

Proxy Access Policy

At BMO, we are proud of our strong corporate governance record, and we consider our Board of Directors' adoption of a proxy access policy to be a further indication of our willingness to listen and respond to the broader shareholder community. Our Board has reviewed prevailing proxy access models, and consulted with outside legal advisors to develop a form of proxy access policy that would permit qualifying shareholders to have their own director nominee(s) included in the Bank's management proxy circular and form of proxy. Our policy is generally consistent with those prevalent in the United States, except for differences reflecting the Canadian statutory regime.

[See next page for Proxy Access Policy]

PROXY ACCESS POLICY

- (a) Inclusion of Nominees in Proxy Circular. Subject to the provisions of this Policy, if expressly requested in the relevant Nomination Notice (as defined below), Bank of Montreal (the “**Financial Institution**”) shall include in its proxy circular for any annual meeting of shareholders in a manner that clearly sets out the choices available to shareholders and the Board of Directors’ recommendation:
- (i) the names of any person or persons nominated for election (each, a “**Nominee**”), which shall also be included on the Financial Institution’s form of proxy and ballot, on the same page as, or the next page immediately following, the nominees recommended by the Board of Directors (“**Board Nominees**”) but separated and labeled with the Board of Directors’ recommendation, by any Eligible Holder (as defined below) or group of Eligible Holders that has (individually and collectively, in the case of a group) satisfied, as determined by the Board of Directors acting reasonably, all applicable conditions and complied with all applicable procedures set forth in this Policy (such Eligible Holder or group of Eligible Holders being a “**Nominating Shareholder**”);
 - (ii) a statement (“**Supplemental Statement**”) included by the Nominating Shareholder in the Nomination Notice for inclusion in the proxy circular in support of the election of such Nominee(s) to the Board of Directors (subject, without limitation, to Section (e)(ii)), if such statement does not exceed 500 words in the aggregate, plus such biographical information as the Financial Institution is required to include; and
 - (iii) any other information that the Financial Institution determines to include in the proxy circular relating to the nomination of each Nominee.
- (b) Maximum Number of Nominees.
- (i) The Financial Institution shall not be required to include in the proxy circular, form of proxy or ballot for an annual meeting of shareholders more Nominees than the Maximum Number. For such purposes the “**Maximum Number**” is the greater of: (x) two; and (y) the number that is not in excess of 20% of the total number of directors of the Financial Institution on the last day on which a Nomination Notice may be submitted pursuant to this Policy; provided that the Maximum Number for a particular annual meeting shall be reduced by the number of:
 - (A) Nominees who the Board of Directors itself decides to nominate for election at such annual meeting;
 - (B) Nominees who cease to satisfy, or Nominees who are nominees of a Nominating Shareholder that ceases to satisfy, the eligibility requirements in this Policy;
 - (C) Nominees whose nomination is withdrawn by the Nominating Shareholder or who become unwilling to serve on the Board of Directors; and
 - (D) incumbent directors whose re-election is being recommended by the Board of Directors at the upcoming annual meeting who had been Nominees with respect to any of the preceding two annual meetings;

In the event that one or more vacancies for any reason occurs on the Board of Directors after the deadline for submitting a Nomination Notice as set forth in Section (d) but before the date of the annual meeting and the Board of Directors resolves to reduce the size of

the board on or prior to the date of the annual meeting the Maximum Number shall be calculated based on the number of directors in office as so reduced.

- (ii) If the number of Nominees pursuant to this Policy for any annual meeting of shareholders exceeds the Maximum Number then, promptly upon notice from the Financial Institution, each Nominating Shareholder will select one Nominee for inclusion in the proxy circular until the Maximum Number is reached, going in order of the amount (largest to smallest) of the ownership position as disclosed in each Nominating Shareholder's Nomination Notice, with the process repeated following the same order if the Maximum Number is not reached after each Nominating Shareholder has selected one Nominee.
- (iii) If, after the deadline for submitting a Nomination Notice as set forth in Section (d), a Nominating Shareholder or a Nominee ceases to satisfy the eligibility requirements in this Policy, as determined by the Board of Directors, acting reasonably, a Nominating Shareholder withdraws its nomination or a Nominee becomes unwilling to serve on the Board of Directors, whether before or after the mailing or other distribution of the definitive proxy circular, then the nomination shall be disregarded, no vote on such Nominee will occur (notwithstanding that proxies in respect of such vote may have been received by the Financial Institution) and the Financial Institution: (1) shall not be required to include in its proxy circular or form of proxy or ballot the disregarded Nominee or any successor or replacement nominee proposed by the Nominating Shareholder or by any other Nominating Shareholder; and (2) may otherwise communicate to its shareholders, including without limitation by amending or supplementing its proxy circular or form of proxy, that the disregarded Nominee will not be included as a nominee in the proxy circular or form of proxy.

