

BMO Financial Group

# 2018 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT AND PUBLIC ACCOUNTABILITY STATEMENT



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On the cover: Asia Shahulhameed,  
Systems Manager, Enterprise AML

## Who We Are

Established in 1817, BMO Financial Group is a highly diversified financial services provider based in North America. We are the eighth largest bank in North America by assets, with total assets of \$774 billion, and an engaged and diverse base of employees. BMO provides a broad range of personal and commercial banking, wealth management and investment banking products and services, conducting business through three operating groups: Personal and Commercial Banking, BMO Wealth Management and BMO Capital Markets. We serve eight million customers across Canada through our Canadian personal and commercial

arm, BMO Bank of Montreal. In the United States, we serve customers through BMO Harris Bank, based in the U.S. Midwest, with more than two million personal, business banking and commercial customers. We also serve customers through our wealth management businesses – BMO Global Asset Management, BMO Nesbitt Burns, BMO Private Banking, BMO Insurance and BMO InvestorLine. BMO Capital Markets, our investment and corporate banking and trading products division, provides a full suite of financial products and services to North American and international clients.

## Our Strategic Framework

BMO is dedicated to pursuing growth in a responsible and sustainable manner. Our sustainability principles sit alongside our strategic priorities and represent the inextricable connection between financial performance and corporate responsibility. Our success as a business depends on meeting our commitments to our community and our planet, our employees and our customers. Where they connect is the source of sustainable growth.

### Our Strategic Priorities

1. Drive leading growth in priority areas by earning customer loyalty

2. Simplify, speed up, and improve productivity

3. Harness the power of digital and data to grow

4. Be leaders in taking and managing risk, consistent with our overall risk appetite

5. Activate a high-performance culture.

### Our Sustainability Principles

#### 1. Social Change

Helping people adapt and thrive by embracing diversity and tailoring our products and services to meet changing expectations.

#### 2. Financial Resilience

Working with our customers to achieve their goals, and providing guidance and support to underserved communities.

#### 3. Community-Building

Fostering social and economic well-being in the places where we live, work and give back.

#### 4. Environmental Impact

Reducing our environmental footprint while considering the impacts of our business.

We balance our commitments to all stakeholders as we pursue our business strategy and strive to fulfill our broader social responsibilities.

### A Foundation of Trust

To continue earning the trust of our stakeholders, we act with integrity, communicate with transparency and uphold the highest standards of sound, ethical governance.

## A Message from the CEO

At BMO, we like to say that we're bankers, but we're not just bankers. We understand that our bank has an important role to play in convening people around important causes, in acting as a catalyst for meaningful action, and in empowering change that sustains growth and enhances social good. At the same time, we know that being a responsible bank means listening carefully to stakeholders, asking tough questions and looking for answers that achieve the right balance within a range of priorities.

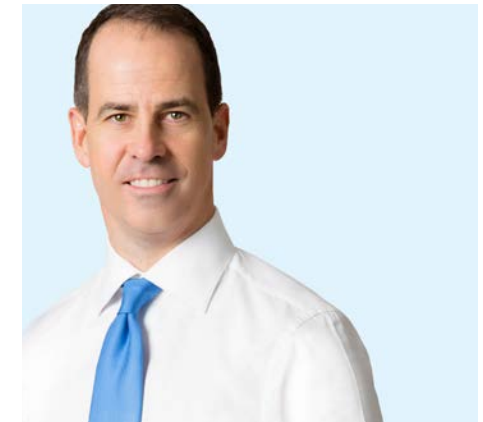
This is the perspective we bring to our 2018 Environmental, Social and Governance Report and Public Accountability Statement. And it's a worldview that frames all of our decision-making as we put the bank's strategy into action. Our strategic priorities are complemented by a set of sustainability principles that shape how we conduct business, make key decisions, prudently manage risk and drive long-term growth.

Our bank has always believed in the value of taking the longer view. As we serve our customers today, we're also helping them save, borrow and invest for the future. And the returns we produce for BMO shareholders are part of a broader effort to drive sustainable economic growth over the long term. Because we know our success as a business depends on our efforts to build stronger, healthier, more prosperous communities that grow and endure.

Taking the longer view also means gaining other perspectives. For instance, in our relationships with employees, customers, business partners and other stakeholders, we are taking seriously our responsibility to respect human rights, consistent with the expectations of the United Nations Guiding Principles on Business and Human Rights. And in facilitating the transition to a lower-carbon economy, we not only assess social and environmental risk as part of our responsible banking approach; we were one of the first banks globally to publicly support the recommendations of the Task Force on Climate-related Financial Disclosure. We spotlight both human rights and climate change in this year's report. It's an example of how our reporting evolves in response to emerging issues – as do the steps we take to address them.

Part of our role as a responsible bank is to dig deeper into the pressing issues of our time. One area where we've intensified our focus is the challenge of economic disparity. Across BMO's North American footprint, and particularly in urban centres, inequalities of opportunity continue to impede prosperity. As a vital financial intermediary, we can help to reshape the conditions that give rise to these chronic imbalances. In determining where to place our focus, we consult with stakeholders of every type, including community partners who are seeing the impacts of these inequalities on both a macro and local level. Consultations like these have catalyzed initiatives like our recently announced public and private sector collaboration launched in partnership with United Way Greater Toronto, which we hope will uncover potential models for more inclusive economic development across urban areas on both sides of the border where inequities persist.

As long as the world refuses to stand still, the specific challenges we face will continue to change – and BMO's approach to sustainability will evolve and adapt in step. What won't change is our dedication to transparency, accountability, sound governance and the highest standards of ethical conduct.



The impact of BMO's sustainability commitment can't be fully captured in a report. It's the sum of all the concrete actions we take each day to fulfill what society expects of us, and what we expect of ourselves. And it reinforces the bedrock of earned trust that enables us to continue moving forward, helping our customers meet their goals and working alongside all of our stakeholders to strengthen the social and economic well-being of the communities we serve. Thinking for the long term is not just a cornerstone of our business; it's fundamental to who we are and the values we share with all of our stakeholders.

Darryl White  
Chief Executive Officer  
BMO Financial Group

## A Message from the Chair, Sustainability Council

Sustainability is a driver of innovation and opportunity for BMO, aligning our business objectives with our social purpose. With the growth of our sustainable finance business in 2018, we can see how our greatest sustainability impacts often occur through collaboration with our customers. And through ongoing engagement with our investors and other stakeholders, our approach to sustainability has allowed us to identify shared interests and to build trust.

This year we are releasing our ESG Report to coincide with the publication of our 2018 Annual Report, to align our sustainability disclosure with our disclosure of financial and operating results, where possible.

New in this report is a detailed, issues-focused ESG Scorecard that includes Sustainable Accounting Standards Board (SASB) and Global Reporting Initiative (GRI) indicators. Our goal is to make these metrics and measures more helpful for analysts and investors in their investment decision-making, while also building on the work being done by organizations like SASB. We also reported under the GRI Standards reporting framework, transitioning from the G4 guideline we applied in 2017. In January, BMO was one of the first banks in the world to support the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). Since then, we've taken the following steps:

- Rolled out training focused on TCFD and climate change for our Board of Directors on the emerging risks and opportunities associated with climate change.
- Enhanced our climate-related disclosure to align with the TCFD recommendations, for example in our updated Statement on Climate Change and our Management's Discussion and Analysis.
- Developed an innovative TCFD index – on page 64 of this report and in the 2018 Annual Report – showing integration of our disclosure.
- Taken significant steps to incorporate scenario analysis into our approach to risk assessment for risks related to climate change.

Perhaps most importantly, we assisted our clients in navigating the global transition to a lower carbon economy, including the underwriting of more than \$6.3 billion in green or sustainable bonds.

We were proud to be recognized by the TCFD in its September 2018 Status Report surveying global disclosure practices.

BMO's commitment to diversity is evident across all levels of the organization. Today, 40% of our senior leader roles and more than one third of our independent board members are women. We were recognized by Thomson Reuters in its Global Diversity & Inclusion Index – the only Canadian bank amongst the top 25 companies listed. We were also listed on the Bloomberg Financial Services Gender-Equality Index for the third year in a row. Our commitment to diversity also aligns with our pursuit of sustainable business opportunities, such as our lending commitments of \$3 billion in new funds to companies led by women entrepreneurs.

The United Nations Sustainability Development Goals (SDGs) continue to inform sustainability strategy, particularly in our pursuit of emerging opportunities in sustainable finance, and our disclosure, which are linked to specific SDGs on page 7 of this report. In 2018, BMO Capital Markets underwrote a \$1.2 billion World Bank sustainable development bond responding directly to the SDGs, in support of the empowerment of women and girls.



To augment our ESG leadership, we appointed a Chief Sustainability Officer, who is responsible for enterprise-wide sustainability strategy. BMO continues to be recognized globally. We were named by the Ethisphere Institute as one of the 2018 World's Most Ethical Companies. BMO was the only Canadian bank, and one of only four banks worldwide, to be named to the list. We also continue to be listed on the Dow Jones Sustainability North America Index. See page 5 for a full list of awards and recognition.

Thank you for taking the time to review this report. I welcome any questions or feedback through [sustainability@bmo.com](mailto:sustainability@bmo.com)

Simon Fish  
General Counsel and Chair  
BMO Sustainability Council



## Economic Value

Being a responsibly managed bank involves a commitment to recognizing and addressing the needs of everyone whose success contributes to our own. Our commitment extends not just to our customers and shareholders, but also to our employees and the communities where we do business.

We build wealth for a broad range of stakeholders through the financial products, services and advice we provide – and by paying wages and benefits, dividends and taxes, purchasing goods and services, and supporting charitable initiatives.



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

2018 Award of Excellence for Best Campus Career Website from TalentEgg

2018 Bloomberg Financial Services Gender-Equality Index

2018 Disability Equality Index from the American Association of People with Disabilities

2018 Thomson Reuters Global Diversity & Inclusion Index

*Canadian Lawyer InHouse* Innovatio Award for Compliance, Large Department category

Corporate Mentor Award from TEMPO Milwaukee

Corporate Partner of the Year Award from the Center for Disability and Elder Law

Dow Jones Sustainability North America Index

Ethibel Sustainability Index (ESI) Excellence Global

Euronext Vigeo index: World 120

Excellence in Governance Award for Best Compensation Disclosure and Communication from the Governance Professionals of Canada

Excellence in Governance Award for Best Practices in Subsidiary Governance from the Governance Professionals of Canada

FTSE4Good Series Index

Gold certification in Progressive Aboriginal Relations from the Canadian Council for Aboriginal Business

Inaugural Spirit of Hope Award from Association House of Chicago

ISS-oekom Prime

Most Dedicated In-House Legal Department Award from Pro Bono Ontario

One of the 2018 Best Workplaces in Canada – Great Place to Work Institute Canada

One of the 2018 Canada's Best 50 Corporate Citizens – Corporate Knights

One of the 2018 Canada's Most Admired Corporate Cultures – Waterstone Human Capital

One of the 2018 World's Most Ethical Companies – Ethisphere Institute

Outstanding Corporate Citizen Award from Chicago Foundation for Women

Outstanding Employer Internship Program Award from the Milwaukee Area College Internship Consortium

STOXX Global ESG Leaders Index

Top Corporate Partner Award from United Way of Metro Chicago

<sup>1</sup> ESG-related. For a complete list, refer to [Awards and Recognition](https://www.bmo.com/home/about/banking/corporate-information/awards-and-recognition)

## About This Report

BMO's 2018 Environmental, Social and Governance (ESG) Report and Public Accountability Statement (PAS) covers our 2018 fiscal year (November 1, 2017 to October 31, 2018). We publish an ESG Report and PAS annually. The date of our previous report (for fiscal 2017) is February 2018. Unless otherwise noted, the information presented here is as at October 31, 2018, and all dollar amounts are in Canadian funds. Performance data in this report is enterprise-wide, unless otherwise stated. Where there has been a change in measurement methods, we have either identified the change in a footnote or described the change in the Glossary of Terms on pages 84–87.

## ESG Report

Our ESG Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and the GRI Financial Services Sector Disclosure, and meets the requirements for a Core report. A GRI Content Index is provided on pages 66–83.

### Our suite of publications:

Throughout this report, we refer to the following publications, all of which are available on our corporate website at [www.bmo.com](http://www.bmo.com):

- Annual Report
- Employment Equity Narrative Report
- Management Proxy Circular

The content of this ESG Report was shaped by the findings of a materiality assessment we conducted in June 2017, which were based on the GRI G4 Sustainability Reporting Guidelines.

BMO is currently taking steps to implement the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), which includes qualitative disclosure, as well as quantitative analysis of climate-related financial risks relating to lending portfolios. Complete phase-in of the TCFD's recommendations will occur in line with the TCFD's recommended implementation period. A TCFD Index is provided on pages 64–65.

For the third consecutive year, we have aligned our priority topics with specific Sustainable Development Goals (SDGs). Relevant SDG symbols appear at the start of each section in this report. We have correlated our priority topics with related SDGs in our ESG Scorecard on pages 8–10.

## 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 90–102.

## Your Feedback

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

### Symbol Key

-  Index
-  Sustainable Development Goal (SDG)
-  More information
-  Chapter icon
-  2018 facts/figures assured by KPMG
-  XX Navigate to another section/page



## Sustainable Development Goals

The [United Nations Sustainable Development Goals \(SDGs\)](#) are a universal call to action to end poverty, protect the planet and ensure that all people are able to enjoy peace and prosperity. Each of the 17 Goals includes specific targets, some of which are meant to be reached by 2030, along with indicators that are intended to help focus efforts, monitor progress and promote accountability.

This is the third year in which we have aligned the priority topics discussed in our ESG Report with specific SDGs. The SDGs also inform our sustainability priorities and have inspired our work in areas such as sustainable finance. Relevant SDG symbols appear at the start of each section in this report. Our ESG Scorecard on pages 8–10 lists BMO's priority topics with related SDGs and GRI material topics.

The table on this page sets out the five SDGs and targets for which we believe BMO can have the greatest impact.

Note: Additional SDGs and BMO's response are included throughout the report.

Social Change		Community Building		Financial Resilience	Environmental Impact
<b>5</b> GENDER EQUALITY	Achieve gender equality and empower all women and girls	<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote sustainable industrialization and foster innovation	<b>10</b> REDUCED INEQUALITIES	Reduce inequality within and among countries
<b>SDG target 5.5</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.		<b>SDG target 9.3</b> Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.		<b>SDG target 10.2</b> By 2030, 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.	
<b>What BMO is doing:</b> We have established goals for achieving a more diverse workforce representation by 2020. See page 48.		<b>What BMO is doing:</b> BMO Harris Bank makes community development financing available through community reinvestment activities, supporting economic development, community services and affordable housing. See page 33.		<b>What BMO is doing:</b> Our long history of recognizing and addressing the needs of Aboriginal peoples includes providing financial advice to businesses on reserve lands, partnering with communities on their economic development initiatives, and offering customized trust and investment management solutions. See page 31.	
<b>SDG target 12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.		<b>SDG target 12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.		<b>SDG target 12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	
<b>What BMO is doing:</b> Across the enterprise, BMO has been carbon neutral since 2010.		<b>What BMO is doing:</b> Our ECO <sup>2</sup> Strategy is an organizational framework built around five key BMO operational activities that have the potential to significantly impact the environment. See pages 57–59.		<b>What BMO is doing:</b> BMO Capital Markets partnered with the World Bank on two sustainable development (SD) bonds. See page 39.	
<b>SDG target 13.2</b> Integrate climate change measures into national policies, strategies and planning.		<b>SDG target 13.2</b> Integrate climate change measures into national policies, strategies and planning.		<b>SDG target 13.2</b> Integrate climate change measures into national policies, strategies and planning.	
<b>What BMO is doing:</b> We help facilitate government efforts to transition to a low-carbon economy. For example, BMO Capital Markets was joint lead/bookrunner on the province of Ontario's \$1 billion green bond. See page 39.		<b>What BMO is doing:</b> BMO Capital Markets participates in renewable energy equity and debt financing and provides loan commitments to renewable energy entities and projects. See pages 38–39.		<b>What BMO is doing:</b> BMO Capital Markets participates in renewable energy equity and debt financing and provides loan commitments to renewable energy entities and projects. See pages 38–39.	

