2020

45

Number of volunteers in Canada

3

Number of new agencies or projects in the U.S. in 2020

591

Total U.S. volunteer hours in 2020

28

Number of volunteers in the U.S.

2

Number of asylum victories in the U.S.

 Building a Foundation of Trust

Earning the trust of our stakeholders is a foundation of our business success, and it enables us to deliver on our Purpose. It starts with living up to our values of integrity, empathy, diversity and responsibility in every decision and every action.

45.5%  
of the independent directors on BMO's Board are women

54  
enterprise-wide Net Promoter Score

4<sup>+</sup>  
substantiated complaints regarding breaches of customer privacy and losses of customer data



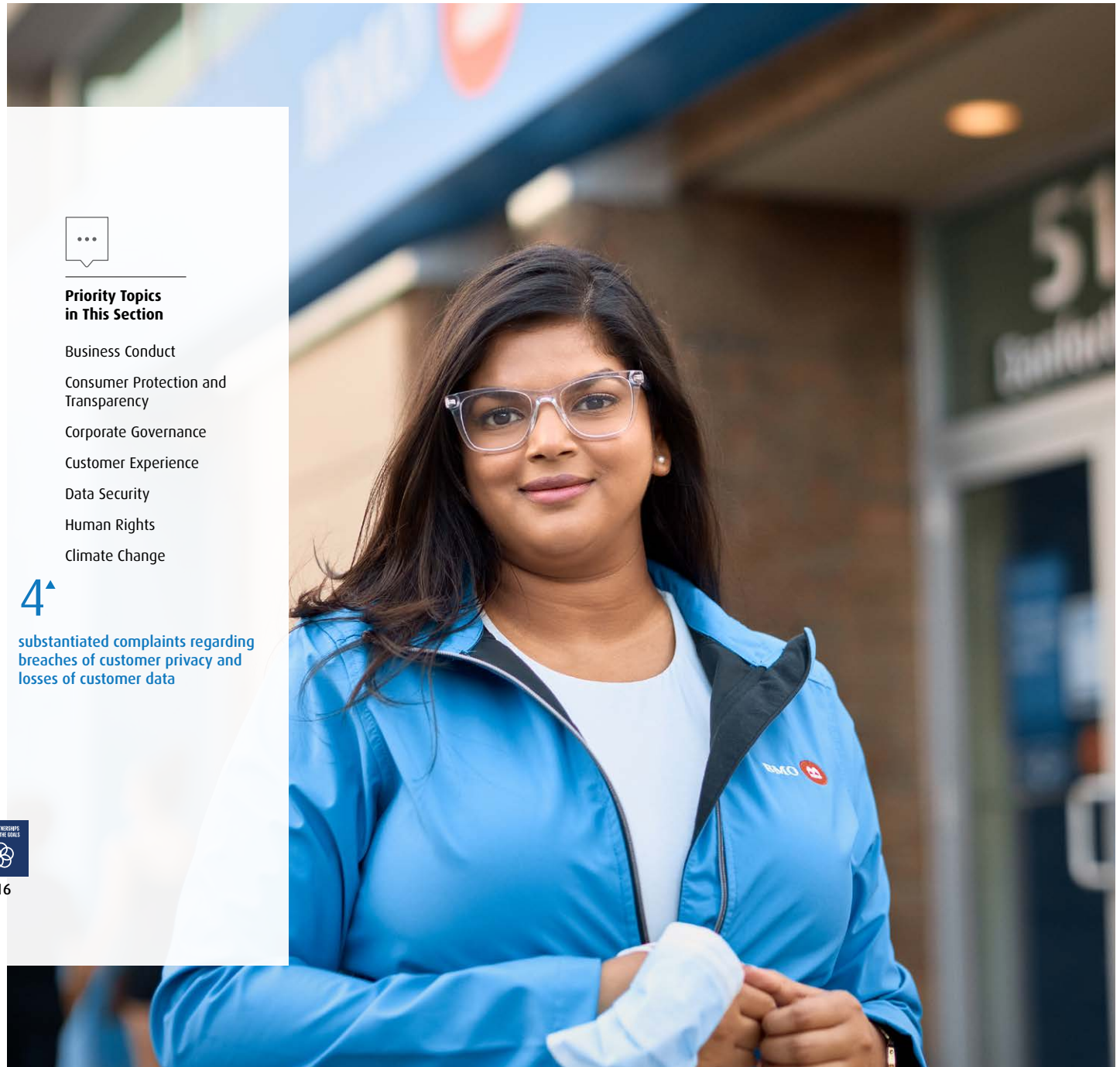
Priority Topics in This Section

- Business Conduct
- Consumer Protection and Transparency
- Corporate Governance
- Customer Experience
- Data Security
- Human Rights
- Climate Change

Alignment with SDGs



Pooja Patik, BMO Personal Banker, Danforth Avenue, Toronto.

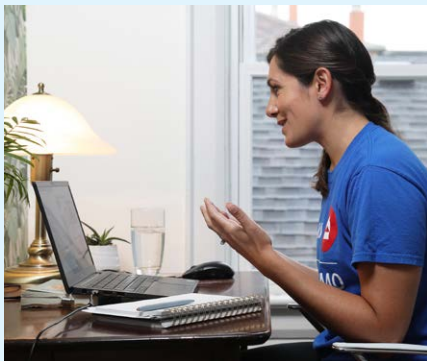




## Building Trust

### AS WE ALL WORK TOGETHER TO NAVIGATE A GLOBAL PANDEMIC AND ECONOMIC RECESSION, BMO IS COMMITTED TO BEING THERE FOR OUR CUSTOMERS, COLLEAGUES AND COMMUNITIES.

The social and economic impacts of the COVID-19 pandemic have been far-reaching and devastating. We know that in times like these, people turn to the organizations they trust the most. We take that seriously; earning the trust of all of our stakeholders is essential to our success – and every action we take is in service to that.



BMO's adaptable technology infrastructure enabled almost 30,000 employees to quickly transition to a work from home model.

BMO has always stood by our customers and communities in difficult times. We understand the vital role a trusted financial institution plays in restoring stability and supporting people. And while COVID-19 has changed many things, BMO's longstanding values have remained the same, inspiring our response to the pandemic: we keep the safety of our customers and employees paramount, and we stay relentlessly focused on helping fuel the recovery for our customers and communities.

When the pandemic hit, we took immediate action, mobilizing our people, technology and resources to be there for our customers. On March 13, BMO launched a Remote Access Management Bot (RAMBO), which quickly processed 11,000 requests, enabling employees to safely work from home – a feat made possible by the strength and adaptability of our technology infrastructure, and the cutting-edge tools we've built.

This rapid transition ensured the bank could continue doing what we do best – from continuing to provide critical banking services, to improving online experiences, to facilitating access to hardship relief and government loans, BMO has remained focused on fulfilling the critical role banks play in helping support the financial well-being of our customers.

To help keep businesses running and employees paid, we helped secure more than USD\$5.2 billion in funding from the Small Business Administration's Paycheck Protection Program (PPP). These loans supported more than 22,000 businesses and had the potential to support nearly 500,000 jobs. BMO was one of the top 15 PPP lenders in the U.S. And in Canada, we helped secure more than \$2.9 billion in CEBA funding, supporting more than 72,000 customers.

To facilitate getting those funds to customers, the entire bank worked together. BMO's Technology & Operations group, in partnership with our lines of business, mobilized across various teams and functions to facilitate payments to our personal, business and commercial banking customers on both sides of the border. In almost real-time, Channels teams implemented a Government of Canada/CRA mandated change to enable CRA Direct Deposit direct to customers for payments from CRA, including Canadian Emergency Response Benefit (CERB). This was critical work – approximately 40,000 applications were processed in the first three months alone. We also implemented a program that allows Small Business Assistance loans in the USA up to \$10 million to cover salaries, mortgage, rent and other operating expenses.

BMO offered hardship programming for consumer and small business customers, including payment deferrals on credit cards, mortgages, home equity, auto, personal and small business loans, and fee waivers for checking and savings accounts. The bank paused foreclosure and repossession actions for COVID-19-related circumstances.

In addition, we provided support tailored to the needs of corporate and wealth management clients, publishing online resource hubs for clients with specialized content and resources created by BMO subject matter experts.

As customer transactions moved dramatically more online – one month into the pandemic, there was a 250% increase in weekly enrolments – there was a great need for remote banking capabilities, capacity and data security. So BMO stepped up our technology to support our colleagues and communities. We've been investing heavily in digital transformation in recent years, and that investment paid off in 2020; we had the people, tools and infrastructure in place to take quick action and provide customers and employees with the support they needed. We heard what our customers were asking for – and we responded.

As online scams and cybercrimes increased dramatically with the pandemic, our Financial Crimes Unit was able to mobilize quickly to protect customers. In addition to implementing best-in-class security measures to protect customers from phishing and other online scams, the FCU published online resources to help educate customers on common security threats including regular articles on the threat landscape and security best practices for the remote work environment. A new security centre for customers was also developed to provide increased awareness through videos, articles and security tools.

The pandemic created so many heightened areas of concern for our communities, customers and employees: keeping families safe and businesses afloat; protecting the health of employees; and ensuring online security and money management. BMO is proud of the work we've done to protect the financial – and overall – well-being of everyone we work with – and everyone who puts their trust in us.



**BUSINESS CONDUCT**

Conducting our business ethically enables us to meet our promises to customers and other stakeholders, and enhances their trust in us. Our commitment to ethical business practices is integral to BMO's reputation in the financial sector and the global economy, and helps us cultivate strong relationships with employees, customers and communities.

**Framing the topic**

**What we mean by business conduct:**

Behaviour that consistently aligns with BMO's values and Code of Conduct (the "Code"), and results in positive outcomes for all of our stakeholders. We define misconduct as behaviour that falls short of legal, professional, internal conduct and/or ethical standards.

**Who has responsibility:** Responsibility for business conduct is shared across BMO's senior leaders. BMO's Chief Ethics & Conduct Officer is responsible for conduct-related reporting and advisory. Regular reports on the state of business conduct across the organization are presented to the Audit and Conduct Review Committee of our Board.

The Code sets out the principles and rules that guide our decisions and actions and the way that we work. It serves as the foundation for all BMO policies and procedures. On a regular basis, all BMO employees are expected to complete ethics, legal and compliance training, during which they also recertify adherence to the Code. We supplement this training with targeted internal communications throughout the year and with educational resources on our intranet site.

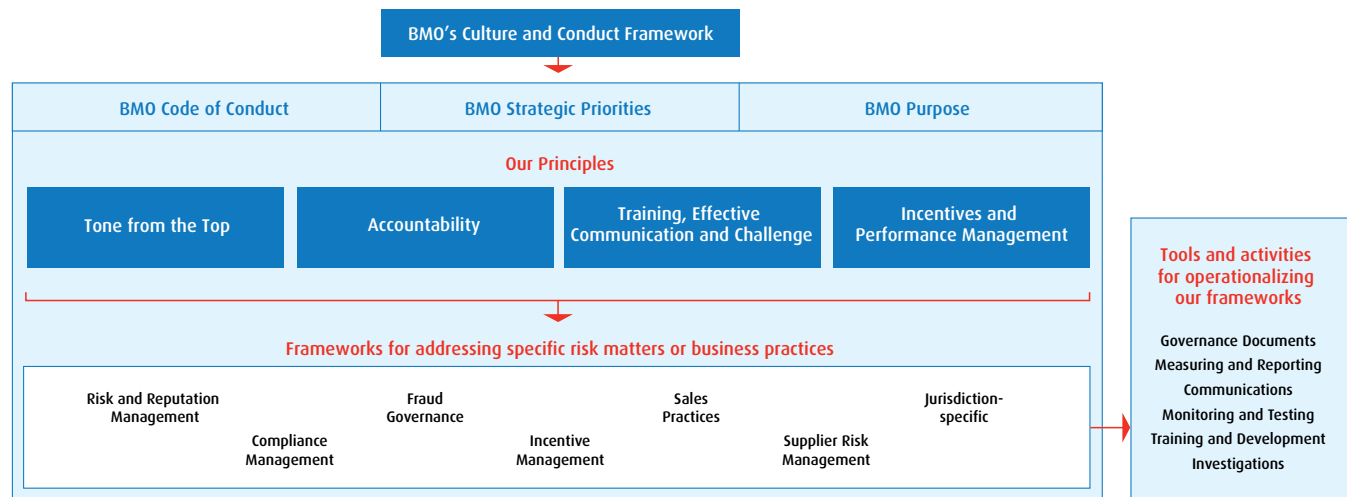
Our commitment to ethical business conduct includes maintaining zero tolerance toward bribery and corruption involving BMO employees and third-party partners. Our Anti-Corruption team manages the Anti-Bribery and Anti-Corruption Program to ensure that employees comply with anti-bribery and anti-corruption laws, identify and avoid corrupt activities, and report suspected illegalities.

We evaluate the potential for misconduct in our risk assessments and new initiative approval activity. And we have centralized the processes to supervise conflicts of interest to manage the risk of misconduct related to personal trading in securities and outside business activities.

We are similarly committed to maintaining the integrity of the markets in which we operate. BMO's Legal & Regulatory Compliance team provides guidance and resources to ensure that our business practices are consistent with competition and anti-trust legislation.

**Related BMO policies, statements and reports**

- [BMO's Code of Conduct](#)
- [BMO's Supplier Code of Conduct](#)
- [Statement on Anti-Corruption and Anti-Bribery](#)



BMO's Code of Conduct: <https://www.bmo.com/home/about/banking/corporate-information/codeofconduct>  
 BMO's Supplier Code of Conduct: <https://www.bmo.com/home/about/banking/corporate-information/supplier-information/supplier-code-of-conduct>  
 Statement on Anti-Corruption and Anti-Bribery: <https://corporate-responsibility.bmo.com/our-approach/statement-on-current-issues/>

**HIGHLIGHTS**

- BMO was recognized by The Ethisphere Institute, a global leader in defining and advancing ethical business practices, as one of the 2020 World’s Most Ethical Companies® for the third year in a row. Of those recognized, BMO was the only bank in Canada, one of only three Canadian companies and one of only four banks worldwide, validating our commitment to values-based leadership and ethical business practices.
- We were involved in several industry forums that share best practices in governance, risk management, compliance and ethics, including the Ethics & Compliance Initiative Fellows program and the Conference Board of Canada’s Corporate Ethics Management Council. BMO also participated in the 2020 Virtual Canada Ethics Summit hosted by the Business Ethics Leadership Alliance.
- We are investing in responsible Artificial Intelligence solutions. And are committed to implementing fair, accountable, transparent and trusted AI technology. Our Trustworthy AI Council oversees our approach to embedding these principles through the AI technology lifecycle.

To further promote ethical business practices, some of our operating groups have made additional voluntary commitments that apply to conduct in their areas of operation. We also have a Supplier Code of Conduct that sets specific expectations related to supplier integrity, fair dealing and sustainability.

We regularly benchmark against industry-leading practices and conduct audits to evaluate the effectiveness of our approach, and we then adapt and evolve as needed. Our processes include self-assessments using the Ethics and Compliance Initiative’s High-Quality Program assessment tool and an annual external audit of BMO’s Sarbanes-Oxley (SOX) controls related to the Code, along with internal audits and employee surveys.

**SPEAK UP!**

We want BMO employees to always do the right thing. When in doubt, they can turn to our Doing What’s Right Decision-making Model for guidance. Equally important, as stated in our Code of Conduct, employees are expected to be alert to possible violations of the Code, including all relevant legal and regulatory requirements. They are encouraged to discuss concerns with their manager first, or with their manager’s manager. Employees can also use the reporting channels outlined in the Code, including BMO’s whistleblower service, where they can report concerns to the Ombudsman on a confidential and anonymous basis. Internal tools (e.g., procedural documents, job aids) set out the process, accountabilities and contact details for the various reporting channels, as well as BMO’s commitment to protecting employees against retaliation.



BMO’s Chief Ethics & Conduct Officer discussed our approach to ethics training in an [episode of the acclaimed industry podcast series \*Creativity and Compliance\*](#).

**Raising Concerns Process**



Creativity and Compliance episode: <https://www.youtube.com/watch?v=PSj900R0ZWA>

**CONSUMER PROTECTION AND TRANSPARENCY**

Robust and effective consumer protection and transparency practices support our customers' confidence in the financial decisions they make – and in BMO as their bank. As more people switch to digital self-service options, having the right controls and procedures in place has become increasingly important in enabling customers to bank safely and confidently, and in managing risks to our business.

**Framing the topic**

**What we mean by consumer protection and transparency:** Ensuring that the bank's financial products and services are secure, and that the bank and its employees provide transparent information and advice using plain language.

**Who has responsibility:** BMO's General Counsel. The Risk Review and Audit and Conduct Review committees of our Board provide oversight and governance of consumer protection and transparency practices as an integral part of BMO's risk management processes.

BMO complies with all regulations that are intended to protect the interests of our customers. We also adhere to many voluntary codes of conduct and public commitments related to the fair design and sale of financial products and services, which are listed on the [BMO website](#).

In keeping with our commitment to follow both the letter and the spirit of the law, BMO's Code of Conduct provides clear guidance to employees regarding consumer protection and transparency. Employees are expected to:

- Understand BMO products and services and the rules that apply when selling them, including the need to provide disclosure and obtain customer consent.
- Get to know their customers and offer products and services that are appropriate for them.
- Never take advantage of, coerce, impose excessive or persistent pressure on, or provide false or misleading information to a customer.

Sales force training reinforces these expectations. In our compensation and incentive plans, sales revenue is generally recognized when a customer uses a product, and may be reversed if a customer cancels or does not use a product. Regular monitoring of our sales force, along with audits and reviews of our policies and procedures, ensures the continued integrity of our practices and processes.

Our marketing materials, website content and product documentation are customer-focused and use clear and simple language to explain product features, while also providing details about costs, fees, risks, and limitations and exclusions.

BMO's customer metrics, such as customer experience survey results (NPS scores), customer complaints and customer retention rates, help us assess the effectiveness of our consumer protection and transparency practices.

**HIGHLIGHTS**

In response to the COVID-19 pandemic, BMO made process changes and implemented programs and policies to support customers and ensure that adequate controls and procedures are in place to enable them to use digital services safely and securely. Policy changes were carefully reviewed by BMO's Legal & Regulatory Compliance (LRC) team to ensure regulatory compliance and alignment with the bank's risk appetite. For instance, LRC reviewed the *Electronic Documents Regulations* set out in the *Bank Act* to confirm that digital forms distributed to customers contain accurate statements regarding consent and disclosures. In accordance with these regulations, customer consent is obtained before any documents are sent out, or any customer-facing processes are initiated.

**BMO'S SUPPORT FOR THE SENIORS CODE**

BMO continues to work towards full implementation of the Code of Conduct for the Delivery of Banking Services to Seniors (the Seniors Code), which becomes effective on January 1, 2021. While our practices already reflect the principles outlined in the Code, we are making improvements to better serve our senior customers.

We appointed a BMO Seniors' Champion, who leads a team dedicated to advocating for senior customers and improving their banking experience, and we intend to meet or exceed the standards set out in the Seniors Code by January 1, 2021. These enhancements include updated processes for contacting seniors upon branch closures, as well as the introduction of new resources for customers and employees. BMO prides itself on not only supporting our senior customers, but also supporting other banks so that all seniors can have a safe and comfortable banking experience.

**Related BMO policies, statements and reports**

- [BMO's Code of Conduct](#)
- [Coercive Tied Selling brochure](#)

**BMO Code of Conduct:** <https://www.bmo.com/home/popups/global/codes-of-conduct>  
**Coercive Tied Selling brochure:** [https://www.bmo.com/ci/files/CoerciveTiedSelling\\_en.pdf](https://www.bmo.com/ci/files/CoerciveTiedSelling_en.pdf)  
**Statement on Anti-Corruption and Anti-Bribery:** [https://corporate-responsibility.bmo.com/wp-content/uploads/2019/06/BMO\\_Stmt\\_Anti-Corruption\\_Apr2019en.pdf](https://corporate-responsibility.bmo.com/wp-content/uploads/2019/06/BMO_Stmt_Anti-Corruption_Apr2019en.pdf)



In response to the COVID-19 pandemic, BMO held its first-ever virtual annual general meeting on March 31, 2020

**CORPORATE GOVERNANCE**

Sound corporate governance strengthens our foundation of trust and supports sustainable performance by helping us balance the interests of our many stakeholders, comply with the laws and standards that apply to us, and foster a culture of ethical and responsible conduct.

**Framing the topic**

**What we mean by corporate governance:**

Stewardship, direction-setting and general oversight of the bank’s strategy, risk management and overall results, along with the environmental, social and governance issues that enhance trust and shareholder value; and a Board of Directors that demonstrates independence, experience and diversity.

**Who has responsibility:** BMO’s Board of Directors.

BMO corporate governance standards reflect emerging best practices and meet or exceed applicable legal, regulatory, TSX and NYSE market requirements. We regularly assess and update our practices to ensure ongoing improvement in accountability, transparency and shareholder value.

The following table provides a snapshot of our key governance policies:

| Corporate Governance Snapshot                              |    |  |   |
|--|----|--|---|
| Size of the Board  | 12 | Director Tenure Policy   | ✓ |
| Number of independent directors                            | 11 | Directors’ Conflict of Interest Policy                               | ✓ |
| All committee members are independent                      | ✓  | Board and committee chair term limits                                | ✓ |
| Directors are elected annually                             | ✓  | Director Share Ownership Guidelines                                  | ✓ |
| Directors are elected individually (no slate voting)       | ✓  | New Director Orientation   | ✓ |
| Majority Voting Policy for the election of directors       | ✓  | Continuing Director Development                                      | ✓ |
| Annual advisory vote on approach to executive compensation | ✓  | Regular assessments of the Board and its committees                  | ✓ |
| The roles of Board Chair and CEO are separate              | ✓  | Code of Conduct rooted in our values                                 | ✓ |
| Policy on Interlocking Directors                           | ✓  | Legal Entities Report and leading subsidiary governance practices    | ✓ |
| Directors cannot hedge their BMO securities                | ✓  | Non-executive directors cannot participate in BMO stock option plans | ✓ |
|  |    | Proxy Access Policy  | ✓ |

BMO believes that a balanced Board makes better business decisions. By “balanced” we mean a Board made up of highly qualified directors who have the required expertise and are from diverse backgrounds, and who reflect the changing demographics of the markets in which we operate and the bank’s evolving customer and employee base. To this end, the Board adopted a Board Diversity Policy that includes diversity criteria such as gender, age,

ethnicity and geographic background, with particular focus on potential candidates from the Black, Indigenous, People of Colour, LGBTQ2+ and disability communities. Under this Policy, the Board aspires to have each gender comprise at least one-third of independent directors.

In 2020, three long-standing directors retired at the end of their terms, including BMO’s Board Chair. George Cope, who has been a BMO director for more than 13 years, was appointed Board Chair effective March 31, 2020. After these retirements BMO has a board of 11 independent directors, including five women and six men, with a diversity of experience and expertise.

In anticipation of these retirements, over the past three years the Governance and Nominating Committee of the Board has recruited qualified candidates to ensure the Board’s continued strength. Three of the Board’s four standing committees are now led by women.

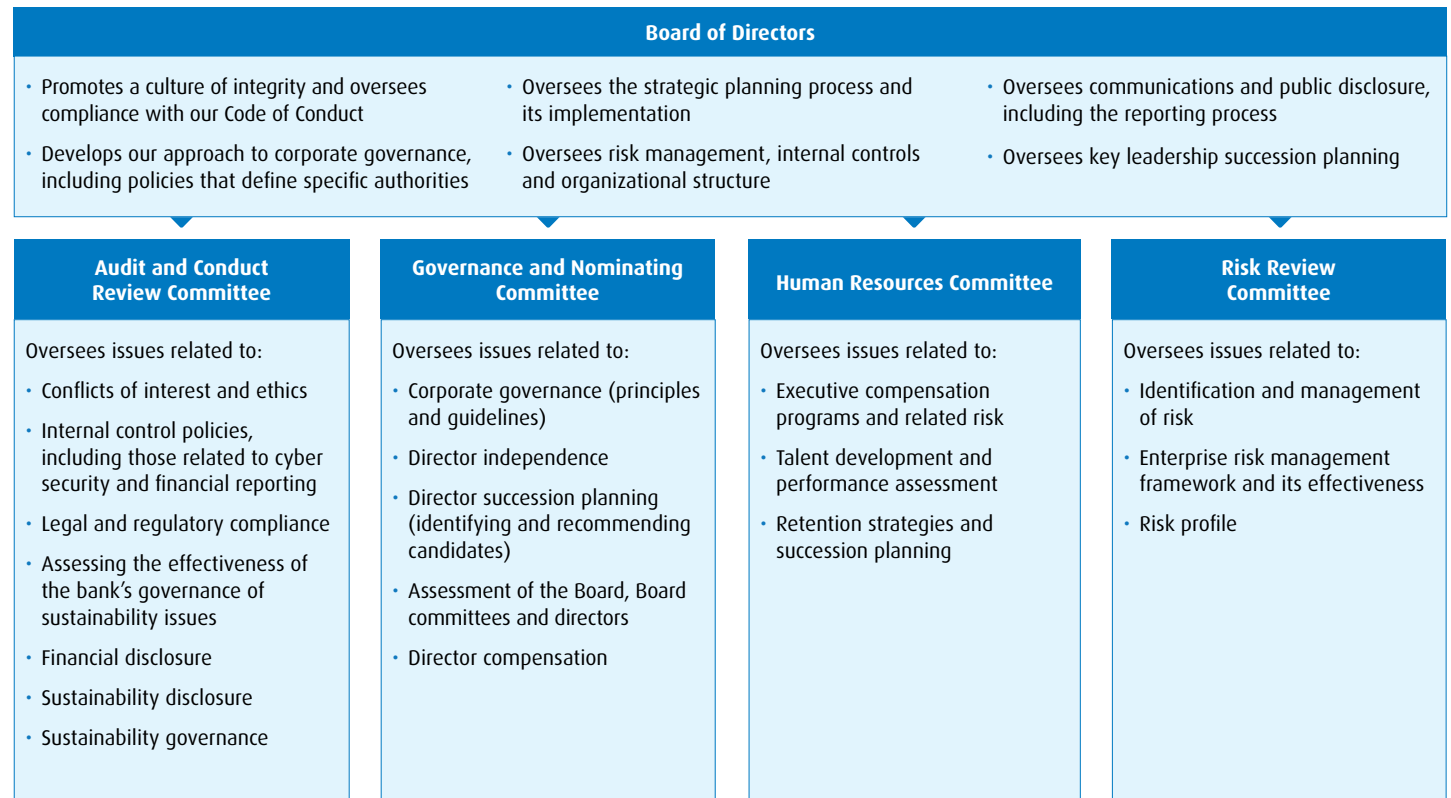
To assist directors in understanding their responsibilities and updating their knowledge of issues affecting our businesses, we provide directors with ongoing education. Topics covered in educational sessions and materials in fiscal year 2020 included diversity and inclusion, operating during the COVID-19 pandemic, sustainability updates, and ongoing updates on anti-money laundering matters for the Audit and Conduct Review Committee.



**SUSTAINABILITY GOVERNANCE**

Responsibility for sustainability issues falls within the mandates of the Board of Directors and several of its committees. BMO’s Sustainability Council, chaired by BMO’s General Counsel and comprised of senior leaders from business and corporate support areas across the organization, provides guidance and insight on sustainability matters.

**Board Oversight of Sustainability Issues**



**EXECUTIVE COMPENSATION**

Our approach to executive compensation is to align executive interests with the long-term interests of stakeholders, including shareholders, to support BMO’s vision and strategic priorities in a way that does not encourage or reward inappropriate risk-taking.

The executive compensation program and incentive plans include quantitative and qualitative objectives that are linked in part to sustainability. For example, customer loyalty, which supports sustainable long-term growth, is assessed quantitatively using the Net Promoter Score® (NPS). The NPS score is a key metric for incentive plan funding since it is a strategic priority for the bank and a sustainability measure that is included in our Sustainability Scorecard (page 14).

Qualitatively, individual performance objectives are set in order to assess the extent to which each executive’s conduct and contributions align with our responsibilities to our customers, employees, communities and the environment we share.

See our [2020 Management Proxy Circular](#) for a full discussion and analysis of BMO’s executive compensation program and related policies and practices.

**Related BMO policies, statements and reports**

- [Board Diversity Policy](#)
- [Shareholder Engagement Policy](#)
- [Statement on Anti-Money Laundering, Anti-Terrorist Financing and Sanctions Measures](#)
- [2020 Management Proxy Circular](#)
- [Statement of Corporate Governance Practices](#)

**Board Diversity Policy:** [www.bmo.com/home/about/banking/corporate-governance/board-of-directors/board-diversity](https://www.bmo.com/home/about/banking/corporate-governance/board-of-directors/board-diversity)  
**Shareholder Engagement Policy:** <https://www.bmo.com/home/about/banking/corporate-governance/about-us/shareholder-engagement-policy>  
**Statement on Anti-Money Laundering, Anti-Terrorist Financing and Sanctions Measures:** <https://corporate-responsibility.bmo.com/our-approach/statement-on-current-issues/>  
**2020 Management Proxy Circular:** [www.bmo.com/home/about/banking/investor-relations/annual-reports-proxy-circulars](https://www.bmo.com/home/about/banking/investor-relations/annual-reports-proxy-circulars)  
**Statement of Corporate Governance Practices:** <https://www.bmo.com/home/about/banking/corporate-governance/about-us/statement-of-corporate-governance-practices>

BMO's strategic priority – to drive leading growth in priority areas by earning customer loyalty – is a tangible manifestation of our Purpose. To achieve our goals, we operate as One Bank, providing a seamless experience across all channels. We listen to our customers by actively seeking their feedback, and then integrate it into our operational practices.

NPS is the primary metric used to track and measure customer experience. We maintain active NPS programs across operating groups and channels (e.g., customer contact centres and branches). NPS results are reported to our Executive Committee and the Board on a regular basis.

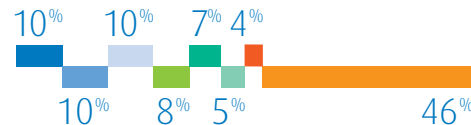
A strong track record of innovation supports our customer-centric vision and efforts to remove all barriers to inclusion. We have made a committed effort to pair advanced digital, self-serve customer experiences with our industry-leading advice capabilities. Our investments in digital technologies improve the quality and quantity of customer feedback we gather – and the speed at which we can analyze and act on it. For example, we are investing in feedback mechanisms via website and mobile texting so that we can gain deeper insights and capture feedback in real time.

We strive to embed responsibility for customer outcomes as deeply as possible in the organization, recognizing that all employees impact the customer in one way or another. We promote customer experience awareness through initiatives such as our Think Like the Customer program, training programs for front-line employees, and sessions that demonstrate how internal processes affect the customer.

If customers have complaints, they can follow the steps outlined on our websites and in our branches. As a first step, we encourage customers to speak to a representative at the branch or office where the complaint originated. If the complaint remains unresolved, customers in Canada are invited to contact a senior officer and, if still not satisfied, BMO's Office of the Ombudsman. In the United States, customers can contact our toll-free number or complete an online form.