(c) Eligibility of Nominating Shareholder.

- (i) An "**Eligible Holder**" is a person who is not a "major shareholder" and does not hold a "significant interest" (or has received all required approvals to hold such significant interest), in each case, as defined in the Act and who is not otherwise precluded by the Act from exercising voting rights or being a shareholder of record, and has continuously for the three-year period specified in Section (c)(ii): (A) been a registered holder of common shares; and/or (B) beneficial owner of common shares who has provided to the Corporate Secretary of the Financial Institution, within the time period referred to in Section (d), evidence of beneficial ownership of such shares for the applicable period from one or more securities intermediaries in a form that the Board of Directors determines, acting reasonably, would be deemed acceptable for purposes of a shareholder proposal under the Act.
- (ii) An Eligible Holder or group of up to 20 Eligible Holders may submit a nomination in accordance with this Policy only if the number of common shares of the Financial Institution that have been held continuously throughout the three-year period preceding and including the date of submission of the Nomination Notice by the Eligible Holder is at least the Minimum Number, or in the case of a group only if, upon aggregating the number of common shares of the Financial Institution that have been held continuously throughout the three-year period preceding and including the date of submission of the Nomination Notice by each Eligible Person in the group, such aggregate number is at least the Minimum Number, and in either case at least the Minimum Number of such shares continue to be so held through the date of the annual meeting.
- (iii) Two or more funds that: (A) are under common management and investment control; (B) are under common management and funded primarily by a single employer; or (C) hold themselves out to investors as related companies for purposes of investment and investment services, shall be treated as one Eligible Holder if such Eligible Holder shall provide together with the Nomination Notice documentation reasonably satisfactory to the

Financial Institution that demonstrates that the funds meet the criteria set forth in (A), (B) or (C) of this Section (c)(iii).

- (iv) For the avoidance of doubt, in the event of a nomination by a group of Eligible Holders, any and all requirements and obligations for an individual Eligible Holder that are set forth in this Policy, including the minimum holding period, shall apply to each member of such group; provided, however, that the Minimum Number shall apply to the ownership of the group in the aggregate. Should any member of the group cease to satisfy the eligibility requirements in this Policy, or withdraw from a group of Eligible Holders at any time prior to the annual meeting of shareholders, the group of Eligible Holders shall only be deemed to own the shares held by the remaining members of the group.
- (v) The “**Minimum Number**” of the Financial Institution’s common shares means 5% of the number of outstanding common shares as of the most recent date for which such amount is given in the most recent annual or quarterly financial statements filed by the Financial Institution on SEDAR (System for Electronic Document Analysis and Retrieval) at www.sedar.com prior to the submission of the Nomination Notice.
- (vi) For purposes of this Policy, an Eligible Holder “**holds**” or “**owns**”, as the case may be, only those outstanding common shares of the Financial Institution as to which the Eligible Holder possesses both:
 - (A) the full voting and investment rights pertaining to the common shares; and
 - (B) the full economic interest in (including the opportunity for profit and risk of loss on) such common shares,

provided that the number of common shares calculated in accordance with clauses (A) and (B) shall not include any common shares:

- (1) purchased or sold by such Eligible Holder or any of its affiliates in any transaction that has not been settled or closed;
 - (2) sold short by such Eligible Holder;
 - (3) borrowed by such Eligible Holder or any of its affiliates for any purpose or purchased by such Eligible Holder or any of its affiliates pursuant to an agreement to resell or subject to any other obligation to resell to another person; or
 - (4) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such Eligible Holder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of the Financial Institution, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of (x) reducing in any manner, to any extent or at any time in the future, such Eligible Holder’s or any of its affiliates’ full right to vote or direct the voting of any such shares, and/or (y) hedging, offsetting, or altering to any degree, gain or loss arising from the full economic ownership of such shares by such Eligible Holder or any of its affiliates.
- (vii) An Eligible Holder “owns” shares held in the name of a nominee or other intermediary so long as the Eligible Holder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. An Eligible Holder’s ownership of shares shall be deemed to continue during any period in which the Eligible Holder has delegated any voting power by means of a proxy, power

of attorney, or other similar instrument or arrangement that is revocable at any time by the Eligible Holder. An Eligible Holder's ownership of shares shall be deemed to continue during any period in which the Eligible Holder has loaned such shares provided that the Eligible Holder has the power to recall such loaned shares on not more than five business days' notice and continues to own such shares through the date of the annual meeting. The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings.