## ESG Scorecard

Indicator definitions are listed in the Glossary of Terms on pages [84-87](#).

### Notes

1. Fiscal year (November 1 to October 31)
2. Based on normal employee turnover, a completion rate of 97% or above is considered to include 100% of the employee population (see definition of Ethics Training in the Glossary of Terms).
3. Data for 2016 includes Canada and United States only.
4. Available online in June 2019 at: [Environmental Performance](#)
5. Versus baseline year 2016
6. Estimated
7. Data for 2016 has been restated as we have changed from reporting renewable energy purchases to use of purchased renewable energy certificates (RECs).
8. Includes BMO Annual Volunteer Day and Days of Caring
9. Data based on 2016 and 2017 Proxy Circular
10. Minimum of 40% women and men in each line of business
11. In the 2017 ESG Report and PAS
12. Assets held in the BMO Global Asset Management range of Responsible Funds
13. As at September 30
14. Restated as previous data was Canada and United States only.

▲ 2018 data for this metric externally assured.

Priority Topics and Associated Metrics	2018 <sup>1</sup>	2017 <sup>1</sup>	2016 <sup>1</sup>	Reporting Standard	SDG	Target (if applicable)
<b>Access to Banking Services/Financial Inclusion</b>						
Indigenous Nation/communities with which BMO has a relationship – Canada (total #)	225	–	–		10	
First Nations participating in BMO's On-Reserve Housing Loan Program (total #) <sup>▲</sup>	110	102	97	GRI	10	
Initiatives to improve access to financial services for underbanked people (free/discounted banking services)	Page <a href="#">32</a>	Page 28	Page 28	GRI, SASB	10	
Loans made available under BMO's On-Reserve Housing Loan Program (\$ millions)	225	226	225	GRI	10	
<b>Business Conduct</b>						
Ethics training (% completion) <sup>▲</sup>	99.7	99.7	99.6	GRI		97% <sup>2</sup>
Description of whistleblower policies and procedures	Page <a href="#">17</a>	–	–	SASB		
Significant fines or monetary sanctions <sup>▲</sup>	0	0	0 <sup>3</sup>	GRI		0
<b>Climate Change and Environmental Impact</b>						
Financial implications and other risks and opportunities for the organization's activities due to climate change	Page <a href="#">64</a>	–	–	GRI	13	
Scope 1 emissions data (tCO <sub>2</sub> e)	TBD <sup>4</sup>	38,064	19,311	GRI	12,13	15% reduction by 2021 <sup>5</sup>
Scope 2 emissions data (tCO <sub>2</sub> e)	TBD <sup>4</sup>	103,350	63,057	GRI		
Scope 3 emissions data (tCO <sub>2</sub> e)	TBD <sup>4</sup>	21,834	92,900	GRI		
Use of purchased renewable energy certificates (RECs)	153,986 <sup>6</sup>	158,749	115,138 <sup>7</sup>			90% of Scope 2 by 2019
<b>Consumer Protection and Transparency</b>						
Policies for the fair design and sale of financial products and services	Page <a href="#">75</a>	–	–	GRI, SASB		
<b>Contributing to Our Communities</b>						
Donations – Canada and United States (\$ millions) <sup>▲</sup>	63.5	62.3	57.3	GRI	9	
Employee volunteer hours <sup>8</sup>	19,500	17,000	16,380	GRI	9	
Total raised for charities through the BMO Employee Giving Campaign (\$ millions)	22.3	21.6	18.5	GRI	9	
<b>Corporate Governance</b>						
Average tenure of members of Board of Directors (years)	8	8 <sup>9</sup>	7 <sup>9</sup>			
Women on Board of Directors (% of independent directors)	35.7	42.0	36.4	GRI	5	No less than 1/3

## ESG Scorecard cont'd

Indicator definitions are listed in the Glossary of Terms on pages [84-87](#).

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Priority Topics and Associated Metrics	2018 <sup>1</sup>	2017 <sup>1</sup>	2016 <sup>1</sup>	Reporting Standard	SDG	Target (if applicable)
<b>Customer Experience</b>						
Average time to complete Banking reviews by BMO's Office of the Ombudsman (days)▲	37	63	59.5			
Average time to complete Investment reviews by BMO's Office of the Ombudsman (days)▲	43	95	78			
Banking reviews completed by BMO's Office of the Ombudsman▲	250	247	215			
Investment reviews completed by BMO's Office of the Ombudsman▲	41	56	50			
Customer loyalty surveys completed	350,937	301,094	223,844	GRI		
<b>Cyber, Information Security and Privacy</b>						
Substantiated complaints regarding breaches of customer privacy and losses of customer data (total #)	8	6	0	GRI		
<b>Diversity and Inclusion</b>						
Age of workforce (breakdown)	Page <a href="#">48</a>	–	–	GRI	10	
Gender equity in senior leader roles – Canada and United States (%)▲	39.7	40.1	39.0	GRI	5,10	40% <sup>10</sup> by 2020
Indigenous peoples – Canada (% of total workforce)▲	1.1	1.2	1.3	GRI	10	1.6% by 2020
Minorities in senior roles – Canada (%)▲	31.9	29.2	26.9	GRI	10	30% by 2020
People of color in senior roles – United States (%)▲	17.8	16	14	GRI	10	20% by 2020
Persons with disabilities – Canada and United States (% of total workforce)▲	3.9	3.6	3.0	GRI	10	4.5% by 2020
Women in workforce (%)	55.6	56.3	56.8	GRI	5	
<b>Employee Engagement</b>						
Annual employee survey participation rate (%)▲	90	90	90	GRI		
Employee Engagement Index (EEI)▲	84	83	80	GRI		87% by 2020
<b>Executive Compensation</b>						
Remuneration policies for the Board and senior executives	Page <a href="#">20</a>	–	–	GRI		
Women in executive officer roles (%)	23	21	25	GRI	5	
<b>Financial Literacy</b>						
Initiatives to enhance financial literacy by type of beneficiary	Page <a href="#">52</a>	–	–	GRI	10	

## ESG Scorecard cont'd

Indicator definitions are listed in the Glossary of Terms on pages [84-87](#).

Priority Topics and Associated Metrics	2018 <sup>1</sup>	2017 <sup>1</sup>	2016 <sup>1</sup>	Reporting Standard	SDG	Target (if applicable)
<b>Human Rights</b>						
Employee training on human rights policies or procedures (total hours)	17,515	20,598	19,129	GRI		
Equator Principles Reporting	<a href="#">Page 37</a>	–	–			
<b>Learning and Development</b>						
Average training hours per full-time equivalent employee (# of hours) <sup>▲</sup>	25.0	23.7	26.9	GRI	4	
Employees receiving regular performance and career development reviews (%)	100	–	–	GRI		100
Investment in training (\$ millions) <sup>▲</sup>	78.1	71.6	80.0	GRI	4	
<b>Responsible Banking</b>						
Community development loans – United States (US\$ millions)	593.7	552.0	652.9		9	
Lending to natural resources sector (breakdown by industry)	<a href="#">Page 38</a>	<a href="#">Page 32</a> <sup>11</sup>	–			
Renewable energy – participation in equity and debt financing (\$ billions) <sup>▲</sup>	6.8	6.4	2.4		13	
Renewable energy – loan commitments (\$ billions) <sup>▲</sup>	3.9	4.2	3.6		13	
Sustainable finance underwritten by BMO Capital Markets (US\$ billions)	6.3	–	–		1, 5, 13	
<b>Responsible Investing</b>						
Assets under management (US\$ billions) <sup>12</sup>	2.9 <sup>13</sup>	2.4 <sup>13</sup>	–		5, 6, 10	
Community development investments – United States (US\$ millions)	169.0	190.3	182.3	GRI	5, 6, 10	
Integration of ESG factors into investment analysis and decisions	<a href="#">Page 34</a>	–	–	SASB		
Description of proxy voting and investee engagement policies and procedures	<a href="#">Page 36</a>	–	–	SASB		
<b>Talent Attraction and Retention</b>						
Voluntary turnover rate – enterprise-wide (%) <sup>▲</sup>	10.9	11.1 <sup>14</sup>	11.0 <sup>14</sup>	GRI	8	
Voluntary turnover rate – Canada and United States (by region and gender)	<a href="#">Page 45</a>	<a href="#">Page 36</a> <sup>11</sup>	–	GRI	8	
Open positions filled by internal candidates (%)	39	53	XX		8	
Benefits eligibility	<a href="#">Page 44</a>	–	–	GRI	8	

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▲ 2018 data for this metric externally assured.

## Engaging Our Stakeholders

Our business succeeds when we listen closely to our customers, work hard to understand their priorities and respond meaningfully to their concerns.

“To thrive and grow as a society we need to constantly have our views challenged. In fact, what we really need is to spend more time with more people who disagree with us. Sameness ultimately leads to ignorance, while diversity of thought breeds innovation.”

– Darryl White  
CEO, BMO Financial Group

We are committed to taking a similar approach when we engage with the broader community of stakeholders who contribute to our success and are affected by the way we do business, including our employees and investors, as well as governments, regulators and civil society at large. In this time of accelerating change and growing expectations for financial institutions and their role in society, it’s more important than ever for us to understand what our many diverse stakeholders are thinking, exchange ideas with them and work to turn new insights into effective action.

We engage with our stakeholders in the course of our day-to-day business operations, as well as through ESG-specific activities. Here are some examples:

Stakeholder Group	Engagement Activities		Key ESG Issues Raised	
Customers	<ul style="list-style-type: none"> <li>• Advisory panels</li> <li>• Complaints management process (e.g., BMO’s Ombudsman Office)</li> <li>• Customer experience surveys (see page 23)</li> </ul>	<ul style="list-style-type: none"> <li>• Dedicated mailboxes</li> <li>• Focus groups</li> <li>• Meetings, phone calls and email correspondence</li> <li>• Social media</li> <li>• Stakeholder ESG surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Business conduct</li> <li>• Fees and interest rates</li> <li>• Financial hardship</li> <li>• Fraud and fraud prevention</li> </ul>	<ul style="list-style-type: none"> <li>• Level of service</li> <li>• Marketing campaigns and rewards</li> <li>• Policies and procedures</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Dedicated mailboxes</li> <li>• Enterprise Resource Groups</li> <li>• Internal grievance mechanisms</li> <li>• Senior leader internal blogs</li> <li>• Stakeholder ESG surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Surveys (ad hoc surveys, annual employee survey) (see page 42)</li> <li>• Team meetings</li> <li>• Town halls</li> </ul>	<ul style="list-style-type: none"> <li>• Career development</li> <li>• Customer experience</li> <li>• Diversity and inclusion in the workplace</li> </ul>	<ul style="list-style-type: none"> <li>• Employee wellness</li> <li>• Ethical culture and shared values</li> </ul>
Shareholder and Investor Community	<ul style="list-style-type: none"> <li>• Annual meeting</li> <li>• Disclosure of interim and annual financial results</li> <li>• Investor conferences</li> <li>• Investor Relations website</li> <li>• Management proxy circular</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings, phone calls and email correspondence</li> <li>• Quarterly conference calls</li> <li>• Stakeholder ESG surveys</li> <li>• Shareholder and Investor dialogue</li> </ul>	<ul style="list-style-type: none"> <li>• Business conduct and related policies and procedures</li> <li>• Corporate governance and disclosure practices</li> <li>• Corporate structure, lines of business and geographical footprint</li> </ul>	<ul style="list-style-type: none"> <li>• Credit performance</li> <li>• Financial performance</li> <li>• Human rights</li> <li>• Leadership development and succession planning</li> <li>• Management of key risks, including cyber security</li> <li>• Sales practices</li> </ul>
Government and Regulators	<ul style="list-style-type: none"> <li>• Meetings, phone calls and email correspondence</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory submissions</li> </ul>	<ul style="list-style-type: none"> <li>• Carbon pricing</li> <li>• Climate change initiatives in the financial services sector (e.g., TCFD)</li> <li>• Sustainable finance</li> </ul>	<ul style="list-style-type: none"> <li>• Supporting women entrepreneurs</li> <li>• Sustainable development goals</li> </ul>
Civil Society	<ul style="list-style-type: none"> <li>• Interviews</li> <li>• Meetings, phone calls and email correspondence</li> <li>• Questionnaires</li> <li>• Research papers (on key issues for our industry)</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder ESG surveys</li> <li>• Surveys (on key issues for our organization)</li> </ul>	<ul style="list-style-type: none"> <li>• Access to banking/ financial inclusion</li> <li>• Business conduct</li> <li>• Climate change</li> <li>• Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible investing</li> <li>• Responsible lending</li> <li>• Transparency and consumer protection</li> </ul>



## Materiality

BMO conducted a materiality assessment in 2017 that was based on the GRI G4 Sustainability Reporting Guidelines. This assessment resulted in the development of a BMO materiality matrix, in which the topics our stakeholders identified as important for our sustainability disclosure were grouped and prioritized. Our three-stage assessment process from page 10 of our [2017 Environmental, Social and Governance Report](#) is to the right.

In 2018, we advanced our stakeholder engagement and focused on understanding investor expectations for our sustainability disclosure. With the assistance of a third-party consultant, we surveyed and interviewed several analysts and investors, asking them to share their thoughts about the key metrics we use for tracking and reporting our ESG performance, our disclosure frameworks, and our overall approach to ESG management and reporting.

We also undertook direct engagement with several investors on ESG issues. This work remains ongoing.

A summary of the preliminary findings was shared with our Sustainability Council and Investor Relations team. This engagement has helped shape the metrics included in this year's ESG Scorecard, and it will inform future ESG management and reporting practices.

As our ESG reporting evolves, we need to ensure that the metrics we are using are relevant and meaningful to our stakeholders. Our ongoing engagement with stakeholders will help us better understand their priorities and concerns so that we can meet their expectations.

1.

### Topic identification

- Identified 19 potential ESG topics in a broad review of global research and analysis that considered the specific issues facing our industry, reports on trends, sustainability reporting by peers in our industry, and widely acknowledged frameworks such as the GRI Standards and Financial Services Sector Disclosures.

2.

### Prioritization

- Surveyed more than 3,300 individuals – a representative sampling of employees, customers, investors, communities/civil society organizations (CSO) and BMO leaders in North America, Europe and Asia – in order to find out how they rated each of the 19 potential topics on a four-point scale, based on its level of importance to BMO and BMO's stakeholders, as well as how effective they believe BMO has been in addressing the topic.
- Plotted the topics on a materiality matrix based on their average survey ratings.
- Conducted in-depth interviews with select investors, community/CSO representatives and BMO leaders to gain an understanding of the context for the survey scores and comments, and to identify any other topics, risks and opportunities that we should consider and address.

3.