**2020 Escalated Complaints (Canada)<sup>1</sup>**

In Canada, escalated complaint volumes increased by 52% from 2019 as a result of the pandemic.



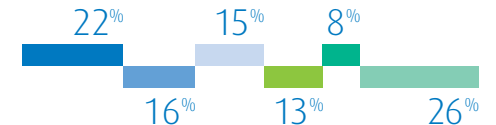
| Top Customer Experience Concern Themes | % of total |
|--|------------|
| Pandemic                               | 10         |
| Fraud                                  | 10         |
| Fees and interest                      | 10         |
| Quality of service                     | 8          |
| Marketing campaigns and rewards        | 7          |
| Merchant dispute                       | 5          |
| Payment issues                         | 4          |
| Other                                  | 46         |

<sup>1</sup> In Canada, an escalated complaint is any dissatisfaction expressed about a product or service offered, sold or provided, that is escalated to the appropriate business group Senior Officer listed with the BMO Financial Group's complaint resolution process outlined in the "We're here to help" brochure

<sup>2</sup> In the U.S., an escalated complaint is one that the initial contact employee cannot resolve immediately and therefore requires further review by the manager of the channel, Customer Advocacy Support and Escalation Team, Compliance or Legal. They include, but are not limited to, all complaints directed to Executives and Board members, and all complaints to External Agencies.

**2020 Escalated Complaints (United States)<sup>2</sup>**

In the U.S., escalated complaint volumes decreased by 63%, primarily as a result of efforts in 2020 to establish a more specific metric and process for reporting escalated complaints.



| Top Customer Experience Concern Themes        | % of total |
|---|------------|
| Lending and mortgage servicing and collection | 22         |
| Promotional offers on deposit accounts        | 16         |
| Fraud issues                                  | 15         |
| Maintenance and OD/NSF fees                   | 13         |
| Deposit account servicing                     | 8          |
| Other   | 26         |



BMO was recognized by Dow Jones Sustainability Indices (DJSI) with the highest possible score in Customer Relationship Management

**CUSTOMER EXPERIENCE**

Our bank-wide commitment to earning industry-leading customer loyalty is fuelled by our Purpose and achieved by delivering great customer experience. We meet our customers where they are at, enabling them to bank however they want. We listen to our customers' needs and continuously innovate to enhance their experience in digital and human ways. This differentiates us from our competitors and drives sustainable business growth for our communities and shareholders.

**Framing the topic**

**What we mean by customer experience:**

Delivering experiences, informed by customer feedback, that help build customer confidence and trust in BMO, deepen our relationships, and enhance our distinctiveness as a customer-first bank with zero barriers to inclusion.

**Who has responsibility:** BMO's Head of Loyalty, Purpose and Sponsorship has overall responsibility for customer experience governance, measurement and reporting, with each business Group Head and their team accountable for executing customer experience plans and achieving results. Net Promoter Score (NPS) targets are approved by the Human Resources Committee of our Board.

54

enterprise-wide Net Promoter Score compared to 51 in 2019

1,285,925

customer loyalty surveys completed in 2020 compared to 1,168,955 in 2019

**HIGHLIGHTS**

- BMO is recognized as a leader in customer loyalty and we continue to receive top honours, including our first place ranking in the J.D. Power 2020 Canada Retail Banking Advice Satisfaction Study. This achievement is a prime example of how we work as One Bank to provide human-centred, intuitive experiences that help customers make real financial progress.
- We strive to care for our customers by making business and operational decisions based upon an understanding of customers' individual needs and wants across all channels and products. During the pandemic, we deepened customer relationships through extensive outreach programs across all lines of business. This included having bankers proactively contact customers to offer support and remind them that BMO is here to help.
- In addition to our outreach programs, we ran short pulse surveys that provided insights into customer satisfaction with BMO's response to the pandemic and the new ways in which customers were accessing the bank (e.g., online and mobile). After listening carefully to customers during the early stages of the pandemic, we quickly updated our enterprise NPS programs to be more relevant in the new operating environment. In some cases, survey times were reduced by 50% compared to those conducted in 2019.

- BMO's commitments to customer experience and diversity and inclusion are some of the concrete ways that we live our Purpose. For example, in 2020, BMO Harris Bank expanded the availability of True Name™ for Mastercard. Everyone, including those in transgender and non-binary communities, now has the ability to use their true first name on BMO Harris Bank consumer credit cards and small business debit and credit cards without the requirement for a legal name change.

**INNOVATION AND DIGITALIZATION**

People have embraced technology in most aspects of their lives, and they expect their bank to do the same by offering simple, convenient and secure products and services that give them more control over their financial lives. Digital innovation is playing a leading role in helping BMO enhance our customers' experiences.

Our strategy is focused on harnessing the transformative power of a digital approach to develop products and services that are driven by clear customer needs, transform how customers form and extend relationships with BMO, make both self-service and assisted service easier and faster for customers and our teams, and improve the ways we work to quickly and efficiently add innovative new experiences at scale.

The customer-led shift to digital services accelerated during the COVID-19 pandemic as remote banking capabilities became more important to those staying at home or practicing physical distancing. One month into the pandemic, there was a 250% increase in the rate of weekly digital enrolments.

Our significant investments in digital platforms and technologies equipped us to respond quickly with a variety of customer-centric solutions. Among them, we:

- Launched an Online Support Tool to make it easier for customers to leverage digital self-serve options, and raised transaction limits in Canada and the United States to support increased levels of customer self-service.
- Enabled Canadian customers to reset or change their credit card PIN through online or mobile banking, and added self-serve features such as being able to dispute a charge, lock or unlock and replace a credit card, and keep track of one's credit score.
- Provided support and easy access for customers to request financial relief online through multiple channels, including [bmo.com](http://bmo.com) and [bmoharris.com](http://bmoharris.com).
- Developed a self-serve Canada Revenue Agency direct deposit enrollment feature as a convenient and secure way for Canadians to receive government financial support direct to their account.

What's more, we had the technology infrastructure in place to enable more than 75% of BMO contact centre associates to work from home, while improving service metrics beyond pre-COVID-19 customer service levels.



**BMO's Chief Digital Officer acknowledged as one of Canada's Best 50 Executives 2020 by the Globe and Mail**

**BMO'S OFFICE OF THE OMBUDSMAN**

As an important part of our Canadian internal dispute resolution process, the Office of the Ombudsman conducts a confidential and impartial review of customer complaints – grounded in fairness, integrity and respect. The process considers the interests of all parties, as well as applicable BMO policies and standard industry practices. Customers can also take their concerns to one of BMO's external dispute resolution providers – the Ombudsman for Banking Services and Investments or the OmbudService for Life & Health Insurance – for a further impartial, informal and confidential review.

In 2020, the Office reviewed 495 complaints, of which 439▲ were Banking reviews and 56▲ were Investment reviews. This represents an increase of 23% compared with 2019. In the opinion of the Office of the Ombudsman, 257 of the Banking reviews and 28 of the Investment reviews were resolved to the customer's satisfaction<sup>1</sup>.

The Office of the Ombudsman is constantly looking for ways to improve internal processes and ensure that customers are receiving assistance in a timely manner. The average length of time to complete Banking reviews was 32▲ days, while the average length of time to complete Investment reviews was 34▲ days.

<sup>1</sup> Satisfaction numbers are as at November 30, 2020. This number will be updated in the online version of this report on March 1, 2021.

Online Support Tool: <https://www.bmo.com/main/personal/bmo-branches-coronavirus-update/contact-centre-support-tool/>



To learn more about BMO's information security and customer privacy practices and performance, see our Sustainable Accounting Standards Board (SASB) disclosure on pages 80-81.

## DATA SECURITY

Our shareholders, customers, partners, regulators and colleagues rely on us to safeguard bank, employee and customer data and processes. Their continued confidence in BMO depends on knowing that we prioritize data security and that we have the people, policies, programs and technologies that enable us to adhere to industry best practices.

### Framing the topic

#### What we mean by data security:

Taking precautions that protect our business information, respect and safeguard customers' personal information, prevent fraud and ensure cyber security, as well as providing information to customers about how they can protect themselves.

**Who has responsibility:** BMO's Chief Information Security Officer (who reports to the head of the Financial Crimes Unit) and our Chief Privacy Officer. The Risk Review Committee of our Board provides oversight and governance of data security risk and the Audit and Conduct Review Committee oversees the bank's compliance with privacy legislation.

## INFORMATION AND CYBER SECURITY

BMO's information security management framework and governance processes align with industry best practices, including ISO 27001 and the frameworks of the National Institute of Standards and Technology (NIST) and the Information Technology Infrastructure Library (ITIL). Our information security management system is ISO 27001:2013 certified.

As part of our framework, we have developed and implemented various policies, standards, procedures and guidelines, which are reviewed and updated periodically to ensure that they remain relevant and address all current risks. We have achieved target maturity level for all controls, and we continue to enhance the controls in line with threat intelligence forecasts.

BMO's Financial Crimes Unit is responsible for managing all aspects of cyber security, information security, internal and external fraud, and physical security. The unit brings together teams from across the enterprise in an integrated central function, and employs an industry-leading fusion centre model to enhance both intelligence gathering and response recovery.

A well-qualified Cyber Threat Intelligence and Analytics team is also in place to proactively monitor emerging threats by gathering and analyzing threat information from various commercial, industry, government, internal and open sources. The team conducts threat hunting on a regular basis to identify potential malicious activity.

We continue to make investments in defensive technology, talent and processes in order to prevent, or detect and manage, cyber security threats. These measures include benchmarking and review of best practices across the banking and cyber security industries, as well as evaluating the effectiveness of our key controls and developing new controls, as needed, with ongoing investments in both technology and human resources.

BMO's information security management program and related processes undergo an annual internal audit and periodic external audits by regulators and third-party auditors. We also have a cyber security metrics monitoring program that leverages ISO, NIST and Center for Internet Security (CIS) practices.

## HIGHLIGHTS

- Combining world-class technology and human capital, our Remote Access Management Bot (RAMBO) was instrumental in enabling BMO to quickly and effectively transition our staff to working from home at the start of the COVID-19 pandemic. More than 11,000 requests from employees were reviewed and ranked by RAMBO so that we could meet our customer commitments with minimal to no service disruptions.
- With cyber criminals capitalizing on the fear surrounding COVID-19, and new phishing scams aimed at persuading people to click on malicious links or download dangerous files, we posted user-friendly information for keeping safe on the BMO and BMO Harris public websites. BMO security experts also spoke at virtual industry forums on topics such as handling digital threats in a COVID-19 world and protecting remote workforces.
- We published a brochure, *Protecting Yourself from Cybercrime*, to educate customers on common security threats and scams, with separate versions for our Canadian and U.S. branches. The brochure provides practical banking and computer tips to help people avoid falling victim to identity theft or fraud.



4

substantiated privacy-related complaints regarding breaches of customer privacy or loss of customer data

**PRIVACY**

In keeping with our responsibility to protect customer privacy, we comply with all relevant legal and regulatory requirements in the jurisdictions in which we operate. We have also adopted tailored privacy codes for certain countries and regions, which are published on our website and describe how to make and escalate privacy complaints.

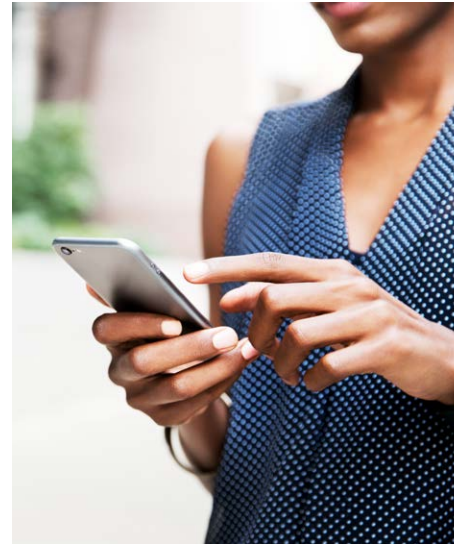
We engage regularly with our employees to reinforce the importance of safeguarding data and to build a better understanding of privacy requirements. All BMO employees participate in annual privacy training, and targeted instruction is provided to groups as needed on topics such as new privacy legislation and incident reporting.

BMO's Privacy Office oversees our privacy risk governance program, which sets out policies and procedures for identifying, measuring, managing, mitigating and reporting privacy risk. All incidents involving suspected or actual breaches of privacy must be reported to the Privacy Office, which manages BMO's response to these incidents.

The Privacy Office also monitors key privacy risk indicators, such as the total number of privacy-related incidents and the number of complaints referred to the regulator, and reports on these indicators quarterly to our executive leadership team and Board of Directors.

**HIGHLIGHTS**

- BMO introduced [Global Privacy Principles](#), which apply to all dealings with customers and address accountability, consent, accuracy, openness, and limited use and disclosure.
- With many employees working remotely during the COVID-19 pandemic, BMO's Privacy team collaborated closely with Information Security colleagues to balance the organizational need to respond to the pandemic and the fundamental obligation to ensure the privacy and security of customers' personal information in this new working environment.



**Related BMO policies, statements and reports**

- [Global Privacy Principles](#)
- [BMO Privacy Code – Canada](#)
- [Privacy at BMO Harris](#)
- [BMO Privacy Code – European Union](#)
- [BMO Privacy Code – Hong Kong and Singapore](#)

Global Privacy Principles: <https://www.bmo.com/privacy>  
 BMO Privacy Code – Canada: <https://www.bmo.com/main/about-bmo/privacy-security/our-privacy-code/canada/>  
 Privacy at BMO Harris: <http://www.bmoharris.com/main/about-us/privacy/>  
 BMO Privacy Code – European Union: [https://www.bmocm.com/about-us/regulatory/pdfs/English/BMO\\_EUPrivacyCode.en.pdf](https://www.bmocm.com/about-us/regulatory/pdfs/English/BMO_EUPrivacyCode.en.pdf)  
 BMO Privacy Code – Hong Kong and Singapore: [https://www.capitalmarkets.bmo.com/media/ckeditor/2019/06/10/bmoprivacycode\\_hongkong\\_singapore.pdf](https://www.capitalmarkets.bmo.com/media/ckeditor/2019/06/10/bmoprivacycode_hongkong_singapore.pdf)

**HUMAN RIGHTS**

BMO has made a commitment – to our customers, employees, communities and shareholders, and all of our other stakeholders – to respect fundamental human rights everywhere we do business. Our respect for human rights is evident in our core values and integral to our Purpose.

**Framing the topic**

**What we mean by human rights:**

The rights of every human to equality, dignity and respect, and a life free from discrimination. They include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to education and many more.

**Who has responsibility:** Responsibility for human rights is shared across BMO. BMO’s Chief Sustainability Officer leads thought leadership to embed the United Nations Guiding Principles on Business and Human Rights (UNGPs) in our policies and procedures. The Audit and Conduct Review Committee provides Board-level oversight of sustainability governance.

Through our Code of Conduct, policies and procedures, and compliance with applicable laws and regulations, BMO adheres to the International Bill of Human Rights, the United Nations Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the principles of the eight International Labour Organization core conventions.

We support the *Protect, Respect and Remedy* framework of the UNGPs, which has three pillars: state duty to protect human rights, corporate responsibility to respect human rights, and greater access for victims to effective remedy of business-related abuse.



Our Statement on Human Rights articulates how we fulfill our corporate responsibility and identifies our salient human rights topics. In addition to complying with laws, regulations and international standards, we commit to respecting human rights across all business activities, including our relationships with suppliers and customers; implementing robust human rights due diligence processes to assess and act on actual and potential human rights impacts; tracking and reporting performance on these matters; and engaging with external stakeholders to improve our own and industry practices.

To uphold these commitments, BMO proactively identifies and assesses potential human rights impacts and risks through stakeholder engagement activities and our sustainability materiality assessment process. These exercises enable us to identify the human rights areas most salient for each key stakeholder group. Our approach to managing them is outlined in our Code of Conduct and Supplier Code of Conduct, in statements on our website, and in this report.

We report on our progress and review our engagement on human rights annually.

**Related BMO policies, statements and reports**

- [BMO’s Code of Conduct](#)
- [Supplier Code of Conduct](#)
- [Statement on Human Rights](#)
- [Statement against Modern Slavery and Human Trafficking](#)
- [Statement on Freedom of Association and Collective Bargaining](#)

Website: <https://www.bmo.com/home/about/banking/corporate-information/codeofconduct>  
 BMO’s Code of Conduct: [www.bmo.com/home/about/banking/corporate-information/codeofconduct](https://www.bmo.com/home/about/banking/corporate-information/codeofconduct)  
 Supplier Code of Conduct: <https://www.bmo.com/home/about/banking/corporate-information/supplier-information/supplier-code-of-conduct>  
 Statement on Human Rights: <https://corporate-responsibility.bmo.com/our-approach/statement-on-current-issues/>  
 Statement against Modern Slavery and Human Trafficking: <https://corporate-responsibility.bmo.com/our-approach/statement-on-current-issues/>  
 Statement on Freedom of Association and Collective Bargaining: <https://corporate-responsibility.bmo.com/our-approach/statement-on-current-issues/>

**HIGHLIGHTS**

- Together with SHIFT, the world’s leading non-profit centre of expertise on the UNGPs, we reviewed our approach to the management of human rights risks across our value chain. This exercise deepened our understanding of our most salient human rights risks and opportunities and will help us strengthen our commitment to respect human rights.
- As part of our anti-money laundering program, BMO continued to collaborate with Project PROTECT, which aims to raise awareness and increase suspicious transaction reporting related to human trafficking. Spearheaded by BMO in 2016, Project PROTECT is a unique partnership between the Financial Transactions and Reports Analysis Centre of Canada (FinTRAC), financial institutions and law enforcement that uses money trails to detect and investigate traffickers. In 2019, BMO also joined a coalition of leading banks and survivor organizations to launch Finance Against Slavery and Trafficking (FAST) at the United Nations General Assembly. FAST aims to provide financial institutions, service providers, regulators, government agencies and other stakeholders around the world with a framework to match survivors to basic financial services, easing their return to society.

- In addition to representing North America on the Equator Principles Steering Committee, BMO is leading the EP Association Social Risk Working Group, which seeks to understand emerging practices in social risk management and is developing guidance on human rights, in the context of project finance.
- In line with our Purpose commitment of zero barriers to inclusion, in 2020 BMO achieved four out of our five diversity representation goals focused on groups facing a higher risk of discrimination. These include women, Black, Indigenous, People of Colour, persons with disabilities and LGBTQ2+. BMO respects and promotes diversity, equality and human rights across our workforce and our communities and recognizes gender equality as a fundamental human rights. See Diversity and Inclusion (page 38) to learn more.
- BMO formed an Indigenous Advisory Council composed of leaders from First Nations, Métis and Inuit communities. This council will review and inform BMO’s policies and practices, including those related to employee training, to better promote outcomes that are consistent with the Truth and Reconciliation Commission of Canada Call to Action 92 for corporate Canada.
- Internally, we established the Black and Latino Advisory Council with taskforces dedicated to Canada and the United States. The council’s objective is to enhance the employee experience and support the advancement of Black and Latino talent. It will partner with executive leadership staff and the Leadership Committee for Inclusion and Diversity to achieve newly created diversity goals for senior executives from these populations.

- BMO participated in a working group led by UNICEF Canada and Global Compact Network Canada to assess the impacts of business on children. The assessment aims to inform and inspire Canadian businesses to identify, prevent, mitigate and account for how they address their salient impacts on children, and to integrate children’s considerations into their approach to human rights.

**Human Rights Priorities**

| Human Rights Topics                          | Stakeholder Group |           |              |                     |
|--|-------------------|-----------|--------------|---------------------|
|  | Employees         | Customers | Supply Chain | BMO GAM Investments |
| Diversity & Inclusion                        | ✓                 | ✓         | ✓            | ✓                   |
| Health & Safety                              | ✓                 | ✓         | ✓            | ✓                   |
| Information Security & Privacy               | ✓                 | ✓         | ✓            |                     |
| Anti-Human Trafficking & Anti-Modern Slavery |                   | ✓         | ✓            | ✓                   |
| Anti-Bribery & Anti-Corruption               |                   | ✓         | ✓            |                     |
| Indigenous Peoples                           | ✓                 | ✓         | ✓            | ✓                   |
| Environmental & Social Risk                  |                   | ✓         | ✓            | ✓                   |



At BMO, Day of Pink is a chance to listen to and learn from the experiences, perspectives and backgrounds of our employees and customers.



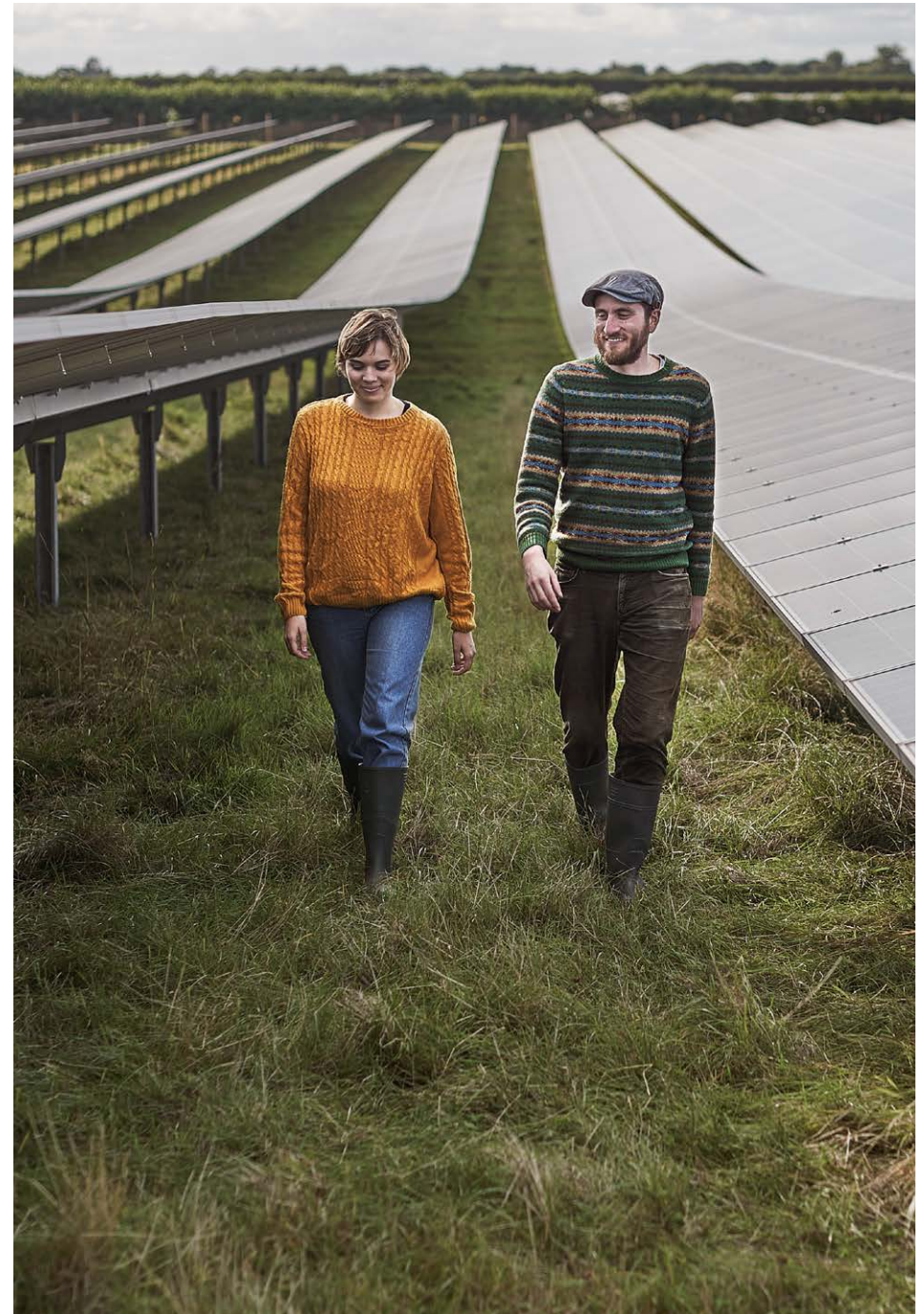
## Special Supplement

### 2020 Climate Report

The events of 2020 have placed a spotlight on the resilience of our economies and the livability, workability and inclusivity of our societies. At BMO, we recognize that climate change is a challenging issue that presents a test of resilience and requires us to anticipate risks and capture opportunities.

BMO has supported the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) since 2018. We have been working to implement the TCFD’s recommendations and develop programs, approaches and disclosures that align with the TCFD framework. We are focused on the opportunities that the transition to a net zero carbon economy presents, for both our business and our customers. In 2020, we made significant progress on developing our sustainable finance capabilities and partnered with our customers on innovative sustainable finance products to support them during this transition. We also enhanced our approach to managing climate-related financial risk, including expanding our climate-related scenario analysis capabilities and building our capacity to embed such analyses into our broader risk management approach.

This report describes our approach to measuring and managing climate-related impacts and highlights the milestones we achieved in 2020. It is intended to provide investors and other stakeholders with information on the climate-related risks and opportunities we face, and on our strategies for managing risks and capturing opportunities.





## Governance

### BOARD OVERSIGHT

BMO's directors are recruited and evaluated based on a skills matrix that includes sustainability experience, and eight of our 14 current independent directors have such experience<sup>1</sup>. BMO introduced climate change risk and disclosure training for its Board of Directors in 2018. This training is available to all current and new Board members, including members of subsidiary boards.

Board-level oversight of sustainability, including climate-related risks and opportunities, is embedded in the charter of the Audit and Conduct Review Committee (ACRC) of BMO's Board of Directors. The ACRC meets regularly with BMO's Chief Sustainability Officer and General Counsel to review and discuss matters related to sustainability, including climate change and climate-related disclosures.

The Risk Review Committee (RRC) of the Board of Directors assists the Board in fulfilling its risk management oversight responsibilities. This involves overseeing the identification and management of BMO's risks, including our risk culture, adherence by operating groups to risk management corporate policies and procedures, and compliance with risk-related regulatory requirements. Our risk management framework is reviewed on a regular basis by the RRC in order to provide guidance for the governance of our risk-taking activities. The RRC also reviews revisions to the Risk Appetite Framework, including the addition of a qualitative statement referencing climate change in 2020. The RRC meets eight times annually.

### MANAGEMENT'S ROLE

The Chief Executive Officer (CEO) has delegated responsibility for sustainability to BMO's General Counsel, who is a member of the Executive Committee and reports directly to the CEO. BMO's General Counsel also has accountability for areas such as legal and regulatory risk, reputation risk and business conduct. This organizational structure aligns responsibility for sustainability with accountability for these related areas.

BMO's General Counsel chairs the BMO Sustainability Council, which was established in 2008 and is comprised of senior leaders from across the organization. The Sustainability Council supports and advises on the implementation of BMO's sustainability strategy, and meets quarterly to discuss sustainability topics, including risks, opportunities and disclosures related to climate change. Climate-related topics discussed during 2020 included the enhancement of BMO's environmental and social risk framework, an introduction to the concept of a Just Transition, BMO's 100% renewable energy commitment, physical climate risk and response, financed emissions and how investors can align to the goals of the Paris Agreement.

BMO's Chief Sustainability Officer (CSO) reports to the Corporate Secretary and to the General Counsel. The CSO is responsible for the development and execution of BMO's sustainability strategy, including internal advisory and support efforts, stakeholder engagement and disclosure. This mandate includes monitoring climate-related issues; developing policies, governance mechanisms and strategies to manage climate-related risks and opportunities; providing advisory support to operating groups on identifying, managing, measuring, monitoring and reporting on climate risk associated with our clients and transactions; and producing and publishing climate-related disclosures.

BMO's Risk Management Committee (RMC) is our management's senior risk committee. It reviews and discusses significant risk issues and action plans that arise in executing our enterprise-wide strategy. The RMC provides risk oversight and governance at the highest levels of management. It is chaired by the Chief Risk Officer (CRO) and its members include the CEO, heads of our operating groups, and the Chief Financial Officer.

BMO's CRO reports directly to the CEO and is responsible for providing independent review and oversight of enterprise-wide risks and leadership on risk issues, developing and maintaining a risk management framework and fostering a strong risk culture across the organization. He reports annually to the RRC on the effectiveness of BMO's governance of climate risk, and ensures that BMO's climate risk exposure remains within our risk appetite. Enterprise Risk and Portfolio Management (ERPM) provides risk management oversight, supporting a disciplined approach to risk-taking in independent transaction approval and portfolio management, policy formulation, risk reporting, stress testing, modelling and risk education. ERPM is responsible for conducting climate change scenario analysis in order to identify potential risks in BMO's lending portfolio.

ERPM and the Sustainability Office collaborate on advancing BMO's program for managing climate-related risk across our lines of business. In 2020, the two teams worked together to enhance our environmental and social risk framework, including identifying, mitigating, managing, measuring and monitoring climate-related risks. A working group comprised of individuals from across our footprint – from Sustainability, ERPM (including risk governance, credit risk, operational risk, and stress testing) and BMO Global Asset Management (GAM) – works to ensure a consistent response to evolving international standards and regulations.

<sup>1</sup> Information on the skills and experience of our directors can be found in our [2020 Management Proxy Circular](#).

2020 Management Proxy Circular: [www.bmo.com/home/about/banking/investor-relations/annual-reports-proxy-circulars](http://www.bmo.com/home/about/banking/investor-relations/annual-reports-proxy-circulars)

In 2019, BMO responded to the U.K. Prudential Regulation Authority (PRA) Supervisory Statement on Enhancing Banks' and Insurers' Approaches to Managing the Financial Risks from Climate Change by assigning senior management function accountability for climate change to the CRO, Europe. We are on track in implementing our plan to meet the PRA requirements. In 2020, we included climate change in our risk taxonomy and risk appetite statement. We are currently in the process of conducting scenario analysis for our London portfolio.

To better capture opportunities associated with sustainable finance, we established a Sustainable Finance team in 2019 that is supported by BMO's Sustainability Office and works across the Enterprise to grow and innovate our sustainable finance products and services. The team is responsible for mobilizing sustainable finance opportunities with customers across all lines of business. It includes sustainable finance specialists who are responsible for building customer engagement and identifying market opportunities for products and services as the sustainable finance market grows. We have established a Sustainable Finance Steering Committee composed of BMO executives, which is responsible for reviewing, validating and monitoring BMO's sustainable finance strategy.

The Global Investment Committee (GIC) oversees all responsible investment policies and activities at BMO GAM, including those related to climate change. GIC members include the Global Chief Investment Officer (CIO), the CIO North America and other senior representatives from BMO GAM's regulated entities. The GIC has responsibility for the final approval of all responsible investment policies.