- (viii) No Eligible Holder shall be permitted to be in more than one group constituting a Nominating Shareholder, and if any Eligible Holder appears as a member of more than one group, it shall be deemed to be a member of the group that has the largest ownership position as reflected in the Nomination Notice.
- (d) Nomination Notice. To nominate a Nominee, the Nominating Shareholder must, prior to the deadline for submitting a shareholder proposal set forth in the Financial Institution's most recent proxy circular, submit to the Corporate Secretary of the Financial Institution at the principal executive office of the Financial Institution a signed written notice (the "**Nomination Notice**") containing the following:
- (i) if the Nominating Shareholder is not the beneficial owner of some or all of the common shares, the identity of each beneficial owner for which the nominee or other intermediary holds shares and the number of shares held by that beneficial owner;
 - (ii) as to each Nominee whom the Nominating Shareholder proposes to nominate for election as a director:
 - (A) the name, age, business address and residential address of the Nominee, the Nominee's residency and whether or not the Nominee is a resident Canadian for purposes of the Act;
 - (B) the principal occupation or employment of the Nominee;
 - (C) the class or series and number of securities in the capital of the Financial Institution which are beneficially owned, or over which control or direction is exercised, directly or indirectly, by the Nominee and as of the date of such notice;
 - (D) whether, in the opinion of the Nominating Shareholder and the Nominee, the Nominee would qualify to be an independent director of the Financial Institution under Sections 1.4 and 1.5 of National Instrument 52-110 - *Audit Committees* of the Canadian Securities Administrators, Section 303A.02 of the New York Stock Exchange Company Manual and the commentary relating thereto, NASDAQ Stock Market Rule 5605(a)(2), BATS Global Markets Rule 14.10(c)(2) and Rule 10A-3(b) under the Securities Exchange Act of 1934;
 - (E) whether with respect to the Financial Institution the Nominee has one or more of the relationships described in Sections 1.4(3), 1.4(8) and 1.5 of National Instrument 52-110 - *Audit Committees* of the Canadian Securities Administrators, Section 303A.02(b) of the New York Stock Exchange Company Manual and the commentary relating thereto, NASDAQ Stock Market Rule 5605(c)(2)(a), BATS Global Markets Rule 14.10(c)(3)(B) and Rule 10A-3(b) under the Securities Exchange Act of 1934 and, if so, which ones;
 - (F) whether, in the opinion of the Nominating Shareholder and the Nominee, the Nominee would be considered to be affiliated with the Financial Institution for purposes of subsections 3(e) to (i) of the *Affiliated Persons (Banks) Regulations* made under the Act (without reference to clause (b) of the definition of "not in

good standing” and clauses (a)(ii) and (b)(ii) of the definition of “significant borrower” in such regulation);

(G) a description of:

(1) any compensatory, payment or other financial agreement, arrangement or understanding with any person in connection with the Nominee’s nomination, service or action as a director of the Financial Institution (if elected); and

(2) any arrangement or understanding of the type required to be disclosed pursuant to Section 7.3 of Form 52-102F5 of National Instrument 51-102 – *Continuous Disclosure* (“**NI 51-102**”),

in each case, that has not been previously disclosed to the Financial Institution in writing by the Nominating Shareholder; and

(H) any other information relating to the Nominee that would be required to be disclosed in a dissident’s proxy circular or other filings to be made in connection with solicitations of proxies for election of directors pursuant to applicable laws.