### Validation

- Conducted an internal workshop with BMO leaders and subject-matter experts in which we reviewed and validated the topics on the materiality matrix. Participants also considered topics that fell below the threshold of materiality, as well as a number of other topics cited during the online survey and in-depth interviews, to determine whether any of those topics should also be addressed in some way in the ESG Report.
- Presented the final materiality matrix – including an indication of the priority topics to be discussed in our ESG Report and their alignment with specific topics in the GRI Content Index – to BMO's Sustainability Council for validation.

## Materiality Matrix

This matrix reflects the results of our 2017 materiality assessment, and the priority topics are grouped under the same four themes. Average survey scores, with a maximum of 4.00, based on the extent to which stakeholders felt that a particular topic should be considered important to BMO, are shown in parentheses.

The priority topics are discussed on pages 14 through 63. For each priority topic, we have included a definition and an introduction explaining why it is important to BMO.

Along with the 16 priority topics discussed in the 2017 ESG Report and PAS, this year we have also included discussions that specifically address human rights and climate change (see pages 60 and 62, respectively). While these two subjects were discussed to some extent within the scope of last year's report, we decided to bring them into closer focus and provide additional disclosure this year.



### Managing Our Business

- 1 Business Conduct (3.80)
- 2 Consumer Protection and Transparency (3.73)
- 3 Corporate Governance (3.59)
- 4 Customer Feedback (3.38)
- 5 Executive Compensation (3.29)
- 6 Privacy and Data Security (3.82)



### Advancing Responsible Banking & Investing

- 7 Access to Banking/Financial Inclusion (3.23)
- 8 Responsible Investing (3.38)
- 9 Responsible Lending (3.40)
- New topics in 2018:**
- Human Rights
- Climate Change



### Inspiring Our People

- 10 Diversity and Inclusion (3.45)
- 11 Employee Engagement (3.30)
- 12 Learning and Development (3.27)
- 13 Talent Attraction and Retention (3.27)



### Building Sustainable Communities

- 14 Contributing to Our Communities (3.02)
- 15 Financial Literacy (3.13)
- 16 Reducing Our Environmental Footprint (3.05)

Joseph Mari, Senior Manager, AML Risk Advisory and Special Initiatives, Enterprise AML, is the lead coordinator and spokesperson for Project PROTECT, a public-private initiative to combat money laundering and human trafficking.



## Managing Our Business

Stakeholders can count on BMO to consistently demonstrate responsible behaviour, guided by values and principles which help us make business decisions that respect their concerns – and which also help us identify risks, assess opportunities and manage our business successfully.

35.7%

of the independent directors on BMO's Board are women

350,937

customer loyalty surveys completed



BMO was named one of the 2018 World's Most Ethical Companies by the Ethisphere Institute

### Alignment with SDGs



### Priority Topics in This Section

- Business conduct
- Corporate governance
- Executive compensation
- Customer feedback
- Consumer protection and transparency
- Cyber, information security and privacy

## Fighting Human Trafficking

BMO's anti-money laundering group, leading a unique partnership of banks, police forces and other stakeholders, uncovers the digital trails left by criminals who traffic in human lives.

"There's nothing you can do to change the past. But you can do everything to change the future." This is the challenge posed by Timea Nagy, a young woman who was lured to Canada from her native Hungary and forced to work in the sex trade. Having survived that harrowing ordeal, she now works on raising awareness and supporting others whose lives have been impacted by human trafficking.

Addressing a Canadian conference on anti-money laundering (AML) in late 2015, Timea asked financial institutions to do more to thwart criminals who force vulnerable people into slavery – and BMO stepped up. A team of experts in our AML group created Project PROTECT, a unique alliance of banks, regulators, police forces, government policymakers, NGOs and technology companies. Their shared goal: to increase awareness of this vicious criminal activity among all stakeholders and, more specifically, to report suspicious transactions to FINTRAC – Financial Transactions and Reports Analysis Centre of Canada – which works to detect and prevent money laundering and the financing of criminal and terrorist activities.

### A GLOBAL CRIME

Human trafficking is the third most prevalent criminal activity worldwide. Every year, as many as 800,000 people are transported illegally across international borders; more than 70% of these people are female, and 28% are children. But human trafficking is a homegrown issue as well: 95% of cases investigated by the Royal Canadian Mounted Police are domestic. In both Canada and the United States, prosecution rates are low, and convictions are even more rare.

Project PROTECT aims to change that. Participating banks act independently to identify possible human traffickers and report suspicious transactions to FINTRAC, which forwards any information that suggests criminal activity to relevant law enforcement partners, who investigate and, wherever possible, pursue prosecution. FINTRAC also works with the banks to identify red flags associated with human trafficking while safeguarding the privacy of law-abiding customers.

### PARTNERS IN THE FIGHT

Formally launched in early 2016, Project PROTECT had an immediate impact, generating over 4,200 suspicious transaction reports by the end of 2017 – nearly ten times the total prior to the initiative's launch. "When we began, we set our sights on addressing a domestic problem," says Joseph Mari, a senior manager in BMO's Enterprise AML Office. "However, the response the group received back from financial institutions, law enforcement agencies and governments abroad was unexpected and overwhelmingly positive."

Project PROTECT has been embraced by police forces and prosecutors working to secure higher rates of arrest and conviction. Endorsed by law enforcement agencies around the world, the initiative has also been recognized by Canada's Parliament and the United Nations. "We've welcomed the opportunity to be a leader in this area," says Stuart Davis, BMO's Enterprise Chief AML Officer. "We sought to increase awareness of human trafficking among our industry peers and, as a result, the number of suspicious transactions reported – and we've succeeded."

Trafficking survivor Timea Nagy agrees, praising BMO's commitment to protecting not only our customers, but all of society: "Human trafficking remains one of the fastest-growing illegal enterprises. I want to thank the whole team at BMO for helping lead the fight."

Further information: See Appendix: Human Rights on pages [60](#) and [61](#).

BMO was recognized by the Ethisphere Institute as one of the World's Most Ethical Companies in 2018. We were one of only two companies in Canada – as well as the only bank in Canada and one of only four banks in the world – to be named to the list, recognizing our commitment to values-based leadership and ethical business practices.

## Business Conduct

Our business is built on our reputation. We don't take this lightly, because we understand that the way we conduct ourselves in the pursuit of our business objectives has a direct impact on our customers and other stakeholders – and the trust and confidence they have in us. That's why, for us, setting and upholding the highest standards of integrity, transparency and accountability is essential.

### Framing the Topic

#### What we mean by *business conduct*:

Behaviour that is consistently aligned with our Code of Conduct and values, resulting in positive outcomes for all of our stakeholders.

**Who has responsibility:** BMO's General Counsel (GC). Reporting to the GC are various groups like Ethics and Conduct, Compliance, Investigative & Security Services, Office of the Ombudsman, Anti-Corruption and Privacy. Regular reports on the state of conduct across the organization are presented to the Audit and Conduct Review Committee of our Board of Directors.

## OUR APPROACH

Rooted in our values of integrity, empathy, diversity and responsibility, our Code of Conduct (Code) is the foundation for all other BMO policies and procedures. More than a set of rules, the Code is our guide for ethical conduct and responsible decision-making. We make sure that everyone at BMO understands its intent, the values that inform it and the principles it sets out as our ethical framework, so that each of us can do what's right – even when we face difficult choices.

Every year, all BMO employees must complete our Ethics, Legal and Compliance Training (ELCT) program covering a range of topics including ethical conduct, information security, and anti-corruption. Our extensive and ongoing ethics communications efforts reinforce this and help ensure there is a shared understanding of our collective responsibility to do what's right every day, and to speak up candidly when we have questions or concerns. Communications include issue-specific messages, single-subject meetings, handbooks, job aids, interactive polls and videos, all of which are delivered through our intranet, our employee mobile app and in-person presentations. Their content varies widely, often addressing regulatory trends or other issues identified in our investigative processes.

A key premise of our ethical culture is that employees share an obligation to be alert to, and to report, any conduct they witness that contravenes our Code. The channels available for reporting concerns are outlined in the Code and our Raising Concerns Process internal document, and discussed in our annual ELCT program. See Speak Up! on page 17. We make it clear that we will not tolerate retaliation against anyone who reports a concern or participates in an investigation.

BMO's Ethics and Conduct Office is responsible for promoting ethical behaviour and fostering an ethical culture across BMO. To assess the effectiveness of our ethics program, we consider:

- Our communications efforts: The Ethics and Conduct Office communicates BMO's expectations for ethical behaviour to our employees across the enterprise and around the world.
  - Number of communications related to our Code
- Employee engagement: Our employees are engaged and aware of BMO's expectations for ethical behaviour.
  - Responses to BMO Pulse ethics questions earning BMO a score that is equal to or higher than those of other leading companies and financial institutions surveyed

- Interactions with communications related to our Code (averages compared with all BMO communications, e.g., average number of page views, average number of comments and number of "Likes")

- Knowledge: The BMO workforce is knowledgeable about the Code.

- Percentage of learners who reach the 80% mastery level of the Code of Conduct course

Conduct-related assessments are also presented to the Audit and Conduct Review Committee of the Board on a regular basis. These are intended to identify emerging trends that could give rise to potential misconduct.

In addition to our Code, some of our businesses have made voluntary commitments that apply to conduct in their areas of operation. For example, BMO Capital Markets subscribes to the FX Global Code, a set of global principles of good practice in the foreign exchange market, and our Personal and Commercial line of business adheres to many voluntary codes of conduct and public commitments intended to protect consumers. For additional information, see pages 25–26.

Our Supplier Code of Conduct sets out specific expectations related to supplier integrity, fair dealing and sustainability. The Supplier Code is updated every two years to address evolving trends, issues and legislative requirements.



## HIGHLIGHTS

- BMO Harris Bank ranked second among the 40 largest U.S. banks by assets in *American Banker's* 2018 Annual Bank Reputation Survey. Customers participating in the survey were asked how well the banks they are familiar with perform in seven categories: products and services, performance, leadership, innovation, workplace, citizenship and governance. Over the past three years, our ranking has risen from 20th to eighth to second.
- In 2018, 99.7%▲ of our employees completed our annual ELCT program. This same percentage of learners reached the 80% mastery level of the Code of Conduct course. An important theme across all courses in 2018 was the shared responsibility to “Speak Up” when something doesn’t seem right.
- Our process for reporting concerns related to ethical conduct was enhanced in 2018, bringing greater rigour to our review of all concerns raised by our employees through the various reporting channels. No matter which channel an employee chooses, that information is now aggregated and incorporated into management reporting and analysis, which helps enable early detection of systemic issues.

“We all encounter situations where the right choice isn’t obvious. While no document can cover every scenario, the Code of Conduct sets out the principles that should guide us to do the right thing. It tells us how to raise a concern when something is not right. If you do, we’ll protect you from retaliation.”

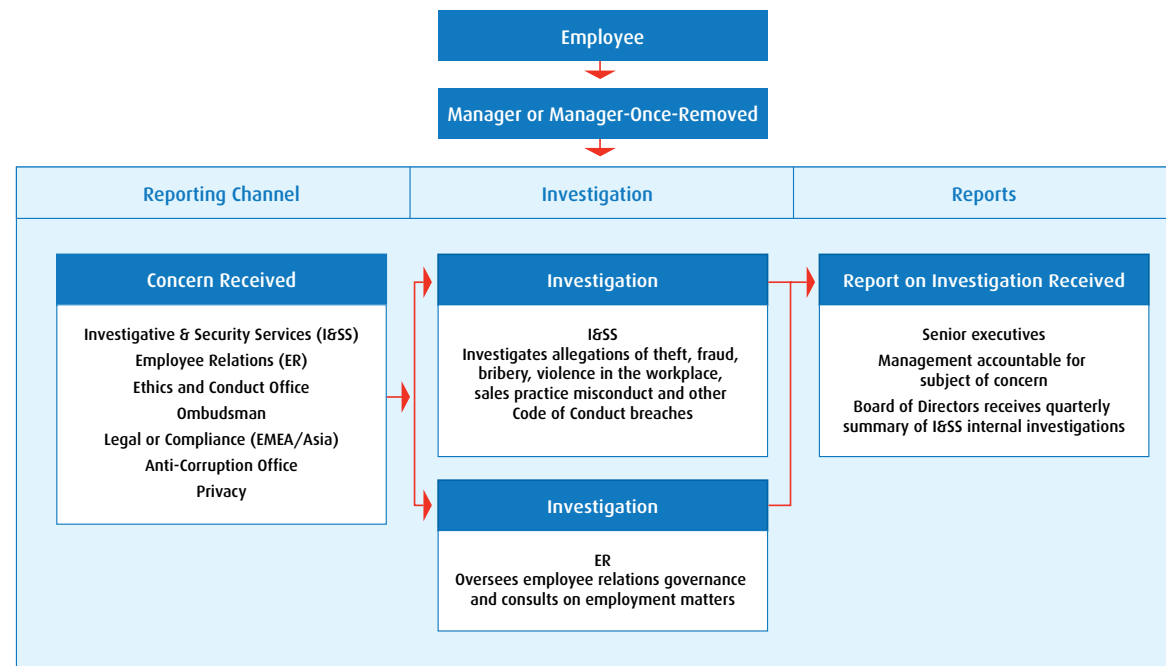
– J. Robert S. Prichard  
Chairman of the Board, BMO Financial Group

## SPEAK UP!

As stated in the Code, our employees are expected to be alert to possible violations of laws, regulations or the Code. They are encouraged to discuss concerns with their manager first, or to their manager’s manager (manager-once-removed). However, if they prefer, they can use one of BMO’s reporting channels. How to raise a concern is outlined in the Code. We supplement this information with internal tools (e.g., process and procedural documents, job aids) that describe the process, the various reporting channels, contact details and accountabilities, and how BMO protects employees against retaliation.

17,515

hours of employee training on  
BMO’s Code of Conduct during  
the 2018 program year



## Related BMO policies and statements

[BMO’s Code of Conduct](#)  
[Supplier Code of Conduct](#)



## Excellence in Governance Award for Best Practices in Subsidiary Governance from the Governance Professionals of Canada

### CORPORATE GOVERNANCE

We believe that corporate governance is essential to sustaining BMO's performance and long-term success. Our sound and effective governance framework and practices support ethical conduct, sound decision-making and compliance with the laws and standards that apply to us. Our high standards also support our commitment to conduct all of our business operations responsibly.

#### Framing the Topic

##### What we mean by *corporate governance*:

Strong oversight of environmental, social and governance issues, as well as a Board of Directors that demonstrates independence, experience and diversity.

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

#### OUR APPROACH

BMO embraces high standards of corporate governance, which align with applicable legal, regulatory, TSX, NYSE and NASDAQ requirements, as well as evolving best practices.

Recognizing that good governance starts with our Board of Directors, many of our policies and practices focus on the Board itself, including its size, composition, independence, director nomination processes, ongoing education and effectiveness. Here is a sample taken from our [Statement of Corporate Governance Practices](#):

- Number of independent directors – 14
- All committee members are independent
- Directors are elected annually
- Directors are elected individually (no slate voting)
- Majority Voting Policy for the election of directors
- Annual advisory vote on approach to executive compensation
- The roles of Chairman and CEO are separate
- Policy on Interlocking Directors

- Directors cannot hedge their BMO securities
- Director Tenure Policy
- Directors' Conflict of Interest Policy
- Board and committee chair term limits
- Director Share Ownership Guidelines
- New director orientation
- Continuing director development
- Regular assessments of the Board and its committees
- Code of Conduct embodying our values
- Legal Entities Report and leading subsidiary governance practices
- Non-executive directors cannot participate in BMO stock option plans

We believe that a diverse board helps us make better decisions. Our Board has had a written Board Diversity Policy since 2012. It stipulates that our Board is to be made up of highly qualified directors whose diverse backgrounds reflect the changing demographics of the markets where we operate and our evolving customer and employee base, as well as the talents and expertise necessary in their role as directors.