### Climate-Related Opportunities and Strategy

At BMO, we recognize that the transition to a net zero carbon economy will be a complex endeavour that will happen over time. As energy needs continue to increase, and the energy mix continues to evolve, there will remain a need for affordable energy and support of local communities to promote a smooth and just transition that addresses climate goals while taking social impacts into account. Our clients will play a critical role in the transition to a net zero carbon economy and we believe this transition will present opportunities, from gains in efficiency to evolving customer demands for sustainable finance and transition finance products. BMO is committed to making a positive impact by working with our clients on this journey through product innovation. Our operating groups are actively pursuing operational efficiency gains. Our commitments to operational sustainability and sustainable finance are focused responses to this transition.

We recognize an opportunity to differentiate ourselves by developing innovative new products and business services related to climate change, and by accessing new markets with financial solutions that can assist customers during their transition to a net zero carbon economy.

Our Sustainable Finance team is engaging with our customers in order to identify market opportunities for sustainable finance products and services across BMO. We have committed to mobilizing \$400 billion for sustainable finance by 2025, including \$250 billion in client investments to align with sustainable objectives and \$150 billion in capital to companies pursuing sustainable outcomes. Client investments include, among others, innovative approaches to responsible investing taken by BMO GAM to help align customer investments with sustainable objectives. BMO Capital Markets has underwritten significant amounts of sustainable debt and also created a dedicated advisory capability to support our clients in their work on sustainability. These efforts are supported by the Sustainability Office, which guides the growth of our sustainable finance business by identifying opportunities for green lending activity and developing internal processes for tracking and monitoring these investments.

In 2020, we surpassed our goal to mobilize \$250 billion in client investments to align with sustainable objectives, reaching \$444.8 billion at year-end. BMO GAM's comprehensive global investor engagement program, described in more detail below in the section on Risk Management, includes climate change as a key topic. BMO GAM's Responsible Engagement Overlay (*reo*<sup>®</sup>) service, which provides institutional investors access to BMO GAM's engagement and voting expertise, experienced significant growth in 2020, with assets under advice reaching \$433.9 billion as at September 30, 2020.

BMO GAM is a founding signatory to the UN Principles for Responsible Investment, so the identification of financially material Environmental, Social and Governance (ESG) issues is an integral part of its investment processes. BMO GAM applies an approach to ESG integration that is tailored by investment strategy and asset class to ensure that the additional analysis is relevant and meaningful to each investment process. BMO GAM also offers specific ESG strategies, for which ESG considerations are a formal part of the investment mandate. Assets under management in these funds totalled \$9.1 billion as at September 30, 2020. Many of the funds offer investors the opportunity to direct capital toward climate change solutions or lower-carbon assets. These

offerings include the Climate Opportunity Partners private equity fund, which is entirely invested in solutions providers; green bond investment mandates; and a group of Responsible Funds.

BMO's Sustainable Finance team also experienced significant growth in 2020, achieving 71% of our goal to mobilize \$150 billion in capital to companies pursuing sustainable outcomes. 43% of the \$106.9 billion in capital provided since the beginning of fiscal 2019 included transactions that enable the transition to a lower-carbon economy. For example, BMO was the sustainability structuring agent and sole bookrunner providing Maple Leaf Foods with the first sustainability-linked loan in Canada. This \$2 billion credit facility allows for an interest rate margin reduction if Maple Leaf Foods achieves predetermined sustainability targets related to electricity use, water use, solid waste and carbon neutrality. We were also the sustainability structuring agent and lead arranger on a sustainability-linked reserve-based lending facility for a northern Europe-based exploration and production borrower. This facility was more than US\$3 billion and included environmental targets that, if met, would allow for an interest rate margin reduction on the drawn spread. BMO Capital Markets also underwrote \$42.7 billion of sustainable bonds in fiscal 2020, which included several green bonds, with proceeds used to support renewable energy and energy efficiency projects, green buildings, pollution prevention, and more.

### Climate-Related Risks and Strategy

We recognize that climate change poses potential risks to our organization, our customers and the communities where we operate. Climate-related risks can be categorized as physical risks associated with the effects of a changing climate, and transition risks associated with the shift to a net zero carbon economy.

BMO's Risk Management Framework (RMF) guides our risk-taking activities in order to align them with our risk appetite, client needs, shareholder expectations and regulatory requirements. The RMF provides for the direct management of each individual risk type, as well as the management of risks on an integrated basis. The RMF is overseen by the CRO. It guides and is anchored in the three-lines-of-defence approach to managing risk, as described in the Enterprise-Wide Risk Management section of our [2020 Annual Report to Shareholders](#). Our approach to evaluating risk exposures includes climate-related transition risks and physical risks.

### IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS

In 2020, we incorporated specific climate considerations as part of our enhanced environmental and social risk framework. Climate-related risk has been identified as a material risk and is included in our enterprise-wide risk taxonomy as a subset of environmental and social risk. We have established processes to measure and manage this risk and we continue to analyze the magnitude, time horizon and potential financial and non-financial impact. For instance, we have expanded our climate change scenario analysis capabilities, discussed on page 67, and developed a qualitative risk appetite statement on environmental and social risk, including climate change.

To identify and assess specific climate-related risks arising from our customer relationships, we follow internal guidelines that outline the scope of environmental and social risk, and establish procedures, including enhanced due diligence, to determine the extent of our exposure to any such risk. These include identifying and assessing our customers' climate change strategies and carbon mitigation plans, as well as the quality of their climate change disclosures and their readiness to respond to climate-related regulatory changes or reputation risk. We are also implementing an enhanced environmental and social risk policy framework in order to improve our governance and management of climate-related risks.

To keep informed of evolving practices related to climate-related risk, BMO conducts independent research, participates in global forums with our peers, maintains an open dialogue with our internal and external stakeholders, and monitors regulatory developments, best practices and initiatives from non-regulatory international bodies.

BMO has been a signatory to the Equator Principles since 2005 and applies its credit risk management framework to identify, assess and manage the environmental and social risk of transactions within its scope. As a member of the Equator Principles Steering Committee, BMO actively contributed to the evolution of the Equator Principles and the release of EP4 in 2019. We are implementing the EP4 framework, which includes more stringent requirements related to climate change for in-scope transactions and in 2020 we conducted training on the new framework for our Capital Markets team. We also apply an environmental and social screening and assessment process to categorize and assess projects based on the magnitude of their potential impacts and risks, including climate change.

Going forward, BMO's evolving climate change scenario analysis work will inform our process for climate-related risk assessment.

**MANAGING CLIMATE-RELATED RISKS**

We recognize that both physical and transition risks could heighten other key risk exposures that BMO faces. The Sustainability Office works with the lines of business, Risk Management, and others, to develop, coordinate and maintain an enterprise-wide strategy that addresses our environmental and social responsibilities. To manage any related business risks, we work with these business partners, as well as external stakeholders, to better understand the impacts of our operations and financing decisions.

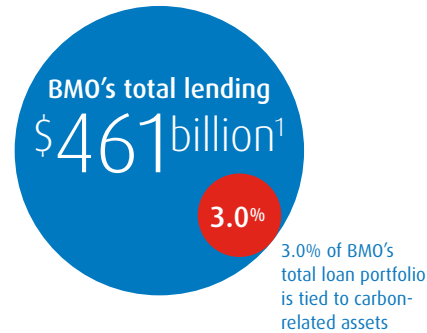
**Credit and Counterparty Risk**

Climate-related risks could affect our exposure to credit and counterparty risk by impacting our customers' revenues, costs, or access to capital such that they may become unable to meet their financial commitments to BMO. Borrowers may face losses or increases in their operating costs as a result of acute or chronic changes in climate conditions and/or climate-related policies, such as carbon emissions pricing. Revenues may be affected by new and emerging technologies, which could disrupt the existing economic system and displace demand for certain commodities, products and services.

We have implemented financing guidelines to address environmental risks, and we apply enhanced due diligence to transactions with customers operating in higher risk sectors. Our Environmental and Social Risk Financing Guideline includes direction on how to develop an understanding of specific climate change impacts on the borrower and its operations, including regulatory and/or legislative changes. This includes efforts to develop an understanding of borrowers' climate change adaptation and mitigation strategies.

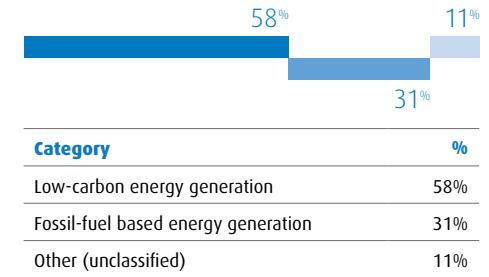
To avoid overexposure to any one sector or geographic region that might be impacted by climate-related risks, BMO maintains a diverse lending portfolio. We have conducted a sector-specific analysis across our lending portfolio to assess our exposure to climate-sensitive industries. In 2020, our lending in support of carbon-related assets was approximately \$13.7 billion and represented 3.0% of our total lending portfolio<sup>1</sup>. In our power generation portfolio, approximately 58% of lending was to low-carbon energy generation assets<sup>2</sup>. The results of these analyses, shown below, will inform the development of our climate risk program going forward, including our prioritization of sectors in which to pilot scenario analysis methodologies.

**Lending to Carbon-Related Assets**

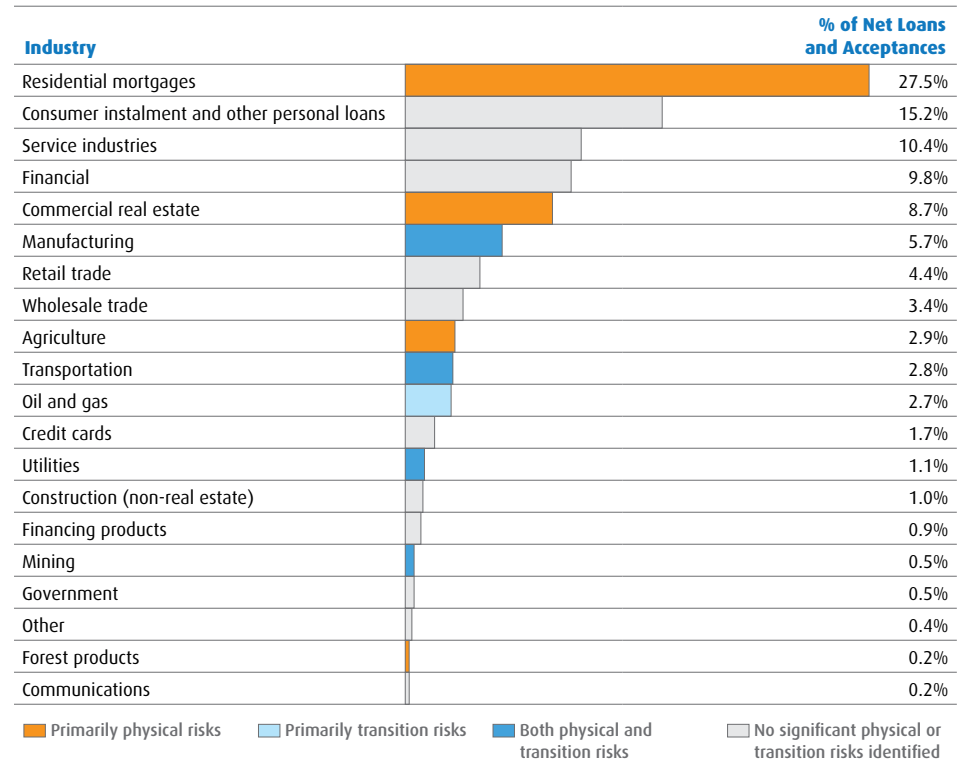


<sup>1</sup> Total loans and acceptances, net of allowance for credit losses on impaired loans.

**BMO's Lending to Power Generation, as at October 31, 2020**



**Sensitivity to Climate Risk of BMO Lending Exposures, as at October 31, 2020**



<sup>1</sup> Carbon-related assets are measured as the value of net loans and acceptances connected to the energy and utilities sectors, excluding water utilities, independent power producers, electricity transmission and distribution companies, renewable electricity producers and nuclear electricity producers. The amount is reported as at October 31, 2020, and is expressed as a percentage of total loans and acceptances, net of allowance for credit losses on impaired loans.

<sup>2</sup> Power generation is a subset of utilities that excludes water utilities, independent power producers, and electricity transmission and distribution companies. The share of low-carbon energy generation is calculated on a client-by-client basis using the most recently publicly available information on energy sources.



BMO is aware of industry initiatives to develop additional measures of portfolio climate-related impacts, including emissions associated with lending and underwriting activities, or financed emissions. At the time this report was published, no globally accepted methodology for measuring financed emissions had been established. The topic is a subject of internal research and evaluation, and in 2020, we began to implement leading methodologies to estimate the GHG emissions associated with our lending activity. We calculated the weighted average carbon intensity of our lending activity as a first step to better understanding our financed emissions and our exposure to carbon-intensive companies.

We will continue to assess the credibility, reliability, comparability and decision usefulness of approaches to quantifying Scope 3 emissions such as those proposed by the Partnership for Carbon Accounting Financials (PCAF) and the Science-Based Targets initiative (SBTi), and how they could be incorporated into our climate risk management processes and disclosures.

**Operational Risk**

BMO is committed to reducing the environmental impact of our operational activities by managing our use of energy, transportation and water, as well as our material consumption, waste and emissions. Our exposure to operational risks related to our use of resources could be heightened by climate-related physical and transition risks. For example, changes in climate patterns and climate-related policies may result in increases in the operating and capital costs associated with the energy and equipment used to heat, cool and power our facilities.

BMO’s Sustainability Office works with Corporate Real Estate to assess these risks. We maintain an operational environmental management system that is aligned with the principles of ISO 14001 and we are committed to continuously improving our environmental management system, including by setting objectives and targets that align BMO’s operations with its [Environmental Policy](#), and reporting on our progress. In 2020, we developed sustainable

design and construction guidelines that include energy intensity performance specifications for office and retail construction and renovation projects. These guidelines reflect industry best practices developed by the U.S. and Canada Green Building Councils, the International WELL Building Institute and other organizations. By implementing elements of the Leadership in Energy and Environmental Design (LEED) and WELL standards, we increase the energy efficiency of our buildings. We maintain ISO 14001 certification at two office buildings in Canada and two in the United Kingdom, and we have achieved Leadership in Energy and Environmental Design (LEED) certification at nine locations globally.

We also monitor the regulatory landscape for new fuel or energy taxes and carbon pricing regulations on an ongoing basis through our internal risk management group, feedback from our third-party facilities management service providers and participation in industry associations.

BMO first achieved carbon neutral status in our operations in 2010 and we have continued to maintain carbon neutrality each year. Our carbon neutral strategy is based on a three-pronged approach that includes promoting energy efficiency and limiting emissions, purchasing electricity from renewable sources and purchasing high-quality carbon offsets<sup>1</sup>. In 2020, we set and met a goal to match 100% of our global electricity usage with electricity procured from renewable sources, including investing in renewable energy certificates that will enable the generation of approximately 400,000 MWh of renewable electricity each year. This helps to clean the electrical grids where we operate while investing in the renewable energy market and creating demand to stimulate its growth.

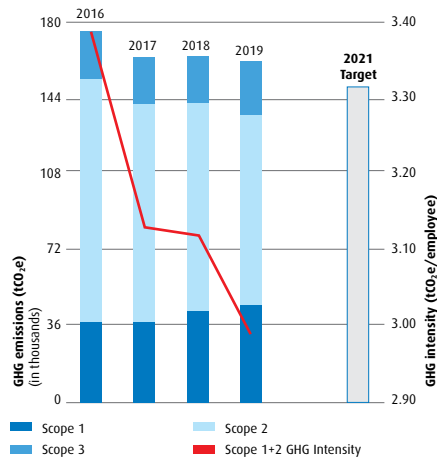
We track and analyze our Scope 1 and 2 GHG emissions and our Scope 3 GHG emissions associated with waste generation, business travel and purchased goods and services. BMO has set and achieved three successive multi-year enterprise-wide emission reduction targets since 2008. Our current target is to achieve a 15% reduction in absolute GHG emissions by the end of fiscal 2021 relative to our fiscal 2016 baseline. We are making progress toward this target by investing in energy-saving initiatives such as lighting retrofits, heating and cooling infrastructure upgrades, and building envelope improvements. At the end of fiscal 2019, we had achieved a reduction of 8.7% relative to our fiscal 2016 baseline, demonstrating good progress toward achieving our target. We are investigating setting further science-based emission reduction targets in the future.

| Facility  | Certification  |
|---|--|
| BMO executive offices – First Canadian Place, Toronto, ON   | LEED Gold – Existing Buildings Operation and Maintenance |
| BMO branch – 9630 Macleod Trail SE, Calgary, AB             | LEED Silver – New Construction                           |
| BMO branch – 5111 New Street, Burlington, ON                | LEED Certified – Core and Shell                          |
| BMO branch – 1454 Merivale Road, Ottawa, ON                 | LEED Silver – New Construction                           |
| BMO branch – 105 Clair Road E, Guelph, ON                   | LEED Silver – New Construction                           |
| BMO branch – 631-645 Commissioners Road E, London, ON       | LEED Silver – New Construction                           |
| BMO customer contact facility – Mississauga, ON             | LEED Gold – Core and Shell                               |
| BMO Harris branch – 12920 S Route 47, Huntley, IL           | LEED Silver – New Construction                           |
| BMO Harris branch – 15450 W National Avenue, New Berlin, WI | LEED Silver – New Construction                           |

**Environmental Policy:** [corporate-responsibility.bmo.com/our-practices/environmental-stewardship/environmental-policy-and-approach/](https://corporate-responsibility.bmo.com/our-practices/environmental-stewardship/environmental-policy-and-approach/)  
**Website:** <https://corporate-responsibility.bmo.com/our-practices/environmental-stewardship/>

<sup>1</sup> Information on BMO’s carbon neutral strategy is available on our [website](#).

### BMO's Greenhouse Gas Emissions Performance



Physical risks from environmental events, such as droughts, floods, wildfires, earthquakes, and hurricanes and other storms could also potentially disrupt our operations, impact our customers or counterparties, and result in lower earnings and higher losses. Our business continuity management preparations provide us with the capability to restore, maintain and manage critical operations and processes in the event of a business disruption.

Changing climate patterns and climate-related policies may also affect the operating and capital costs of our suppliers. Suppliers may choose to pass these costs on to their customers, which could result in higher purchasing costs for BMO. Consistent with our Supplier Code of Conduct, BMO is developing a Sustainable Procurement program that considers current and future suppliers' sustainability performance and risk management, including risks related to climate change. In 2020, we conducted an analysis to estimate the GHG emissions embedded in our supply chain, identified as Scope 3 category 1 emissions from purchased goods and services in the GHG Protocol. This information enabled us to set a baseline and identify carbon hot spots in our supply chain, and will also inform the development of our sustainable procurement program. We also joined CDP Supply Chain to help us better understand the environmental impact of our procurement activities and to provide a platform for engaging with strategic suppliers on climate-related risks and opportunities.

In 2020, in line with our goal to divert waste from landfill and work toward a sustainable economy, we partnered with the Recycling Council of Ontario to develop an enterprise-wide strategy to eliminate plastic waste in our operations.





**Risks to BMO’s Investment Activity**

Within our asset management business, BMO GAM integrates considerations of climate-related risk into investment processes by specific asset class. Examples include:

| Asset Class               | Risk Management Activities   |
|---------------------------|--|
| Equities and Fixed Income | BMO’s ESG portfolio analytics tools help fund managers flag companies as highly exposed to climate risk based on their emissions performance relative to their sector average. Fund managers work with the Responsible Investing team to understand the drivers of emissions performance and the strategies that companies are taking to mitigate this risk.<br><br>We are also assessing physical risks for investee companies in certain sectors. For example, BMO GAM has engaged companies in the food and beverage industry on water risk management. |
| Green Bonds               | BMO GAM oversees green bond mandates for individual institutional clients, and also invests in green bonds under our Responsible Sterling and Euro Bond strategies. We have a comprehensive in-house assessment process to screen bonds and ensure they meet our standards.  |
| Sovereign Debt            | BMO GAM’s country-level ESG tool includes data on environmental risks, including indicators drawn from Yale University’s Environmental Performance Index.  |
| Property                  | BMO Real Estate Partners has a Responsible Property Investment strategy that considers environmental issues in relation to both existing assets and assets at the due diligence stage, and includes an assessment of how energy efficiency is factored into property management and refurbishment.   |



BMO GAM has a comprehensive global investor engagement program that dates back nearly 20 years. Climate change is one of the core priorities of this engagement, and the Responsible Investment team has five members who are working on climate change engagement, as well as a water management expert. In 2020, we engaged with approximately 60 companies on the topic of climate change.

Our ESG Viewpoint, Climate change engagement: a framework for the future, outlines our expectations of investee companies, which are aligned with those of the TCFD.

At BMO GAM, we engage both one-on-one and through the Climate Action 100+ initiative, through which we lead on engagement with six companies and collaborate on engagement with several more. Our engagement also involves sectors beyond the mandate of Climate Action 100+.

Climate change engagement: a framework for the future: <https://www.bmogam.com/gb-en/institutional/news-and-insights/climate-change-engagement-a-framework-for-the-future/>

**SCENARIO ANALYSIS ON BMO'S LENDING**

BMO has undertaken climate change scenario analysis to explore climate vulnerabilities in order to enhance our resilience to climate-related risks. In 2020, we continued to expand our scenario analysis work, evaluating both physical and transition risks for a selection of climate-sensitive lending portfolios.

Our 2020 scenario analysis activities build on a pilot conducted in 2019 that focused on upstream oil and gas counterparties. We are improving our capabilities to conduct climate change scenario analysis enterprise-wide and developing an approach to climate risk stress-testing that is consistent with our broader risk management approach and that can be replicated for other sectors in our portfolio. In 2020, we tested this approach on our commercial real estate and agriculture portfolios. These were selected for their contribution to our overall lending activity (\$40.0 billion and \$13.5 billion, respectively, jointly amounting to 11.6% of our total lending portfolio in 2020). We evaluated the potential impact of both physical and transition risks under a range of scenarios, as shown in the table below. We also continue to develop our approach to scenario analysis on our London portfolio in line with our implementation plan for the PRA Supervisory Statement on Enhancing Banks' and Insurers' Approaches to Managing the Financial Risks from Climate Change, beginning with the oil and gas and metals and mining sectors. The results will be shared with the business and with leaders in Risk so they can factor potential climate risk considerations into their decisions.

**BMO's 2020 Scenario Analysis Pilots**

|                            | Commercial Real Estate Pilot  | Agriculture Pilot   | Metals and Mining Pilot  |
|----------------------------|---|---|--|
| Lending portfolio          | Commercial Real Estate  | Agriculture   | Metals and Mining  |
| Transition risks assessed  | Policy risk from carbon pricing resulting in higher cost of oil and GDP decline in selected economies<br>Policy risk from carbon pricing resulting in higher energy prices<br>Regulatory risk resulting in more stringent energy efficiency requirements  | Policy risk from carbon pricing resulting in higher input costs and consumer prices<br>Market risk from shifts in consumers' dietary preferences to lower-carbon products<br>Market risk from shifts away from fossil fuels | The impact of policies, such as carbon pricing resulting in higher energy prices, on the cost of operations  |
| Physical risks assessed    | Acute risk from flooding due to East coast storm surge, Rocky Mountain snow melt and massive rainfall events in Ontario and Quebec  | Chronic risk from increased average temperature and precipitation<br>Acute risk from increased volatility of weather patterns   | Not assessed   |
| Climate scenarios assessed | BMO evaluated three reference scenarios, consistent with emerging global regulatory practices including those used by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS)<br>Orderly transition (2°C, RCP 8.5) – climate policies introduced early and become gradually more stringent; net zero carbon emissions achieved before 2070; 67% change of limiting global warming to 2°C<br>Disorderly transition (2°C, RCP 8.5) – climate policies introduced beginning in 2030; sharper emission reductions needed to reach net zero carbon emissions by 2070<br>Hothouse world (3°C+, RCP 8.5) – currently implemented policies are preserved; emissions grow until 2080 leading to global warming of 3°C or more; irreversible climatic changes occur |   | BMO applied the REMIND (Regional Model of Investment and Development) coupled with the MAGPIE (Model of Agriculture Production and Its Impacts on the Environment) integrated assessment modelling framework. The Bank evaluated two immediate action transition scenarios:<br>Immediate 2°C – collective action is taken now to reduce emissions towards a 2°C target<br>Immediate 1.5°C – immediate action is taken now to reduce emissions towards a 1.5°C target |
| Time horizon               | Short-term – immediate<br>Medium-term – 2030<br>Long-term – 2040+   |   |  |
| Climate risk metrics       | Potential impact on credit losses   |   |  |

We plan to consolidate learnings from these pilots to expand such analysis to other sectors and risk types in order to identify potential material financial risks and to inform our business strategy related to climate change. The results of the scenario analysis pilots are provided to the Sustainability Council – educating our leaders about potential climate outcomes enables them to incorporate these insights into their decision-making, improving the resilience of our long-term strategic plans.



In 2020, BMO's Artificial Intelligence team conducted geospatial modelling to create a rainfall flood risk map for a selection of our residential real estate assets. This enabled us to assess the vulnerability of our mortgage portfolio to property damage and to quantify the potential adverse economic consequences of flooding.



### Convening and Catalyzing

BMO is committed to being a convener and catalyst in mobilizing action that can effectively address the challenges posed by climate change. We actively participate in the following initiatives, working groups and multi-stakeholder partnerships. These collaborations support the development of climate change knowledge and expertise, including a better understanding of the risks and opportunities related to climate change and the transition to a net zero carbon economy.

BMO also actively participated in Phase 2 of the United Nations Environment Programme – Finance Initiative (UNEP FI) climate-related scenario analysis pilot. Through this work we advanced methodologies and innovative approaches to identifying and managing climate-related risks in the real estate, agriculture and metals and mining sectors.

#### Scenario Analysis on BMO's Investment Activity

BMO GAM has also been examining scenario analysis from the perspective of an asset manager. In 2020, BMO GAM developed tools for analysis and client reporting on scenario analysis. BMO GAM's Risk team developed a stress testing tool based on scenarios developed by the Dutch National Bank.

BMO GAM also contributed to the Paris Alignment Investment Initiative, run by the Institutional Investors Group on Climate Change, including co-chairing the working group on strategic asset allocation. The Initiative published a report for consultation in August 2020 that set out specific criteria investors could use to align their investment portfolios with a global goal of net zero carbon emissions by 2050, consistent with limiting the global temperature rise to 1.5 degrees C.

| Initiative   | Key Area of Focus  |
|--|--|
| Equator Principles   | BMO has been a signatory to the Equator Principles since 2005. We represent North America on the Equator Principles Steering Committee and were actively involved in the EP4 update, which included climate change and risk management in its scope.   |
| Institutional Investors Group on Climate Change  | BMO GAM is a member of this collaborative platform, which encourages the adoption of public policies, investment practices and corporate behaviour that address the long-term risks and opportunities associated with climate change. It participated in the Paris Aligned Investment Initiative, which published a report outlining how investment portfolios can align with the Paris Agreement.   |
| Climate Action 100+  | BMO GAM was a founding member of this US\$40 trillion global investor engagement collaboration, which is working to ensure that the world's largest corporate greenhouse gas emitters take necessary action on climate change.   |
| Transition Pathway Initiative  | BMO GAM supports the Transition Pathway Initiative, which assesses companies' preparedness for the transition to a lower-carbon economy.   |
| Investor Statement on Just Transition  | BMO GAM supports the 2019 Statement of Investor Commitment to Support a Just Transition on Climate Change, which commits investors to considering the social aspects of the transition to a lower-carbon economy.  |
| UNEP FI TCFD Pilot Project for Banks – Phase 2   | BMO participated in Phase 2 of the UNEP FI TCFD Banking Pilot to enhance our TCFD implementation. The pilot broadened and expanded the group of participating banks and external partners, enhanced the existing TCFD toolkit (including scenarios, data and methodology, reporting and governance), and established UNEP FI's leadership position as an essential platform for advice and dialogue.   |
| Canadian Bankers Association – TCFD Working Group  | BMO is participating in a forum for the industry to develop, share and disseminate best practices on climate-related disclosures that align with the recommendations of the TCFD.  |
| ISO Technical Committee 207 on Standardization in the Field of Environmental Management    | A member of BMO's Sustainability Office is the head of the Canadian delegation, and subject matter expert and international negotiator for the harmonized Standards Council of Canada Mirror Committees to ISO's Technical Committee 207 – Environmental Management and ISO's Technical Committee 207/Sub-Committee 1 on Environmental Management Systems. This work is focused on creating tools to help organizations of any size build robust, credible and reliable environmental management systems to improve their environmental performance. |
| ISO Technical Committee 322 on Standardization in the Field of Sustainable Finance         | A member of BMO's Sustainable Finance Team is the Chair of Canada's Mirror Committee to ISO's Technical Committee 322 on Standardization in the Field of Sustainable Finance. Its work will promote the integration of environmental, social and governance practices in financing activities.   |
| Canadian Standards Association – Technical Committee on Transition and Sustainable Finance | BMO is participating in a Canadian Technical Committee to develop a national standard of Canada for transition and sustainable finance. The first draft of the Transition and Sustainable Finance Taxonomy is expected to be released by February 2021.  |

Metrics and Targets

In assessing our approach to climate-related risks and opportunities, BMO tracks the following metrics. We also track our sustainable finance activity and have provided \$45.7 billion in capital to companies pursuing objectives related to climate and the environment since 2019.

100%  
renewable electricity  
achieved in 2020

Climate-Related Metrics and Targets

| Metric   | Unit of Measure          | 2020                   | 2019           | 2018           | 2017           | 2016           |                                |                                      |
|--|--------------------------|------------------------|----------------|----------------|----------------|----------------|--------------------------------|--------------------------------------|
| <i>Managing climate-related risks</i>  |                          |                        |                |                |                |                |                                |                                      |
| Lending to carbon-related assets   | % of total assets        | 3.0                    | 3.3            | N/A            | N/A            | N/A            |                                |                                      |
| <i>Operational efficiency<sup>1</sup></i>  |                          |                        |                |                |                |                |                                |                                      |
| GHG emissions from fuel (Scope 1)  | tonnes CO <sub>2</sub> e | TBD <sup>2</sup>       | 45,672         | 42,883         | 38,065         | 37,837         |                                |                                      |
| GHG emissions from electricity and steam (Scope 2)                                 | tonnes CO <sub>2</sub> e | TBD <sup>2</sup>       | 90,457         | 99,062         | 103,350        | 115,334        |                                |                                      |
| GHG emissions from waste generated in operations (Scope 3 category 5) <sup>3</sup> | tonnes CO <sub>2</sub> e | TBD <sup>2</sup>       | 530            | 1,227          | 1,167          | 1,401          |                                |                                      |
| GHG emissions from business travel (Scope 3 category 6) <sup>4</sup>               | tonnes CO <sub>2</sub> e | TBD <sup>2</sup>       | 24,655         | 20,164         | 20,667         | 20,696         |                                |                                      |
| <b>Total GHG emissions</b>   | tonnes CO <sub>2</sub> e | <b>TBD<sup>2</sup></b> | <b>161,314</b> | <b>163,336</b> | <b>163,249</b> | <b>175,268</b> | 15% reduction by 2021 vs. 2016 | On track – 8.7% reduction since 2016 |
| Carbon credits retired   | tonnes CO <sub>2</sub> e | TBD <sup>2</sup>       | 71,401         | 74,180         | 67,775         | 115,715        |                                |                                      |
| GHG reductions from RECs   | tonnes CO <sub>2</sub> e | TBD <sup>2</sup>       | 89,913         | 89,156         | 95,474         | 59,553         |                                |                                      |
| <b>Net GHG emissions</b>   | tonnes CO <sub>2</sub> e | <b>TBD<sup>2</sup></b> | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | Carbon neutral in operations   | Achieved                             |

Additionally, as part of BMO GAM’s ESG integration approach, we monitor the portfolio-weighted carbon intensity of the portfolios within our key fundamental equity and fixed income strategies. We have published this data for our specialist ESG strategies, including our Responsible and Sustainable Funds and SDG Engagement Fund.