(iii) as to the Nominating Shareholder and any beneficial owner respecting which the Nomination Notice was given, the names and principal business addresses of such person(s) and:

(A) the class or series and number of securities in the capital of the Financial Institution which are controlled, or over which control or direction is exercised, directly or indirectly, by such person(s) and each person acting jointly or in concert with any of them; and for each such person any options or other rights to acquire shares in the capital of the Financial Institution, derivatives or other securities, instruments or arrangements for which the price or value or delivery, payment or settlement obligations are derived from, referenced to, or based on any such shares, hedging transactions, short positions and borrowing or lending arrangements relating to such shares), and any other arrangements which have the effect of increasing or decreasing the voting power or pecuniary or economic interest of such person(s), and each person acting jointly or in concert with any of them, with respect to securities of the Financial Institution; in each case as of the date of such notice;

(B) any proxy, contract, agreement, arrangement, understanding or relationship pursuant to which such Nominating Shareholder or beneficial owner has a right to vote any shares in the capital of the Financial Institution on the election of directors;

(C) any other information relating to such Nominating Shareholder or beneficial owner that would be required to be made in a dissident’s proxy circular or other filings to be made in connection with solicitations of proxies for election of directors pursuant to applicable law;

(D) representations and warranties from the Nominating Shareholder that:

(1) the Nominating Shareholder (including each Eligible Holder forming part of the group) acquired the securities of the Financial Institution in the ordinary course of business and did not acquire, and is not holding, securities of the Financial Institution for the purpose or with the effect of influencing or changing control of the Financial Institution;

- (2) each Nominee:
 - A. meets the director qualifications set forth in applicable law and is not disqualified from serving as a director of the Financial Institution under the Act or under other applicable law;
 - B. is not subject to an order issued under the securities legislation of any jurisdiction, or rule or directive of any stock exchange on which the Financial Institution's securities are traded prohibiting the Nominee from serving as a director of a corporation; and
 - C. has not committed a "bad actor" event specified under Rule 506(d)(1) of Regulation D (or any successor rule) under the Securities Act of 1933;
- (3) the Nominating Shareholder satisfies the eligibility requirements set forth in Section (c) and has provided evidence of ownership to the extent required by Section (c)(i); and
- (4) the Nominating Shareholder intends to continue to satisfy the eligibility requirements described in Section (c) through the date of the annual meeting;
- (E) details of any position of a Nominee as an officer or director (or equivalent thereof) of any competitor (that is, any entity that produces products or provides services that compete with or are alternatives to the principal products produced or services provided by the Financial Institution or its affiliates) of the Financial Institution, within the three years preceding the submission of the Nomination Notice;
- (F) an undertaking that the Nominating Shareholder will not:
 - (1) engage in a "solicitation" within the meaning of the Act or NI 51-102 other than a solicitation that is solely in support of such Nominating Shareholder's own Nominee and/or any nominee of the Board of Directors conducted without sending a proxy circular pursuant to exemptions from the obligation to send a proxy circular under both the Act and NI 51-102.
 - (2) use any form of proxy other than the Financial Institution's form of proxy in soliciting shareholders in connection with the election of a Nominee at the annual meeting;
- (G) if desired, a Supplemental Statement; and
- (H) in the case of a nomination by a group of Eligible Holders, the designation by all group members of one group member that is authorized to act on behalf of all group members with respect to matters relating to the nomination, including withdrawal of the nomination; and
- (iv) An agreement signed by the Nominating Shareholder (including each Eligible Holder forming part of the group), in the form attached as Appendix A, pursuant to which the Nominating Shareholder agrees:
 - (A) that the Nominating Shareholder and any individual nominated by the Nominating Shareholder shall comply with all of the applicable requirements of the Act, securities legislation and stock exchange rules regarding the matters set forth

herein and shall provide to the Financial Institution such information and certification as may be required to enable the Financial Institution to satisfy all of the applicable requirements of the Act, securities legislation and stock exchange rules in connection with the solicitation of proxies in respect of the election of the Nominees of the Nominating Shareholder;

- (B) to assume all liability stemming from an action, suit or proceeding concerning any actual or alleged legal or regulatory violation arising out of any communication by the Nominating Shareholder or any of its Nominees with the Financial Institution, its shareholders or any other person in connection with the nomination or election of directors, including, without limitation, the Nomination Notice;
- (C) to indemnify and hold harmless (jointly and severally with all other Eligible Holders in the group constituting the Nominating Shareholder) the Financial Institution, its affiliates, and each of their respective directors, officers and employees against any liability, loss, damages, expenses or other costs (including attorneys' fees) incurred in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Financial Institution or any of its directors, officers or employees arising out of or in any way relating to the submission of the Nomination Notice, any communication by the Nominating Shareholder or any of its Nominees with respect to the annual meeting and any failure or alleged failure of the Nominating Shareholder or any of its Nominees to comply with, or any breach or alleged breach of its or their obligations, agreements or representations contained in the agreement or under this Policy; and
- (D) in the event that any information included in the Nomination Notice, or any other communication by the Nominating Shareholder (including with respect to any Eligible Holder forming part of the group), with the Financial Institution, its shareholders or any other person in connection with the nomination or election is not or ceases to be true and accurate in all material respects (including where it contains an untrue statement of material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made), or that the Nominating Shareholder (including each Eligible Holder forming part of the group) has failed to continue to satisfy the eligibility requirements described in Section (c), to promptly (and in any event within 48 hours of discovering such misstatement, omission or failure) notify the Financial Institution of: (1) the misstatement or omission in such previously provided information and of the information that is required to correct the misstatement or omission; or (2) such failure (it being understood that providing such notification shall not be deemed to cure any defect and does not affect the Financial Institution's right to omit a Nominating Shareholder's Nominee from its proxy materials pursuant to Section (e)).