The Policy mandates that each gender must be represented by at least one-third of independent directors, and the Governance and Nominating Committee considers this when recruiting new members for our Board.

As part of its mandate, our Board of Directors is involved in setting BMO's strategic direction. While corporate strategy is developed by management, the Board oversees the strategic planning process and reviews and approves strategic plans. An annual strategy session gives our directors a better understanding of our planning priorities and the progress made to date on implementing our strategic plans. Board members provide management with constructive feedback on those plans, and they receive status reports throughout the year.

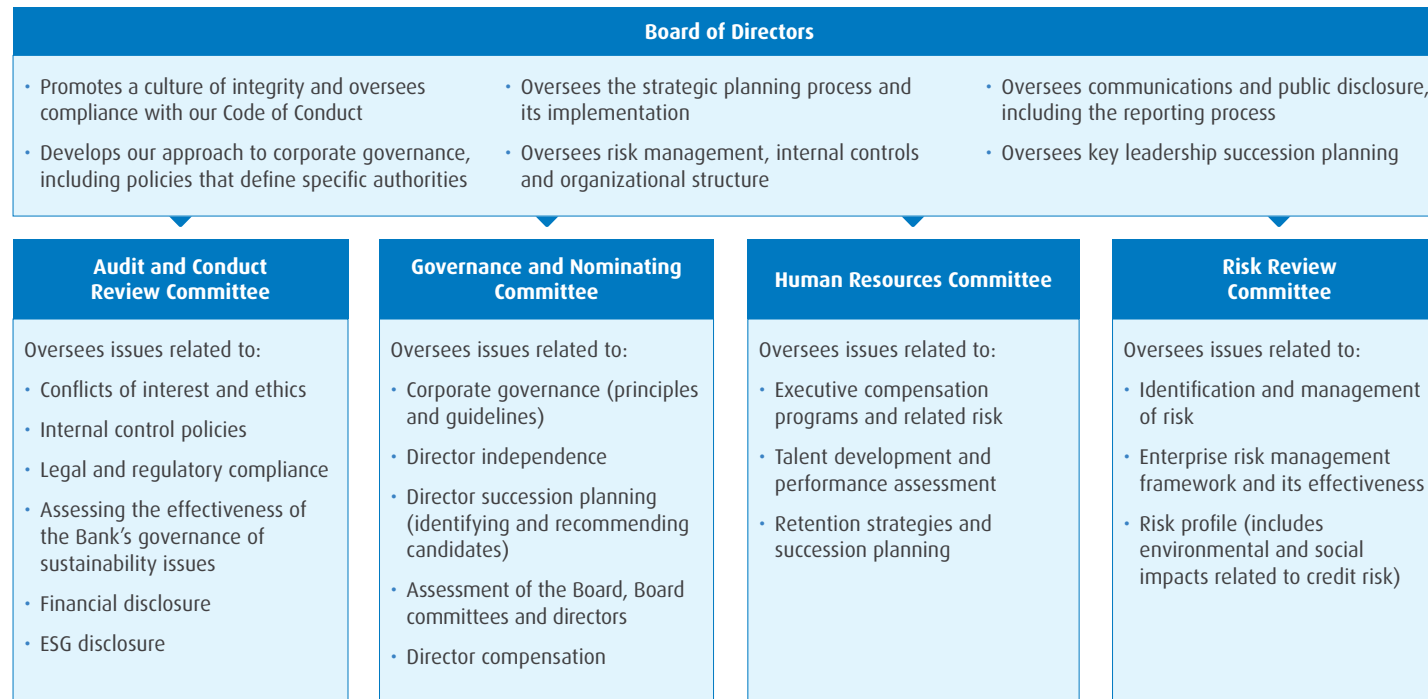
To keep pace with regulatory developments and evolving stakeholder expectations, the Board regularly reviews and updates our governance practices. The focus is always on enhancing shareholder value by pursuing greater accountability, better performance and more effective corporate governance.

## ESG GOVERNANCE

In the governance framework it oversees, ESG issues fall within the mandate of the Board of Directors and those of several of its committees. For example, the Audit and Conduct Review Committee (ACRC) has oversight responsibility for business conduct, sustainability and ethics, and reviews and approves our annual ESG Report and PAS. In 2018, the ACRC Charter was formally updated to include the responsibility of assessing the effectiveness of BMO's governance of sustainability issues.

BMO's Sustainability Council, chaired by BMO's General Counsel and comprising senior leaders from business and corporate support areas across the organization, provides guidance and insight on ESG matters.

## Board Oversight of ESG Issues



## Highlights

35.7%

of the independent directors  
(5 of 14) on BMO's Board are women

99%

average attendance at  
Board meetings

### Learn more about our governance practices

[Board Diversity Policy](#)

[Shareholder Engagement Policy](#)

[Statement on Anti-Money Laundering,  
Anti-Terrorist Financing and Sanctions  
Measures](#)

[Statement of Corporate Governance Practices](#)

[BMO website – 2018 Management Proxy Circular](#)

- At BMO, the Chief Sustainability Officer (CSO), Chief Ethics and Conduct Officer (CECO), and Finance and Securities and Employment Law teams report to the Corporate Secretary. This integration of governance roles gives our Corporate Secretary a unique position from which to influence our enterprise governance practices in an integrated way, under the stewardship of the Board. Both the CSO and CECO provide regular reports to the Board. The Ethics and Conduct Office maintains a framework that guides the collection, development and analysis of metrics to provide our Board with a holistic view of conduct.

- In accordance with our [Shareholder Engagement Policy](#), the Board and BMO management communicate with shareholders and other stakeholders through various channels, including annual and quarterly reports, the management proxy circular and annual information form, news releases and our website, as well as industry conferences and meetings. Quarterly earnings calls are open to all, and feature a live webcast and question and answer period. Our annual meeting of shareholders also includes a live webcast, so that all shareholders can participate. In addition, we gather feedback through one-on-one or group meetings with institutional shareholders, and through email or telephone conversations with retail shareholders. Every two years, our Chairman hosts a luncheon with our largest institutional shareholders, without BMO management present.

## Executive Compensation

Competitive compensation is essential in attracting and retaining high-calibre talent. Our pay-for-performance compensation programs encourage our leaders to pursue short-term and long-term goals that support BMO's strategic priorities. We also have appropriate and effective policies, practices and governance structures in place, so that our leaders are neither motivated to, nor rewarded for, taking inappropriate risks in order to achieve these goals.

### Framing the Topic

#### What we mean by executive compensation:

Compensation and incentive plans for senior executives, fairly and transparently linked to the achievement of specific goals, which for some of our executives include environmental, social and governance objectives.

**Who has responsibility:** Human Resources Committee of the Board of Directors.

### OUR APPROACH

BMO's compensation policies and programs are fully aligned with all of the relevant practices, standards and guidelines issued by regulators, as well as those considered to be industry best practices, including:

- Principles for Sound Compensation Practices issued by the Financial Stability Board (FSB Principles)

- Practices, standards and guidelines issued by the Office of the Superintendent of Financial Institutions Canada (OSFI)
- Guidance on Sound Incentive Compensation Policies issued by the U.S. Federal Reserve in cooperation with other banking oversight agencies
- Guidelines for compensation practices that apply to financial institutions in the jurisdictions where we operate around the world, including China, Hong Kong, Ireland and the United Kingdom

The Human Resources Committee of the Board establishes and oversees BMO's human resources strategies, including compensation programs and talent management. The Committee has structured our executive compensation programs and policies to support BMO's vision and strategic priorities, and to give executives a significant personal stake in the long-term growth and well-being of the organization. Financial and operational results, compensation for our executives and return on investment for our shareholders are all clearly connected in a way that does not encourage or reward inappropriate risk-taking.

**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://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment/issues>

**Statement of Corporate Governance Practices:** [www.bmo.com/corporate-governance/files/en/SCGP-2016-EN.pdf](https://www.bmo.com/corporate-governance/files/en/SCGP-2016-EN.pdf)

**BMO website – 2018 Management Proxy Circular:** [www.bmo.com/home/about/banking/corporate-governance/select-documents](https://www.bmo.com/home/about/banking/corporate-governance/select-documents)

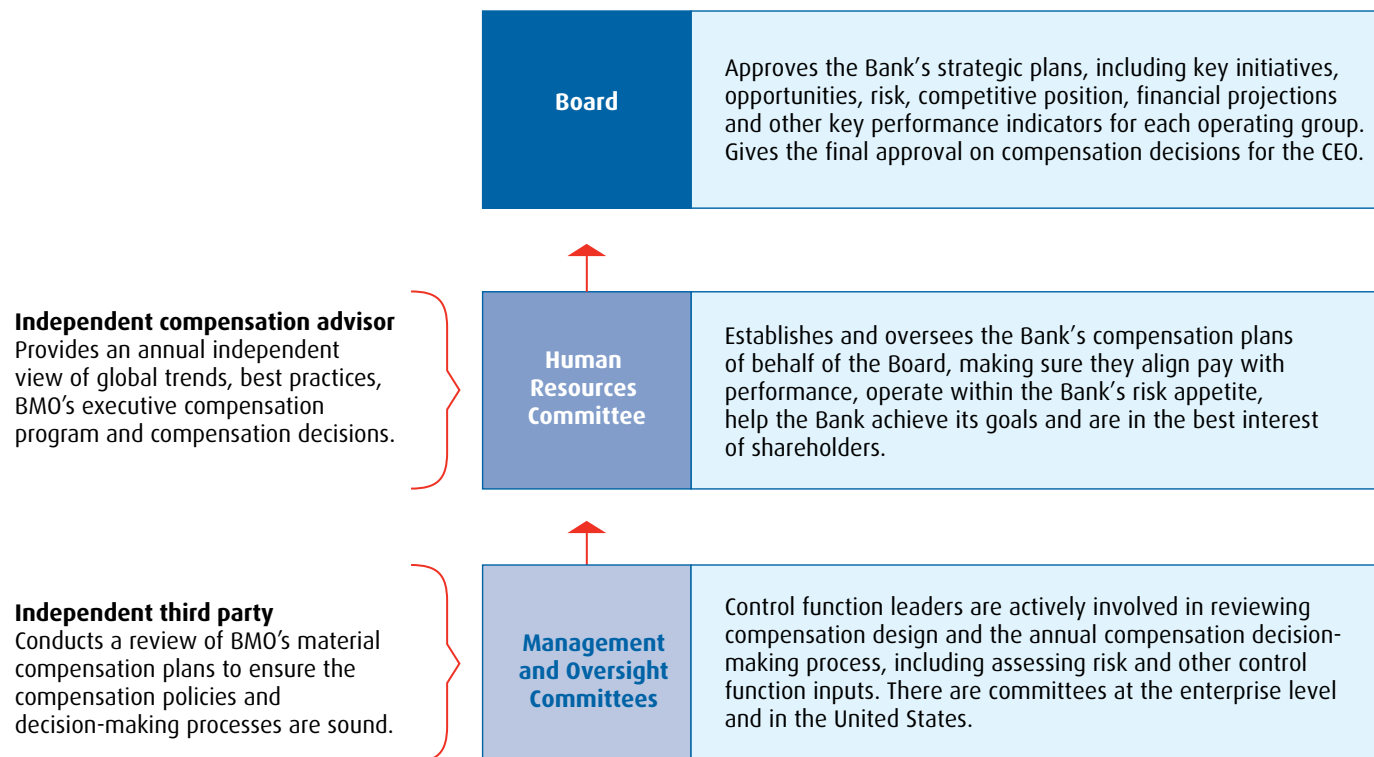
Executives earn more when our results are above our performance goals, and less when they are below. This is accomplished by aligning incentive awards for our executives with performance against enterprise, operating group and individual performance objectives linked to the achievement of BMO's vision and strategic priorities.

To link BMO's performance on ESG metrics to senior executives' objectives, the Committee also takes into account people leadership, employee engagement scores and BMO's overall audit and compliance results in its compensation decision-making process. For executives in some corporate functions, objectives are related to environmental sustainability and other ESG priorities against which performance is assessed.

Periodically, an independent third party also carries out a review of our material executive compensation programs to ensure the soundness of BMO's compensation policies and decision-making processes. Global Governance Advisors carried out this review in 2018 and reported that BMO continues to align not only with FSB Principles, but with the regulatory requirements in each jurisdiction in which our programs are offered.

See our 2018 [Management Proxy Circular](#) for a full discussion and analysis of BMO's executive compensation practices.

### Oversight of BMO's Compensation Policies and Practices



Excellence in Governance Award for  
Best Compensation Disclosure and  
Communication from the Governance  
Professionals of Canada



## Customer Experience

BMO's vision is to be the bank that defines great customer experience. To make progress toward achieving our vision, we work diligently to find out what our customers want from us, whether we're living up to those expectations, and how we can truly delight them. We then set about shaping experiences that drive customer loyalty and, in turn, financial performance.

### Framing the Topic

#### What we mean by *customer experience*:

Putting our customers first by delivering personalized and intuitive experiences, grounded in customer feedback, that build confidence and drive deeper relationships with our customers.

**Who has responsibility:** Each individual Group Head is accountable for their Net Promoter Score®† (NPS) results and experience design and delivery. The Vice-President, Enterprise Customer Experience has overall responsibility for customer experience measurement. NPS is one of the performance measures included in executive compensation and incentive plans.

### OUR APPROACH

In our efforts to be the bank that defines great customer experience, we work to embed responsibility for customer outcomes as deeply as we can across the organization, so that everyone at BMO is thinking about how our customers feel – in every interaction, every day.

We use a variety of channels to find out how we're doing, ranging from daily customer interactions to telephone and email loyalty surveys to formal complaint resolution processes. Increasingly, we are relying on digital channels to quickly gather feedback that is both richer and more timely, and to then analyze the feedback and identify themes that offer opportunities for targeted action.

NPS is the primary metric we use to track and measure customer experience. Its results are also factors in individual performance scorecards and decisions on executive compensation, although we do not publicly disclose our NPS scores. We maintain active NPS programs across all of our lines of business and channels (e.g., Customer Contact Centres, branches), and we take a sampling approach in gathering feedback.



In 2018, we began making improvements to our NPS system, which will increase the volume of customer feedback we are able to gather by as much as 20 times, giving us even richer and more detailed inputs and enabling us to set specific NPS targets more effectively across the organization. We have also migrated the telephone surveys in many of our customer programs to email, making it easier for our customers to provide feedback, which will improve the volume and quality of the feedback they provide. Our commitment to resolving customers' problems is demonstrated by strong performance on first call resolution: 83% in Canada and 85% in the United States based on NPS survey results.

Should any of our customers have a complaint, we have set out specific steps they can follow 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 are asked to call a toll-free number or complete an online form if they have a complaint to report.

# 350,937

customer loyalty surveys  
conducted in fiscal 2018

## HIGHLIGHTS

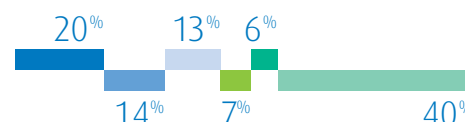
BMO incorporates voice of customer in experience design and continues to significantly invest in digital tools to elevate the customer experience. This was evident with a new digital banking platform launched in the United States, as well as in our latest ranking as the top-rated mobile banking application in Canada.