<sup>1</sup> Additional information on BMO’s operational efficiency performance, including energy, water and waste data, can be found on our website at: [Environmental Performance](#).

<sup>2</sup> Available online in June 2021 at: [Environmental Performance](#).

<sup>3</sup> Scope 3 category 5 emissions include indirect GHG emissions from BMO’s solid waste sent to municipal landfills (North America only).

<sup>4</sup> Scope 3 category 6 emissions include indirect GHG emissions from employee business travel in non-company owned assets.

Website: <https://corporate-responsibility.bmo.com/our-practices/environmental-stewardship/enviro-targets-performances/>

Environmental Performance: <https://corporate-responsibility.bmo.com/our-practices/environmental-stewardship/enviro-targets-performances/>

## BMO Sustainability Bond Impact Report

Established in 1817, BMO Financial Group is a highly diversified financial services provider based in North America. BMO has a deep sense of purpose and a clear strategy for long-term growth. It is the eighth largest bank in North America by assets, with total assets of \$949 billion, and has an engaged and diverse base of employees. BMO provides a broad range of personal and commercial banking, wealth management, global markets and investment banking products and services, conducting business through three operating groups: Personal and Commercial Banking, BMO Wealth Management and BMO Capital Markets. Everywhere we do business, we're focused on building, investing and transforming how we work to drive performance and continue growing the good. Our Purpose to **Boldly Grow the Good in business and life** drives everything we do and we have made bold commitments to a more sustainable future, an inclusive society and a thriving economy.

In 2019, BMO established a Sustainable Bond Program to support our Purpose and our bold commitments. This program confirms BMO's commitments to sustainability and sustainable finance, building on our ability to direct capital toward our strategic sustainability objectives and aligning those

objectives with our fundraising and investor relations program. It has enabled a better understanding and assessment of impacts and opportunities related to sustainability across our organization, and has helped build relationships that will support an enterprise-wide focus on sustainability at BMO.

Our Sustainable Financing Framework is aligned with the 2018 Green Loan Principles issued by the Loan Market Association, as well as the 2018 Green Bond Principles, 2018 Social Bond Principles and 2018 Sustainability Bond Guidelines issued by the International Capital Markets Association. This framework sets out eligibility criteria for transactions financed by green bonds, social bonds and sustainability bonds.

BMO issued its inaugural US\$500 million 3-year sustainability bond in October 2019. This report includes information on the use of the proceeds and, where feasible, the positive social and environmental outcomes of the bond, as at July 31, 2020.














### BMO Sustainability Bond Summary

|                  |                  |
|------------------|------------------|
| Date of Issuance | October 21, 2019 |
| Issued Amount    | US\$500 million  |
| Tenor            | 3 years          |

▲ 2020 data for this metric has been externally assured.

## Use of Proceeds

An amount equivalent to the net proceeds of BMO's sustainability bond is used to finance or re-finance project finance loans, general corporate finance loans, and/or equity investments that support the achievement of the United Nations Sustainable Development Goals (SDGs) and the global transition to a lower-carbon economy. Green and social asset categories included in our first bond focused on nine of the 17 SDGs.

| Asset Category                                     | Sustainable Development Goals   | Description  | % of Selected Assets▲ |
|--|---|--|-----------------------|
| <b>Social Asset Categories</b>                     |   |  |                       |
| Women-Owned Business Lending                       |     | Lending to small and medium-sized enterprises with at least one woman owner  | 49%                   |
| Indigenous Peoples' Business and Community Lending |    | Lending to Indigenous peoples' bands, councils, governments, or business entities majority-owned by such organizations | 8%                    |
| <b>Green Asset Categories</b>                      |   |  |                       |
| Sustainable Land Use                               |  <br>  | Lending to agricultural projects that maintain or improve existing carbon pools, such as greenhouses                   | 20%                   |
| Renewable Energy                                   |  <br> | Lending to renewable energy projects, such as solar and wind   | 11%                   |
| Green Buildings and Infrastructure                 |     | Lending to green buildings and infrastructure that achieve certifications such as LEED Gold, LEED Platinum             | 9%                    |
| Pollution Prevention and Control                   |     | Lending to waste management projects that prevent and control pollution, such as recycling                             | 3%                    |

Please refer to BMO's Sustainable Financing Framework for more detailed information on eligibility criteria.

As at July 31, 2020, 100%▲ of the bond proceeds have been allocated. If ever that is not the case, BMO will hold the excess amount in cash or liquid securities in accordance with BMO's normal liquidity management policy as specified in our Sustainable Financing Framework.

**Positive Outcomes**

BMO has quantified the positive impacts of the sustainability bond’s lending activities as follows:

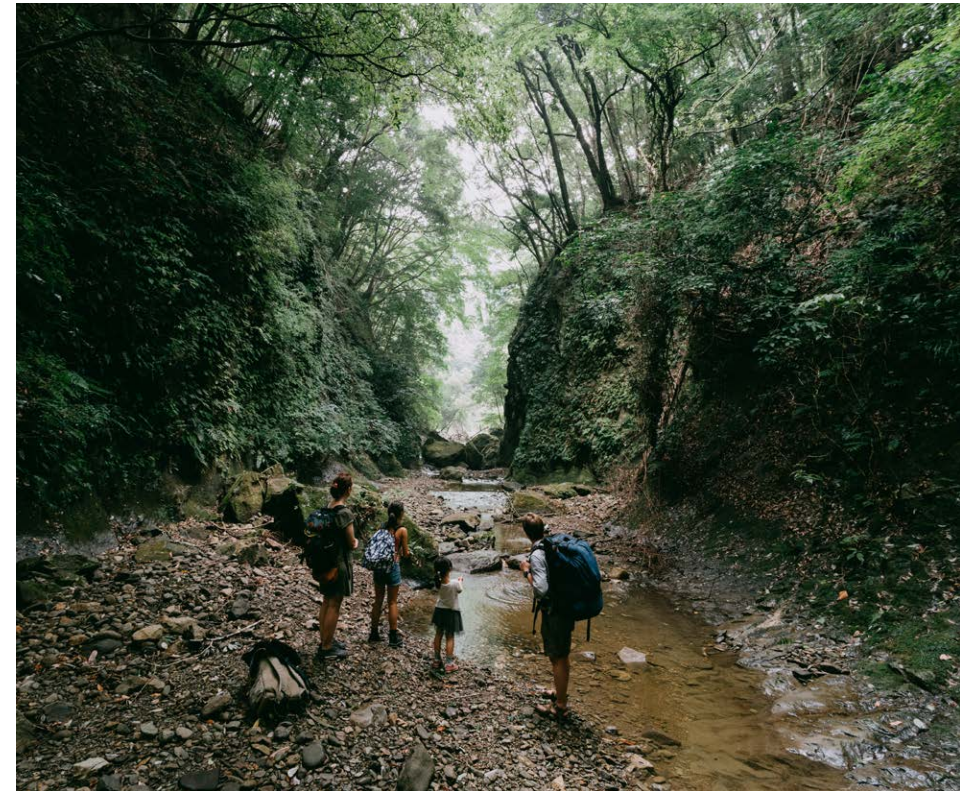
| Project Category                                   | Impact Indicator                          | Unit of Measure        | Impact Measurement▲ |
|--|---|------------------------|---------------------|
| <b>Social Asset Categories</b>                     |   |                        |                     |
| Women-Owned Business Lending                       | Women-owned businesses financed           | total #                | 101                 |
|  | Women business owners supported           | total #                | 115                 |
| Indigenous Peoples’ Business and Community Lending | Indigenous peoples’ businesses financed   | total #                | 33                  |
| <b>Green Asset Categories</b>                      |   |                        |                     |
| Sustainable Land Use                               | Greenhouse businesses financed            | total #                | 16                  |
| Renewable Energy <sup>1</sup>                      | Renewable energy projects financed        | total #                | 3                   |
|  | Installed capacity                        | megawatts              | 34                  |
|  | Annual GHG emissions avoided <sup>2</sup> | tonnes CO <sub>2</sub> | 104,488             |
|  | Annual water conserved <sup>3</sup>       | cubic metres           | 245,558             |
| Green Buildings and Infrastructure <sup>4</sup>    | Buildings financed                        | total #                | 1                   |
|  | Floor area financed                       | square feet            | 667,353             |
|  | Annual amount of energy saved             | megawatt hours         | 721                 |
|  | Annual GHG emissions avoided              | tonnes CO <sub>2</sub> | 643                 |
|  | Annual water conserved                    | cubic metres           | 1,631               |
| Pollution Prevention and Control                   | Recycling projects financed               | total #                | 2                   |

<sup>1</sup> Impact measurement metrics reflect BMO’s loan share of the project, with the exception of the number of renewable energy projects financed.

<sup>2</sup> Emissions offset calculations are maximums that use estimated electricity production for a 100 MW wind project compared to emission rates from the now-decommissioned Nanticoke coal plant, as indicated in the Ministry of the Environment’s 2001 report Coal-Fired Electricity Generation in Ontario. Data is drawn from public sources for these projects and where data for a project was not available, other projects included in the asset pool were used as a proxy.

<sup>3</sup> Water savings estimates are maximums in comparison to coal-fired generation assumption of 2,048 litres/MWh. Data is drawn from public sources for these projects and where data for a project was not available, other projects included in the asset pool were used as a proxy.

<sup>4</sup> Impact measurement metrics for energy saved and water conserved follow LEED methodology, and GHG emissions avoided convert energy saved using EPA regional factors. These metrics reflect BMO’s loan share of the project, with the exception of the number of buildings financed and the floor area financed. Data is provided by the client’s representative.



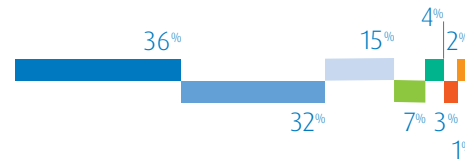
These impact indicators provide a snapshot of the positive social and environmental outcomes associated with the sustainability bond. Additional impact indicators, as well as descriptions of sustainable outcomes by asset category, are provided below.



**WOMEN-OWNED BUSINESS LENDING**

BMO has been committed to advancing economic opportunities for women for decades, and recognizes the many barriers women continue to face. We offer a diverse array of programs and financial services to women entrepreneurs to help them overcome systemic barriers, stereotypes and biases, and successfully build and scale their businesses. In June 2018, BMO committed to making \$3 billion in capital available for women business owners in Canada over three years. BMO's women-owned business lending portfolio supports women entrepreneurs across Canada and across sectors. The breakdown of assets included in the sustainability bond is shown below.

**Women-Owned Business Lending Portfolio – Geographic Breakdown**

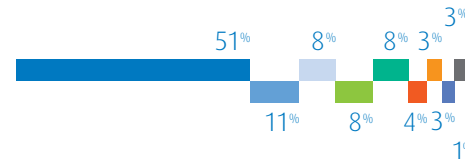


| Geographic Breakdown      | % of total |
|---------------------------|------------|
| Ontario                   | 36%        |
| British Columbia          | 32%        |
| Alberta                   | 15%        |
| Quebec                    | 7%         |
| New Brunswick             | 4%         |
| Manitoba                  | 3%         |
| Nova Scotia               | 2%         |
| Newfoundland and Labrador | 1%         |

By supporting businesses owned in whole or in part by women, BMO gives women equal access to economic resources and opportunity, and supports SDG 5, to achieve gender equality and empower all women and girls.



**Women-Owned Business Lending Portfolio – Sector Breakdown**



| Sector Breakdown             | % of total |
|------------------------------|------------|
| Real Estate                  | 51%        |
| Hospitality                  | 11%        |
| Manufacturing                | 8%         |
| Retail Trade                 | 8%         |
| Agriculture                  | 8%         |
| Health Care                  | 4%         |
| Transportation & Warehousing | 3%         |
| Wholesale Trade              | 3%         |
| Other                        | 3%         |
| Education                    | 1%         |

Loans to women entrepreneurs also support SDG 8, to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



**CASE STUDY**

**Supporting Women in Health Care**

BMO provided Bridgewater Pharmacy Limited with loans that were used by three entrepreneurs, two of whom are women, to acquire an existing pharmacy in Bridgewater, Nova Scotia. In many rural communities in Nova Scotia, government health-care resources are stretched, and this pharmacy aims to provide the community with access to knowledgeable, nurturing and responsive care. Through three private consultation rooms, the pharmacy facilitates minor ailment clinics, medication reviews, immunizations and other services. Its large Home Health Care department helps community members with home renovations so they can stay in their home rather than going to long-term care. And four nurses on staff provide foot care, breast prosthetics, bracing and compression therapy.

By providing financial services to pharmacies, BMO helps ensure access to essential health-care services and medicines, advancing SDG 3, to ensure healthy lives and promote well-being for all at all ages.

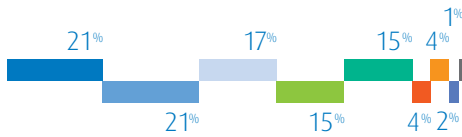
For more information on our BMO for Women program, refer to page 31 of our Sustainability Report.



**INDIGENOUS PEOPLES' BUSINESS AND COMMUNITY LENDING**

BMO's Indigenous Banking unit supports the economic growth of Indigenous communities across Canada. Through our network of branches serving Indigenous customers, both on and off reserves, we make financial products and services more accessible for approximately 250 Indigenous communities across Canada. The breakdown of assets included in the sustainability bond is shown below.

**Indigenous Peoples' Business and Community Lending Portfolio – Geographic Breakdown**



| Geographic Breakdown  | % of total |
|-----------------------|------------|
| Alberta               | 21%        |
| British Columbia      | 21%        |
| New Brunswick         | 17%        |
| Nova Scotia           | 15%        |
| Quebec                | 15%        |
| Northwest Territories | 4%         |
| Yukon                 | 4%         |
| Saskatchewan          | 2%         |
| Ontario               | 1%         |

**CASE STUDY**

**Membertou First Nation Community**



Michael McIntyre, CFO of Membertou First Nation, speaking with BMO's Indigenous Banking team in Membertou, Cape Breton.

BMO has provided loans to support the economic development and well-being of the Membertou First Nation community. Membertou employs approximately 500 people and was the first Indigenous community in the world to receive ISO:9001-2008 certification for its quality management system, including continual upgrades. The Membertou Community Chief was awarded the Order of Canada in 2017.

BMO's lending has supported the Membertou Sport and Wellness Centre Inc. This Centre has become one of the largest sporting venues on Cape Breton Island and is a large part of the community, bringing revenue to the First Nation and the city of Sydney. The

By supporting Indigenous peoples' businesses and communities, BMO promotes economic inclusion, equal opportunity and reduced inequalities of outcome. This contributes to the advancement of SDG 10, to reduce inequality within and among countries.



Centre has the most energy-efficient skating rink in Nova Scotia and has won several awards from the province. The YMCA at the facility has 450 Membertou members and the rink provides free ice time to Membertou children. The facility supports SDG 3, to ensure healthy lives and promote well-being for all ages, by facilitating physical exercise throughout the year. The indoor walking track, for example, is extremely busy during the winter months.

BMO also provided a loan to the Membertou Reserve Band Council to build three new housing units and sell the homes to band members. By supporting housing development on Indigenous reserves, BMO is helping to provide First Nations with equal access to economic resources, as well as ownership and control over land and other forms of property, in line with SDG 1, to end poverty in all its forms everywhere. This support also enhances access to housing and basic services to reduce overcrowding in First Nations, in line with SDG 11, to make cities and human settlements inclusive, safe, resilient and sustainable.



**CASE STUDY**

**Anishinaabe Abinoojii Family Services and Wauzhushk Onigum Nation community**

Anishinaabe Abinoojii Family Services (AAFS) is an Indigenous organization that provides child welfare services for the children and families of Wauzhushk Onigum Nation. BMO's Indigenous Banking unit provided this First Nation with a loan for a new office building, with AAFS's assignment of lease supporting the loan. The new office moved AAFS from Kenora to within the First Nation, making child and welfare services more accessible to families in the area and providing a more comfortable experience for Indigenous employees and the families they serve.

By supporting asset ownership by Indigenous communities, BMO facilitates equal access to economic resources, and ownership and control over land and other forms of property, in line with SDG 1, to end poverty in all its forms everywhere. The provision of child welfare services helps to advance SDG 3, to ensure healthy lives and promote well-being for all at all ages, and SDG 16, to promote peaceful and inclusive societies for sustainable development and build effective, accountable and inclusive institutions.



**SUSTAINABLE LAND USE**

BMO has been supporting Canadian agriculture since 1817. BMO has the largest portfolio of agricultural loans of all chartered banks in Canada, and we are the second-largest non-government lender to the agriculture and agri-food industry sectors in North America.

Efforts by both Lakeside and Nature Fresh Farms to ensure a sustainable food production system and to implement resilient agricultural practices that help maintain ecosystems and improve carbon pools and land and soil quality contribute to SDG 2, to end hunger and promote sustainable agriculture; SDG 6, to ensure sustainable management of water; SDG 13, to reduce climate change impacts; and SDG 15, to protect terrestrial ecosystems. By integrating circular economy packaging solutions, these companies are reducing waste generation, in line with SDG 12, to ensure sustainable consumption and production patterns.



**CASE STUDY**

**Lakeside Produce Inc.**

BMO has provided loans to Lakeside Produce Inc. to expand its operations in Ontario and Texas. Lakeside is committed to growing sustainably in order to produce quality foods while protecting the environment, bettering life for its employees and partners, and giving back to the local community:

- Lakeside installed a 2-megawatt cogeneration unit at its facility in Leamington to reduce its carbon footprint by 8,800 tons – the equivalent of planting 366,000 trees per year. A larger 10-megawatt cogeneration unit was added in July 2020, which provides electricity to the local grid.
- The company’s fully closed water recirculation system recycles 78 million gallons of water per year. In addition, its greenhouse production process uses 93% less water than field-grown produce.
- To minimize waste, it is introducing cardboard packaging solutions that significantly reduce single-use plastic, and it donates excess produce to food banks in Ontario, Michigan and Texas.
- To ensure the ongoing development of its team and the community, Lakeside’s scholarship program provides up to four grants per year to college and university students pursuing an agribusiness education, and its bursary program supports the education of up to 20 of its employees’ children each year.

- Lakeside is implementing innovative artificial intelligence and robotics to improve disease and pest management, limit crop loss and enhance production efficiencies, traceability and quality assurance.

**CASE STUDY**

**Nature Fresh Farms Inc.**



Nature Fresh Farms Inc. has used BMO loans to finance the construction, operation and expansion of its greenhouses, packing buildings, worker residences and distribution centres in Canada and the United States. Nature Fresh Farms is one of the largest independent greenhouse produce growers in Canada and the largest grower of lit cultivation tomatoes in North America. The company has 950 acres of greenhouses and produces 130 million pounds of produce (4,000 truckloads) for distribution to more than 40 markets in Canada and the United States, providing employment for over 800 people in three countries.

Nature Fresh Farms has implemented several initiatives to improve the environmental sustainability of its operations:

- Through its closed-loop irrigation system, it recycles and recirculates more than 300 million litres of fertilizer-rich water per year.
- It creates a balanced and biodiverse ecosystem in its greenhouses to reduce the need for pesticides.
- To heat its greenhouses during the winter months, it uses waste wood as fuel in its biomass boilers and has installed highly efficient screens to trap heat and reduce heat consumption by 44%.
- It has championed sustainable packaging solutions, including top-seal technology that reduces plastic use by 30%, compostable trays that prevented 67,000 pounds of Styrofoam from entering landfill in 2018–19 and the first 100% compostable biopolymer wrap in North America.
- To reduce its footprint and become more efficient, it has made significant investments in energy-efficient technologies, including LED lighting upgrades to reduce electricity use and the installation of energy screens, dock and door seals, vent seals and insulation to reduce energy use in heating and cooling.

**RENEWABLE ENERGY**

The bond proceeds include three loans that finance wind power generation projects in Ontario. In aggregate, these have added 233 MW of renewable energy capacity to Ontario’s electricity grid, resulting in an annual reduction of approximately 713,000 tons of carbon dioxide emissions, as well as the conservation of 1.6 million cubic metres of water. BMO’s share of these impacts is reported in the summary table above.

These projects support SDG 7, to ensure access to affordable, reliable, sustainable and modern energy for all, by increasing the share of renewable energy in the energy mix; SDG 11, to make cities and human settlements inclusive, safe, resilient and sustainable, by decreasing the per capita environmental impact associated with electricity consumption; which also supports SDG 13, to reduce climate change impacts.



**GREEN BUILDINGS AND INFRASTRUCTURE**

The bond proceeds include a loan to a construction project seeking LEED certification.

**CASE STUDY**

**Centene Plaza C, LEED Gold**

BMO helped finance Centene Plaza C, a 27-storey, 667,353-square-foot Class A office tower in Clayton, Missouri. It has completed the design phase of the LEED review process and is on track to achieve LEED Gold certification, yielding many environmental benefits:

- The building design incorporates high-performance glazing, high-efficiency boilers and chillers, and high-efficiency lighting. These design attributes contribute to an anticipated 20% savings in energy use.
- The building will include high-efficiency restroom fixtures that contribute to a 30% savings in water use.
- Landscape planting is all native, and there is a vegetative roof consisting of native plantings to manage storm water and reduce the heat island effect in the urban core.

- Indoor environmental quality is a high priority for project stakeholders, and all finishes have minimal to zero volatile organic compound content.
- Responsible construction practices are ensuring that at least 95% of construction waste is being diverted from landfills, and materials with high embodied carbon, such as concrete and steel, are being sourced from within 500 miles of the job site and contain a high level of recycled content.

These benefits contribute to SDG 11, to make cities and human settlements inclusive, safe, resilient and sustainable, by reducing the per capita environmental impacts of cities through improved air quality and waste management. Energy efficiency and the associated greenhouse gas emission reductions also contribute to SDG 13, to take urgent action to combat climate change and its impacts.



**POLLUTION PREVENTION AND CONTROL**

The bond assets also include loans to companies that reclaim, sort and recycle scrap metal in Canada. Loan proceeds have been used to expand capacity and improve operational efficiency.

By enabling the production of greater quantities of recycled materials, BMO is advancing SDG 12, to ensure sustainable consumption and production patterns, by supporting sustainable management and efficient use of natural resources, and by reducing waste generation through reduction, recycling and reuse. By diverting materials from landfill that contribute to greenhouse gas emissions, this activity also supports SDG 13, to take urgent action to combat climate change and its impacts.





## Independent Limited Assurance Report to BMO Financial Group

We have been engaged by the management of BMO Financial Group (BMO) to undertake a limited assurance engagement in respect of certain information disclosed in the BMO Sustainability Bond Report as at July 31, 2020 (the Report), as described below.

### Subject Matter Information and Applicable Criteria

The scope of our limited assurance engagement, as agreed with management, comprises the following information (collectively, the “Subject Matter Information”):

- Full allocation of proceeds (as presented on page 70)
- Allocation of proceeds to eligible categories (as presented on page 70)
- Impact Indicators (as presented on page 71).

The Subject Matter Information, as presented in the Report, is denoted by the symbol ▲.

We have not performed any procedures with respect to other information included in the Report and, therefore, no conclusion on the Report as a whole is expressed.

There are no mandatory requirements for the preparation, publication or review of sustainability performance information. As such, BMO applies its Sustainable Financing Framework (version September 2019

available [here](#)) and definitions included in the Report.

### Management’s responsibilities

Management is responsible for the preparation and presentation of the Subject Matter Information, current as at the date of our report. Management is also responsible for establishing and maintaining appropriate internal control systems from which the reported Subject Matter Information is derived.

### Our responsibility and professional requirements

Our responsibility in relation to the Subject Matter Information is to perform a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000) (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. ISAE 3000 requires that we plan and

perform the engagement to obtain the stated level of assurance in accordance with applicable criteria.

### Assurance approach

We planned and performed our work to obtain all of the evidence, information and explanations we considered necessary in order to form our conclusion as set out below. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Subject Matter Information, and applying analytical and other evidence gathering procedures to the assured information, as appropriate. Our procedures included:

- Inquiries with relevant staff at the corporate and business unit level to understand the data collection and reporting processes for the Subject Matter Information;
- Where relevant, performing walkthroughs of data collection and reporting processes for the Subject Matter Information;
- Comparing the reported data for the Subject Matter Information to underlying data sources;
- Inquiries of management regarding key assumptions and where relevant, the re-performance of calculations;
- Reviewing the Subject Matter Information presented in the Report to determine whether it is consistent with other information included in the Report and our overall knowledge of, and experience with, the sustainability performance of BMO.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

### Independence, quality control and competence

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies *International Standard on Quality Control 1* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement was conducted by a multidisciplinary team which included professionals with suitable skills and experience in both assurance and the applicable subject matter.

### Our conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that, as at July 31, 2020, the Subject Matter Information as described above has not been prepared and presented, in all material respects, in accordance with BMO’s Sustainable Financing Framework and definitions included in the Report current as at the date of our report.



Chartered Professional Accountants, Licensed Public Accountants

December 18, 2020  
Toronto, Canada

## Disclaimer

This Sustainability Bond Impact Report is provided for informational purposes only and is subject to change without notice.

The Bank of Montreal (the “Bank”) does not assume any responsibility or obligation to update or revise any statements in this document, regardless of whether those statements are affected by the results of new information, future events or otherwise. No representation or warranty, express or implied, is or will be made in relation to the accuracy, reliability or completeness of the information contained herein. No liability whatsoever is or will be accepted by the Bank for any loss or damage howsoever arising out of or in connection with the use of, or reliance upon, the information contained in this document.

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This material is not intended for distribution to, or use by, any person or entity in any jurisdiction where such distribution or use would be contrary to law or regulation. This Sustainability Bond Impact Report may contain forward-looking statements within the meaning of certain securities laws, including the “safe harbor” provisions of the U.S. *Private Securities Litigation Reform Act* of 1995 and any applicable Canadian securities legislation. Forward-looking statements contained in this document may include, but are not limited to, statements with respect to the Bank’s objectives, priorities, strategies, future actions, targets or expectations. Forward-looking statements are typically identified by words such as “will”, “would”, “should”, “believe”, “expect”, “anticipate”, “project”, “intend”, “estimate”, “plan”, “goal”, “target”, “may” and “could”.

By their nature, forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature. There is significant risk that the Bank’s predictions, forecasts, conclusions or projections will not prove to be accurate, that the Bank’s assumptions may not be correct, and that actual results may differ materially from such predictions, forecasts, conclusions or projections. The Bank cautions the readers of this document not to place undue reliance on these forward-looking statements as a number of risk factors, many of which are beyond the Bank’s control and effects of which can be difficult to predict, including difficulty identifying assets that meet the eligibility criteria, and the risk that eligible projects will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by the Bank, could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The Bank cautions that the preceding list of risk factors is not exhaustive. For more information, please see the Bank’s most recent Annual Report, as may be updated by quarterly reports. Readers should carefully consider these factors and risks, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. The Bank does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the organization or on its behalf, except as required by law.

## SASB Disclosure

The Sustainability Accounting Standards Board (SASB) has developed a set of industry-specific standards to help businesses identify, manage and communicate financially material sustainability information for their investors and other stakeholders.

BMO published its first SASB disclosure in 2019. Since then, there has been accelerated interest in and adoption of these standards by the investor and analyst community and corporate issuers globally. Our 2020 SASB disclosure cites metrics from the standards that are relevant to our operating groups and lending activity, including asset management and custody, consumer finance, commercial banks, investment banking and brokerage, and mortgage finance.