The information and documents required by this Section (d) to be provided by the Nominating Shareholder shall be: (i) provided with respect to and executed by each Eligible Holder forming part of the group, in the case of information applicable to group members; and (ii) provided with respect to all affiliates, associates and persons acting jointly or in concert with the Nominating Shareholder (and each of its constituent Eligible Holders). The Nomination Notice shall be deemed submitted on the date on which all the information and documents referred to in this Policy (other than such information and documents contemplated to be provided after the date the Nomination Notice is provided) have been delivered to or, if sent by mail, received by the Corporate Secretary of the Financial Institution.

(e) Exceptions.

- (i) Notwithstanding anything to the contrary contained in this Policy, the Financial Institution may omit from its proxy circular any Nominee and any information concerning such Nominee (including a Nominating Shareholder's Supplemental Statement) and no vote on such Nominee will occur (notwithstanding that proxies in respect of such vote may have been received by the Financial Institution), and the Nominating Shareholder may not, after the last day on which a Nomination Notice would be timely, cure in any way any defect preventing the nomination of such Nominee, if:
- (A) a shareholder proposal including director nominees is submitted in accordance with the provisions of the Act;
 - (B) except as specifically provided for in section (d)(iii)(F)(1), a shareholder commences a "solicitation" within the meaning of the Act or NI 51-102 with respect to the election of directors (including a campaign to withhold from voting for one or more directors);
 - (C) the Nominating Shareholder (which in the case of a group includes any Eligible Holder in the group) or its duly appointed proxy holder does not attend at the meeting of shareholders to present the nomination or the Nominating Shareholder withdraws its nomination;
 - (D) the Financial Institution would be permitted to disregard the nomination if it was submitted as a shareholder proposal in accordance with the provisions of the Act pursuant to one or more of the bases set out in section 143(5) of the Act;
 - (E) the Board of Directors determines prior to the annual meeting, or at the annual meeting the chair of the meeting determines, in each case, acting reasonably, that such Nominee is not qualified under the Act or other applicable law to serve as a director;
 - (F) the Nominee fails to complete, sign and return to the Corporate Secretary of the Financial Institution the Financial Institution's standard form of declaration and consent for conducting background checks required under the Financial Institution's assessment policy and procedures as mandated by OSFI and/or other applicable regulatory authority (including release authorization, waiver of personal information and any other materials and information provided for in such form), within 10 calendar days after it has been provided by the Financial Institution to the Nominating Shareholder, or the Board of Directors determines that, having regard to OSFI Guideline No. E-17, based on negative findings related to the Nominee's competence, business record, experience, conduct, character or integrity, the Nominee is not suitable to serve as a director or there are reasonable grounds to believe that the Superintendent of Financial Institutions would be of the opinion that the Nominee is not suitable to hold the position of director of the Financial Institution if elected;
 - (G) the Nominee fails to complete, sign and return to the Corporate Secretary of the Financial Institution a director's questionnaire by the date specified in such questionnaire, provided that the Financial Institution has provided a copy of such questionnaire to the Nominating Shareholder contemporaneously with the distribution of such questionnaire to the nominees being nominated by the Board of Directors ("**Board Nominees**") for election as directors at the relevant annual meeting (or within 10 days of the Nomination Notice having been received, in the event it is received after such distribution); for clarity, such questionnaire will be in the same form as that provided to the Board Nominees, and is intended to elicit facts and relationships relevant to the Board of Directors' determinations of

independence of the Nominee and the Financial Institution's compliance with applicable law in connection with such Nominee; provided that the Financial Institution will provide a copy of such questionnaire to a *bona fide* potential Nominating Shareholder within a reasonable period prior to the deadline for submitting Nomination Notices provided for in section (d) if a written request is made by such potential Nominating Shareholder to the Corporation Secretary of the Financial Institution;