- BMO became one of the first companies to introduce Amazon Alexa<sup>®</sup> in Canada when we launched a voice-enabled service for answering our customers' everyday banking questions. The BMO skill function, which can be set up easily on any Alexa-enabled device, gives customers information on nearby ATM locations, current foreign exchange rates, and BMO products and digital channels. This enables us to interact with our customers more intuitively through technologies they are already using.
- We also introduced two chatbots that can provide answers to frequently asked questions – a conversation-based bot, BMO Bolt<sup>™</sup>, and a menu-based bot, the Twitter Virtual Assistant – both of which offer our customers 24/7 access to online support. Chatbots offer new ways we can

reply to customers' questions about BMO products and services, or any general banking questions. With this new technology, self-serve questions can be handled quickly online at any time, freeing up our call centre associates to focus on more detailed and complex conversations with our customers. On Facebook Messenger, the BMO Bolt chatbot has been programmed to answer more than 250 of the questions most often submitted to our North American Customer Contact Centre, our corporate bmo.com website and our Online Banking Help Centre. Artificial intelligence equips BMO Bolt to interpret customer questions and provide the most relevant answer, while also learning and improving over time as it engages with more customers and answers more questions. Customers who call the contact centre are initially entered into a conversation with this chatbot, but they have the option of talking to a BMO Social Care representative at any time during business hours. The Twitter Virtual Assistant is a menu-based question-and-answer chatbot that gives users near-instant answers to the questions most commonly asked by our customers and other users.

## 2018 ESCALATED COMPLAINTS (CANADA)

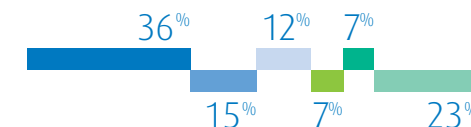
In Canada, escalated complaint volumes decreased by 1% year over year. There were no significant changes in our root causes or numbers.



Top Customer Experience Concern Themes	% of total
Quality of Service	20
Fees & Interest	14
Fraud & Merchant Dispute Claims	13
Payment Handling	7
Marketing Campaigns & Rewards	6
Other (e.g., cheque cashing, hold funds, estates, declined transactions)	40

## 2018 ESCALATED COMPLAINTS (UNITED STATES)

In the United States, escalated complaint volumes declined 31% year over year primarily due to a "lessons learned" approach from both planned projects and from unplanned events. In addition, rollout of instant issue debit cards in branches, password/PIN resets have contributed to lowering the complaint numbers.



Top Customer Experience Concern Themes	% of total
Deposit Account	36
Branch	15
Lending (excluding Mortgage)	12
ATM/Debit Card	7
Mortgage	7
All other categories	23

The experience our employees deliver is critical to our success and we continue enabling our people with leading-edge training and tools:

- To engage front-line employees in the branch distribution network in delivering great customer experiences, we launched Brilliant at the Basics Re:Defined, a new set of customer service values which provides clear direction on how BMO can be there for customers in a way that will set us apart. Employees co-authored the values, which are written in a way that empowers our people and holds them accountable for delivering the experiences our customers want and deserve. Along with the new values, we piloted a diagnostic survey that measures branch employees' performance against expected modifications in behaviour. We plan to roll out this survey to more groups in fiscal 2019. In the North American Customer Contact Centre, our objective of making it effortless for customers was addressed by focusing on the issues of channel stickiness, next call avoidance, experience engineering and front-line empowerment.

- Voice ID, our new authentication process using voice biometrics, is now available to all of our Canadian retail customers. Voice ID is a secure way of confirming a customer's identity, making our authentication process easier and more secure, and enabling us to deliver more effortless experiences for our customers.

- 1,400 employees in North America received Voice ID training.

- More than 400,000 customers were enrolled during the first three months, and more than 250,000 voice matches were made.

- Rapid improvements in performance were achieved, as we were able to reduce the time taken to verify customer identities from two minutes to less than 20 seconds for most customers who have a voiceprint on file.

- We have mechanisms in place to obtain voice of employee (VOE) feedback from our front-line employees to drive improvements in customer experience. We have formal programs in place to collect and respond to employee feedback in many of our lines of business (e.g., from branch and contact centre employees).

- We have introduced a number of initiatives that are intended to encourage everyone at BMO to think about the customer experience. The Think Like a Customer program invites employees to visit a branch or contact centre, where they can observe interactions with our customers. An online learning module added to BMO U explains customer loyalty and why it matters, and suggests ways for non-customer facing employees to connect their work back to the customer.

- Finally, we launched human-centred design as a new capability for BMO in the belief that by listening, leading with empathy and co-creating with our customers and employees, we could achieve profound and positive results for our customers. Within nine months, 14 projects had been completed, engaging close to 500 customers and generating 52 concepts for the delivery of breakthrough customer experiences.

#### BMO'S OFFICE OF THE OMBUDSMAN

As the final step in 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 – that considers the interests of all parties, as well as applicable laws, 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 OmbudsService for Life & Health Insurance – for a further impartial, informal and confidential review.

In 2018, the Office of the Ombudsman completed a review of 291 complaints, of which 250▲ were Banking reviews and 41▲ were Investment reviews. This represents a decrease of 4% compared with 2017.

The average length of time to close Banking reviews was 37▲ days, while the average length of time to close Investment reviews was 43▲ days. In the opinion of the Office of the Ombudsman, 151<sup>1</sup> of the 250▲ Banking reviews completed and 24<sup>1</sup> of the 41▲ Investment reviews completed were resolved to the customer's satisfaction.

<sup>1</sup> Satisfaction numbers are as at October 31, 2018. This number will be updated in the online version March 1, 2019.

“Human-centred design is changing the way we work as a bank: when we're developing solutions, co-creating them with our customers and employees, and continually modifying and evaluating them against the needs of our customers, we're increasing efficiency. And along the way, we're creating a culture capable of collaborating, failing fast and improving.”

– Nicole Spence  
Head of Wealth Digital Channels

## Consumer Protection and Transparency

We believe that living up to our commitment to protect consumers and treat our customers with fairness and transparency provides us with a distinct advantage. It enables us to help our customers make more informed financial decisions, which helps us earn their trust and build deeper long-term relationships with them.

### 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.

### Who has responsibility:

Consumer protection and transparency is a shared responsibility among all lines of business, corporate support areas (e.g., Legal, Corporate and Compliance Group) and Corporate Marketing.

### OUR APPROACH

"We're here to help®" is our shared promise to always act in our customers' best interest. This involves offering our products and services to our customers in a fair and responsible manner, and being true to the letter and spirit of all applicable laws and regulations.

All of our banking and investment offerings comply with consumer protection laws and regulations, as well as with numerous voluntary codes of conduct and public commitments regarding the fair design and sale of financial products and services, which are listed on the BMO website. In Canada, the *Bank Act* requires us to inform our customers in plain language that coercive tied selling is illegal, and we have created a booklet to do that. "What you need to know about coercive tied selling" describes the practice, explains how to recognize it and informs customers about how to contact us if they have any questions, complaints or concerns.



Our Code of Conduct provides guidance for our employees about meeting our expectations for ethical behaviour, supporting their customer interactions and marketing practices. Front-line employees also receive training and specialized tools that equip them to recommend the appropriate products and answer customers' questions.

Our marketing materials and product documentation use clear and simple language, with terms and conditions carefully described, so that our customers can understand details such as costs, fees, risks, and limitations or exclusions. We also offer financial education for our customers, which is intended to help them learn about and select the products and services that are best suited to their situation, and to understand the agreements they sign. The overall intention is to ensure that our customers are able to clearly understand the choices available to them – and the implications of those choices – for today and in the future.

If customers have complaints about our practices, they can turn to our complaint resolution processes (see Customer Experience on page 22).

We look to our standard customer metrics (such as loyalty scores, retention rates and number of complaints) for insight into the effectiveness of our consumer protection and transparency practices.

BMO adheres to many voluntary codes of conduct and public commitments intended to protect consumers. For the complete list, see [Voluntary Codes of Conduct and Public Commitments](#) on the BMO website.

BMO website: <https://www.bmo.com/home/popups/global/codes-of-conduct>

What you need to know about coercive tied selling: [https://www.bmo.com/bmo/files/images/3/1/CoerciveTiedSelling\\_eng.pdf](https://www.bmo.com/bmo/files/images/3/1/CoerciveTiedSelling_eng.pdf)

Code of Conduct: [https://www.bmo.com/pdf/code-of-conduct/BMO\\_Code\\_of\\_Conduct\\_EN.pdf](https://www.bmo.com/pdf/code-of-conduct/BMO_Code_of_Conduct_EN.pdf)

Voluntary Codes of Conduct and Public Commitments: <https://www.bmo.com/home/popups/global/codes-of-conduct>

## HIGHLIGHTS

- In an effort to protect seniors and other vulnerable clients, financial advisors at BMO Harris added a trusted contact form to the account opening process in 2018. All new customers are presented with the form and asked if they would like to provide a trusted contact – a close friend, relative or neighbour who can be contacted, if need be. We might take this step if, for example, we were unable to reach a customer or had concerns related to signs of diminished capacity or potential exposure to financial exploitation. While trusted contacts cannot give instructions on an account, they may be able to assist a customer based on any relevant information we can share with them.
- As part of a vulnerable customer pilot project, a number of BMO branches are implementing the following online practices in order to help seniors protect themselves:
  - Proactively asking those with old debit cards to switch to the new, safer Debit Mastercard.
  - Educating them on how the “tap to pay” function works and how to disable it if they aren’t comfortable with it.
  - Proactively advising them to periodically change their online banking password.
- Advising them not to give any personal information to anyone online, even a person claiming to be a BMO employee.
- Advising them of the anti-virus software available on BMO.com.
- Doing extra due diligence when seniors ask us to arrange money transfers for them. Detailed questions are asked to ensure that they are not potential victims of a scam.
- In connection with the 2017 reviews of the sales practices of all major Canadian banks that were conducted by the Financial Consumer Agency of Canada, the Office of the Superintendent of Financial Institutions and the Standing Committee on Finance of the House of Commons, we initiated an internal review of our sales system to assess our practices and identify further opportunities for improvement. We complemented our existing sales practice controls with the launch of the Canadian Sales Practices Executive Oversight Committee and Canadian Sales Practices Working Group. In addition, we introduced measures to improve employee monitoring, consolidate reporting and enhance key risk indicator tracking.

## Cyber, Information Security and Privacy

Technology is transforming the way we do business, and the way we interact with our customers. However, the prevalence of technology means that devising and implementing robust processes and effective controls for the governance of privacy and data security is more important than ever. Our customers expect us to protect their information along with their assets – and our business, brand and reputation will be affected by how well we live up to those expectations.

### Framing the Topic

#### What we mean by *privacy and data security*:

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

**Who has responsibility:** BMO’s Chief Privacy Officer (enterprise-wide) and BMO’s Chief Information Security Officer (enterprise-wide).

## OUR APPROACH

### Information Security

We actively invest in our people, technology and processes to improve our ability to prevent, detect, manage and respond to cyber security threats. To maintain our resilience in the face of cyber-attacks, we routinely evaluate the effectiveness of key controls through testing, reviewing best practices and benchmarking. In these evaluations, we refer to the ISO 27001 information security management standard and the U.S. National Institute of Standards and Technology cyber security framework. We also work with cyber security experts and suppliers to improve controls, strengthen internal resources and enhance our technological capabilities.

Our enterprise-wide information security program sets out requirements for conducting mandatory annual information security and privacy training for employees, complying with relevant regulations and reporting information security issues to management and the Board.

### Privacy

BMO is committed to respecting and protecting the privacy and confidentiality of the personal information our customers entrust to us – and to letting them know how we collect and use that information.



We comply with all legal and regulatory requirements related to privacy in the jurisdictions where we operate. We also require that all of our employees participate in annual privacy training, so that they are aware of evolving compliance issues and standards.

In Canada, BMO's [Privacy Code](#) outlines our commitment to our customers and the 10 key privacy principles we embrace. The Code also outlines the channels through which our customers can make and escalate privacy complaints. In other jurisdictions, we comply with all local requirements for providing mechanisms to raise privacy concerns.



Our Privacy Office oversees a privacy risk governance program, which sets out BMO's 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 then manages BMO's response to these incidents.

Privacy risk is assessed and monitored in BMO's supplier management and enterprise compliance programs. The Privacy Office has a data-driven reporting system that tracks key metrics. The Office reports quarterly to the Audit and Conduct Review Committee of the Board of the Bank, and to the Audit Committee of BFC. It also provides reports on privacy issues to all of our operating groups and corporate support areas, to help them understand their state of readiness for protecting privacy and to identify opportunities for improvement.

#### HIGHLIGHTS

- To provide another layer of security for our online banking customers, we invite them to download third-party software from our website that helps protect information against malware and fraudulent activity. When prompted through an online marketing campaign, 61,755 customers downloaded the software.
- In March 2018, during Fraud Awareness Month, we posted a video about phishing on the [Security Centre](#) page of our website that attracted nearly 163,500 views, with 6,891 visitors viewing the complete video.
- BMO is collaborating with other Canadian financial institutions on strengthening our collective cyber-defence capabilities. We are also taking the lead in working with the Bank of Canada on improvements in systemic resilience.
- With the new General Data Protection Regulation (GDPR) effective in May 2018, BMO has a GDPR-compliant program, including a new Data Protection Officer in our London office. BMO Global Asset Management's Privacy Code is available in English, Dutch, French, German, Italian and Spanish.

99.7%

of employees completed BMO's Information Security and Privacy Matters training program in 2018

8

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

#### Related BMO policies and statements

[BMO website – Privacy Code – Canada](#)

[BMO Harris website – Privacy Notice – United States](#)

[BMO Global Asset Management – Privacy Code – European Union](#)

**Privacy Code:** [https://www.bmo.com/pdf/15-1333-Privacy\\_code\\_Ev3.pdf](https://www.bmo.com/pdf/15-1333-Privacy_code_Ev3.pdf)

**Security Centre:** <https://www.bmo.com/main/about-bmo/privacy-security/how-we-protect-you>

**BMO website – Privacy Code – Canada:** <https://www.bmo.com/main/about-bmo/privacy-security/our-privacy-code/>

**BMO Harris website – Privacy Notice – United States:** <https://www.bmo.com/us/about/privacy>

**BMO Global Asset Management – Privacy Code – European Union:** <http://live.bmo.realise.com/corporate/privacy/>

From left: Mark Shadeed, Director, Indigenous Banking, Quebec & Atlantic Provinces and Andrew Giggey, Senior Relationship Manager meeting with Michael McIntyre, Chief Financial Officer of Membertou First Nation.



## Advancing Responsible Banking & Investing

We believe that no financial institution with a commitment to operating responsibly can be a passive bystander to the world's pressing challenges. As stewards of capital, we are in the privileged position of being able to direct financial resources towards sustainable solutions. Together with our stakeholders, BMO is heeding the call.

\$3.9B

loan commitments  
to renewable energy  
entities and projects

617

Engaged with  
617 companies  
on ESG issues

US\$6.3B+

value of sustainable  
finance underwritten  
by BMO

### Alignment with SDGs



### Priority Topics in This Section

Access to banking and financial inclusion  
Climate change  
Human rights  
Responsible investing  
Responsible lending

## Indigenous Enterprise

In Nova Scotia, Membertou First Nation combines entrepreneurial investment with effective partnerships to help revitalize the local economy.

For residents of Cape Breton on Canada's east coast, the name Membertou evokes a proud Indigenous heritage dating back to the 16th century, when Grand Chief Membertou led one of the founding communities of the Mi'kmaw Nation. At the same time, it embodies a spirit of entrepreneurialism that is helping bring renewed prosperity to the harbour city of Sydney, Nova Scotia.