## Legend

- [AR – BMO Financial Group 2020 Annual Report to Shareholders](#)
- [EENR – 2019 Employment Equity Narrative Report](#)
- [Sustainability Report and PAS – Sustainability Report and Public Accountability Statement](#)
- [Supplementary Information – Supplementary Financial Information for the Quarter Ended October 31, 2020](#)

BMO Financial Group 2020 Annual Report to Shareholders: <https://www.bmo.com/home/about/banking/investor-relations/annual-reports-proxy-circulars>

2019 Employment Equity Narrative Report: <https://corporate-responsibility.bmo.com/reports/>

Sustainability Report and Public Accountability Statement: <https://corporate-responsibility.bmo.com/reports/>

Supplementary Financial Information for the Quarter Ended October 31, 2020: <https://www.bmo.com/main/about-bmo/banking/investor-relations/financial-information>

| SASB Disclosure   | Accounting Metric   | 2020 Disclosure  |
|---|---|--|
| <b>ACTIVITY METRICS – ASSET MANAGEMENT AND CUSTODY ACTIVITY</b> |   |  |
| <b>FN-AC-000.A</b>  | (1) Total registered and (2) total unregistered assets under management                                   | BMO reports assets under administration and assets under management (AUM). See page 46 of the AR (BMO Wealth Management – Key Performance Metrics and Drivers). BMO does not disclose the breakdown of registered and unregistered AUM.  |
| <b>FN-AC-000.B</b>  | Total assets under custody and supervision  | The Office of the Superintendent of Financial Institutions Canada (OSFI) requires that we, as a domestic systemically important bank (D-SIB), disclose on an annual basis information related to the 12 indicators utilized in the global systemically important bank (G-SIB) assessment methodology, including assets under custody. See page 25 of the <a href="#">2020 Q1 Report to Shareholders</a>  |
| <b>ACTIVITY METRICS – COMMERCIAL BANKS</b>                      |   |  |
| <b>FN-CB-000.A</b>  | (1) Number and (2) value of chequing and savings accounts by segment: (a) personal and (b) small business | BMO reports the average value of Personal Banking and Commercial Banking deposits. See page 38 of the AR (Canadian P&C) and page 42 of the AR (U.S. P&C).<br>BMO does not disclose the number of accounts or the breakdown of chequing and savings accounts.   |
| <b>FN-CB-000.B</b>  | (1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate         | BMO reports the value of loans by industry within Commercial Banking and by product within Personal Banking. See page 130 of the AR (Table 7: Net Loans and Acceptances – Segmented Information) and page 131 of the AR (Table 9: Net Loans and Acceptances – Segmented Information, Net Business and Government Loans by Industry).<br>BMO also reports, by province, the amount of money authorized to be made available as debt financing to firms in Canada and the number of firms to which debt financing was made available. See page 116 of this report (Business Debt Financing).   |
| <b>ACTIVITY METRICS – CONSUMER FINANCE</b>                      |   |  |
| <b>FN-CB-000.A</b>  | Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account     | As at the end of fiscal 2020, BMO had 3.6 million unique customers with an active credit card account across personal, single-serve and wealth customers.  |
| <b>FN-CB-000.B</b>  | Number of (1) credit card accounts and (2) pre-paid debit card accounts                                   | As at the end of fiscal 2020, BMO had 4.0 million active credit card accounts across personal, single-serve and wealth customers.  |
| <b>ACTIVITY METRICS – INVESTMENT BANKING AND BROKERAGE</b>      |   |  |
| <b>FN-IB-000.A</b>  | (1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions           | BMO reports the underwriting and advisory fees earned in Capital Markets from securities offerings in which we act as an underwriter or agent, structuring and administering loan syndications and fees earned from providing merger-and-acquisition services and structuring advice. See page 27 of the AR (Non-Interest Revenue). BMO does not report the number and value of transactions.  |
| <b>ACTIVITY METRICS – MORTGAGE FINANCE</b>                      |   |  |
| <b>FN-MF-000.A</b>  | (1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial          | BMO reports the value of residential and non-residential mortgages. See page 13 of the Supplementary Information (Balance Sheet).<br>In addition, BMO reports the following information related to residential mortgages. See page 30 of the Supplementary Information. <ul style="list-style-type: none"> <li>• Value of residential mortgages past due not impaired</li> <li>• Value of residential mortgages insured and uninsured, and average loan to value (LTV) uninsured</li> <li>• Value of home equity lines of credit (HELOC)</li> <li>• Residential mortgages by remaining term of amortization</li> </ul> BMO does not report the number and value of mortgages originated. |

2020 Q1 Report to Shareholders: [www.bmo.com/main/about-bmo/banking/investor-relations/financial-information](http://www.bmo.com/main/about-bmo/banking/investor-relations/financial-information)



| SASB Disclosure         | Accounting Metric  | 2020 Disclosure   |
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| <b>BUSINESS ETHICS</b>  |  |   |
| <b>FN-CB-510a.1</b>     | Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations | In fiscal 2020, Bank of Montreal and its affiliates (collectively, “BMO”) do not expect outcomes of any legal proceedings, individually or in aggregate, to have a material adverse effect on the consolidated financial position or the results of operations of the bank, or be material in the context of the SASB framework. See page 206 of the AR: Note 24: Commitments, Guarantees, Pledged Assets, Provisions and Contingent Liabilities.   |
| <b>FN-CB-510a.2</b>     | Description of whistleblower policies and procedures   | See page 48 of this report (Business Conduct (Speak Up!)).  |
| <b>CUSTOMER PRIVACY</b> |  |   |
| <b>FN-CF-220a.1</b>     | Number of account holders whose information is used for secondary purposes   | <p>BMO does not disclose the number of account holders whose information is used for secondary purposes.</p> <p><b>Further information:</b></p> <p><b><i>Manner in which account holder consent is received with respect to use of information for secondary purposes</i></b><br/>We require meaningful consent for any use of personal information for a secondary purpose. Customers can manage their direct marketing preferences to opt out of some or all of our direct marketing communications. BMO does not sell personal information.</p> <p><b><i>Extent to which information is disclosed to account holders regarding use of information for secondary purposes</i></b><br/>Our Privacy Code describes the purposes of our collection of personal information, who may access such personal information, the manner in which we use personal information, and to whom we may disclose the personal information.</p> <p><b><i>Regulatory environment related to account holder privacy in which BMO operates</i></b><br/>BMO follows all applicable privacy laws and regulations in the jurisdictions in which it operates. To comply with such regulations, BMO has adopted customer privacy policies (our Privacy Code) and procedures in each of its locations. See in particular the following:<br/> <a href="#">BMO website – Privacy Code – Canada</a><br/> <a href="#">BMO Harris website – Privacy Code, Notice and CCPA Policy – United States</a><br/> <a href="#">BMO Privacy Code – European Union</a></p> |
| <b>FN-CF-220a.2</b>     | Total amount of monetary losses as a result of legal proceedings associated with customer privacy  | In fiscal 2020, Bank of Montreal and its affiliates (collectively, “BMO”) do not expect outcomes of any legal proceedings, individually or in aggregate, to have a material adverse effect on the consolidated financial position or the results of operations of the bank, or be material in the context of the SASB framework. See page 206 of the AR: Note 24: Commitments, Guarantees, Pledged Assets, Provisions and Contingent Liabilities.   |

BMO website – Privacy Code – Canada: <https://www.bmo.com/main/about-bmo/privacy-security/our-privacy-code/>  
 BMO Harris website – Privacy Code, Notice and CCPA Policy – United States: <http://www.bmoharris.com/us/about/privacy>  
 BMO Privacy Code – European Union: [https://www.bmocm.com/about-us/regulatory/pdfs/English/BMO\\_EUPrivacyCode.en.pdf](https://www.bmocm.com/about-us/regulatory/pdfs/English/BMO_EUPrivacyCode.en.pdf)

| SASB Disclosure      | Accounting Metric   | 2020 Disclosure  |
|----------------------|---|--|
| <b>DATA SECURITY</b> |   |  |
| FN-CB-230a.1         | (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected | See page 15 of this report (Sustainability Scorecard – Substantiated complaints regarding breaches of customer privacy and losses of customer data).   |
| FN-CB-230a.2         | Description of approach to identifying and addressing data security risks   | <p>See page 55 of this report (Data Security).</p> <p><b>Further information:</b></p> <p>BMO established an industry-leading Financial Crimes Unit (FCU) in 2019. The FCU ensures a coordinated approach to security across all functions and lines of business, with intelligence-led horizontal collaboration and provisions for rapid recovery. The FCU strengthens our incident response capabilities and integrates multiple layers of protection to safeguard our customers, our partners and our organization from current and emerging security threats.</p> <p><b>Approach to identifying vulnerabilities in information systems that pose a data security risk</b></p> <ul style="list-style-type: none"> <li>• BMO’s vulnerability identification and remediation process is implemented in alignment with industry best practices, including the requirements for information security certification under ISO 27001:2013, and is independently audited for compliance and operational effectiveness on an annual basis. BMO conducts periodic vulnerability scans utilizing an industry-leading software solution. As per industry best practices, an independent partner also carries out external penetration testing at least once a year. Identified vulnerabilities are verified, risk-rated, tracked, reported and monitored for timely remediation.</li> </ul> <p><b>Approach to addressing data security risks and vulnerabilities</b></p> <ul style="list-style-type: none"> <li>• BMO is committed to keeping its customer information secure while also providing highly professional and reliable business services. The bank follows cyber security best practices and maintains an IT environment that meets international standards and expectations. To address the rapidly changing security threat landscape, BMO utilizes resilient, agile technologies and makes significant investments in the continuous improvement of its information security position.</li> <li>• BMO is also committed to building and reinforcing the soundest possible foundation by providing appropriate management support and instilling a culture of security awareness across the organization. This involves: <ul style="list-style-type: none"> <li>- A three-lines-of-defence model for effective risk management and compliance monitoring.</li> <li>- Appropriate segregation of duties, organizational structures, reporting lines, authorities and security responsibilities.</li> <li>- A dedicated security risk governance function that applies risk metrics to monitor the current state of our operations and risk profile.</li> </ul> </li> <li>• BMO continuously monitors and mitigates information security risks. This includes implementation of the following: <ul style="list-style-type: none"> <li>- Comprehensive policies and standards for information security and privacy.</li> <li>- Secure processes for the classification, handling and storage of information.</li> <li>- End-point protection and network security.</li> <li>- An annual mandatory security awareness training program for all employees.</li> <li>- Frequent reporting to our executives, external regulators, and internal and external auditors.</li> <li>- Self-assessment against recognized frameworks and process benchmarking.</li> </ul> </li> </ul> <p><b>Trends observed in type, frequency and origination of attacks on data security and information systems</b></p> <ul style="list-style-type: none"> <li>• No single area is more vulnerable to attack than any other area. As we are a large enterprise with a significant technology and user footprint, our infrastructure and employees may be targeted frequently by opportunistic attacks, and less frequently by targeted attacks. Any such events are in line with the overall industry threat and risk profile.</li> </ul> <p><b>Policies and procedures for disclosing incidents involving breaches of data security to customers</b></p> <ul style="list-style-type: none"> <li>• Depending on the nature of the breach, incidents involving suspected or actual breaches of data security or information systems must be reported to either the Privacy Office or the Information Security team, which then manages BMO’s response to the incident, including notifying regulators and affected customers in accordance with all applicable regulatory requirements.</li> </ul> |

| SASB Disclosure | Accounting Metric | 2020 Disclosure   |
|-----------------|-------------------|---|
|                 |                   | <p><b>Data and system security efforts related to new and emerging cyber threats and attack vectors</b></p> <ul style="list-style-type: none"> <li>The BMO Financial Crimes Unit is responsible for managing all aspects of cyber security, information security, internal and external fraud, and physical security. The unit combines existing capabilities from across the enterprise in an integrated central function, and uses an industry-leading fusion centre model to enhance both intelligence-gathering and response recovery.</li> <li>As per industry best practices, a well-qualified Cyber Threat Intelligence and Analytics team is also in place, which proactively monitors emerging threats that could impact BMO's employees, processes, technology and customers by gathering and analyzing threat information from various commercial, industry, government, internal and open sources. The team also conducts threat hunting on a regular basis to identify potential malicious activity. We continually enhance our cyber security controls in alignment with threat intelligence forecasts.</li> <li>We continue to make additional investments in defensive technology, talent and processes in order to prevent, or detect and manage, cyber security threats within BMO. These measures include benchmarking and review of best practices across the banking and cyber security industries, evaluation of the effectiveness of our key controls and development of new controls as needed, with ongoing investments in both technology and human resources.</li> <li>In addition, senior management reviews BMO's information security management system at regular intervals to ensure its ongoing suitability, adequacy and effectiveness, and makes timely decisions for continuous improvement.</li> </ul> <p><b>Degree to which BMO's approach is aligned with external standards or frameworks and/or legal or regulatory frameworks for managing data security</b></p> <ul style="list-style-type: none"> <li>BMO is a highly regulated organization and undergoes many independent reviews on a periodic basis. BMO's cyber security capabilities are on par with our peers in the industry, align with the framework of the U.S. National Institute of Standards and Technology (NIST), and meet the requirements of ISO 27001:2013 certification for information security. We have achieved the target maturity level for all controls, and we continue to enhance our controls in alignment with threat intelligence forecasts. BMO was the first Canadian bank to obtain ISO 27001 certification for information security, and we have also been certified (Tier IV) by Uptime Institute for our high-fault-tolerant data centre.</li> </ul> |

**DISCRIMINATORY LENDING**

|                            |  |  |
|----------------------------|--|--|
| <p><b>FN-MF-270b.1</b></p> | <p>(1) Number, (2) value, and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minority and (b) all borrowers, by FICO scores above and below 660</p> | <p>BMO reports the value of insured and uninsured mortgages, and the average LTV uninsured for residential mortgages. See page 30 of the Supplementary Information. BMO does not report the value of mortgages issued to minority borrowers or by credit score.</p>  |
| <p><b>FN-MF-270b.3</b></p> | <p>Description of policies and procedures for ensuring nondiscriminatory mortgage origination</p>  | <p><u>BMO's Code of Conduct</u> and our values of integrity, empathy, diversity and responsibility define how we work, including how we treat our customers. Discrimination is a violation of BMO's Code of Conduct and the commitments made as part of the <u>BMO Statement on Human Rights</u>. Further information: page 57 of this report (Human Rights).</p> <p>In addition, BMO's credit risk management framework incorporates governing principles that are defined in a series of corporate policies and standards and apply to more specific operating procedures. These are reviewed on a regular basis and modified when necessary to keep them current and consistent with BMO's risk appetite. The structure, limits (both notional and capital-based), collateral requirements, monitoring, reporting and ongoing management of our credit exposures are all governed by these credit risk management principles.</p> <p>Lending officers in the operating groups are responsible for recommending credit decisions based on the completion of appropriate due diligence, and they assume accountability for the risks. With limited exceptions, credit officers in Enterprise Risk and Portfolio Management approve all credit transactions and are accountable for providing an objective independent assessment of the lending recommendations and risks assumed by the lending officers. All of these skilled and experienced individuals in the first and second lines of defence are subject to a rigorous lending qualification process and operate in a disciplined environment with clear delegation of decision-making authority, including individually-set lending limits, which are reviewed annually.</p> <p>Further information: page 84 of the AR (Credit and Counterparty Risk).</p> |

BMO's Code of Conduct: <https://www.bmo.com/home/about/banking/corporate-information/codeofconduct>  
 BMO Statement on Human Rights: <https://corporate-responsibility.bmo.com/our-approach/statement-on-current-issues/>

| SASB Disclosure                         | Accounting Metric  | 2020 Disclosure   |
|---|--|---|
| <b>EMPLOYEE DIVERSITY AND INCLUSION</b> |  |   |
| <p><b>FN-IB-330a.1</b></p>              | <p>Percentage of general and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees</p> | <p>See page 15 of this report (Sustainability Scorecard – Diversity and Inclusion).</p> <p><b>Further information:</b> EENR.</p> <p><b>Leadership accountability</b></p> <ul style="list-style-type: none"> <li>Leadership accountability and advocacy are critical to success. At BMO, our leaders’ advocacy for diversity and inclusion starts at the top, with CEO Darryl White, who is a vocal champion of inclusivity. On his first day as our new CEO in November 2017, Mr. White signed on as a Catalyst CEO Champion for Change and affirmed his commitment to “reviewing and improving the pipeline of women of diverse backgrounds for advancement and empowering them with a strong support system.” He also signed the Catalyst Accord 2022, pledging to work to increase the average percentage of women on boards and in executive positions in corporate Canada to 30% or higher by 2022. In 2020, Mr. White signed the BlackNorth CEO Pledge.</li> <li>In 2012, we established the Leadership Committee for Inclusion and Diversity (LCID), an enterprise-wide committee of 25 senior executives representing diversity at BMO, which oversees our progress toward achieving our diversity and inclusion (D&amp;I) goals and advocates for inclusive practices. The committee is co-chaired by a member of BMO’s Executive Committee who is appointed by the CEO. LCID establishes the strategic priorities that define our direction, along with a number of specific action plans and ambitious workforce goals. A D&amp;I update is presented to the Board of Directors on an annual basis.</li> <li>BMO’s D&amp;I governance model is built on this leadership accountability, and combines a leader-led approach with a grassroots approach that is spearheaded by the 3,500 members of our 14 Enterprise Resource Groups (ERGs). Each ERG is sponsored by a senior executive.</li> </ul> <p><b>Representation goals</b></p> <ul style="list-style-type: none"> <li>We set specific and ambitious goals across our organization by identifying gaps, removing barriers and then holding everyone – leaders and managers – accountable for moving BMO forward. We know that what gets measured gets done, so diversity goals are included every year in the performance objectives for the Group Head of each business. Since 2018, Diversity Dashboards have been included in the meeting materials for Performance Committee meetings. In these quarterly meetings 46 of BMO’s most senior leaders, chaired by the CEO, discuss and report on critical business goals and results. The Dashboards show how diverse employee segments in each line of business are represented. They ensure that diversity and inclusion remains a top priority and clarify accountability for our senior leaders.</li> <li>In 2020, we announced new five-year diversity goals to address gaps affecting Black, Indigenous, People of Colour, Latino and LGBTQ2+ employees, customers and communities. Our Zero Barriers to Inclusion 2025 goals represent an ambitious expansion of the multi-year diversity strategy we set in 2017. New benchmarks and plans include doubling enterprise-wide representation of Black senior leaders, accelerating Indigenous talent strategies, introducing an LGBTQ2+ representation goal, and sustaining a strong gender equity position.</li> </ul> <p><b>Culture of inclusion</b></p> <ul style="list-style-type: none"> <li>We make our leaders and employees aware of the value of inclusivity, and we share practical actions and behaviours to help build an inclusive environment. For example, in 2016, we launched Learn from Difference (LFD), a multi-year initiative focused on building inclusive leadership capabilities, equipping leaders with strategies to mitigate the effects of unconscious bias and creating a more inclusive environment for colleagues, customers and the community. Phase one centred on an introductory e-learning course on diversity and inclusion. Within three months, more than 80% of managers had completed the course, and 97% of those managers felt confident in their ability to apply what they had learned in everyday business decisions. Creating an inclusive work environment is a responsibility shared by everyone at BMO, and in 2019, we expanded the LFD program to all employees and launched phase two, Learn from Difference for All (LFDA). In 2020, more than 80% of all colleagues completed the new LFDA program, building a culture of inclusion and belonging for all. See page 38 of this report: Diversity and Inclusion.</li> <li>To ensure BMO employees, and in particular Black employees, were feeling supported during the heightened period of racial injustice protests in 2020, we launched a new internal website offering racial injustice educational materials. It includes a guide that provides background for understanding recent issues of racial injustice in the Black community, followed by a conversation guide to support further conversations across the organization on race and what we can all do to make sure everyone is valued.</li> <li>BMO’s leadership programs include a robust module focused on inclusive leadership capabilities and what managers can do to ensure all employees feel valued, respected and heard. As we build virtual offerings in response to COVID-19, diversity, inclusion and inclusive leadership capability continue to be an important part of the leadership curriculum.</li> <li>In 2020, our Zero Barriers to Inclusion 2025 strategy for colleagues, customers and community led to a series of branch huddles focused on cultural sensitivity. Across 900 branches in Canada, more than 8,000 branch employees and leaders participated.</li> </ul> <p>See page 38 of this report (Diversity and Inclusion).</p> <p><b>Talent practices</b></p> <ul style="list-style-type: none"> <li>Each year, as part of our Leadership Planning program, we identify employees with the potential to take on more senior roles in the organization and prepare succession slates for key roles.</li> </ul> |



| SASB Disclosure  | Accounting Metric  | 2020 Disclosure  |
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| <b>FINANCIAL INCLUSION AND CAPACITY BUILDING</b>                                   |  |  |
| <b>FN-CB-240a.1</b>  | (1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development                              | See page 15 of this report (Sustainability Scorecard – Number of women-owned businesses; Indigenous communities with which BMO has a relationship), page 18 of this report (Sustainable Finance – Lending authorized for sustainable clients and projects) and page 30 of this report (Financial Inclusion). |
| <b>FN-CB-240a.3</b>  | Number of no-cost retail chequing accounts provided to previously unbanked or underbanked customers  | See page 33 of this report (Financial Inclusion – Free or Discounted Services table).  |
| <b>FN-CB-240a.4</b>  | Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers and description of financial literacy initiatives | See page 35 of this report (Financial Literacy).   |
| <b>INCORPORATION OF ESG FACTORS IN CREDIT ANALYSIS</b>                             |  |  |
| <b>FN-CB-410a.1</b>  | Commercial and industrial credit exposure, by industry   | See page 131 of the AR (Table 9: Net Loans and Acceptances – Segmented Information).<br>Further information: page 59 of this report (Climate Report – Climate-Related Risks and Strategy).   |
| <b>FN-CB-410a.2</b>  | Description of approach to incorporation of ESG factors in credit analysis   | See page 26 of this report (Environmental and Social Risk Management).<br>Further information: page 112 of the AR (Environmental and Social Risk).   |
| <b>INCORPORATION OF ESG FACTORS IN INVESTMENT BANKING AND BROKERAGE ACTIVITIES</b> |  |  |
| <b>FN-IB-410a.1</b>  | Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of ESG factors, by industry                         | BMO tracks and reports on the value of sustainable finance activity. See page 15 of this report (Sustainability Scorecard – Sustainable Finance).  |
| <b>FN-IB-410a.2</b>  | (1) Number and (2) total value of investments and loans incorporating integration of ESG factors, by industry  | BMO tracks and reports on the value of sustainable finance activity. See page 15 of this report (Sustainability Scorecard – Sustainable Finance).  |
| <b>FN-IB-410a.3</b>  | Description of approach to incorporation of ESG factors in investment banking and brokerage activities   | See page 18 of this report (Sustainable Finance), page 22 of this report (Responsible Investing) and page 26 of this report (Environmental and Social Risk Management).<br>Further information: page 112 of the AR (Environmental and Social Risk).  |

| SASB Disclosure   | Accounting Metric  | 2020 Disclosure  |
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| <b>INCORPORATION OF ESG FACTORS IN INVESTMENT MANAGEMENT AND ADVISORY</b> |  |  |
| FN-AC-410a.1  | Amount of assets under management, by asset class, that employ (1) integration of ESG issues, (2) sustainability themed investing, and (3) screening | BMO reports this information in our annual reporting to the Principles for Responsible Investing. Our most recent report is available on our <a href="#">website</a>   |
| FN-AC-410a.2  | Description of approach to incorporation of ESG factors in investment and/or wealth management processes and strategies                              | <p>See page 22 of this report (Responsible Investing).</p> <p><b>Further information:</b></p> <p>Page 59 of this report (Climate Report – Climate-Related Risks and Strategy).</p> <p><a href="#">BMO Global Asset Management Responsible Investment Approach</a></p> <p><a href="#">BMO Global Asset Management PRI Reporting Framework 2020</a></p> <p>The following information pertains to BMO Global Asset Management (BMO GAM).</p> <p><b>Approach to incorporation of ESG factors in investment processes and strategies</b></p> <ul style="list-style-type: none"> <li>ESG integration is the consideration of financially material ESG issues in the course of investment analysis and decision-making in order to gain a more comprehensive understanding of risk and long-term opportunity.</li> <li>In integrating a consideration of ESG factors, BMO GAM tailors its approach to each specific investment strategy and asset class in order to ensure that the resulting analyses are relevant and meaningful for each investment process. Elements of this approach include: <ul style="list-style-type: none"> <li><b>Screening:</b> BMO GAM offers a range of screened funds for clients who wish to link investment performance to a clear set of ethical and sustainability principles. To determine the eligibility of companies for investment under these strategies, we have developed stringent criteria that are published on our website and are subject to oversight by our Responsible Investment Advisory Council.</li> <p>We review the criteria and indicators on a regular basis to ensure they reflect evolving responses to critical issues, emerging issues, changes in regulation and other developments. Sustainability funds must meet a set of common criteria regarding minimum sustainability performance. Each fund publishes its own investment policy outlining its respective specifications.</p> <li><b>Thematic:</b> BMO GAM offers a number of thematic investment solutions which seek to generate returns by investing in companies that are working to meet specific sustainability challenges. These include the Women in Leadership Fund and the Sustainable Opportunities Global Equity Fund.</li> <li><b>Engagement:</b> Our SDG Engagement Global Equity Fund has a mandate based on intensive engagement to improve the long-term performance of investee companies and their contribution to achieving the Sustainable Development Goals.</li> <li><b>Integration:</b> As a long-term investor, we seek to build an understanding of the fundamental factors shaping the risks and opportunities facing the entities that issue the equity or debt we invest in. We believe that ESG factors can have a material impact on the performance of those entities – and on the economy as a whole – and that a firm commitment to identifying and assessing the risks and opportunities arising from ESG factors is an integral part of good risk management. A consideration of ESG factors is incorporated into our investment analyses across asset classes, including equities, corporate credit, sovereign credit, private equity and real estate, and a tailored approach is taken to address the specific factors in each class.</li> </ul> </li> </ul> <p><b>Approach to implementing ESG incorporation practices</b></p> <ul style="list-style-type: none"> <li>Each of our investment teams identifies and integrates material ESG factors in its standard investment process, with the support of the specialist Responsible Investment team. Fund managers and analysts have access to a wide range of ESG data and research – both third-party and proprietary – which they use to systematically flag potentially material concerns that are then further analyzed to determine their relevance to the investment case.</li> <li>We continuously seek to strengthen the feedback loop that brings together the ESG information and experience we have gained through active ownership activities (i.e., engagement and voting) with our main ESG databases and decision-making processes. We do this by conducting regular cross-team meetings and presentations on relevant ESG issues, including regular thematic webinars; sharing active ownership data across platforms that are accessible to our investment teams; encouraging analysts and portfolio managers to address ESG issues in their meetings with investee companies; and closely involving investment teams when we exercise our right to vote at shareholders’ meetings and design our engagement programs.</li> </ul> |

Principles for Responsible in vesting on BMO website: <https://www.bmogam.com/gb-en/intermediary/wp-content/uploads/2020/08/pri-2020-public-transparency-report-bmo-gam.pdf>  
Responsible Investment Approach: <https://www.bmogam.com/gb-en/intermediary/wp-content/uploads/2019/05/responsible-investment-approach.pdf>  
PRI Reporting Framework: <https://www.unpri.org/signatory-directory/bmo-global-assetmanagement/955.article>

| SASB Disclosure            | Accounting Metric  | 2020 Disclosure   |
|----------------------------|--|---|
| <p><b>FN-AC-410a.3</b></p> | <p>Description of proxy voting and investee engagement policies and procedures</p> | <p>See page 22 of this report (Responsible Investing).</p> <p>The following information pertains to BMO Global Asset Management (BMO GAM).</p> <p><b>Policies and procedures</b></p> <ul style="list-style-type: none"> <li>• See BMO Global Asset Management <a href="#">Responsible Investment Approach</a></li> <li>• See also <a href="#">Corporate Governance Guidelines</a></li> <li>• See also <a href="#">Expectations of Social Practices Statement</a></li> <li>• See also <a href="#">Expectations of Environmental Practices Statement</a></li> <li>• See also <a href="#">Climate Change Engagement</a></li> </ul> <p><b>Proxy voting approach</b></p> <ul style="list-style-type: none"> <li>• See Policies and procedures (above).</li> <li>• BMO GAM publishes all vote reports on our <a href="#">website</a>, including the rationale for our voting decisions. We also communicate with investee companies when our in-house team has reviewed any resolutions that will be presented for voting and has decided to vote against one or more of them, in order to alert those companies to our decision and the rationale.</li> </ul> <p><b>Investee engagement approach</b></p> <ul style="list-style-type: none"> <li>• Engagement is carried out by our Responsible Investment team, working in close partnership with our fund investment teams. Our process is based on the following principles: <ul style="list-style-type: none"> <li>- <b>Prioritization:</b> In order to identify targets or areas for engagement, the Responsible Investment team regularly monitors the performance of investee companies in managing the ESG issues that present the greatest risks or opportunities in relation to long-term investor value, as well as emerging governance and sustainability trends that could affect groups of companies within a sector or across sectors. This monitoring and research activity significantly overlaps with the proprietary ESG monitoring systems we have set up to support our ESG integration practices.</li> <li>- <b>Setting objectives:</b> Setting specific engagement objectives and tracking results are both necessary in order to assess progress and determine the next steps. Our Responsible Investment team takes the lead in developing objectives, but this is done in close consultation and collaboration with our investment teams in order to ensure that our messages to investee companies are robust and consistent. We strive to clearly communicate to those companies our engagement objectives and expectations, including an outline of what would be a successful outcome</li> <li>- <b>Tracking results:</b> We log and report activity in real time in an online engagement database. This information includes engagement activity, method of engagement, company response and instances of change. We track the progress of our engagements (at issue level for each company), and we itemize successful engagements and related milestones. Our engagement and milestone entries aim to capture the context and materiality of our objectives and the impact of the progress made by the company.</li> <li>- <b>Escalation:</b> If we deem initial engagement efforts to be unsuccessful, we will consider escalation strategies, such as contacting a company's board, using proxy voting, filing a resolution, reducing our exposure or divesting our holdings.</li> <li>- <b>Reporting:</b> We report publicly on our active ownership activities on an annual basis in our Responsible Investment Review</li> </ul> </li> <li>• Our internal systems track the level at which engagement takes place. This may be at the board or senior executive level, or with operational or investor relations specialists, depending on the nature of the engagement. We seek board-level engagement where possible.</li> <li>• BMO GAM publishes a detailed <a href="#">report</a> on engagement annually, as well as research on individual engagement topics on our <a href="#">website</a>. We also publish reports on the ESG impact of some of the funds we offer, including our Responsible Global Equity Fund and our Responsible Global Emerging Markets Equity Fund. For clients, we frequently include data and case studies of engagement in our regular reporting.</li> </ul> |

**Responsible Investment Approach:** <https://www.bmogam.com/gb-en/intermediary/wp-content/uploads/2019/05/responsible-investment-approach.pdf>  
**Corporate Governance Guidelines:** <https://www.bmogam.com/gb-en/intermediary/wp-content/uploads/2019/05/corporate-governance-guidelines.pdf>  
**Expectations of Social Practices Statement:** <https://www.bmogam.com/wp-content/uploads/2020/03/expectations-for-social-policies.pdf>  
**Expectations of Environmental Practices Statement:** <https://www.bmogam.com/wp-content/uploads/2020/07/our-expectations-on-environmental-practices.pdf>  
**Climate Change Engagement:** [https://www.bmogam.com/gb-en/intermediary/wp-content/uploads/2019/10/climate-change\\_esg-viewpoint.pdf](https://www.bmogam.com/gb-en/intermediary/wp-content/uploads/2019/10/climate-change_esg-viewpoint.pdf)  
**Vote reports on our website:** <http://vds-staging.issproxy.com/SearchPage.php?CustomerID=36606StagingPassword=TRITenXpo>  
**Detailed report on engagement:** <https://www.bmogam.com/gb-en/intermediary/responsible-investment-2019-review/>  
**Engagement topics on our website:** <https://www.bmogam.com/gb-en/institutional/institutional-capabilities/responsible-investing/>

| SASB Disclosure                 | Accounting Metric  | 2020 Disclosure  |
|---------------------------------|--|--|
| <b>PROFESSIONAL INTEGRITY</b>   |  |  |
| <b>FN-IB-510b.1</b>             | (1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings   | Due to the highly regulated nature of its business and its size and longevity in the marketplace, BMO Nesbitt Burns Inc. (BMO NB) is involved in disciplinary actions and regulatory investigations in the ordinary course of business. In some instances, notices of hearings are issued. BMO NB is also subject to numerous legal proceedings and enters into settlement agreements in the ordinary course of business.<br><br>In its annual report to shareholders BMO provides disclosure regarding the material legal proceedings to which it and its direct and indirect subsidiaries, including BMO NB, are a party.                                |
| <b>FN-IB-510b.2</b>             | Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party   | See FN-IB-510b.1 (above).  |
| <b>FN-IB-510b.4</b>             | Description of approach to ensuring professional integrity, including duty of care   | BMO's Code of Conduct sets out BMO's non-negotiable expectations of behaviour. It is a guide for ethical and responsible decision-making. The Code of Conduct applies to BMO's Board of Directors, to the directors of the boards of BMO's subsidiaries and to all employees of BMO Financial Group.   |
| <b>SYSTEMIC RISK MANAGEMENT</b> |  |  |
| <b>FN-CB-550a.1</b>             | Global Systematically Important Bank (G-SIB) score, by category. Include description of whether score is calculated by BMO or obtained from regulatory authority and whether BMO is required to report the underlying data to the regulators | BMO is not currently on the Financial Stability Board's list of global systemically important banks (G-SIBs). We have been identified as a domestic systemically important bank (D-SIB) by the Office of the Superintendent of Financial Institutions Canada (OSFI). We report the Canadian-dollar-denominated values of the 12 indicators utilized in the G-SIBs assessment methodology, as required. See page 25 of the <a href="#">2020 Q1 Report to Shareholders</a>   |
| <b>FN-CB-550a.2</b>             | Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities  | Stress testing is a key element of our risk and capital management frameworks.<br><br>Further information: page 83 of the AR (Stress Testing), page 112 of the AR (Environmental and Social Risk) and page 67 of this report (Climate Report – Scenario Analysis).<br><br>In addition, BMO produces stress testing disclosures for our U.S. subsidiaries, BMO Financial Corp. and BMO Harris Bank N.A., as outlined by the United States Government Office of the Comptroller of the Currency and Federal Reserve Board in relation to the Dodd-Frank Wall Street Reform and Consumer Protection Act. These are available on our <a href="#">website</a> . |
| <b>FN-AC-550a.2</b>             | Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management  | Our liquidity risk management programs are summarized in each relevant fund's annual report, available on our <a href="#">website</a> .  |