- (H) the Nominee is, or within the past three years has been, an officer or director or equivalent thereof of any entity that produces products or provides services that compete with or are alternatives to the principal products produced or services provided by the Financial Institution and its affiliates; and
 - (I) the Financial Institution is notified, or the Board of Directors determines, acting reasonably, that the Nominating Shareholder (including any Eligible Holder forming part of the group) or the Nominee has failed to continue to satisfy the eligibility requirements described in Section (c), any of the representations and warranties made in the Nomination Notice ceases to be true and accurate in all material respects (or omits a material fact necessary to make the statements made not misleading), such Nominee becomes unwilling or unable to serve on the Board of Directors or any material violation or breach occurs of the obligations, agreements, representations or warranties of the Nominating Shareholder or such Nominee under this Policy (including, for clarity, the agreement contemplated by section (d)(iv)).
- (ii) Notwithstanding anything to the contrary contained in this Policy, the Financial Institution may omit from its proxy circular, or may supplement or correct, any information, including all or any portion of the Supplemental Statement or any other statement in support of a Nominee included in the Nomination Notice, if the Board of Directors determines, acting reasonably, that:
- (A) such information is not true in all material respects or omits a material statement necessary to make the statements made not misleading; or
 - (B) such information is defamatory.
- (f) Notice given to the Corporate Secretary of the Financial Institution pursuant to this Policy may only be given by personal delivery (at the principal executive offices of the Financial Institution) or by e-mail (at the e-mail address set out in the Financial Institution's issuer profile on SEDAR at www.sedar.com), and shall be deemed to have been given and made only at the time it is so served by personal delivery to the Corporate Secretary of the Financial Institution or sent by e-mail to such e-mail address (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. Eastern time on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.
- (g) For purposes of this Policy, the term "**Act**" means the *Bank Act*, and the term "**affiliate**" has the meaning given in the *Securities Act* (Ontario).
- (h) Notwithstanding the foregoing, the Board of Directors may, in its sole discretion, waive any requirement in this Policy.

Appendix A

FORM OF NOMINATING SHAREHOLDER AGREEMENT

THIS AGREEMENT (this “**Agreement**”) is made this ____ day of _____, 20____.

BETWEEN:

Bank of Montreal, a Schedule I bank governed by the *Bank Act*
(the “**Financial Institution**”)

– and –

The parties who have signed Schedule 1 to this Agreement who are registered shareholders and/or beneficial owners of common shares of the Financial Institution
(each, a “**Group Member**” and collectively, the “**Nominating Shareholder**”)

RECITALS:

- (i) The Nominating Shareholder has submitted a signed written notice (“**Nomination Notice**”) proposing the nomination of the individuals listed in the Nomination Notice (each a “**Nominee**” and collectively, the “**Nominees**”) for inclusion in the Financial Institution’s proxy circular, form of proxy and ballot for the Financial Institution’s next annual meeting of shareholders (“**Shareholder Meeting**”) pursuant to the Financial Institution’s Proxy Access Policy (the “**Policy**”);
- (ii) It is a condition for the acceptance of such nominations that the Nominating Shareholder enter into this Agreement with the Financial Institution.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Nominating Shareholder covenants and agrees with the Financial Institution, as follows:

1. Compliance with Law

With respect to the nomination of the Nominees, each Group Member shall comply, and shall ensure that each Nominee complies, with all requirements of the Act and applicable securities legislation and applicable stock exchange rules respecting:

- (a) the submission of a shareholder proposal (including section 143 of the Act);
- (b) the nomination and qualification of individuals to serve as directors of the Financial Institution (including section 160 of the Act); and
- (c) the solicitation of proxies and/or votes with respect to the election of directors (including sections 156.01 and 156.05 of the Act and National Instrument 54-101 – *Communication With Beneficial Owners of Securities of a Reporting Issuer*),

and each Group Member shall provide to the Financial Institution such information and certification as may be required to enable the Financial Institution to satisfy all applicable requirements of the Act, applicable securities legislation and applicable stock exchange rules in connection with the solicitation of proxies in respect of the election of the Nominees.