Membertou First Nation comprises four separate land reserves around greater Sydney, once a thriving centre of steel production in the heart of Cape Breton's coal mining country. As those legacy industries faded in recent decades, Sydney had to shift its economic focus – and Membertou has played a key role in stimulating new growth.

The Indigenous community has not only invested in infrastructure for its own members – including a health centre, school, daycare facilities and a youth centre – but has also built a convention centre, a business plaza and a data centre. Community-backed ventures range from an insurance brokerage and a commercial realtor to a geomatics engineering firm. And two-hectare Membertou Heritage Park attracts many visitors who want to learn more about the First Nation's rich history and culture.

### INNOVATIVE SPIRIT

"About 20 years ago, Membertou Council came to a crossroads," says Mike McIntyre, the community's chief financial officer since 2001. "Continue down a path of economic decline, or create change for the future. Chief Terrance Paul and the Council chose change."

In 1995, Membertou had 37 direct employees, a \$4 million annual operating budget and a \$1 million deficit. Unemployment was high, and morale was low. Today the community has a \$59 million budget and employs 600 people (during peak season) within a total population of 1,700. Once entirely reliant on federal government funding, the First Nation now generates 71% of revenue from its own businesses.

Community members' pride in their collective accomplishments reflects a commitment to financial discipline, transparency and accountability. "Self-governance and self-sustaining financials are a big piece of our vision," Mike says. "We've overcome challenges by finding a strategic path to success, and our new position of strength will allow us to continue moving forward."

### ALIGNED VALUES

"This is one of the most progressive, well-managed First Nations in Canada," says Mark Shadeed of BMO's Indigenous Banking unit, which since 1992 has led the industry in helping Indigenous customers gain new opportunities through better access to financial products, services and advice. "Membertou is improving the lives of its members and is a leading agent of economic activity for the broader region. We're incredibly proud to have them as customers."

The feeling is mutual. "Since aligning with BMO, we've seen the benefits of the corporate support and business development focus they provide," Mike says. "And we truly understood the community-driven organization that BMO has grown to be."

Membertou's example has inspired other First Nations across Canada in their pursuit of greater self-governance. The community's focus remains clear: continue to embrace economic innovation while upholding long-held principles of sustainability. Pursue further partnerships in engineering, renewable energy, construction and many other areas – including a new venture building vessels for the coastal fishery and commercial use. Above all, develop education and training programs to expand local employment opportunities.

"The well-being of community members is always at the core," says Mike. "They're our greatest stakeholders, and doing right by them remains our first priority."



## Access to Banking and Financial Inclusion

Access to financial products and services can improve lives, because those products and services offer a way to build savings, invest in education, start and grow small businesses, and weather financial setbacks. By focusing on the needs of groups that have been overlooked or excluded in the past, we can make a meaningful and sustainable impact on those individuals and communities while also expanding our customer base.

### Framing the Topic

**What we mean by access to banking and financial inclusion:** Meeting the needs of underserved and low-income communities and creating specialized products and services that make our offerings more accessible to specific groups.

**Who has responsibility:** Responsibility for administering our programs for underserved communities is delegated to individual groups and lines of business. For example, business with Indigenous communities is primarily managed by the Indigenous Banking unit, a line of business within our Canadian Personal and Commercial Banking operating group.

### OUR APPROACH

For BMO, the most effective approach to meeting the financial needs of underserved communities involves being proactive, building trust and investing time to listen and understand the priorities and concerns of the people in those communities. With that understanding, we can create new programs and policies, or tailor existing ones, in order to address any gaps or opportunities.

Our participation in the Progressive Aboriginal Relations (PAR) program of the Canadian Council for Aboriginal Business plays an important role in our efforts to meet the needs of Indigenous communities. Our strategy and programs are aligned with the four PAR pillars: employment, business with Indigenous peoples, procurement, and community investment. BMO has been certified at the gold level of the PAR program for five consecutive years.

In addition, members of our Indigenous Banking unit maintain close ties with Indigenous communities, visiting regularly, working to understand their evolving needs, and connecting them with the support and resources available from BMO to meet personal banking needs, provide financial advice to on-reserve businesses, partner on economic development initiatives and offer customized trust and investment solutions.



For customers living with disabilities, we remove barriers and provide alternatives for accessing our products and services, which are described on our website. BMO has adopted accessibility standards similar to those set out in the *Accessibility for Ontarians with Disabilities Act*, and we have developed plans to implement them across North America.

We have a long history of championing women entrepreneurs through a number of key initiatives, which include:

- Training and educating front-line employees to engage in more informed, thoughtful and comprehensive conversations with women who choose BMO as their financial institution.
- Developing products that specifically address female clients, such as the Women in Leadership Fund, which was the first impact investing mutual fund focused on gender diversity to be offered by a Canadian bank when it was launched in 2016.
- Partnering with organizations that provide mentorship for women, such as GroYourBiz and the Women Presidents' Organization.
- Hosting more than 350 women across Canada to date as participants in our Entrepreneur's Imperative workshop.
- Speaking up in recognition of women's achievements. Since 2012, BMO has honoured more than 100 women in communities across Canada and the United States through the BMO Celebrating Women program, which recognizes women who have stepped forward as leaders in business and in their communities, and have succeeded as philanthropists, innovators and business owners.

“BMO is deeply committed to helping women entrepreneurs grow their businesses and strengthen their communities by providing capital, advisory services and other financial products that will support these leaders in creating new jobs and opportunities.”

– Dev Srinivasan  
Senior Vice-President and Head  
Canadian Business Banking  
BMO Bank of Montreal

We measure the effectiveness of our programs by the amount of business we conduct with underserved communities (in particular, Indigenous peoples, people with disabilities, women business owners, students, seniors, military personnel and small businesses), as well as performance benchmarks such as PAR certification and feedback from the communities themselves. We apply our regular business planning processes to review and refine our approach to each of these communities.

#### HIGHLIGHTS Indigenous Communities

- There are 13 BMO branches on or near Indigenous reserve lands and 110 First Nations<sup>▲</sup> participating in the On-Reserve Housing Loan Program, which provides financing without the need for government guarantees. To date under this program, BMO has made approximately \$225 million available in loans.
- During the annual Indigenous Banking conference in 2018, BMO employees from across the enterprise who are involved with Indigenous products/service offerings joined members of the BMO Indigenous Banking unit to visit the Lower Kootenay Indian Band and were treated to a tour by the Chief. A few years earlier, BMO had provided the band with financing to expand a local school in which approximately one-half of the students were Indigenous. The community reported that the expansion had helped bring about more interactions between Indigenous and non-Indigenous students, while also enhancing the educational experience and promoting Ktunaxa traditions, language and culture.

#### Progressive Aboriginal RELATIONS

Canadian Council for  
Aboriginal Business

- BMO donated \$2.2 million to the Sauder School of Business at the University of British Columbia in support of its Bachelor of Commerce program, which now includes courses on Indigenous relations and economic development. BMO's pledge is playing a part in the school's \$65 million redevelopment and expansion plan, which will enhance its teaching and research facilities.
- As First Nations strive for economic self-reliance and gain greater control of their traditional territories, Indigenous leaders will have more opportunities to apply advanced business skills as they work to build self-sufficiency and prosperity for their communities. BMO has committed to helping develop the capacity of Indigenous communities, businesses and individuals with a pledge of \$500,000 over five years that will establish the BMO/John Ellis Award for Indigenous Leaders at Simon Fraser University's Beedie School of Business in Vancouver. BMO's pledge will also help fund new research and educational materials. The new scholarship will be awarded annually to a student in the school's Executive MBA in Indigenous Business and Leadership program. As the first of its kind in North America for Indigenous leaders, entrepreneurs and others working with Indigenous communities, this MBA program has received widespread praise for its innovative approach.

#### People with Disabilities

- Our annual ethics, legal and compliance training for employees includes a module on Accessibility and Our Customers. The module can be adapted to comply with local regulations in any jurisdiction. Our intent is to ensure that all BMO employees know how to conduct themselves in different situations (such as with guide dogs), and are aware of the various accessible formats and communications supports we provide (e.g., braille statements, voice relay services).
- Our long-standing partnership with the Planned Lifetime Advocacy Network (PLAN) is focused on increasing awareness of Registered Disability Savings Plans (RDSPs). RDSPs are registered matched savings plans intended for people living with disabilities. Together with PLAN, we've helped 34 individuals enrol in RDSPs. We collaborate with PLAN to develop tools for the RDSP.com website and distribute PLAN educational materials.

\$33.9M

assets under management in the  
BMO Women in Leadership Fund

23M

favourable media impressions and 76 stories in print, online and  
on broadcast outlets generated by the release of the *Everywhere,  
Every Day Innovating: Women Entrepreneurs & Innovation* report

#### Support for Small Business

- In 2018, we launched four new credit cards intended for small business owners who either need to borrow at a lower interest rate, are avid collectors of AIR MILES or BMO Rewards points, make regular expenditures in specific categories, or would benefit from being able to manage and monitor employee spending with a consolidated monthly statement.
- During Small Business Week, BMO hosted a free social media summit for small business owners that shared strategies for effectively promoting their businesses on social media platforms.
- Every month, as part of our BMO Connect Facebook Live Series, we bring together a small business owner and a subject matter expert for a discussion of topics that are of interest to small businesses, such as using social media or preparing a sales pitch.
- BMO launched a new BMO Business Xpress platform that speeds up the loan approval process for small businesses from weeks to minutes. It allows small business bankers fast navigation of the lending journey from start to finish, removing the friction from the lending process for both our customers and our small business bankers.

#### Gender Equality and the Advancement of Women

- **Support for women entrepreneurs:** We committed to making \$3 billion in capital available to women-owned businesses across Canada over the next three years. This built on our commitment of \$2 billion in credit for business owners announced in 2014, and followed the release of *Everywhere, Every Day Innovating: Women Entrepreneurs & Innovation*, a report we partnered with Carleton University and The Beacon Agency on. The report identified access to capital and credit as a significant issue for women entrepreneurs.
- **Thought leadership:** In partnership with the Perimeter Institute, we sponsored four public lectures featuring women scientists, and we leveraged our online platform BMOforWomen.com to amplify their achievements. BMO was also an executive sponsor of Plan International's "Girls Take Over" initiative on the International Day of the Girl, during which young women "took over" the roles of several BMO executives for a day through job shadowing and mentoring. The initiative showcased the many different career opportunities within our organization for future women leaders.

- **Educating and inspiring women:** We re-launched BMOforWomen.com, a platform where women can learn about personal finances and starting and growing a business, and can find inspiring stories of other women leaders and entrepreneurs. We also launched a series of podcasts, titled *Her Money, Her Way*, which are intended to educate and inspire women with a combination of subject matter experts and other women's stories.

BMO was one of only nine companies in Canada to be named to the Bloomberg Financial Services Gender-Equality Index, a reflection of our commitment to gender equality.

#### Free or Discounted Services

Number of recipients	2018	2017	2016
<b>Canada</b>			
Seniors	1,140,050	1,108,147	1,111,704
University and high school students <sup>1</sup>	334,364	345,156	373,601
Local and non-profit organizations <sup>2</sup>	46,597	49,143	51,214
<b>United States</b>			
College students <sup>3</sup>	34,086	57,460	69,176
Under 25 <sup>4</sup>	29,384	10,001	
Non-profit organizations <sup>5</sup>	20,686	20,934	20,640

<sup>1</sup> Students (19 years of age and older) and teenagers (between 13 and 18 years of age).

<sup>2</sup> Discounted banking services.

<sup>3</sup> Fee waiver that remains in effect for four years (monthly maintenance fee and ATM transaction fees).

<sup>4</sup> Fee waiver for customers under the age of 25 (monthly maintenance fee and paper statement fee).

<sup>5</sup> Chequing accounts with no monthly maintenance fee.



### Community Development Loans

In the United States, BMO Harris is committed to supporting the people and the businesses who call our communities home. While this commitment is aligned with the fundamental goals of the *Community Reinvestment Act* (CRA) – which encourages banks to meet the credit needs of everyone in their communities – that is just one of our objectives. BMO Harris also seeks to create strategic partnerships with housing agencies, community partners and government officials to meet the needs of our most vulnerable citizens.

BMO Harris Bank earned an Outstanding rating on its CRA performance in 2014–2016 from the Office of the Comptroller of the Currency (OCC). All U.S. banks are assigned a rating that measures their impact in the communities in which they do business. The Outstanding designation is the highest rating given by the OCC, and it is attained by less than 10% of all U.S. banks.

In total, BMO Harris Bank provided US\$593.7 million in community development loans in 2018, including the following:

- A US\$34.5 million equity bridge loan to help fund the construction of a US\$100 million project located in St. Paul, Minnesota. The project is the largest public-private housing and social services partnership in Minnesota state history. The Dorothy Day Opportunity Center will offer meals, career assistance and other programs to the homeless, as well as providing 177 units of affordable housing, with preference given to veterans and a section reserved for young people who are aging out of foster care.
- US\$18 million in financing for a ground-breaking affordable housing/retail development in Chicago. KLEO Art Residences will provide 58 beautiful apartment homes to families, seniors and artists living in the Washington Park community of Chicago. This mixed-use, mixed-income development will serve as a catalyst for further improvements along the Garfield Boulevard corridor, with close proximity to the KLEO Community Family Life Center, the University of Chicago Arts Incubator, Washington Park and the University of Chicago.
- A US\$11 million bridge loan for the construction of 66 units of affordable housing on four separate sites in Tucson, Arizona, intended for the chronically homeless and low-income families with children. The City of Tucson will provide Rental Assistance (Section 8 Vouchers). There is a shortage of this type of housing in Tucson, with more than 18,000 people on its Section 8 Voucher waiting list.

- A US\$21.7 million bridge loan to finance the construction of the Taylor Street Library and Apartments in Chicago's University Village neighbourhood. Plans for the site include 73 mixed-income residential units (90% of them with affordable rents) above a single-storey public library branch. The library will offer programming for all ages and provide learning and engagement opportunities to residents and members of the surrounding community, including specialized services for learning, job searches and community building. The project makes use of low-income housing tax credits, tax increment financing and tax credits for donations.



## Responsible Investing

Responsible investing is core to BMO Global Asset Management, and touches everything we do in some form. There is a growing recognition of the critical role investors can play in taking a responsible approach to ethics and sustainability. Considering environmental, social and governance (ESG) factors in our investment and ownership activities supports the long-term financial performance our clients want, and helps us promote positive change across important issues like climate change, labour standards and human rights.

### Framing the Topic

#### What we mean by *responsible investing*:

Integrating environmental, social and governance considerations into decision-making and ownership activities in our investments and asset management.

**Who has responsibility:** At BMO Global Asset Management, our approach is overseen by a Responsible Investment Committee, which must approve all responsible investment policies. The committee is chaired by our CEO, and includes senior representatives from key business areas.

Day-to-day responsibility for executing responsible investing policies sits with the Responsible Investment (RI) team. The team provides data and analysis for fund managers, as well as screening for assets held by our family of Responsible Funds. It also leads engagement efforts and proxy voting activities for BMO Global Asset Management.

### OUR APPROACH

As a pioneer in responsible investing, we were a founding signatory to the United Nations Principles for Responsible Investment (UNPRI). We have also adopted the UK Stewardship Code, and we are a member of numerous networks, including the Institutional Investors Group on Climate Change, the UK Sustainable Investment and Finance Association, Canada's Responsible Investment Association, the Asian Corporate Governance Association and the Council of Institutional Investors.