BMO's Code of Conduct: <https://www.bmo.com/home/about/banking/corporate-information/codeofconduct>  
 2020 Q1 Report to Shareholders: <https://www.bmo.com/main/about-bmo/banking/investor-relations/financial-information#2020>  
 Website: <https://www.bmo.com/home/about/banking/investor-relations/regulatory-disclosure>  
 Relevant fund's annual report: <https://www.bmogam.com/us-en/individuals/documents/>



| SASB Disclosure  | Accounting Metric  | 2020 Disclosure   |
|--|--|---|
| <b>TRANSPARENT INFORMATION AND FAIR ADVICE FOR CUSTOMERS</b> |  |   |
| FN-AC-270a.1   | (1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings | Due to the highly regulated nature of its business and its size and longevity in the marketplace, Bank of Montreal covered employees are involved in the ordinary course of business in investment related investigations, consumer- initiative complaints, private civil litigations or other regulatory proceedings pursued against either itself, one of its subsidiaries or directly against such employees. Bank of Montreal provides disclosure regarding material legal proceedings to which its subsidiaries are a party in its annual report to shareholders.  |
| FN-AC-270a.2   | Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers             | In fiscal 2020, Bank of Montreal and its affiliates (collectively, “BMO”) do not expect outcomes of any legal proceedings, individually or in aggregate, to have a material adverse effect on the consolidated financial position or the results of operations of the bank, or be material in the context of the SASB framework. See page 206 of the AR: Note 24: Commitments, Guarantees, Pledged Assets, Provisions and Contingent Liabilities.   |
| FN-AC-270a.3   | Description of approach to informing customers about products and services   | <p>The fair design and sale of financial products and services is addressed in BMO’s Code of Conduct. BMO has also participated in the development of, and is committed to, voluntary commitments and codes of conduct that are intended to protect customers, which are listed on our <a href="#">website</a></p> <p>BMO complies with all regulations that are intended to protect the interests of customers. Regulators to which our retail banking business is subject include the Financial Consumer Agency of Canada for our Canadian operations, and the Consumer Financial Protection Bureau for our U.S. operations. Regulators to which our wealth management business is subject include the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association (under the umbrella of the Canadian Securities Administrators) for our Canadian operations, and the Financial Industry Regulatory Authority, the Securities and Exchange Commission, the Office of the Comptroller of the Currency, and the Department of Labor for our U.S. operations.</p> <p>BMO’s compensation and incentive plans are designed to encourage and reward performance aligned with appropriate behaviours. BMO’s performance management process balances <i>what</i> our employees achieve with <i>how</i> they demonstrate our values. Sales force training reinforces these expectations. Sales revenue is generally recognized when a customer uses a product, and may be reversed if a customer cancels or does not use a product. Customers can raise and escalate concerns through defined processes. Regular monitoring of our sales force, along with audits and reviews of our policies and procedures, ensures the continued integrity of our practices and processes. In 2018, the Human Resources Committee of BMO’s Board of Directors reviewed retail incentive compensation plans in conjunction with the joint review of retail sales practices at six Canadian banks conducted by the Financial Consumer Agency of Canada and OSFI.</p> |

**GRI Index**

Legend

- AIF – Annual Information Form [for the year ended October 31, 2020](#)
- AR – [BMO Financial Group 2020 Annual Report to Shareholders](#)
- EENR – [2019 Employment Equity Narrative Report](#)
- [Sustainability Report and PAS – 2020 Sustainability Report and Public Accountability Statement](#)
- [PC – Notice of Annual Meeting of Shareholders and Management Proxy Circular \(for the meeting held on March 31, 2020 – current at the time this report was published\)](#)

| GRI Disclosure             | Description                                 | 2020 Location/Commentary/Explanation for Omission  |
|----------------------------|---|--|
| <b>GENERAL DISCLOSURES</b> |   |  |
| Organizational Profile     |   |  |
| GRI 102-1                  | Name of the organization.                   | Bank of Montreal.  |
| GRI 102-2                  | Activities, brands, products, and services. | Bank of Montreal brands the member companies of the organization as “BMO Financial Group.” As such, in this report, the names BMO and BMO Financial Group mean Bank of Montreal together with its subsidiaries.<br>Further information: pages 15 and 207 of the AR.  |
| GRI 102-3                  | Location of headquarters.                   | BMO’s head office is located at 129 rue Saint-Jacques, Montreal, Quebec, H2Y 1L6, and its executive offices are located at 100 King Street West, 1 First Canadian Place, Toronto, Ontario, M5X 1A1.  |
| GRI 102-4                  | Location of operations.                     | The topics addressed in the 2020 Sustainability Report and PAS cover our enterprise-wide operations, unless otherwise specified.<br>Further information: page 207 of the AR (Operating and Geographic Segmentation) and page 210 of the AR (Significant Subsidiaries).   |
| GRI 102-5                  | Ownership and legal form.                   | Bank of Montreal is a chartered bank under the <i>Bank Act</i> (Canada) and is a public company incorporated in Canada. Our common shares are listed on the Toronto Stock Exchange and New York Stock Exchange. These shares are widely held by institutional and retail shareholders.<br>Further information: page 150 of the AR. |

Annual Information Form: <https://www.bmo.com/home/about/banking/investor-relations/annual-reports-proxy-circulars>  
 BMO Financial Group 2020 Annual Report to Shareholders: <https://www.bmo.com/home/about/banking/investor-relations/annual-reports-proxy-circulars>  
 2019 Employment Equity Narrative Report: <https://corporate-responsibility.bmo.com/reports/>  
 2020 Sustainability Report and Public Accountability Statement: <https://corporate-responsibility.bmo.com/reports/>  
 Notice of Annual Meeting of Shareholders and Management Proxy Circular: <https://www.bmo.com/home/about/banking/investor-relations/annual-reports-proxy-circulars>

| GRI Disclosure | Description   | 2020 Location/Commentary/Explanation for Omission  |
|----------------|---|--|
| GRI 102-6      | Markets served.   | We conduct our business through three operating groups: <ul style="list-style-type: none"> <li>• Personal and Commercial Banking</li> <li>• BMO Wealth Management</li> <li>• BMO Capital Markets</li> </ul> Further information: page 207 of the AR.   |
| GRI 102-7      | Scale of the organization.                                    | See inside front cover of this report: <a href="#">About BMO</a> .<br>Further information: pages 15 and 207 of the AR.   |
| GRI 102-8      | Information on employees and other workers.                   | See page 112 of this report (BMO Headcount).<br>Further information: page 5 of the EENR (Highlights of representation for women in 2019).  |
| GRI 102-9      | Supply chain.   | In 2020, we purchased goods and services in North America with a total cost of approximately CAD\$5.3 billion from approximately 7,903 suppliers. Of that amount, approximately CAD\$3.7 billion was spent through our Canadian operations and approximately CAD\$1.6 billion was spent through our U.S. operations.   |
| GRI 102-10     | Significant changes to the organization and its supply chain. | None.  |
| GRI 102-11     | Precautionary Principle or approach.                          | For our approach to risk management in our financing and lending activities, see page 26 of this report (Environmental and Social Risk Management).<br>Further information: page 112 of the AR (Environmental and Social Risk) and page 59 of this report (Climate Report).  |
| GRI 102-12     | External initiatives.   | <ul style="list-style-type: none"> <li>• 30% Club</li> <li>• Carbon Disclosure Project</li> <li>• Catalyst Accord</li> <li>• Climate Action 100+</li> <li>• Equator Principles</li> <li>• ISO 14001 Environmental Management System</li> <li>• Leadership in Energy and Environmental Design (LEED)</li> <li>• Sustainability Accounting Standards Board Financial Industry Advisory Group</li> <li>• Task Force on Climate-related Financial Disclosures (TCFD)</li> <li>• United Nations Environment Programme – Finance Initiative</li> <li>• United Nations Global LGBTI Standards of Conduct for Business</li> <li>• United Nations Principles for Responsible Investing</li> <li>• United Nations Universal Declaration of Human Rights</li> <li>• United Nations Women’s Empowerment Principles</li> <li>• BlackNorth Pledge</li> </ul> |

| GRI Disclosure | Description                 | 2020 Location/Commentary/Explanation for Omission   |
|----------------|-----------------------------|---|
| GRI 102-13     | Membership of associations. | <ul style="list-style-type: none"> <li>• American Bankers Association</li> <li>• Bank Policy Institute</li> <li>• Canadian Bankers Association</li> <li>• Chicagoland Chamber of Commerce</li> <li>• Corporate Governance Advisory Committee</li> <li>• Council of Institutional Investors</li> <li>• Finance Montreal</li> <li>• Global Investor Governance Network</li> <li>• Global Network Initiative</li> <li>• Illinois Bankers Association</li> <li>• Illinois Chamber of Commerce</li> <li>• International Swaps and Derivatives Association</li> <li>• Institute of International Bankers</li> <li>• Institutional Investors Group on Climate Change</li> <li>• International Corporate Governance Network</li> <li>• Investment Association</li> <li>• Investor Forum</li> <li>• Information Systems Audit and Control Association (ISACA)</li> <li>• Loan Syndications and Trading Association</li> <li>• Metropolitan Milwaukee Association of Commerce</li> <li>• Mutual Fund Dealers Association of Canada</li> <li>• National Futures Association</li> <li>• Responsible Investment Association (Canada)</li> <li>• Securities Industry and Financial Markets Association</li> <li>• The Canadian Association of Financial Institutions in Insurance</li> <li>• Toronto Finance International</li> <li>• U.K. Sustainable Investment and Finance Association</li> <li>• U.S. Chamber of Commerce</li> <li>• Wisconsin Bankers Association</li> </ul> |



| GRI Disclosure       | Description  | 2020 Location/Commentary/Explanation for Omission  |
|----------------------|--|--|
| Strategy             |  |  |
| GRI 102-14           | Statement from senior decision-maker.                  | See page 3 of this report (Message from the CEO, BMO Financial Group) and page 4 of this report (Message from the Chair, BMO Sustainability Council).  |
| GRI 102-15           | Key impacts, risks, and opportunities.                 | For risks related to environmental, social and governance (ESG) practices and activities, see page 112 of the AR (Environmental and Social Risk) and page 113 of the AR (Reputation Risk).<br>For BMO's approach to risks and opportunities related to climate change, see page 59 of this report (Climate Report).<br>Interests of our stakeholders are disclosed on pages 11-12 of this report (Engaging Our Stakeholders).<br>Our approach to environmental and social risk management is discussed on page 26 of this report (Environmental and Social Risk Management).<br><b>Further information:</b><br><a href="#">BMO's 2020 CDP Response</a><br><a href="#">BMO's Statement on Human Rights</a><br>Page 57 of this report (Human Rights)<br><a href="#">BMO's Statement Against Modern Slavery and Human Trafficking</a> |
| Ethics and Integrity |  |  |
| GRI 102-16           | Values, principles, standards, and norms of behaviour. | See page 48 of this report (Business Conduct).<br><b>Further information:</b><br><a href="#">BMO's Code of Conduct</a><br><a href="#">BMO's Supplier Code of Conduct</a><br><a href="#">BMO Statement on Human Rights</a><br><a href="#">BMO's Statement Against Modern Slavery and Human Trafficking</a>  |
| GRI 102-17           | Mechanisms for advice and concerns about ethics.       | See page 49 of this report (Business Conduct (Speak Up!)).   |
| Governance           |  |  |
| GRI 102-18           | Governance structure.                                  | Our Board's oversight of issues related to sustainability is discussed on page 51 of this report (Corporate Governance). In addition, Board Committee charters are available on BMO's website under Corporate Governance and Board Committees<br>Further information: page 59 of this report (Climate Report).   |
| GRI 102-19           | Delegating authority.                                  | The CEO has delegated responsibility for sustainability, including climate change, to BMO's General Counsel, who is a member of BMO's Executive Committee and reports directly to the CEO. BMO has appointed a Chief Sustainability Officer (CSO), who is situated in Corporate Affairs and reports to the Corporate Secretary and to the General Counsel.<br>The CSO is responsible for the development and execution of sustainability strategy, including internal advisory and support efforts, stakeholder engagement and disclosure.<br>Further information: page 59 of this report (Climate Report).  |

2020 CDP Response: <https://corporate-responsibility.bmo.com/our-practices/environmental-stewardship/enviro-targets-performances/>  
Statement on Human Rights: <http://corporate-responsibility.bmo.com/our-approach/statement-on-current-issues/>  
Statement Against Modern Slavery and Human Trafficking: <http://corporate-responsibility.bmo.com/our-approach/statement-on-current-issues>  
Code of Conduct: <http://www.bmo.com/home/about/banking/corporate-info/codeofconduct?nav=left>

Supplier Code of Conduct: <http://www.bmo.com/home/about/banking/corporate-information/supplier-information/supplier-code-of-conduct>  
Website under Corporate Governance and Board Committees: <http://www.bmo.com/home/about/banking/corporate-governance>

| GRI Disclosure | Description  | 2020 Location/Commentary/Explanation for Omission   |
|----------------|--|---|
| GRI 102-20     | Executive-level responsibility for economic, environmental, and social topics. | A Sustainability Council was established in 2008, chaired by BMO's General Counsel and composed of senior leaders from across the organization. The Sustainability Council meets quarterly to support and advise on the implementation of BMO's sustainability strategy, and to discuss sustainability topics that include risks, opportunities and disclosures.<br>Further information: page 52 of this report (Sustainability Governance).  |
| GRI 102-21     | Consulting stakeholders on economic, environmental, and social topics.         | See page 10 of this report (Partnerships for the Goals) and pages 11–12 of this report (Engaging Our Stakeholders).<br>See our <a href="#">Shareholder Engagement Policy</a>  |
| GRI 102-22     | Composition of the highest governance body and its committees.                 | See Board of Directors on our <a href="#">website</a><br>See Board Committees on our <a href="#">website</a><br>Further information: pages 12–35 of the PC (Directors and Corporate Governance).  |
| GRI 102-23     | Chair of the highest governance body.  | The Chair of the Board of Directors is not an executive officer.  |
| GRI 102-24     | Nominating and selecting the highest governance body.                          | See our Governance and Nominating Committee Charter, Director Independence Standards and Board Diversity Policy on our <a href="#">website</a><br>Further information: page 12 of the PC (Directors).   |
| GRI 102-25     | Conflicts of interest.   | See page 42 of the PC (Ethical Business Conduct).   |
| GRI 102-26     | Role of the highest governance body in setting purposes, values, and strategy. | Sustainability issues fall within the mandate of the Board of Directors and several of its committees. Enterprise and group strategies are reviewed with the Executive Committee and the Board of Directors annually in interactive sessions that challenge assumptions and strategies in the context of both the current and the potential future business environment.<br>Further information: page 52 of this report (Sustainability Governance) and page 112 of the AR (Strategic Risk).  |
| GRI 102-27     | Collective knowledge of highest governance body.                               | BMO's directors are recruited and evaluated based on a skills matrix that includes experience related to sustainability. Seven of our eleven independent Board members have such experience. New and current Board members receive training on sustainability topics. Training related to climate change risks and disclosure is available to all of BMO's directors.<br>See page 52 of this report (Sustainability Governance).<br>Further information: page 24 of the PC (Skills Matrix) and page 59 of this report (Climate Report). |
| GRI 102-28     | Evaluating the highest governance body's performance.                          | The Governance and Nominating Committee of the Board of Directors is responsible for monitoring and evaluating the process for assessing the performance and effectiveness of the Board and committees of the Board (including a self-assessment of this committee), which takes into account the Board Mandate or Board Committee charters as applicable.<br>Further information: Governance and Nominating Committee Charter, available on our <a href="#">website</a>  |
| GRI 102-29     | Identifying and managing economic, environmental, and social impacts.          | The Executive Committee (EC), composed of our most senior leaders, is responsible for ensuring the overall sound governance and management of all aspects of our operations. The EC also oversees the execution of all strategies and business plans and reviews their effectiveness.<br>Further information: see Other Committees on our <a href="#">website</a>   |

Shareholder Engagement Policy: <http://www.bmo.com/home/about/banking/corporate-governance/about-us/shareholder-engagement-policy>

Board of Directors: <http://www.bmo.com/home/about/banking/corporate-governance/board-of-directors>

Board Committees: <http://www.bmo.com/home/about/banking/corporate-governance>

Governance and Nominating Committee Charter, Director Independence Standards and Board Diversity Policy: <http://www.bmo.com/home/about/banking/corporate-governance/select-documents>

Other Committees: <https://www.bmo.com/main/about-bmo/corporate-governance/other-committees/>

| GRI Disclosure | Description   | 2020 Location/Commentary/Explanation for Omission   |
|----------------|---|---|
| GRI 102-30     | Effectiveness of risk management processes.                 | The Risk Review Committee of the Board of Directors is responsible for assisting the Board in fulfilling its oversight responsibilities regarding BMO's identification and management of risk, adherence to risk management corporate policies and compliance with risk-related regulatory requirements. The Risk Review Committee Charter is available on our <a href="#">website</a><br>The Risk Management Committee is BMO management's senior risk committee.<br>Further information: page 80 of the AR (Risk Governance Framework).   |
| GRI 102-31     | Review of economic, environmental, and social topics.       | The Audit and Conduct Review Committee of the Board of Directors meets as frequently as it determines necessary, but not less than once each quarter. The committee is responsible for approving BMO's Sustainability Report prior to disclosure and for assessing the effectiveness of BMO's governance of sustainability issues. The Audit and Conduct Review Committee Charter is available on our <a href="#">website</a><br>The Risk Review Committee of the Board of Directors meets as frequently as it determines necessary, but not less than once each quarter. The committee has in-depth discussions with management at each committee meeting on risk management and risk strategies related to key businesses and products. For details on identification, analysis and management of risk, see page 35 of the PC (Report of the Risk Review Committee).<br>Further information: page 26 of this report (Environmental and Social Risk Management), page 52 of this report (Sustainability Governance) and page 59 of this report (Climate Report). |
| GRI 102-32     | Highest governance body's role in sustainability reporting. | Board-level oversight of sustainability is embedded in the charter of our Board's Audit and Conduct Review Committee. This committee meets regularly with the Chief Sustainability Officer and the Corporate Secretary and the General Counsel to review and discuss the findings disclosed in the BMO Sustainability Report and to discuss matters related to sustainability, including climate change. In December 2020, the Sustainability Report and climate-related disclosure were reviewed by the full Board of Directors.<br>See page 52 of this report (Sustainability Governance).<br>Further information: page 44 of the PC (Audit and Conduct Review Committee), pages 47-48 of the PC (Sustainability) and page 59 of this report (Climate Report).  |
| GRI 102-33     | Communicating critical concerns.                            | Critical concerns are reported to the Board of Directors in the form of a report. For example, any non-compliance issues that arise are reported quarterly to the Audit and Conduct Review Committee.   |
| GRI 102-34     | Nature and total number of critical concerns.               | Not disclosed.<br>Reason for omission: Confidentiality constraints.<br>Explanation: BMO considers this type of information confidential.  |
| GRI 102-35     | Remuneration policies.                                      | For BMO's approach to executive compensation and 2019 results and compensation, see page 59 of the PC (Compensation Discussion and Analysis).   |
| GRI 102-36     | Process for determining remuneration.                       | For BMO's approach to executive compensation and 2019 results and compensation, see page 59 of the PC (Compensation Discussion and Analysis).   |
| GRI 102-37     | Stakeholders' involvement in remuneration.                  | See page 66 of the PC (Independent advice).   |
| GRI 102-38     | Annual total compensation ratio.                            | Not disclosed.<br>Reason for omission: Confidentiality constraints.<br>Explanation: For those who are interested, our annual reports and management proxy circulars include the relevant information from which shareholders can calculate the ratio of CEO pay to the average compensation of our full-time equivalent employees.  |
| GRI 102-39     | Percentage increase in annual total compensation ratio.     | See above.  |

Risk Review Committee Charter: <http://www.bmo.com/home/about/banking/corporate-governance/select-documents>  
Audit and Conduct Review Committee Charter: <http://www.bmo.com/home/about/banking/corporate-governance/select-documents>

| GRI Disclosure         | Description   | 20120 Location/Commentary/Explanation for Omission   |
|------------------------|---|--|
| Stakeholder Engagement |   |  |
| GRI 102-40             | List of stakeholder groups.                                 | See pages <a href="#">11-12</a> of this report (Engaging Our Stakeholders).  |
| GRI 102-41             | Collective bargaining agreements.                           | Currently, no BMO employees are covered by collective bargaining agreements. For BMO's position on freedom of association and collective bargaining, refer to our <a href="#">website</a> .  |
| GRI 102-42             | Identifying and selecting stakeholders.                     | See pages <a href="#">11-12</a> of this report (Engaging Our Stakeholders).  |
| GRI 102-43             | Approach to stakeholder engagement.                         | See pages <a href="#">11-12</a> of this report (Engaging Our Stakeholders).<br>For engagement undertaken specifically as part of the report preparation process, see GRI 102-46 and page <a href="#">13</a> of this report (Materiality).  |
| GRI 102-44             | Key topics and concerns raised.                             | See pages <a href="#">11-12</a> of this report (Engaging Our Stakeholders).<br>For a list of priority topics, see page <a href="#">13</a> of this report (Materiality Matrix).   |
| Reporting Practice     |   |  |
| GRI 102-45             | Entities included in the consolidated financial statements. | For information about the inter-corporate relationships between Bank of Montreal and its significant subsidiaries, see page 210 of the AR (Significant Subsidiaries).  |
| GRI 102-46             | Defining report content and topic Boundaries.               | See page <a href="#">13</a> of this report (Materiality).  |
| GRI 102-47             | List of material topics.                                    | See page <a href="#">13</a> of this report (Materiality).  |
| GRI 102-48             | Restatements of information.                                | The following information has been restated in this report: <ul style="list-style-type: none"> <li>Enterprise-wide Net Promoter Score – 2019 value has been restated in this report to reflect the final calculated value as disclosed on page 83 of the PC.</li> <li>Open positions filled by internal candidates – in 2020 we updated our methodology to exclude campus interns which by their nature are filled by external candidates. 2018 and 2019 values have been restated.</li> </ul> |
| GRI 102-49             | Changes in reporting.                                       | Data in this year's report is enterprise-wide, unless otherwise stated. Where there have been changes in measurement methods, we have identified those changes in a footnote.  |
| GRI 102-50             | Reporting period.   | BMO's 2020 Sustainability Report and PAS covers our 2020 fiscal year (November 1, 2019 to October 31, 2020).   |
| GRI 102-51             | Date of most recent report.                                 | Our most recent previous report is our 2019 Sustainability Report and PAS, published in December 2019.   |

Statement on freedom of association and collective bargaining: <https://corporate-responsibility.bmo.com/our-approach/statement-on-current-issues/>



| GRI Disclosure | Description   | 2019 Location/Commentary/Explanation for Omission   |
|----------------|---|---|
| GRI 102-52     | Reporting cycle.  | Annual.   |
| GRI 102-53     | Contact point for questions regarding the report.         | <a href="mailto:sustainability@bmo.com">sustainability@bmo.com</a>  |
| GRI 102-54     | Claims of reporting in accordance with the GRI Standards. | This report has been prepared in accordance with the GRI Standards: Core option.  |
| GRI 102-55     | GRI content index.  | This table.   |
| GRI 102-56     | External assurance.                                       | See page <a href="#">109</a> of this report (Independent Limited Assurance Report by KPMG LLP, Bank of Montreal's auditor). |

**ECONOMIC PERFORMANCE**

|           |  |  |
|-----------|--|--|
| GRI 103-1 | Explanation of the material topic and its Boundary.          | See page <a href="#">7</a> of this report (How We Create Value).<br><b>Further information:</b><br>Page 4 of the AR (Chair's Message), page 5 of the AR (Chief Executive Officer's Message), page 2 of the AR (Financial Snapshot) and page 145 of the AR (Consolidated Financial Statements). |
| GRI 103-2 | The management approach and its components.                  | See above.   |
| GRI 103-3 | Evaluation of the management approach.                       | See above.   |
| GRI 201-1 | Direct economic value generated and distributed.             | See page <a href="#">7</a> of this report (How We Create Value).<br>See also BMO's PAS on page <a href="#">111</a> of this report.<br>See also BMO's <a href="#">Statement on Tax Principles</a> .   |
| GRI 201-3 | Defined benefit plan obligations and other retirement plans. | We provide and/or contribute to pension and/or retirement savings plans for eligible employees globally. See page <a href="#">42</a> of this report (BMO Canada Pension Plan).   |
| GRI 201-4 | Financial assistance received from government.               | None.  |

| GRI Disclosure         | Description   | 2020 Location/Commentary/Explanation for Omission  |
|------------------------|---|--|
| <b>MATERIAL ISSUES</b> |   |  |
| Business Conduct       |   |  |
| <b>GRI 103-1</b>       | Explanation of the material topic and its Boundary.                             | See page 48 of this report (Business Conduct).<br>For details on the Boundary of this topic, see page 104 of this report.  |
| <b>GRI 103-2</b>       | The management approach and its components.                                     | See above.   |
| <b>GRI 103-3</b>       | Evaluation of the management approach.  | See above.   |
| <b>GRI 412-2</b>       | Employee training on human rights policies or procedures.                       | Annually, BMO employees are required to complete ethics, legal and compliance (ELCT) training, which includes modules on anti-corruption, anti-money laundering and anti-terrorist financing. As part of the ELCT process, employees certify adherence to BMO's Code of Conduct. |
| <b>GRI 419-1</b>       | Non-compliance with laws and regulations in the social and economic area.       | See page 78 of this report (SASB Disclosures FN-CB-510a.1, FN-CF-220a.2 and FN-AC-270a.2).   |
| Climate Change         |   |  |
| <b>GRI 103-1</b>       | Explanation of the material topic and its Boundary.                             | See page 59 of this report (Climate Report). For details on the Boundary of this topic, see page 104 of this report.   |
| <b>GRI 103-2</b>       | The management approach and its components.                                     | See above.   |
| <b>GRI 103-3</b>       | Evaluation of the management approach.  | See above.   |
| <b>GRI 201-2</b>       | Financial implications and other risks and opportunities due to climate change. | See above.   |
| <b>GRI 302-1</b>       | Energy consumption within the organization.                                     | See BMO's <a href="#">Operational Efficiency Report</a><br>See BMO's <a href="#">2020 CDP Response</a>   |
| <b>GRI 302-3</b>       | Energy intensity.   | See BMO's <a href="#">2020 CDP Response</a>  |
| <b>GRI 302-4</b>       | Reduction of energy consumption.  | See BMO's <a href="#">Operational Efficiency Report</a><br>See BMO's <a href="#">2020 CDP Response</a><br>See <a href="#">Carbon Neutrality – Achieving Our Goal</a>   |
| <b>GRI 303-1</b>       | Interactions with water as a shared resource.                                   | See BMO's <a href="#">Operational Efficiency Report</a>  |

**Operational Efficiency Report:** <https://corporate-responsibility.bmo.com/our-practices/environmental-stewardship/enviro-targets-performances/>

**2020 CDP Response:** <https://corporate-responsibility.bmo.com/our-practices/environmental-stewardship/enviro-targets-performances/>

**Carbon Neutrality – Achieving Our Goal:** <https://corporate-responsibility.bmo.com/our-practices/environmental-stewardship/>

| GRI Disclosure   | Description   | 2020 Location/Commentary/Explanation for Omission   |
|------------------|---|---|
| GRI 305-1        | Direct (Scope 1) GHG emissions.                         | See page 14 of this report (Sustainability Scorecard – Scope 1 emissions data) and page 59 of this report (Climate Report).<br>See BMO’s <a href="#">Operational Efficiency Report</a><br>See BMO’s <a href="#">2020 CDP Response</a>                                       |
| GRI 305-2        | Energy indirect (Scope 2) GHG emissions.                | See page 14 of this report (Sustainability Scorecard – Scope 2 emissions data) and page 59 of this report (Climate Report).<br>See BMO’s <a href="#">Operational Efficiency Report</a><br>See BMO’s <a href="#">2020 CDP Response</a>                                       |
| GRI 305-3        | Energy indirect (Scope 3) GHG emissions.                | See page 14 of this report (Sustainability Scorecard – Scope 3 emissions data) and page 59 of this report (Climate Report).<br>See BMO’s <a href="#">Operational Efficiency Report</a><br>See BMO’s <a href="#">2020 CDP Response</a>                                       |
| GRI 305-4        | GHG emissions intensity.                                | See page 59 of this report (Climate Report).<br>See BMO’s <a href="#">Operational Efficiency Report</a><br>See BMO’s <a href="#">2020 CDP Response</a>  |
| GRI 305-5        | Reduction of GHG emissions.                             | See page 14 of this report (Sustainability Scorecard) and page 59 of this report (Climate Report).<br>See BMO’s <a href="#">Operational Efficiency Report</a><br>See BMO’s <a href="#">2020 CDP Response</a><br>See BMO’s <a href="#">Environmental Policy and Approach</a> |
| GRI 307-1        | Non-compliance with environmental laws and regulations. | BMO has not paid any significant fines and was not otherwise sanctioned for non-compliance with environmental laws or regulations in fiscal 2020.   |
| Community Impact |   |   |
| GRI 103-1        | Explanation of the material topic and its Boundary.     | See page 44 of this report (Community Impact).<br>For details on the Boundary of this topic, see page 104 of this report.   |
| GRI 103-2        | The management approach and its components.             | See above.  |
| GRI 103-3        | Evaluation of the management approach.                  | See above.  |
| GRI 203-2        | Significant indirect economic impacts.                  | See page 44 of this report (Community Impact).<br>Further information: page 30 of this report (Financial Inclusion).  |