2. Liabilities

Each Group Member, jointly and severally with each of the other Group Members forming part of the Nominating Shareholder, assumes all liability stemming from an action, suit or proceeding concerning any actual or alleged legal or regulatory violation arising out of any communication by the Nominating Shareholder, including a communication by any of its Group Members, or any of the Nominees with the Financial Institution, its shareholders or any other person in connection with the nomination or election of directors, including, without limitation, the Nomination Notice.

3. Indemnification of the Financial Institution

Each Group Member, jointly and severally with each of the other Group Members forming part of the Nominating Shareholder, indemnifies and shall hold harmless the Financial Institution, its affiliates, and each of their respective directors, officers and employees against any liability, loss, damages, expenses or other costs (including attorneys' fees) incurred in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Financial Institution or any of its directors, officers or employees arising out of or in any way relating to:

- (a) the submission of the Nominating Notice;
- (b) any communication by the Nominating Shareholder or any of the Nominees with respect to the Shareholder Meeting;
- (c) any failure or alleged failure of the Nominating Shareholder or any of the Nominees to comply with, or any breach or alleged breach of, its or their obligations, agreements or representations contained in this Agreement or under the Policy.

4. Notice of Inaccuracies in Nominating Notice or Failure to Comply with Eligibility

In the event that:

- (a) any information included in the Nomination Notice, or any other communication by the Nominating Shareholder, including a communication by any of its Group Members, with the Financial Institution, its shareholders or any other person in connection with the nomination or election of directors is not or ceases to be true and accurate in all material respects (including where it contains an untrue statement of material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made); or
- (b) the Nominating Shareholder (including any Group Member) has failed to continue to satisfy the eligibility requirements described in section (c) of the Policy,

then the Nominating Shareholder shall promptly (and in any event within 48 hours of discovering such misstatement, omission or failure) notify the Financial Institution (x) of the misstatement or omission in such previously provided information and of the information that is required to correct the misstatement or omission, or (y) such failure. It is acknowledged and agreed that providing such notification shall not be deemed to cure any defect and does not affect the Financial Institution's right to omit the Nominees from its proxy materials pursuant to Section (e) of the Policy).

5. Certain Rules of Interpretation

In this Agreement:

- (a) Meaning of Act - "**Act**" means the *Bank Act*, as in effect on the date of this Agreement.
- (b) Consent - Whenever a provision of this Agreement requires an approval or consent and the approval or consent is not delivered within the applicable time limit, then, unless

otherwise specified, the party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

- (c) Governing Law - This Agreement is a contract made under and shall be governed by and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario without regard to the conflict of laws principles applicable in such jurisdiction.
- (d) Headings - Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.
- (e) Including - Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".
- (f) No Strict Construction - The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.
- (g) Number and Gender - Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.
- (h) Schedules - The schedules to this Agreement are an integral part of this Agreement.

6. **Miscellaneous**

- (a) This Agreement enures to the benefit of and is binding upon the parties and their successors and assigns.
- (b) No amendment, supplement, modification, waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any party, shall be binding unless executed in writing by the party to be bound.
- (c) No party may assign this Agreement or any rights or obligations under this Agreement without the prior written consent of each of the other parties.
- (d) Each party submits to the exclusive jurisdiction of any Ontario courts sitting in Toronto in any action, application, reference or other proceeding arising out of or related to this Agreement and agrees that all claims in respect of any such actions, application, reference or other proceeding shall be heard and determined in such Ontario courts. Each of the parties irrevocably waives, to the fullest extent it may effectively do so, the defence of an inconvenient forum to the maintenance of such action, application or proceeding. Each party consents to any action, application, reference or other proceeding arising out of or related to this Agreement being tried in Toronto and, in particular, being placed on the Commercial List of the Ontario Superior Court of Justice.

7. **Language**

The parties confirm that it is their wish that this Agreement, as well as any other documents relating to this Agreement, including notices, schedules and authorizations have been and shall be drawn up in the English language only. *Les signataires confirment leur volonté que la présente convention, de même que tous les documents s'y rattachant, y compris tout avis, annexe et autorisation, soient rédigés en anglais seulement.*

8. Counterpart Signatures

This Agreement may be executed in counterparts and delivered by means of facsimile or portable document format (PDF), each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

BANK OF MONTREAL

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE 1
GROUP MEMBERS

Print
Name: _____

Print
Name: _____

Print
Name: _____

Print
Name: _____

Print
Name: _____

Print
Name: _____