Considerations of material ESG factors are integrated into our overall investment approach. Our research analysts and portfolio managers follow a process that assesses the potential impact of any ESG-related risks on the investments held in our internally managed portfolios, and we seek partners that do the same. This process informs our asset allocation, stock selection, portfolio construction, investor engagement efforts and proxy voting activities.

Our investor engagement efforts focus on encouraging investee companies to adopt best practices in areas such as business ethics, corporate governance, environmental standards and human rights. The success of these efforts is measured by milestones – instances of change in the way these companies address ESG issues after we engage with them. Examples are provided in our annual BMO Global Asset Management Responsible Investment Review, along with updates on the progress of our public policy engagement, proxy voting and corporate governance activities.

US\$2.9B

of assets held in the BMO Global Asset Management range of Responsible Funds as at 30 September 2018

Our range of Responsible Funds offers clients a way to invest in the shares and bonds of companies that align their business practices and operations with certain values and standards. Our investment approach for these funds is based on three pillars: invest in companies that are making a positive contribution to society and the environment; avoid investing in companies with damaging or unsustainable business practices; and improve, using our influence as investors to encourage the adoption of ESG best practices through our engagement efforts and proxy voting.

In addition to tracking individual engagements and milestones, we look at the growth in assets held by our specialist ESG offerings, including our range of Responsible Funds and *reo* (our engagement and proxy voting service), as a measure of our effectiveness. We are constantly refining our approach to address evolving trends, regulatory requirements, industry best practices and business opportunities.

### Related BMO policies, statements and reports

[BMO Global Asset Management Responsible Investment Approach](#)

[UNPRI Summary Assessment](#)

US\$160<sup>B</sup>

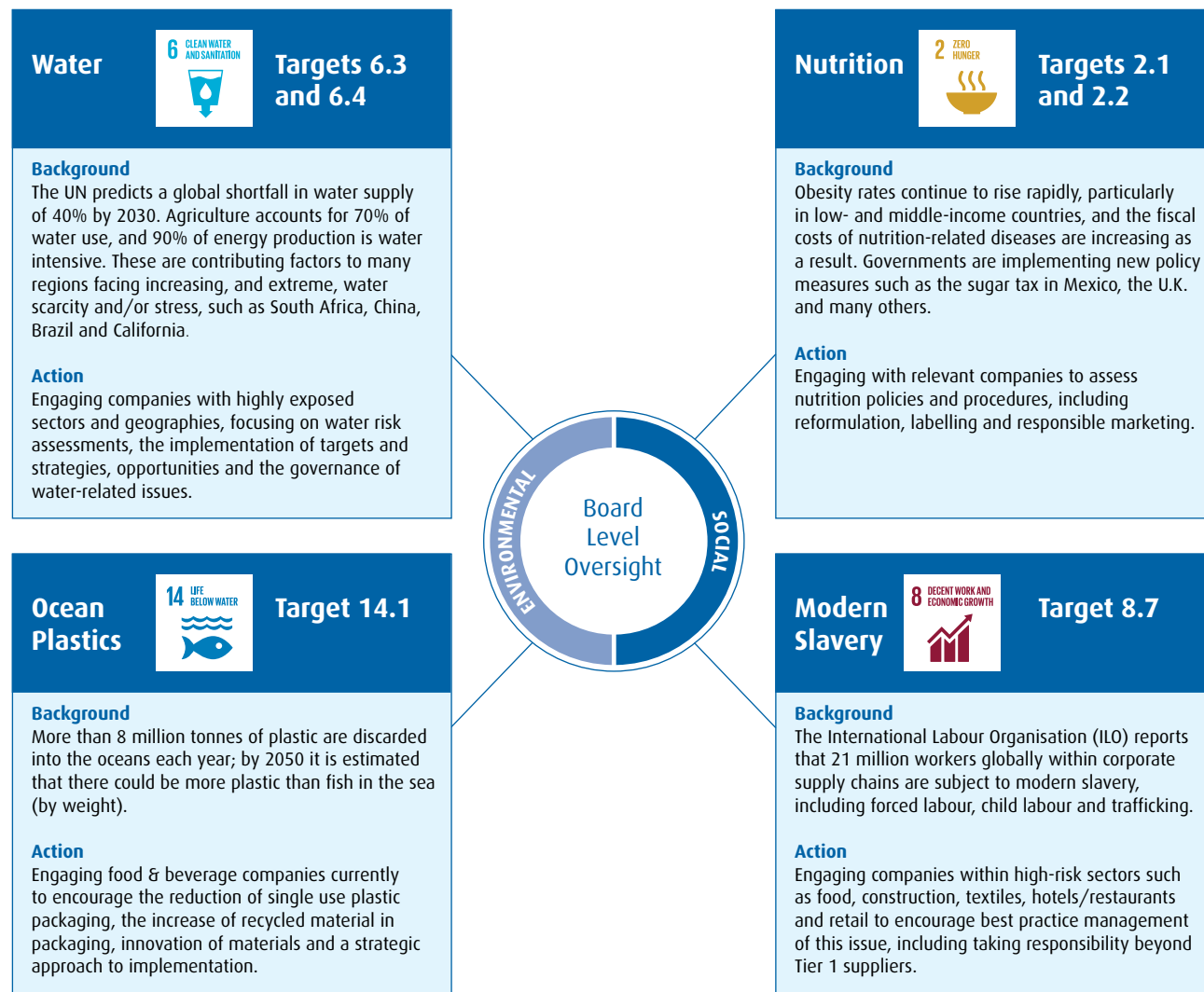
reo – total third party assets under  
advice as at 30 September 2018

BMO Global Asset Management believes we are seeing a significant shift in the market toward assuming greater responsibility for the impact of investment decisions on the wider economy and society. We strongly welcome this development, and we are striving for leadership in this area. We see the UN's Sustainable Development Goals (SDGs) as a key framework to structure discussions and reporting on impact in the industry.

#### HIGHLIGHTS

BMO Global Asset Management believes that investors should be able to see the direct impact of the decisions they make on the emergence of a more sustainable global economy. Through our dialogue with companies on topics such as human rights, labour standards and environmental management, our engagement aims to both mitigate risk and improve sustainability outcomes. In order to quantify this impact, in 2018 we analyzed the 169 targets underpinning the SDGs, and identified 40 to 50 targets where we believe our engagement can have the greatest impact in influencing positive change, and these will be our initial focus. See *Advancing SDGs through Engagement* for examples of how we reference specific SDG targets in our communications with investee companies.

### Advancing SDGs through Engagement



**Goal 2, Target 2.1:** By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.

**Goal 2, Target 2.2:** By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons.

**Goal 6, Target 6.3:** By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

**Goal 6, Target 6.4:** By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

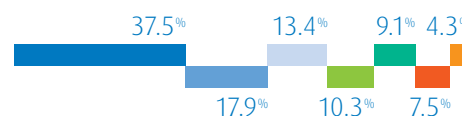
**Goal 8, Target 8.7:** Take immediate and effective measures to eradicate forced labour, modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025, end child labour in all its forms.

**Goal 14, Target 14.1:** By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris, and nutrient pollution.

BMO Global Asset Management received the highest possible score (A+) for strategy and governance in an assessment of its performance on the UN Principles for Responsible Investment.

- In 2018, BMO launched the Responsible Euro Bond Fund – applying its 30-year experience in running specialist ESG products to the euro-denominated bonds market. The fund's investments include bonds issued by corporates that we judge to be sustainable, as well green bonds – where these meet our strict minimum standards – as a way to channel capital towards climate-related environmental solutions.
- BMO was the lead author of a guide for institutional investors on the application of climate scenario analysis to investing, which was published by the Institutional Investors Group on Climate Change in response to the recommendations of the TCFD. The report was a result of discussions of a working group co-chaired by BMO.
- BMO's Responsible Investment Advisory Council (RIAC) met four times in 2017 to provide advice on the ethical criteria of the Responsible Funds range, on BMO's engagement priorities and on wider market developments. The RIAC comprises six experts and has as its President the Archbishop of Canterbury, the Most Rev Justin Welby.

#### COMPANY ENGAGEMENT BY ISSUE



Issue	%
Corporate Governance	37.5%
Business Conduct	17.9%
Environmental Standards	13.4%
Public Health	10.3%
Labour Standards	9.1%
Climate Change	7.5%
Human Rights	4.3%

Active, engaged, responsible

617

Engaged with 617 companies

43

Travelled to 43 countries to engage with local companies

127

Influenced change in the outcomes of 127 engagements

## Responsible Lending

Through our lending practices, we can encourage borrowers to make socially responsible choices in their operations. The overall impact of a financial institution of our size can be significant. This is an important issue for BMO, especially as we consider how we can best support the transition to a lower-carbon economy while acknowledging the ongoing importance of Canada's energy sector and supporting our clients in that sector.

### Framing the Topic

#### What we mean by *responsible lending*:

Integrating environmental and social impacts and governance considerations into decision-making and financing and lending activities.

**Who has responsibility:** Responsible lending practices are managed by the lines of business within BMO operating groups, subject to enterprise level environmental and social risk governance.

### OUR APPROACH

We apply sound risk management practices to manage the environmental and social impacts of our financing and lending activities.

As part of our enterprise risk and credit risk management frameworks, we evaluate the environmental and social risks related to our clients. We have internal policies for our Commercial Banking and Capital Markets businesses, as well as financing guidelines that provide guidance on how to identify, manage and mitigate environmental and social risks that may arise in financing transactions. The lines of business (LOB) perform due diligence (assess and screen for environmental and social risks), and as part of the approval process, each transaction application includes LOB findings. A higher level of environmental due diligence is applied in our assessments of clients active in environmentally sensitive industries. In evaluating social risks, we look at how well a current or potential client is managing regulatory issues and other concerns related to stakeholder engagement and Aboriginal/Indigenous consultation.

We avoid dealing with borrowers with poor environmental and social risk management track records. We will not extend loans for the international transfer of equipment for military or internal security purposes, and we will not finance companies that manufacture weapons banned by international arms control treaties to which Canada or the United States are signatories.

### EQUATOR PRINCIPLES REPORTING

BMO closed three project finance transactions in fiscal 2018. The breakdown under Equator Principles III is as follows:

Sector	Category A	Category B	Category C
Mining	1	0	0
Infrastructure	0	0	0
Oil and Gas	0	0	0
Power	0	1	0
Other	0	1	0

Region	Category A	Category B	Category C
Americas	1	2	0
Europe, Middle East and Africa	0	0	0
Asia Pacific	0	0	0

Country Designation	Category A	Category B	Category C
Designated	0	2	0
Non-Designated	1	0	0

Independent Review	Category A	Category B	Category C
Yes	1	2	0
No	0	0	0

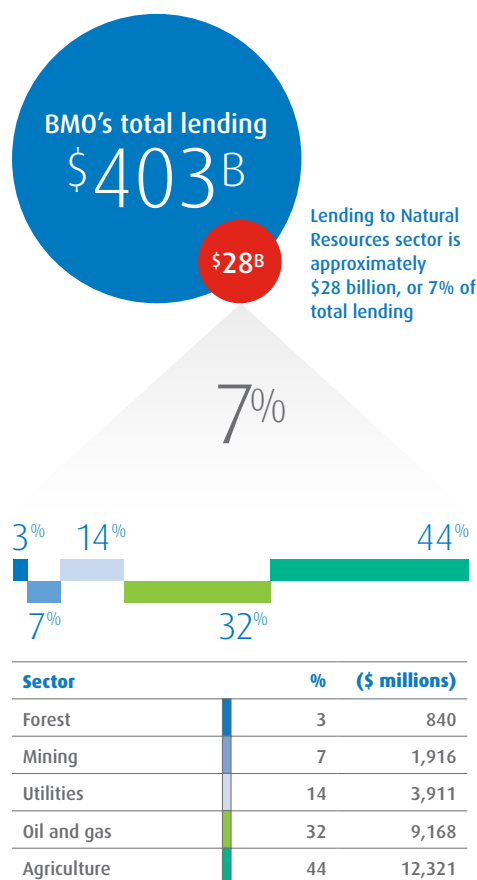


BMO is a signatory to the Equator Principles, a credit risk management framework for identifying, assessing and managing environmental and social risk in project finance transactions. We also apply the World Bank/International Finance Corporation environmental and social screening and assessment process to categorize and assess projects based on the magnitude of their potential impacts and risks.

We are a member of the United Nations Environment Programme – Finance Initiative, the United Nations Global Compact Network Canada and the Carbon Pricing Leadership Coalition, all of which share information about emerging issues with us. Our membership enables us to participate in discussions of national and global priorities, and to more effectively align our approach with these priorities over time. We also constantly monitor and evaluate changes in policies and legislation in the jurisdictions in which we operate.

Given the growing concerns about climate change and the current focus on the amount of environmentally sensitive lending provided by financial institutions, we're assessing how best to expand our climate-related disclosure. The Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board, has highlighted the importance of expanding disclosure in this area. See our TCFD Index on pages 64–65. For the second year, we've included a chart in this report that shows our lending to the natural resources sector, as an example of our involvement in environmentally sensitive industries. See column to the right.

#### LENDING TO THE NATURAL RESOURCES SECTOR



We support the Canadian energy sector, because we recognize that it plays an important role in the country's regional and national economies. We are involved in all aspects of the energy sector, and we take a balanced approach to driving the transition to a lower-carbon economy. We are always evolving in order to address our customers' needs, but at the same time we are implementing robust environmental and social due diligence practices.

#### RENEWABLE ENERGY FINANCING AND ADVISORY

We support the conventional fossil fuel industry and the renewable energy industry, both of which are undergoing a transitional period as renewable energy generation becomes increasingly cost-competitive. The Power, Utilities and Infrastructure team at BMO Capital Markets is deeply knowledgeable about the North American renewable energy sector. Members of the team 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 that are active in the renewable energy markets.

#### Renewable Energy Loan Commitments (\$ billions)



In 2018, BMO Capital Markets participated in \$6.8 billion▲ of renewable energy equity and debt financing and provided \$3.9 billion▲ of loan commitments to renewable energy entities and projects. Here are some examples of renewable energy transactions we were involved in this year:

- Innergex Renewable Energy acquisition of Alterra Power**  
 BMO acted as exclusive financial advisor to Innergex Renewable Energy Inc. in connection with its \$1.1 billion acquisition of Alterra Power Corp. Alterra is a global renewable energy company that manages the operations of eight power plants with a total of 825 MW (net 364 MW) of hydro, wind, geothermal and solar generating capacity in Canada, the United States and Iceland, delivering more than 1,500 GWh of clean power annually.
- Pinnacle Renewable Holdings IPO**  
 BMO acted as joint bookrunner on the \$173 million initial public offering of common shares of Pinnacle Renewable Holdings Inc. Pinnacle is one of the world's leading manufacturers and distributors of industrial wood pellets, which are used by global utilities and large-scale power generators as fuel for the production of renewable and reliable baseload power. BMO is also a lender to the company under its \$380 million credit facility.