Operational Efficiency Report: <https://corporate-responsibility.bmo.com/our-practices/environmental-stewardship/enviro-targets-performances/>  
 2020 CDP Response: <https://corporate-responsibility.bmo.com/our-practices/environmental-stewardship/enviro-targets-performances/>  
 Environmental Policy and Approach: <https://corporate-responsibility.bmo.com/our-practices/environmental-stewardship/environmental-policy-and-approach/>

| GRI Disclosure                       | Description   | 2020 Location/Commentary/Explanation for Omission   |
|--------------------------------------|---|---|
| Consumer Protection and Transparency |   |   |
| GRI 103-1                            | Explanation of the material topic and its Boundary.                       | See page 50 of this report (Consumer Protection and Transparency).<br>For details on the Boundary of this topic, see page 104 of this report.   |
| GRI 103-2                            | The management approach and its components.                               | See above.  |
| GRI 103-3                            | Evaluation of the management approach.                                    | See above.  |
| FS15                                 | Policies for the fair design and sale of financial products and services. | See page 88 of this report (SASB Disclosure FN-AC-270a.3 – Description of approach to informing customers about products and services).<br><b>Further information:</b><br>Page 48 of this report (Business Conduct) and page 50 of this report (Consumer Protection and Transparency).<br>BMO Code of Conduct.<br>Voluntary codes of conduct and public commitments regarding fair design and sale of financial products and services on our <a href="#">website</a><br>What you need to know about <a href="#">Coercive Tied Selling</a> |
| Corporate Governance                 |   |   |
| GRI 103-1                            | Explanation of the material topic and its Boundary.                       | See page 51 of this report (Corporate Governance).<br>For details on the Boundary of this topic, see page 104 of this report.   |
| GRI 103-2                            | The management approach and its components.                               | See above.  |
| GRI 103-3                            | Evaluation of the management approach.                                    | See above.  |
| GRI 405-1                            | Diversity of governance bodies and employees.                             | See page 14 of this report (Sustainability Scorecard – Women on Board of Directors) and page 15 of this report (Sustainability Scorecard – Diversity and Inclusion).  |
| Customer Experience                  |   |   |
| GRI 103-1                            | Explanation of the material topic and its Boundary.                       | See page 53 of this report (Customer Experience).<br>For details on the Boundary of this topic, see page 104 of this report.  |
| GRI 103-2                            | The management approach and its components.                               | See above.  |
| GRI 103-3                            | Evaluation of the management approach.                                    | See above.  |
| See GRI 102-43 and GRI 102-44        |   |   |

Financial products and services on our website: <http://www.bmo.com/home/popups/global/codes-of-conduct>  
Coercive Tied Selling: [http://www.bmo.com/bmo/files/images/3/1/CoerciveTiedSelling\\_eng.pdf](http://www.bmo.com/bmo/files/images/3/1/CoerciveTiedSelling_eng.pdf)



| GRI Disclosure                           | Description   | 2020 Location/Commentary/Explanation for Omission   |
|--|---|---|
| Data Security                            |   |   |
| GRI 103-1                                | Explanation of the material topic and its Boundary.   | See page 55 of this report (Data Security).<br>For details on the Boundary of this topic, see page 104 of this report.  |
| GRI 103-2                                | The management approach and its components.   | See above.  |
| GRI 103-3                                | Evaluation of the management approach.  | See above.  |
| GRI 418-1                                | Substantiated complaints concerning breaches of customer privacy and losses of customer data. | See page 15 of this report (Sustainability Scorecard – Substantiated complaints regarding breaches of customer privacy and losses of customer data).                              |
| Diversity and Inclusion                  |   |   |
| GRI 103-1                                | Explanation of the material topic and its Boundary.   | See page 38 of this report (Diversity and Inclusion).<br>For details on the Boundary of this topic, see page 104 of this report.  |
| GRI 103-2                                | The management approach and its components.   | See above.  |
| GRI 103-3                                | Evaluation of the management approach.  | See above.  |
| GRI 405-1                                | Diversity of governance bodies and employees.   | See page 14 of this report (Sustainability Scorecard – Women on Board of Directors) and page 15 of this report (Sustainability Scorecard – Diversity and Inclusion).              |
| Environmental and Social Risk Management |   |   |
| GRI 103-1                                | Explanation of the material topic and its Boundary.   | See page 26 of this report (Environmental and Social Risk Management).<br>For details on the Boundary of this topic, see page 104 of this report.                                 |
| GRI 103-2                                | The management approach and its components.   | See above.  |
| GRI 103-3                                | Evaluation of the management approach.  | See above.  |
| FS1                                      | Policies with specific environmental and social components applied to business lines.         | See above.<br>Further information: page 112 of the AR (Environmental and Social Risk), the <a href="#">Equator Principles Report</a> and page 59 of this report (Climate Report). |
| FS2                                      | Procedures for assessing and screening environmental and social risks in business lines.      | See above.<br>Further information: page 112 of the AR (Environmental and Social Risk), the <a href="#">Equator Principles Report</a> and page 59 of this report (Climate Report). |

| GRI Disclosure                | Description   | 2020 Location/Commentary/Explanation for Omission   |
|-------------------------------|---|---|
| FS3                           | Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions. | See above.  |
| FS4                           | Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.            | See above.  |
| FS9                           | Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.                        | See above.  |
| Employee Experience           |   |   |
| GRI 103-1                     | Explanation of the material topic and its Boundary.   | See page <a href="#">41</a> of this report (Employee Experience).<br>For details on the Boundary of this topic, see page <a href="#">104</a> of this report.  |
| GRI 103-2                     | The management approach and its components.   | See above.  |
| GRI 103-3                     | Evaluation of the management approach.  | See above.  |
| See GRI 102-43 and GRI 102-44 |   |   |
| GRI 401-1                     | New employee hires and employee turnover.   | See page <a href="#">41</a> of this report (Employee Experience).<br>Voluntary turnover rates are provided with a breakdown by gender and region, but not by age.<br>Reason for omission: Information unavailable.  |
| GRI 401-2                     | Benefits provided to full-time employees that are not provided to temporary or part-time employees.   | See page <a href="#">41</a> of this report (Employee Experience).   |
| GRI 404-1                     | Average hours of training per year per employee.  | See page <a href="#">15</a> of this report (Sustainability Scorecard – Average training hours per full-time equivalent employee) and page <a href="#">41</a> of this report (Employee Experience).<br>A breakdown of average hours of training by gender and employee category is not disclosed.<br>Reason for omission: Not applicable (training by gender).<br>Explanation: Investments in training are made across the entire employee base (gender does not enter into these determinations). |
| GRI 404-3                     | Percentage of employees receiving regular performance reviews.  | See page <a href="#">15</a> of this report (Sustainability Scorecard – Employees receiving annual performance reviews).   |

| GRI Disclosure        | Description   | 2020 Location/Commentary/Explanation for Omission   |
|-----------------------|---|---|
| Financial Inclusion   |   |   |
| GRI 103-1             | Explanation of the material topic and its Boundary.                           | See page 30 of this report (Financial Inclusion).<br>For details on the Boundary of this topic, see page 104 of this report.  |
| GRI 103-2             | The management approach and its components.                                   | See above.  |
| GRI 103-3             | Evaluation of the management approach.  | See above.  |
| FS13                  | Access points in low-populated or economically disadvantaged areas by type.   | See page 30 of this report (Financial Inclusion).   |
| FS14                  | Initiatives to improve access to financial services for disadvantaged people. | See page 30 of this report (Financial Inclusion).<br>BMO is committed to creating specialized products and services that make our offerings more accessible, and making our facilities and services accessible to everyone. Initiatives include level or ramped entries to our branches, lower height of our ATMs, account information and print materials in alternative formats (e.g., large print, Braille, audio or e-text statements), TTY/TTD (teletypewriter device), Bell Relay Service and sign language interpreter (ASL for English and LSQ for French).<br>Further information on our <a href="#">website</a> |
| FS16                  | Initiatives to enhance financial literacy by type of beneficiary.             | See page 35 of this report (Financial Literacy).  |
| Human Rights          |   |   |
| GRI 103-1             | Explanation of the material topic and its Boundary.                           | See page 57 of this report (Human Rights).<br>For details on the Boundary of this topic, see page 104 of this report.   |
| GRI 103-2             | The management approach and its components.                                   | See above.  |
| GRI 103-3             | Evaluation of the management approach.  | See above.  |
| See GRI 412-2         |   |   |
| Responsible Investing |   |   |
| GRI 103-1             | Explanation of the material topic and its Boundary.                           | See page 22 of this report (Responsible Investing).<br>For details on the Boundary of this topic, see page 104 of this report.  |
| GRI 103-2             | The management approach and its components.                                   | See above.  |
| GRI 103-3             | Evaluation of the management approach.  | See above.  |

Further information on our website: <https://www.bmo.com/home/about/banking/accessibility>

| GRI Disclosure | Description   | 2020 Location/Commentary/Explanation for Omission   |
|----------------|---|---|
| GRI 203-1      | Infrastructure investments and services supported.  | BMO made US\$302.8 million in community development investments in the United States in 2020 (this is included in our sustainable finance tracking on page 18).<br>See also page 22 of this report (Responsible Investing). |
| FS10           | Percentage and number of companies held in the institution's portfolio with which the organization has interacted on environmental and social issues.             | We disclose the number of companies we engaged with and the number of board-level meetings with companies, but not the percentages.<br>See page 22 of this report (Responsible Investing).                                  |
| FS12           | Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting. | See page 86 of this report (SASB Disclosure FN-AC-410a.3).  |

Sustainable Finance

|           |   |   |
|-----------|---|---|
| GRI 103-1 | Explanation of the material topic and its Boundary.   | See page 18 of this report (Sustainable Finance).<br>For details on the Boundary of this topic, see page 104 of this report.  |
| GRI 103-2 | The management approach and its components.   | See above.  |
| GRI 103-3 | Evaluation of the management approach.  | See above.  |
| FS5       | Interactions with clients/investees/business partners regarding environmental and social risks and opportunities. | We work with our clients and suppliers to understand and manage social and environmental risks, and to take advantage of opportunities. BMO's Sustainable Finance team is responsible for mobilizing the enterprise to pursue opportunities that involve sustainability with customers across all lines of business, and its mandate includes client advisory. BMO's Responsible Investing team within BMO GAM has an extensive investee engagement program.<br>Further information: page 18 of this report (Sustainable Finance) and page 22 of this report (Responsible Investing). |

ADDITIONAL INFORMATION (not related to the priority topics)

|           |  |   |
|-----------|--|---|
| GRI 403-2 | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities. | During fiscal 2020, 87,157 sick days were recorded by our employees in North America. Given the COVID-19 pandemic and BMO's support for employees requiring time off, absences due to sick days declined relative to prior years. COVID-related days away from work for reasons including child and family care, quarantine requirements and illness, were recorded as excused paid days.<br>A breakdown of sick days and work-related fatalities by region or by gender is not disclosed.<br>We did not record any work-related fatalities in fiscal 2020.<br>Reason for omission: Not applicable.<br>Explanation: We do not see any gender or regional differences between our male and female employee populations that would significantly affect risk of injury or illness.  |
| GRI 415-1 | Political contributions.   | BMO supports efforts to enhance the transparency of the electoral systems in the jurisdictions in which it does business. BMO does not use corporate funds to make donations to political candidates or parties in Canada or the United States.<br><b>In the United States:</b><br>There are two Political Action Committees connected with BMO Financial Corp. that are registered with the U.S. Federal Election Commission (FEC): the BMO Financial Corp Good Governance Fund – Federal, and the BMO Financial Corporation Good Governance Fund – General. Over the period from November 1, 2019 to October 31, 2020, these funds contributed a total of US\$102,389 to political candidates and committees in the United States. These contributions were made from the BMO Financial Corp Good Governance Fund – Federal and the BMO Financial Corporation Good Governance Fund – General in the amounts of US\$101,300 and US\$1,089, respectively.<br>Further information: <a href="#">Statement on Political Contributions and Lobbying</a> |

| BMO Material Issue                       | Boundary                    |                                 |
|--|-----------------------------|---------------------------------|
|  | Internal<br>(within<br>BMO) | External<br>(outside<br>of BMO) |
| Table for GRI 102-47                     |                             |                                 |
| Business Conduct                         | X                           | X                               |
| Climate Change                           | X                           | X                               |
| Community Impact                         | X                           | X                               |
| Consumer Protection and Transparency     | X                           | X                               |
| Corporate Governance                     | X                           |                                 |
| Customer Experience                      |                             | X                               |
| Data Security                            | X                           | X                               |
| Diversity and Inclusion                  | X                           | X                               |
| Employee Experience                      | X                           |                                 |
| Environmental and Social Risk Management | X                           | X                               |
| Financial Inclusion                      | X                           | X                               |
| Human Rights                             | X                           | X                               |
| Sustainable Finance                      | X                           | X                               |



## Glossary of Terms

### ACTIVE EMPLOYEES

Includes full-time or part-time permanent BMO employees with an “active” payroll status, but excludes temporary/contract employees.

### AVERAGE TRAINING HOURS PER FULL-TIME EQUIVALENT EMPLOYEE

Calculated as total training hours (refer to definition) divided by the average number of full-time equivalent BMO employees during the reporting period for Canada and the United States.

### BANKING REVIEWS

Investigations of customer complaints related to Bank of Montreal’s Canadian retail banking products (e.g., accounts, loans, credit cards) completed by BMO’s Office of the Ombudsman.

### BMO FINANCIAL GROUP OR BMO

The brand names BMO and BMO Financial Group refer to Bank of Montreal, together with its subsidiaries.

### BMO GLOBAL ASSET MANAGEMENT

The brand name for various entities of BMO Financial Group that provide investment management, trust and custody services.

### BMO HARRIS BANK

A brand name used by BMO Harris Bank N.A., a national bank headquartered in Chicago with branches located in Illinois, Indiana, Arizona, Missouri, Minnesota, Kansas, Florida and Wisconsin. BMO Harris Bank is a part of BMO Financial Group.

### CAPITAL MOBILIZED FOR SUSTAINABLE CLIENTS AND PROJECTS

The total monetary value of equity and debt financing that BMO has participated in and raised through public or private issuance of equity, equity-linked or debt securities that achieve environmentally or socially sustainable outcomes. Eligibility is based on

the client’s sector of operation, the client’s use of proceeds being consistent with sectors identified as sustainable, or the structure of the financial product provided (e.g. sustainability-linked loans). We account for 100% of the deal value where BMO played a lead role and we account for our share of the deal value where BMO played a non-lead role.

### CUSTOMER LOYALTY SURVEYS

The mechanism used to collect feedback from BMO customers to measure their experience with transactions or relationships involving BMO. These surveys include quantitative loyalty ratings, and may include qualitative commentary. Surveys may also leverage closed loop feedback, which enables additional touchpoints for engaging with customers to discuss their experience and identify opportunities for further improvement.

### DIVERSITY

The mix of demographics, skills, experiences and work styles of all BMO employees. Diversity categories include:

- Gender equity in senior leadership roles – Canada and United States
- Minorities in senior roles – Canada
- People of Colour in senior roles – United States
- Indigenous employees – Canada (total workforce)
- Persons with disabilities – Canada and United States (total workforce)

All active BMO employees and employees on paid leave are included in the metric. Data is reported as of October 31.

### DONATIONS

Includes cash-based donations to registered charities and not-for-profit organizations in Canada and the United States. Excludes in-kind donations, commercial sponsorships and BMO Employee Giving amounts. The amount is reported for the specified period.

### ESG DESIGNATED AND RESPONSIBLE LABELLED FUNDS

The total monetary value of assets held in BMO GAM’s ESG specialist strategies funds. This includes the range of Responsible Funds and other ESG products. The amount is reported as at the specified date.

### EMPLOYEE VOLUNTEER HOURS

The total number of hours volunteered by BMO employees during BMO Volunteer Day and Days of Caring.

### EMPLOYEES RECEIVING REGULAR PERFORMANCE REVIEWS

The number of BMO employees who participate in year-end performance reviews as defined within this report, as a percentage of the total number of eligible BMO employees. Data is gathered for all BMO employees enterprise-wide, and is reported as at the end of the fiscal year.

### ENTERPRISE AND ENTERPRISE-WIDE

Terms we use when referring to Bank of Montreal and all of its subsidiaries.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

The term we use to encompass three distinct areas of our performance within which we consider and report on sustainability issues that have or may have an impact on our stakeholders or our business.

**EQUATOR PRINCIPLES**

A voluntary risk management framework for determining, assessing and managing environmental and social risk in relation to financial transactions within its scope. BMO has been a signatory of the Equator Principles since 2005.

**EXECUTIVE OFFICER ROLES**

All BMO employees who are either a Chair, Vice-Chair or President; a Chief Executive Officer or Chief Financial Officer; a Vice-President in charge of a principal business unit, division or function including sales, finance or production; or an individual performing a policy-making function.

**FIRST NATIONS PARTICIPATING IN BMO'S ON-RESERVE HOUSING LOAN PROGRAM**

The number of First Nations in Canada that have been approved for the On-Reserve Housing Loan Program. This program provides financing for qualifying individuals wishing to build or purchase a personal residence located on a reserve. This amount excludes renovation loans. The amount is reported for the specified period, and is reported for Canada only.

**FULL-TIME EQUIVALENT (FTE)**

The number of full-time equivalent employees in the organization, calculated based on a standard work week, adjusted for overtime hours and including full-time and part-time employees. This measurement is used in determining the composition and headcount of the total BMO workforce by region.

**GENDER EQUITY IN SENIOR LEADERSHIP ROLES**

The representation of men and women in senior leadership roles by line of business. Data is reported as at the specified date. Gender equity in senior leadership roles was previously referred to as Women in senior leader roles.

**GLOBAL REPORTING INITIATIVE (GRI)**

An independent international organization that issues global standards for sustainability reporting.

**GREENHOUSE GAS EMISSIONS**

Gaseous constituents of the atmosphere, both natural and human-made, that absorb and emit radiation at specific wavelengths within the spectrum of infrared radiation emitted by the earth's surface, atmosphere and clouds. This process causes the greenhouse effect. Water vapour (H<sub>2</sub>O), carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>O), methane (CH<sub>4</sub>) and ozone (O<sub>3</sub>) are the primary greenhouse gases in the earth's atmosphere. There are a number of entirely human-made greenhouse gases in the atmosphere, such as halocarbons, as well as certain fluorinated gases and halogens.

**INDIGENOUS COMMUNITIES WITH WHICH BMO HAS A RELATIONSHIP**

The number of First Nations, Inuit, Métis and other Indigenous communities with which BMO has a financial relationship. The amount is reported for the specified date, and is reported for Canada only.

**INDIGENOUS EMPLOYEES**

The total number of BMO employees who identify themselves as First Nations, Inuit or Métis. Employees who are Indigenous may or may not live on a reserve, and may or may not have status under Canadian legislation. This number is reported for Canada only.

**INVESTMENT IN TRAINING**

Includes the total amount spent on internal training courses, including design and delivery and associated costs (e.g., travel and materials), administered by BMO's Institute for Learning, and cost reimbursements for external training courses (e.g., tuition fees, travel and materials) in Canada and the United States.

**INVESTMENT REVIEWS**

Investigations of investment-related complaints completed by BMO's Office of the Ombudsman for customers of Canadian operating subsidiaries: BMO InvestorLine, BMO Investments Inc., BMO Nesbitt Burns, BMO Private Banking (BMO Trust Company, BMO Private Investment Counsel Inc., Bank of Montreal), and/or BMO Life Insurance.

**LENDING AUTHORIZED FOR SUSTAINABLE CLIENTS AND PROJECTS**

The total monetary value of lending authorized to clients operating in sustainable sectors, clients who advance social sustainability outcomes (e.g., women-owned businesses and Indigenous communities and individuals), or clients using the funds for sustainable purposes (e.g., electric and hybrid vehicle loans and loans recognized under the terms of the *Community Reinvestment Act* (U.S.)).

**LENDING TO CARBON-RELATED ASSETS**

The value of net loans and acceptances connected to the energy and utilities sectors, excluding water utilities, independent power producers, electricity transmission and distribution companies, renewable electricity producers, nuclear electricity producers, and waste management companies. The amount is reported as at the specified date, and is expressed as a percentage of total loans and acceptances, net of allowance for credit losses on impaired loans.

**LOANS MADE AVAILABLE UNDER BMO'S ON-RESERVE HOUSING LOAN PROGRAM**

The total monetary value of loans authorized to Indigenous customers under BMO's On-Reserve Housing Loan Program. The amount is reported for the specified period, and is reported for Canada only.

**LOANS TO WOMEN-OWNED BUSINESSES**

The total monetary value of loans outstanding to women-owned businesses. The amount is reported as at the specified date, and is reported for Canada only.

**MINORITIES IN SENIOR ROLES**

The total number of BMO employees in senior roles (see definition) who are racially non-white or ethnically non-Caucasian, other than Indigenous peoples of Canada. Being a member of a minority is unrelated to citizenship, place of birth or religion. This number is reported for Canada only.

**NET PROMOTER SCORE (NPS)**

The percentage of customers who would recommend BMO to a friend or colleague. Data is gathered in a survey that uses a 0-10 point scale. "Detractors" are defined as those who provide a rating of 0-6, "Passives" are defined as those who provide a rating of 7 or 8, and "Promoters" are defined as those who provide a rating of 9 or 10. The NPS score is calculated by subtracting the percentage of "Detractors" from the percentage of "Promoters".

**NEW WOMEN EMPLOYEES**

The number of BMO external hires who are women as a percentage of BMO's total external hires.

**NUMBER OF LOCATIONS SERVING INDIGENOUS COMMUNITIES**

The number of BMO branches located on Indigenous lands or Inuit territories, as defined by the Government of Canada. This number is reported for Canada only.

**NUMBER OF WOMEN-OWNED BUSINESSES**

The total number of women-owned businesses with which BMO has a financial relationship. The amount is reported as at the specified date, and is reported for Canada only.

**OPEN POSITIONS FILLED BY INTERNAL CANDIDATES**

The number of positions filled by existing BMO employees as a percentage of the total number of open positions adjusted for entry-level roles and Campus interns, which by their nature are filled by external candidates. Data is gathered for Canada and the U.S. and covers regular and temporary positions, including full-time and part-time status.

**OTHER SUSTAINABLE FUND PRODUCTS**

The total monetary value of note products linked to sustainable indices, and the total value of Indigenous trusts managed by Nesbitt Burns, Private Banking, GAM and Harris Private Banking.

**PEOPLE OF COLOUR IN SENIOR ROLES**

The total number of U.S BMO employees in senior roles (see definition) comprised of the following groups: American Indian or Alaska Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, and Two or More Races.

**PERFORMANCE REVIEWS**

The annual performance review process. All active and regular BMO employees and executives hired before the beginning of the fourth quarter of BMO's fiscal year (August 1) participate in the annual performance review process, including the CEO and those who report directly to the CEO.

**PERSONS WITH DISABILITIES**

The total number of BMO employees who have a long-term or recurring physical, mental, sensory, psychiatric or learning disability and who:

- due to their disability have been accommodated in their current job or workplace; or
- consider themselves to be disadvantaged in employment due to workplace barriers by reason of their disability; or
- believe that an employer or potential employer is likely to consider them to be disadvantaged in employment by reason of their disability.

Disabilities may be non-visible. This number is reported for Canada and the United States.

**PROJECT FINANCE**

A method of financing in which the lender looks primarily to the revenues generated by a single project, both as the source of repayment and as security for the exposure. Project Finance arrangements play an important role in financing development throughout the world. This type of financing is usually used to fund large, complex and expensive installations that might include power plants, chemical processing plants, mines, and transportation, environmental and telecommunications infrastructure.

**PURCHASED RENEWABLE ENERGY CERTIFICATES**

The total purchases in megawatt-hours of renewable energy certificates (RECs) during the reporting period. RECs represent power from certified wind, solar and low-impact hydro projects in regions where we operate. RECs are retired after purchase through legal contract with the supplier.

**RESPONSIBLE ASSETS UNDER ADVICE**

The total monetary value of assets that BMO GAM covers through the Responsible Engagement Overlay (*reo*<sup>®</sup>) service, which gives institutional investors access to our engagement and voting expertise. The amount is reported as at the specified date.

**SCOPE 1 EMISSIONS**

Direct greenhouse gas (GHG) emissions from sources owned and/or controlled by BMO. Total Scope 1 emissions are calculated in accordance with the ISO 14064-1 standard and include those resulting from combustion of fuels at owned and leased facilities (e.g., natural gas, heating oil, other fuels) and in owned transportation assets, as well as certain ozone-depleting substances. This definition of Scope 1 aligns with the GHG protocol and is reported for the period November 1 to October 31.

**SCOPE 2 EMISSIONS**

Indirect GHG emissions associated with the generation of electricity, heating and cooling, or steam, purchased for BMO's direct consumption. BMO's total Scope 2 emissions include those related to the purchase of electricity and steam for use at our owned and leased facilities. This definition of Scope 2 aligns with the GHG protocol and is reported for the period November 1 to October 31.

**SCOPE 3 EMISSIONS**

Indirect GHG emissions resulting from employee business travel (air/auto/rail – North America only) and landfill waste (North America only). Total Scope 3 emissions are calculated in accordance with the ISO 14064-1 standard. This definition of Scope 3 aligns with the GHG protocol and is reported for the period November 1 to October 31.

**SENIOR LEADERSHIP ROLES**

Total number of BMO employees in senior leadership roles in Canada and the United States. Examples of Senior Leadership roles include Managing Directors, Vice-Presidents, Senior Vice-Presidents, Executive Vice-Presidents, Group Heads and CEO.

**SENIOR ROLES**

BMO employees in Senior Manager roles and above.

**SPONSORSHIP**

Includes cash-based sponsorships or "rights fees" that are negotiated as a sponsorship package paid by BMO. Sponsorships are provided to both commercial and non-profit entities.

**SUBSTANTIATED COMPLAINTS REGARDING BREACHES OF CUSTOMER PRIVACY AND LOSSES OF CUSTOMER DATA**

All complaints escalated to either the BMO Privacy Office or a privacy regulator that involved a substantiated breach of customer privacy or loss of customer data.

**SUSTAINABLE BOND UNDERWRITING**

The total monetary value of financing that BMO has participated in and raised for labelled green, social or sustainable bonds. We account for 100% of the deal value where BMO played a lead role and we account for our share of the deal value where BMO played a non-lead role.

**SUSTAINABLE FINANCE ADVISORY**

The total monetary value of advisory deals, such as IPOs and M&A transactions, that BMO participated in for clients operating in sustainable sectors or pursuing sustainable outcomes.

**SUSTAINABLE INVESTMENTS**

The total monetary value of funds that BMO deployed for our impact investment fund, for recognition under the terms of the Community Reinvestment Act (U.S.), and for operational efficiency improvements to our corporate real estate portfolio.

**SUSTAINABLE SECTORS AND OUTCOMES**

For the purposes of tracking toward our sustainable finance commitment, sustainable sectors and outcomes include activities related to:

- Education, including secondary and post-secondary institutions, special purpose institutions and educational support services
- Employment, including employment agencies and professional employer organizations
- Energy transition, including low-carbon energy generation, energy efficiency and energy storage
- Health care, including ambulatory health care services, hospitals, nursing and residential care facilities, and health and welfare funds
- Public administration
- Recycling and hazardous waste treatment and disposal
- Social assistance, including social, religious and civic organizations

**TOTAL RAISED THROUGH BMO EMPLOYEE GIVING CAMPAIGN**

The total amount of money raised for local United Way organizations and other charities across North America during BMO's Employee Giving Campaign.

**TRAINING HOURS**

The total number of hours incurred by BMO employees on completed internal training courses (formal and informal, self-directed learning through BMO University) during the reporting period.

**VOLUNTARY TURNOVER RATE**

The number of permanent BMO employees who have voluntarily resigned during the reporting period as a proportion of the average total number of permanent BMO employees at the start and end of the reporting period.

**WOMEN IN EXECUTIVE OFFICER ROLES**

The percentage of named executive officers who are women. Data is reported as at the specified date.

**WOMEN IN WORKFORCE**

The number of BMO employees who are women as a percentage of BMO's total workforce. Includes all regular employees as well as all active and paid leave employees for BMO Financial Group in Canada and the United States. Data is reported as at the specified date.

**WOMEN ON BOARD OF DIRECTORS**

The percentage of independent members of BMO's Board of Directors as at the end of the reporting period who are women.

**WOMEN-OWNED BUSINESSES**

Businesses where at least one of the owners is a woman.

## Independent Limited Assurance Report to BMO Financial Group

We have been engaged by the management of BMO Financial Group (BMO) to undertake a limited assurance engagement, in respect of the year ended October 31, 2020, on certain quantitative performance information disclosed in BMO’s 2020 Sustainability Report and Public Accountability Statement (the Report) as described below.

### Selected Indicators

The scope of our limited assurance engagement, as agreed with management, includes the following performance information (the Selected Indicators):

- Gender equity in senior leadership roles – Canada and United States (%)
- Minorities in senior roles – Canada (%)
- People of Colour in senior roles – United States (%)
- Persons with disabilities – Canada and the United States (% of total workforce)
- Indigenous employees – Canada (% of total workforce)
- Voluntary turnover rate – enterprise-wide (%)
- Voluntary turnover rates – Canada and United States (%) (separate)
- Investment in training (\$ millions)
- First Nations participating in BMO’s On-Reserve Housing Loan Program – Canada (total #)
- Donations – Canada and United States (\$ millions)
- Substantiated complaints concerning breaches of customer privacy and losses of customer data (total #)

- Banking reviews completed by BMO’s Office of the Ombudsman (number and average time in days)
- Investment reviews completed by BMO’s Office of the Ombudsman (number and average time in days).

The Selected Indicators, contained within the Report and identified by the symbol ▲, have been determined by management on the basis of BMO’s assessment of the material issues contributing to BMO’s sustainability performance and most relevant to their stakeholders. There are no mandatory requirements for the preparation, publication or review of sustainability performance metrics. As such BMO applies its own internal reporting guidelines and definitions for sustainability reporting which can be found in the Glossary of Terms in the Report.

### Management’s responsibilities

Management is responsible for the preparation and presentation of the Selected Indicators in accordance with BMO’s internal reporting guidelines and definitions for sustainability reporting, current as at the date of our report. Management is also responsible for determining BMO’s objectives in respect of sustainability performance and reporting, including the identification of

stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

### Our responsibility and professional requirements

Our responsibility in relation to the Selected Indicators is to perform a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000) (Revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. ISAE 3000 requires that we plan and perform the engagement to obtain the stated level of assurance in accordance with applicable criteria.



**Assurance approach**

We planned and performed our work to obtain all of the evidence, information and explanations we considered necessary in order to form our conclusion as set out below. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Selected Indicators, and applying analytical and other evidence gathering procedures to the Selected Indicators, as appropriate. Our procedures included:

- Inquiries of management to gain an understanding of BMO’s processes for determining the material issues for BMO’s key stakeholder groups;
- Inquiries with relevant staff at the corporate and business unit level to understand the data collection and reporting processes for the Selected Indicators;
- Where relevant, performing walkthroughs of data collection and reporting processes for the Selected Indicators;
- Comparing the reported data for the Selected Indicators to underlying data sources;
- Inquiries of management regarding key assumptions and where relevant, the re-performance of calculations;

- Reviewing the Selected Indicators presented in the Report to determine whether they are consistent with other information included in the Report and our overall knowledge of, and experience with, the sustainability performance of BMO.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

**Independence, quality control and competence**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies *International Standard on Quality Control 1* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement was conducted by a multidisciplinary team which included professionals with suitable skills and experience in both assurance and the applicable subject matters.

**Our conclusion**

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that for the year ended October 31, 2020, the Selected Indicators, as described above and disclosed in the Report, have not been prepared and presented, in all material respects, in accordance with BMO’s internal reporting guidelines and definitions for sustainability reporting as at the date of our report.



Chartered Professional Accountants, Licensed Public Accountants

December 18, 2020  
Toronto, Canada

## Bank of Montreal Public Accountability Statement

The Public Accountability Statement outlines certain aspects of Bank of Montreal's contributions, and the contributions of the Bank's affiliates with operations in Canada, to the Canadian economy and society. This satisfies the requirements of the Canadian federal government's Public Accountability Statement regulations (section 459.3(1) of the *Bank Act* (Canada)).

### Affiliates

The activities of the following prescribed affiliates are included in this Public Accountability Statement. These affiliates are subsidiaries of the Bank of Montreal with less than \$1 billion in equity, except for our securities broker, BMO Nesbitt Burns Inc., and our mutual fund manager and trustee, BMO Investments Inc., which have equity exceeding \$1 billion.

BMO Asset Management Inc.

BMO Capital Markets Corp.

BMO Investments Inc.

BMO InvestorLine Inc.

BMO Mortgage Corp.

BMO Nesbitt Burns Inc.

BMO Private Equity (Canada) Inc.

BMO Private Investment Counsel Inc.

BMO Trust Company

### Important Information

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### Taxes Paid or Payable in Canada (\$ millions)

|   | Income Taxes | Capital Taxes | Other Taxes |
|---|--------------|---------------|-------------|
| Federal                                 | 683.1        | -             | 124.9       |
| <b>Province or Territory</b>            |              |               |             |
| Newfoundland and Labrador               | 2.2          | 3.8           | 2.3         |
| Prince Edward Island                    | 0.5          | 0.3           | 0.2         |
| Nova Scotia                             | 3.6          | 2.3           | 2.0         |
| New Brunswick                           | 2.1          | 1.2           | 1.0         |
| Quebec                                  | 55.6         | 13.6          | 51.7        |
| Ontario                                 | 262.1        | 0.0           | 389.6       |
| Manitoba                                | 3.1          | 5.6           | 1.3         |
| Saskatchewan                            | 3.2          | 6.4           | 0.2         |
| Alberta                                 | 21.2         | -             | 0.8         |
| British Columbia                        | 41.6         | -             | 7.9         |
| Nunavut                                 | -            | -             | -           |
| Northwest Territories                   | 0.2          | -             | -           |
| Yukon                                   | 0.1          | -             | -           |
| <b>Total Provincial and Territorial</b> | 395.5        | 33.2          | 457.0       |
| Total                                   | 1,078.6      | 33.2          | 581.9       |
| Income and Capital Taxes                | 1,111.8      |               |             |
| <b>Total Taxes</b>                      | 1,693.7      |               |             |

Bank of Montreal, along with its Canadian subsidiaries, is a major Canadian taxpayer. In fiscal 2020, our overall tax contribution was \$1,694 million. This amount included \$1,079 million in income taxes, \$33 million in provincial capital taxes and \$582 million in other taxes. Included in the other taxes are \$366 million in goods and services tax/ harmonized sales tax and other sales taxes, \$205 million in payroll taxes (employer portion), \$9 million in property taxes and \$2 million in business taxes and other sundry taxes.

### BMO Financial Group Headcount<sup>1</sup>

Active, paid and unpaid leave employees (permanent, casual and contract).  
As of October 31, 2020.

| Province or Territory     | Full-Time     | Part-Time    | Total         |
|---------------------------|---------------|--------------|---------------|
| Newfoundland and Labrador | 157           | 59           | 216           |
| Quebec                    | 4,030         | 838          | 4,868         |
| Nova Scotia               | 381           | 79           | 460           |
| Prince Edward Island      | 37            | 13           | 50            |
| New Brunswick             | 179           | 66           | 245           |
| Ontario                   | 19,190        | 1,568        | 20,758        |
| Manitoba                  | 273           | 80           | 353           |
| Saskatchewan              | 268           | 120          | 388           |
| Alberta                   | 1,614         | 419          | 2,033         |
| British Columbia          | 2,114         | 555          | 2,669         |
| Northwest Territories     | 8             | 7            | 15            |
| Yukon                     | 8             | 5            | 13            |
| <b>Total<sup>2</sup></b>  | <b>28,259</b> | <b>3,809</b> | <b>32,068</b> |
| United States             | 11,769        | 994          | 12,763        |
| International             | 1,607         | 94           | 1,701         |
| <b>Total Employees</b>    | <b>41,635</b> | <b>4,897</b> | <b>46,532</b> |

<sup>1</sup> Refers to the number of individuals employed full-time and part-time in each province.

<sup>2</sup> Includes all employees with a Canadian tax location.

## Branches Opened and Closed

### BMO BANK OF MONTREAL BRANCHES OPENED IN FISCAL YEAR 2020 (CANADA)

| Branch | Address | City/Province |
|--------|---------|---------------|
| None   |         |               |

### BMO BANK OF MONTREAL BRANCHES CLOSED IN FISCAL YEAR 2020 (CANADA)

| Branch                              | Address                     | City/Province               |
|-------------------------------------|-----------------------------|-----------------------------|
| Caribou Road                        | 26 Caribou Road             | Corner Brook, NL            |
| Sainte-Anne-de-Bellevue Main Office | 93, rue Sainte-Anne         | Sainte-Anne-de-Bellevue, QC |
| Delhi                               | 116 King Street             | Delhi, ON                   |
| Langton                             | 38 Queen Street             | Langton, ON                 |
| Dixie Value Mall                    | 1250 S Service Road         | Mississauga, ON             |
| Oakville Main Office                | 239 Lakeshore Road E        | Oakville, ON                |
| Thorndale                           | 190 King Street             | Thorndale, ON               |
| Spadina & Adelaide                  | 112 Spadina Avenue          | Toronto, ON                 |
| Portage & Hargrave                  | 330 Portage Avenue          | Winnipeg, MB                |
| Gulf Canada Square                  | 401 9 Avenue SW, Unit 235   | Calgary, AB                 |
| CanadianOxy Building                | 635 8 Avenue SW             | Calgary, AB                 |
| Red Deer Main Office                | 4903 Gaetz Avenue           | Red Deer, AB                |
| Ocean Park                          | 12810 16 Avenue             | Surrey, BC                  |
| Oakridge                            | 650 W 41st Avenue, Unit 103 | Vancouver, BC               |

## Branches Relocated

### BMO BANK OF MONTREAL BRANCHES RELOCATED IN FISCAL YEAR 2020 (CANADA)

| Branch                | From                             | To                                   | City/Province  |
|-----------------------|----------------------------------|--------------------------------------|----------------|
| Terrebonne            | 1185, boulevard Moody, bureau 29 | 1000, boulevard Moody                | Terrebonne, QC |
| Van Leeuwen Centre    | 420 Hazeldean Road, Unit 2       | 418 Hazeldean Road                   | Kanata, ON     |
| King near Water       | 2 King Street W                  | 345 King Street W                    | Kitchener, ON  |
| Lawrence Allen Centre | 3169 Dufferin Street             | 700 Lawrence Avenue W, Unit 116      | North York, ON |
| Portage & Main        | 335 Main Street                  | 201 Portage Avenue                   | Winnipeg, MB   |
| Eight Avenue Place    | 340 7 Avenue SW                  | 595 8 Avenue SW                      | Calgary, AB    |
| Gaetz & Bennett       | 2325 50 Avenue                   | 4900 Molly Banister Drive, Unit 179B | Red Deer, AB   |

## ATMs Opened

| Location                      | Address                              | City            | Province |
|-------------------------------|--------------------------------------|-----------------|----------|
| Shell                         | 595, boulevard Laval                 | Laval           | QC       |
| IGA                           | 5501, chemin de la Côte-Saint-Luc    | Montreal        | QC       |
| IGA                           | 7151, chemin de la Côte-Saint-Luc    | Montreal        | QC       |
| Shell                         | 1425 Bloor Street                    | Courtice        | ON       |
| Pharmasave                    | 221 Main Street                      | Delhi           | ON       |
| Agriville Farms               | 1600 Kratz Sideroad                  | Kingsville      | ON       |
| Southshore Greenhouse         | 1746 Seacliff Drive                  | Kingsville      | ON       |
| Mucci Farms                   | 1876 Seacliff Drive                  | Kingsville      | ON       |
| Nature Fresh Farms            | 525 Essex Road 14                    | Leamington      | ON       |
| Orangeline Farms              | 627 Essex Road 14                    | Leamington      | ON       |
| Shell                         | 640 Riddell Road                     | Orangeville     | ON       |
| Rideau & King Edward          | 305 Rideau Street                    | Ottawa          | ON       |
| BMO Nesbitt Burns             | 311 George Street N                  | Peterborough    | ON       |
| Majestic City Shopping Centre | 2900 Markham Road                    | Scarborough     | ON       |
| Sassy's Convenience Store     | 225 King Street                      | Thorndale       | ON       |
| Tillsonburg                   | 3 Albert Street                      | Tillsonburg     | ON       |
| Toronto Eaton Centre          | 220 Yonge Street                     | Toronto         | ON       |
| Portage & Main                | 201 Portage Avenue                   | Winnipeg        | MB       |
| Shell                         | 335 Newmarket Boulevard              | Winnipeg        | MB       |
| Shell                         | 11877 Sarcee Trail NW, Unit 100      | Calgary         | AB       |
| Shell                         | 10305 Braeside Drive SW              | Calgary         | AB       |
| Eighth Avenue Place           | 595 8 Avenue SW                      | Calgary         | AB       |
| Shell                         | 1003 Keswick Drive SW                | Edmonton        | AB       |
| Shell                         | 2411 17 Street NW                    | Edmonton        | AB       |
| Shell                         | 5112 Ellerslie Road SW               | Edmonton        | AB       |
| Shell                         | 8545 82 Avenue NW                    | Edmonton        | AB       |
| Shell                         | 101 Hawthorn Way                     | Leduc           | AB       |
| Gaetz & Bennett               | 4900 Molly Banister Drive, Unit 179B | Red Deer        | AB       |
| Shell                         | 3220 Mount Lehman Road               | Abbotsford      | BC       |
| Freshco                       | 27566 Fraser Highway                 | Aldergrove      | BC       |
| Thrifty Foods                 | 3210 Edgemont Boulevard              | North Vancouver | BC       |
| Shell                         | 7856 East Saanich Road               | Saanichton      | BC       |
| Shell                         | 311 10 Street SW                     | Salmon Arm      | BC       |
| Safeway                       | 12825 16 Avenue                      | Surrey          | BC       |
| Safeway                       | 1611 Davie Street                    | Vancouver       | BC       |



## ATMs Closed

| Location                            | Address                   | City                    | Province |
|-------------------------------------|---------------------------|-------------------------|----------|
| Jean Coutu                          | 4 Johnson Avenue          | Miramichi               | NB       |
| McGill Wellington Building          | 100, rue McGill           | Montreal                | QC       |
| Saint-Romuald                       | 1990, 5e Rue              | Saint-Romuald           | QC       |
| Sainte-Anne-de-Bellevue Main Office | 93, rue Sainte-Anne       | Sainte-Anne-de-Bellevue | QC       |
| Verdun                              | 4026, rue Wellington      | Verdun                  | QC       |
| Sobeys                              | 1187 Fischer Hallman Road | Kitchener               | ON       |
| Langton                             | 38 Queen Street           | Langton                 | ON       |
| Food Basics                         | 1299 Oxford Street E      | London                  | ON       |
| Dixie Value Mall Branch             | 1250 South Service Road   | Mississauga             | ON       |
| Food Basics                         | 377 Burnhamthorpe Road E  | Mississauga             | ON       |
| Peterborough Main Office            | 130 Simcoe Street         | Peterborough            | ON       |
| Thorndale Highbury                  | 190 King Street           | Thorndale               | ON       |
| Queen & Beech                       | 2234 Queen Street E       | Toronto                 | ON       |
| Food Basics                         | 600 Laurelwood Drive      | Waterloo                | ON       |
| Co-op                               | 850 Dakota Street         | Winnipeg                | MB       |
| IDA                                 | 317 Banff Avenue          | Banff                   | AB       |
| Gulf Canada Square                  | 401 9 Avenue SW           | Calgary                 | AB       |
| CanadianOxy Building                | 635 8 Avenue SW           | Calgary                 | AB       |
| Pharmasave                          | 437 Glenmore Road         | Kelowna                 | BC       |
| Pharmasave                          | 3979 Lakeshore Road       | Kelowna                 | BC       |
| Ocean Park                          | 12810 16 Avenue           | Surrey                  | BC       |
| Pharmasave                          | 9558 120 Street           | Surrey                  | BC       |
| Safeway                             | 650 West 41st Avenue      | Vancouver               | BC       |
| Pharmasave                          | 1641 Hillside Avenue      | Victoria                | BC       |

## Business Debt Financing

As as October 31, 2020  
(\$ millions)

| Province or Territory         | in \$ millions    | \$0–<br>\$24,999 | \$25,000–<br>\$99,999 | \$100,000–<br>\$249,999 | \$250,000–<br>\$499,999 | \$500,000–<br>\$999,999 | \$1,000,000–<br>\$4,999,999 | \$5,000,000<br>and Greater | Total   |
|-------------------------------|-------------------|------------------|-----------------------|-------------------------|-------------------------|-------------------------|-----------------------------|----------------------------|---------|
| Newfoundland and Labrador     | Authorized amount | 15               | 35                    | 52                      | 76                      | 122                     | 408                         | 1,033                      | 1,740   |
|                               | Number of firms   | 1,317            | 787                   | 345                     | 216                     | 178                     | 196                         | 55                         | 3,094   |
| Prince Edward Island          | Authorized amount | 5                | 11                    | 22                      | 35                      | 73                      | 270                         | 307                        | 723     |
|                               | Number of firms   | 473              | 263                   | 136                     | 95                      | 100                     | 125                         | 29                         | 1,221   |
| Nova Scotia                   | Authorized amount | 24               | 47                    | 72                      | 133                     | 256                     | 1,025                       | 4,456                      | 6,013   |
|                               | Number of firms   | 2,242            | 1,121                 | 453                     | 373                     | 367                     | 484                         | 189                        | 5,229   |
| New Brunswick                 | Authorized amount | 20               | 41                    | 66                      | 84                      | 155                     | 628                         | 2,078                      | 3,071   |
|                               | Number of firms   | 1,891            | 941                   | 430                     | 241                     | 222                     | 278                         | 108                        | 4,111   |
| Quebec                        | Authorized amount | 254              | 328                   | 420                     | 671                     | 1,067                   | 4,404                       | 28,817                     | 35,960  |
|                               | Number of firms   | 22,954           | 8,215                 | 2,645                   | 1,930                   | 1,547                   | 2,021                       | 911                        | 40,223  |
| Ontario                       | Authorized amount | 599              | 748                   | 958                     | 1,674                   | 2,718                   | 10,213                      | 71,253                     | 88,163  |
|                               | Number of firms   | 75,706           | 18,888                | 6,145                   | 4,770                   | 3,917                   | 4,706                       | 2,201                      | 116,333 |
| Manitoba                      | Authorized amount | 25               | 45                    | 43                      | 75                      | 113                     | 558                         | 5,152                      | 6,011   |
|                               | Number of firms   | 2,420            | 1,135                 | 272                     | 211                     | 163                     | 247                         | 171                        | 4,619   |
| Saskatchewan                  | Authorized amount | 40               | 82                    | 82                      | 146                     | 244                     | 1,086                       | 4,900                      | 6,580   |
|                               | Number of firms   | 3,654            | 2,008                 | 524                     | 422                     | 359                     | 477                         | 154                        | 7,598   |
| Alberta                       | Authorized amount | 187              | 250                   | 262                     | 472                     | 728                     | 3,197                       | 34,323                     | 39,421  |
|                               | Number of firms   | 16,700           | 6,446                 | 1,721                   | 1,358                   | 1,052                   | 1,463                       | 806                        | 29,546  |
| British Columbia              | Authorized amount | 214              | 291                   | 302                     | 536                     | 1,015                   | 5,155                       | 30,411                     | 37,924  |
|                               | Number of firms   | 18,976           | 7,319                 | 1,965                   | 1,531                   | 1,467                   | 2,337                       | 1,284                      | 34,879  |
| Yukon                         | Authorized amount | 2                | 3                     | 3                       | 6                       | 8                       | 38                          | 43                         | 102     |
|                               | Number of firms   | 158              | 89                    | 16                      | 16                      | 10                      | 18                          | 5                          | 312     |
| Northwest Territories/Nunavut | Authorized amount | 1                | 2                     | 3                       | 6                       | 15                      | 30                          | 40                         | 97      |
|                               | Number of firms   | 108              | 50                    | 15                      | 20                      | 20                      | 12                          | 4                          | 229     |
| Total                         | Authorized amount | 1,386            | 1,883                 | 2,285                   | 3,914                   | 6,513                   | 27,011                      | 182,813                    | 225,804 |
|                               | Number of firms   | 146,599          | 47,262                | 14,667                  | 11,183                  | 9,402                   | 12,364                      | 5,917                      | 247,394 |

## Bank of Montreal Mortgage Corporation Public Accountability Statement<sup>1</sup>

Due to the specific nature of its activities, Bank of Montreal Mortgage Corporation (BMMC) provides the following information in response to the requirements set out in section 444.2(1) of the *Trust and Loan Companies Act* and in the applicable regulations.

BMMC, a wholly owned, fully integrated subsidiary of Bank of Montreal, raises funds for mortgage financing by issuing deposit-type instruments (such as GICs) through Bank of Montreal's retail branch network and other proprietary channels, where Bank of Montreal acts for BMMC, as well as through third-party channels. BMMC does not operate branches that are open to the public or other facilities at which deposits are accepted or cash is distributed to customers. BMMC employs 12 full-time employees.

The income and capital taxes paid in Canada by BMO Financial Group, of which BMMC is a member, are listed on page 112 of BMO Financial Group's 2020 Sustainability Report and Public Accountability Statement.

BMMC shares BMO's commitment to community development and philanthropic activity as described in BMO Financial Group's 2020 Sustainability Report and Public Accountability Statement. The community development activities of BMMC's employees are integrated with those of BMO Financial Group and its employees, as described in BMO Financial Group's 2020 Sustainability Report and Public Accountability Statement on page 44.

As detailed in BMO Financial Group's 2020 Sustainability Report and Public Accountability Statement, business debt financing and programs to improve access to financial services are engaged in by Bank of Montreal for BMO Financial Group. BMMC has no other affiliates in respect of which this Public Accountability Statement is published.

<sup>1</sup> As stipulated by the *Trust and Loan Companies Act*, Bank of Montreal Mortgage Corporation, wholly owned by Bank of Montreal, is required to publish a separate Public Accountability Statement.

## BMO Life Assurance Company Public Accountability Statement<sup>1</sup>

Due to the specific nature of its activities, BMO Life Assurance Company (BMOLA) provides the following information in response to the requirements set out in section 489.1(1) of the *Insurance Companies Act* and in the applicable regulations.

BMOLA is a wholly owned indirect subsidiary of BMO Life Insurance Company, which in turn is a wholly owned subsidiary of Bank of Montreal. BMOLA is a federally regulated life and health insurance company and is licensed to underwrite life, accident and sickness insurance in all provinces and territories of Canada. BMOLA offers individual life, accident and sickness insurance and individual and group annuities through independent insurance agents and directly to consumers. BMOLA has no employees of its own. All of its activities are conducted by employees of Bank of Montreal and BMO Nesbitt Burns Inc.

The income and capital taxes paid in Canada by BMO Financial Group, of which BMOLA is a member, are listed on page 112 of BMO Financial Group's 2020 Sustainability Report and Public Accountability Statement.

BMOLA shares BMO's commitment to community development and philanthropic activity, as described in BMO Financial Group's 2020 Sustainability Report and Public Accountability Statement. The community development activities of BMOLA are integrated with those of BMO Financial Group and its employees, as described in BMO Financial Group's 2020 Sustainability Report and Public Accountability Statement on page 44.

As detailed in BMO Financial Group's 2020 Sustainability Report and Public Accountability Statement, business debt financing and programs to improve access to financial services are engaged in by Bank of Montreal for BMO Financial Group. BMOLA has no other affiliates in respect of which this Public Accountability Statement is published.

<sup>1</sup> As stipulated by the *Assurance Companies Act*, BMOLA, wholly owned by Bank of Montreal, is required to publish a separate Public Accountability Statement.

## BMO Life Insurance Company Public Accountability Statement<sup>1</sup>

Due to the specific nature of its activities, BMO Life Insurance Company (BMOLI) provides the following information in response to the requirements set out in section 489.1(1) of the *Insurance Companies Act* and in the applicable regulations.

BMOLI is a wholly owned subsidiary of Bank of Montreal. BMOLI is a federally regulated life and health insurance company and is licensed to underwrite life, accident and sickness insurance in all provinces and territories of Canada. BMOLI has no employees of its own. All of its activities are conducted by employees of Bank of Montreal and BMO Nesbitt Burns Inc.

The income and capital taxes paid in Canada by BMO Financial Group, of which BMOLI is a member, are listed on page 112 of BMO Financial Group's 2020 Sustainability Report and Public Accountability Statement.

BMOLI shares BMO's commitment to community development and philanthropic activity, as described in BMO Financial Group's 2020 Sustainability Report and Public Accountability Statement. The community development activities of BMOLI are integrated with those of BMO Financial Group and its employees, as described in BMO Financial Group's 2020 Sustainability Report and Public Accountability Statement on page 44.

As detailed in BMO Financial Group's 2020 Sustainability Report and Public Accountability Statement, business debt financing and programs to improve access to financial services are engaged in by Bank of Montreal for BMO Financial Group. BMOLI has no other affiliates in respect of which this Public Accountability Statement is published.

<sup>1</sup> As stipulated by the *Insurance Companies Act*, BMOLI, wholly owned by Bank of Montreal, is required to publish a separate Public Accountability Statement.



**Related BMO policies, statements and reports**

|  |   |
|--|---|
| 2019 Employment Equity Narrative Report  | <a href="https://corporate-responsibility.bmo.com/reports">corporate-responsibility.bmo.com/reports</a>   |
| 2020 Annual Report to Shareholders   | <a href="https://www.bmo.com/home/about/banking/investor-relations/annual-reports-proxy-circulars">www.bmo.com/home/about/banking/investor-relations/annual-reports-proxy-circulars</a>   |
| 2020 Climate Report  | <a href="https://corporate-responsibility.bmo.com/reports">corporate-responsibility.bmo.com/reports</a>   |
| 2020 Equator Principles Report   | <a href="https://corporate-responsibility.bmo.com/our-practices/responsible-lending">corporate-responsibility.bmo.com/our-practices/responsible-lending</a>   |
| 2020 Management Proxy Circular   | <a href="https://www.bmo.com/home/about/banking/investor-relations/annual-reports-proxy-circulars">www.bmo.com/home/about/banking/investor-relations/annual-reports-proxy-circulars</a>   |
| Accessibility Plan   | <a href="https://www.bmo.com/main/about-bmo/accessibility/accessibility-plan/">www.bmo.com/main/about-bmo/accessibility/accessibility-plan/</a>   |
| Awards and Recognition   | <a href="https://corporate-responsibility.bmo.com/awards-recognition/#">corporate-responsibility.bmo.com/awards-recognition/#</a>   |
| BMO Capital Markets Insights   | <a href="https://capitalmarkets.bmo.com/en/">capitalmarkets.bmo.com/en/</a>   |
| BMO for Women  | <a href="https://bmoformen.com">bmoformen.com</a>   |
| BMO Global Asset Management News & Insights  | <a href="https://www.bmogam.com/gb-en/institutional/news-and-insights/">www.bmogam.com/gb-en/institutional/news-and-insights/</a>   |
| BMO statements on current issues   | <a href="https://corporate-responsibility.bmo.com/our-approach/statement-on-current-issues">corporate-responsibility.bmo.com/our-approach/statement-on-current-issues</a>   |
| BMO's Code of Conduct  | <a href="https://www.bmo.com/home/about/banking/corporate-information/codeofconduct">www.bmo.com/home/about/banking/corporate-information/codeofconduct</a>   |
| Board Diversity Policy   | <a href="https://www.bmo.com/main/about-bmo/corporate-governance/select-documents/">www.bmo.com/main/about-bmo/corporate-governance/select-documents/</a>   |
| Code of Conduct  | <a href="https://www.bmo.com/home/about/banking/corporate-information/codeofconduct">www.bmo.com/home/about/banking/corporate-information/codeofconduct</a>   |
| Coercive Tied Selling brochure   | <a href="https://www.bmo.com/bmo/files/images/3/1/CoerciveTiedSelling_eng.pdf">www.bmo.com/bmo/files/images/3/1/CoerciveTiedSelling_eng.pdf</a>   |
| Environmental Performance  | <a href="https://corporate-responsibility.bmo.com/our-practices/environmental-stewardship/enviro-targets-performances">corporate-responsibility.bmo.com/our-practices/environmental-stewardship/enviro-targets-performances</a>   |
| Environmental Policy   | <a href="https://corporate-responsibility.bmo.com/our-practices/environmental-stewardship/environmental-policy-and-approach/">corporate-responsibility.bmo.com/our-practices/environmental-stewardship/environmental-policy-and-approach/</a>                             |
| Global Asset Management Climate Change Engagement Approach                         | <a href="https://www.bmogam.com/gb-en/intermediary/wp-content/uploads/2019/10/climate-change_esg-viewpoint.pdf">www.bmogam.com/gb-en/intermediary/wp-content/uploads/2019/10/climate-change_esg-viewpoint.pdf</a>   |
| Global Asset Management Corporate Governance Guidelines                            | <a href="https://www.bmogam.com/gb-en/intermediary/wp-content/uploads/2019/05/corporate-governance-guidelines.pdf">www.bmogam.com/gb-en/intermediary/wp-content/uploads/2019/05/corporate-governance-guidelines.pdf</a>   |
| Global Asset Management Expectations of Environmental Practices Statement          | <a href="https://www.bmogam.com/wp-content/uploads/2020/07/our-expectations-on-environmental-practices.pdf">www.bmogam.com/wp-content/uploads/2020/07/our-expectations-on-environmental-practices.pdf</a>   |
| Global Asset Management Expectations of Social Practices Statement                 | <a href="https://www.bmogam.com/wp-content/uploads/2020/03/expectations-for-social-policies.pdf">www.bmogam.com/wp-content/uploads/2020/03/expectations-for-social-policies.pdf</a>   |
| Global Asset Management Gender Pay Gap Report                                      | <a href="https://www.bmogam.com/wp-content/uploads/2020/03/bmo-gam-uk-gender-pay-gap-report-2019-1.pdf">www.bmogam.com/wp-content/uploads/2020/03/bmo-gam-uk-gender-pay-gap-report-2019-1.pdf</a>   |
| Global Asset Management Influencing for Good – Lessons from 20 years of engagement | <a href="https://www.bmogam.com/be-en/intermediary/20-years-of-engagement-responsible-investing/">www.bmogam.com/be-en/intermediary/20-years-of-engagement-responsible-investing/</a>   |
| Global Asset Management Responsible Investment Approach                            | <a href="https://www.bmogam.com/gb-en/intermediary/wp-content/uploads/2019/05/responsible-investment-approach.pdf">www.bmogam.com/gb-en/intermediary/wp-content/uploads/2019/05/responsible-investment-approach.pdf</a>   |
| Global Asset Management Responsible Investment Review                              | <a href="https://www.bmogam.com/gb-en/institutional/wp-content/uploads/2020/05/responsible-investment-annual-review-2019-retail.pdf">www.bmogam.com/gb-en/institutional/wp-content/uploads/2020/05/responsible-investment-annual-review-2019-retail.pdf</a>               |
| Global Asset Management Responsible Investment Strategies Summary Criteria         | <a href="https://www.bmogam.com/gb-en/institutional/wp-content/uploads/2020/05/responsible-investment-summary-criteria-2019-retail.pdf">https://www.bmogam.com/gb-en/institutional/wp-content/uploads/2020/05/responsible-investment-summary-criteria-2019-retail.pdf</a> |
| Global Privacy Principles  | <a href="https://www.bmo.com/privacy">www.bmo.com/privacy</a>   |
| Privacy at BMO Harris  | <a href="https://www.bmoharris.com/main/about-us/privacy/">www.bmoharris.com/main/about-us/privacy/</a>   |
| Privacy Code – Canada  | <a href="https://www.bmo.com/main/about-bmo/privacy-security/our-privacy-code/canada/">www.bmo.com/main/about-bmo/privacy-security/our-privacy-code/canada/</a>   |
| Privacy Code – European Union  | <a href="https://www.bmocm.com/about-us/regulatory/pdfs/English/BMO_EUPrivacyCode.en.pdf">www.bmocm.com/about-us/regulatory/pdfs/English/BMO_EUPrivacyCode.en.pdf</a>   |
| Privacy Code – Hong Kong and Singapore   | <a href="https://capitalmarkets.bmo.com/media/ckeditor/2019/06/10/bmoprivacycode_hongkong_singapore.pdf">capitalmarkets.bmo.com/media/ckeditor/2019/06/10/bmoprivacycode_hongkong_singapore.pdf</a>   |
| Shareholder Engagement Policy  | <a href="https://www.bmo.com/home/about/banking/corporate-governance/about-us/shareholder-engagement-policy">www.bmo.com/home/about/banking/corporate-governance/about-us/shareholder-engagement-policy</a>   |
| Statement of Corporate Governance Practices  | <a href="https://www.bmo.com/home/about/banking/corporate-governance/about-us/statement-of-corporate-governance-practices">www.bmo.com/home/about/banking/corporate-governance/about-us/statement-of-corporate-governance-practices</a>                                   |
| Supplier Code of Conduct   | <a href="https://www.bmo.com/home/about/banking/corporate-information/supplier-information/supplier-code-of-conduct">www.bmo.com/home/about/banking/corporate-information/supplier-information/supplier-code-of-conduct</a>   |
| Sustainability Leaders Podcast Series  | <a href="https://sustainabilityleaders.bmo.com/en/home/sustainability-leaders-podcast/">sustainabilityleaders.bmo.com/en/home/sustainability-leaders-podcast/</a>   |
| Sustainable Financing Framework  | <a href="https://www.bmo.com/home/about/banking/investor-relations/fixed-income-investors/funding-programs">www.bmo.com/home/about/banking/investor-relations/fixed-income-investors/funding-programs</a>   |

Need help?

Email us at: [sustainability@bmo.com](mailto:sustainability@bmo.com)

This report contains certain forward-looking statements. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. Please refer to the Caution Regarding Forward-Looking Statements on page 14 of our 2020 Annual Report to Shareholders for a discussion of such risks and uncertainties and the material factors and assumptions related to the forward-looking statements.

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