US\$6.3B+

in sustainable bonds underwritten  
in FY2018, including:

US\$4.8B

in green bonds

US\$1.5B

in sustainable  
development bonds

- **Ontario Power Generation acquisition of Eagle Creek Renewable Energy**  
Note: Transaction closed November 2018. BMO acted as exclusive financial advisor to Ontario Power Generation Inc. in connection with its US\$298 million acquisition of Eagle Creek Renewable Energy. With a portfolio of 63 operating facilities and a total generating capacity of 216 MW, Eagle Creek is the fifth-largest run-of-river hydroelectric platform in the United States.
- **Brookfield acquisition of a U.K. hydroelectric portfolio**  
BMO acted as administrative agent, mandated lead arranger, joint bookrunner and security agent on the £150 million acquisition financing of an ownership interest for Brookfield Renewable Partners in the First Hydro portfolio of pumped storage hydroelectric assets located in Wales, in the United Kingdom, with a total generating capacity of 2.1 GW.

#### SUSTAINABLE FINANCE

BMO Capital Markets partnered with the World Bank in 2018 on two sustainable development (SD) bonds, issued in support of the World Bank's mission to end extreme poverty and supporting the SDGs:

- Acted as joint lead manager for the World Bank's inaugural SD Canadian Dollar bond, raising awareness of the empowerment of women and girls as one of the most effective ways to accelerate economic development, reduce poverty and build sustainable societies. Linked to SDG number 5 (achieving gender equality), the bond raised \$1 billion from institutional investors, which will help finance SD projects and programs around the world.
- Acted as joint lead manager for a World Bank SD bond, raising awareness of the significant and long-lasting benefits of investing in the health and nutrition of women, adolescents and children. Linked to several SDGs but particularly to SDG number 3, which focuses on ensuring healthy lives and promoting well-being for all at all ages, the bond raised US\$1 billion from institutional investors.

In January 2018, BMO Capital Markets assisted the Ontario government by acting as joint lead/bookrunner on its \$1 billion green bond (the province's largest green bond offering to date). Proceeds from the bond are helping to finance key eco-friendly infrastructure projects, such as the Eglinton Crosstown light rail transit project in Toronto.

Having become an investor member in 2015 supporting the Green Bond Principles (GBP), BMO Global Asset Management is committed to following the voluntary GBP guidelines for designating, disclosing, managing and reporting the proceeds of green bonds – and did so in 2016 when it launched a fund with a green bond investment strategy. With €225 million under management in the fund as at 30 September 2018, BMO Global Asset Management is now one of the leading asset managers in the green bond market.

“BMO was excited to partner with the World Bank on a second sustainable development bond, once again connecting investors with investment opportunities to achieve positive development outcomes. A testament to the World Bank's outreach and education efforts toward sustainable development goals, the transaction achieved notable placement within the Canadian socially responsible investment community.”

– Kelsey Gunderson  
Head of Global Trading Products  
BMO Capital Markets

Rajini Nagendran, Chief Inclusion Officer, BMO



## Inspiring Our People

Our people bring the BMO brand to life. Their engagement is critical to delivering the great customer experiences that set BMO apart, and in creating a work environment that attracts and retains the best talent. Beyond simply representing our brand, we want our people to experience it fully with a shared sense of purpose.



One of the Best  
Workplaces in Canada  
for the third year in  
a row

40%

women in senior  
leader roles in Canada  
and the United States

84%

employee engagement  
index (EEI) score – our  
highest ever, and  
approaching leading  
company levels

### Alignment with SDGs



### Priority Topics in This Section

Employee engagement

Talent attraction and retention

Learning and development

Diversity and inclusion

## Positive Difference

**Rajini Nagendran** is BMO's Chief Inclusion Officer. Drawing on nearly two decades of banking experience, she's responsible for advancing Vision 2020, a multi-year strategy to drive the Bank's performance and industry leadership by fostering greater diversity and inclusion across the organization.

### HOW DOES ENSURING A DIVERSE AND INCLUSIVE WORKPLACE FURTHER BMO'S SUCCESS?

Diversity and inclusion are core values that guide our actions and help define who we are. Building a diverse workforce that reflects the communities and customers we serve is important – but on its own, it's not enough. If we want to reap all the benefits of diversity, it's critical to create a culture of inclusion where everyone feels valued, respected and heard, so they can bring their best selves to work.

Research shows that when teams are both diverse and inclusive, they're more engaged and outperform non-diverse teams. They're also more innovative, fueled by diversity of thought, backgrounds, skills and experience. Our customers are at the centre of everything we do, and our inclusive culture helps us better understand their unique needs, goals and perspectives, so we are well-positioned to serve them.

### HOW HAS YOUR EXPERIENCE SHAPED THE WAY YOU APPROACH THE CHIEF INCLUSION OFFICER ROLE?

Prior to becoming Chief Inclusion Officer, much of my 20-year career was spent in client-facing roles – and that's the lens through which I view our diversity and inclusion efforts. Diversity and inclusion are not just the right thing to do, they are key drivers of employee and customer experience, which in turn influence our business performance. In my previous role

as Vice President, Business Banking, I worked in two different markets serving diverse customers. Our team was equally diverse, with a high level of inclusive behaviour, both of which contributed to our strong performance.

### HOW DO YOU DRIVE CHANGE ACROSS A LARGE ORGANIZATION LIKE BMO?

From the top down, and the bottom up. We recognize that without follow-through, setting goals and making strong commitments won't yield the results we want. That's why we established a shared accountability model. Our leader-led approach starts with our CEO, a vocal champion for inclusion, and BMO's Leadership Committee for Inclusion and Diversity, comprised of 25 senior executives. They establish our strategy, priorities and measurable goals, and partner with BMO's diversity committees to implement programs and initiatives across the Bank.

This leader-led approach is complemented by an employee-led approach, driven by our Enterprise Resource Groups (ERGs) – voluntary groups whose 6,000 members help drive and execute strategy. They represent the voices of our employees, bringing critical issues to the attention of leadership. We see ERG members as strategic partners who play a role in employee professional development, strengthening our connections with diverse communities, and fostering an inclusive culture internally. Over the past year, I have seen the impact of our ERGs as forces for meaningful change – their members' passion and drive to make a difference is unmatched.

### WHERE IS BMO HEADED NEXT IN STRENGTHENING DIVERSITY AND INCLUSION?

We're very proud of the progress we've made, but we know the job is not done. In 2019 we are sustaining efforts to maintain our progress in key diverse segments, and increasing our focus in areas where we'd like to see improvement. More specifically, we've defined robust strategies aimed at attracting, retaining and advancing Indigenous Peoples in Canada, and African-American and Hispanic employees in the U.S.

Building a culture of inclusion is an ongoing priority. We're currently expanding our Learn from Difference program, which focuses on actions that lessen the impact of unconscious bias and create an inclusive environment – and a sense of belonging – for all employees.

Our commitment to diversity and inclusion remains unwavering; I'm excited for the future, and confident in what we can accomplish together.

## Employee Engagement

Our employees believe in our vision, and they want to make a difference in the lives of our customers and the communities we serve. Our goal is to enable them to do just that, by listening to them – the people who know best, learning about what motivates and inspires them, and also what gets in their way – and then doing something about what we’ve learned. One of the key commitments affirmed in our employee promise is that everyone’s voice will be heard. To meet that commitment, we invite our employees to work together and actively participate in helping to make BMO better.

### Framing the Topic

#### What we mean by employee engagement:

Employee engagement is the degree to which employees think, feel and act in ways that demonstrate high levels of enthusiasm and commitment to the organization.

**Who has responsibility:** BMO’s Chief Human Resources Officer is responsible for monitoring and measuring the level of our employees’ engagement. Every manager at BMO has accountability for making measurable progress toward three outcomes – leading business growth, leading employee engagement and leading customer loyalty.

### OUR APPROACH

Throughout the year, we reach out to our employees to understand what they are thinking and how they are feeling. We do this through ad hoc surveys, workshops, face-to-face and virtual focus groups, as well as BMOPulse, our annual employee engagement survey. BMOPulse is an opportunity for employees to provide feedback on the strategic priorities that will enable us to achieve our vision. These insights help us keep working on the things we are doing well, while identifying areas where we need to improve. The survey results allow us to track year-over-year changes in engagement levels, and our external survey service provider compares our scores to those of other leading companies and global financial institutions. Our goal is to achieve a leading level of employee engagement, which in 2018 was 87%, as a five-year rolling average. In 2018, BMO recorded an employee engagement score of 84%▲, our highest score to date. While we’re making good progress, we’ve learned from our employees that we need to do more.

### HIGHLIGHTS

- In 2018, we created an Enterprise Technology Employee Experience function, which is focused on improving our people’s experience with technology and investing in upgrades to the tools we all need to do our jobs. Each year, BMO invests in technology to improve the experience of our employees and our customers. Our employees are telling us that we can do more to ensure they benefit from those investments, and our CIO, Enterprise Technology Employee Experience, is accountable to them for making a difference.
- To empower our employees to take action on their own great ideas, we launched an employee-led innovation pilot in our North American Customer Contact Centre (NACCC). Leveraging BMOPulse employee feedback, we posed a “challenge question” to our NACCC employees:

*Our BMOPulse survey results tell us that many of you feel we have an opportunity to make things simpler for our customers and ourselves – and you’re in the best position to tell us how.*

*If you were given the opportunity and financial support to create something better for our customers or employees, what would it be? As part of your idea, you might consider technology or other tools that could be developed internally, or sourced externally.*

In response, NACCC employees submitted 265 ideas, which ranged from fixing broken chairs to integrating our online secure customer messaging capability into our mobile app. More than 1,500 NACCC employees voted on these submissions, and the leading ideas were prioritized for follow-up and investment.

- To energize our culture and inspire our employees, this fall we invited all of our 45,000 employees to participate in a survey that would help us better articulate our collective sense of purpose. The results from more than 14,000 participants told us that our dedication to our customers – enabling communities, large companies, small businesses, individuals and families to prosper – is a major source of pride and commitment. As a next step, we invited our employees to help us refine what we had learned from the survey. In a series of virtual workshops, 275 employees volunteered to help us focus our thinking by sharing inspiring stories about the many ways BMO makes a difference in the world. In the coming months, we will continue to engage our employees in articulating how their work at BMO creates a collective sense of meaning. In early 2019, as a culmination of the work we have done together with our employees, we will be launching a campaign that explains not just where BMO is going, but why we are inspired to get there.

### BMOPULSE ENGAGEMENT SURVEY

	2018	2017	2016	2015	2014
Participation rate (%)▲	90	90	90	88	86
Employee engagement index (EEI)▲	84	83	80	81	80



External recognition confirms that we are on the right track when it comes to inspiring our employees and making BMO a great place to work. In 2018, our workplace and culture achieved high rankings in two key awards programs:



BMO was named one of the Best Workplaces™ in Canada by Great Place to Work® Canada for the third year in a row. In recognizing BMO, the judging panel focused on our award-winning learning curriculum, our Learning from Difference diversity initiative and the #Empathy program, which comprises a series of small nudges that encourage colleagues to share a little information about themselves.



BMO was ranked as having one of Canada's Most Admired Corporate Cultures<sup>1</sup>, and was the only major Canadian financial institution named in this list, which was published following an annual study led by Waterstone Human Capital. This national ranking recognizes best-in-class Canadian organizations for developing cultures that have helped them enhance their performance and maintain a competitive advantage.

<sup>1</sup> Valid for three year period.

#### BMOPulse Bright Spots

In our 2018 survey, more of our employees reported that:

- Their manager enabled the success of their entire team (79%, up 5% year-over-year)
- Their team has simplified the ways in which team members work in the past year (65%, up 3% year-over-year)
- They are motivated by our focus on the customer (85%, up 2% year-over-year)
- They have confidence in BMO's leaders (81%, up 2% year-over-year)

## Key Outcomes

22,000  
career hub visits

With our continued focus on careers throughout the year, the above reflects employee visits to the career hub for fiscal 2018 with over 12,000 copies of resources accessed.

### 2018 BMOPulse Indicators

#### Inclusion

86%

No change  
over 2017

Inclusion: The extent to which employees feel valued, respected and heard

#### Opportunities to learn and grow

81%

-1%  
vs. 2017

Opportunities to learn and grow: The extent to which employees feel they can develop and build skills and capabilities

#### Employee voice

82%

No change  
over 2017

Employee voice: The extent to which employees feel they can speak up and be candid

#### Career goals can be met

77%

No change  
over 2017

Career goals can be met: The extent to which employees feel they can achieve a career that is meaningful to them at BMO

## Talent Attraction and Retention

Successfully attracting, hiring and keeping highly talented people opens up significant opportunities for companies that are able to get things right. These include opportunities to boost productivity and innovation, retain institutional knowledge and maintain a well-stocked leadership pipeline. While competitive pay and benefits can play an important part in the decision to work for BMO, we also need to communicate and deliver on the BMO Employee Promise.

### Framing the Topic

**What we mean by talent attraction and retention:** Having the right talent everywhere in the organization, by attracting and inspiring talented people, offering competitive pay and benefits, and meeting BMO's succession planning needs.

**Who has responsibility:** BMO's Chief Human Resources Officer (CHRO). Reporting to the CHRO, various senior leaders, including the Chief Talent Officer, have responsibility for talent planning and acquisition, performance and rewards, learning and development, and diversity and inclusion.

### OUR APPROACH

In 2018, we received approximately 600,000 applications and hired more than 9,300 new employees. We have robust processes in place for recruiting, assessing, hiring and onboarding new employees. A clear and distinctive employee promise is increasingly important for attracting candidates from key talent segments – especially from those segments with supply shortages, such as digital, data and technology – and we regularly scan the competitive landscape, looking for new ways to make our recruitment messaging stand out. We are also constantly seeking to improve the effectiveness of our recruiting and onboarding processes, which are steadily becoming more tech-enabled and automated.

Our competitive compensation programs link pay to both business results and individual performance. Along with their base salary, all employees participate in a performance-based incentive program and, where permitted by law, a share ownership program is also available to them.

Our benefits program provides our employees and their families with access to education and financial support that can help them stay healthy, protect their income, find balance in their lives and save for the future.

Leading in talent assessment and succession is a high priority at BMO. Our dedicated Talent Advisors (TAs) help build a consistent, enterprise-wide approach to leadership planning. The TAs conduct cross-business talent roundtables to assess employees' performance and potential, facilitate the movement of new and emerging leaders and focus on developing inclusive leadership skills, including minimizing bias in talent identification.

We use a variety of metrics to assess our effectiveness in attracting and retaining talent, including voluntary turnover rates, the percentage of open positions filled by internal candidates, the time it takes to fill key roles, and the results of new hire surveys.

Our CEO and senior executives assess our overall workforce health (including voluntary turnover rates) on a quarterly basis as part of their regular business performance reviews, while our Board of Directors considers the state of our talent annually.

### HIGHLIGHTS

- After completing a survey of the competitive recruiting landscape, we launched an innovative new marketing campaign aligned with the BMO Employee Promise that highlighted opportunities to join us in shaping the future of banking. Key learnings from the fall 2017 campaign informed subsequent recruitment marketing plans, which are focused on raising both the profile of the BMO brand and recognition of BMO as an employer of choice in Canada.

- To help establish BMO as a leader in talent acquisition, we undertook a number of improvements that have sharpened our focus and accelerated our process for filling key roles. Through a series of pilots involving rapid testing and learning, we have been able to envision the talent journey of potential new employees and “meet the business where they are,” which in turn has enabled us to move more responsively in hiring, moving and retaining the very best people. Our objective is to align the recruitment experience with the employee experience by making it easier to join BMO and quickly find meaningful career opportunities for development and growth. We're already differentiating BMO from the competition with a personalized recruitment experience that has reduced the time we take to fill digital roles to 43 days (compared to the industry average of 90 days).

### BENEFITS ELIGIBILITY

Benefit	Full-time	Part-time*	Temporary (contract)
Life insurance	Y	Y	N/A
Health care	Y	Y	N/A
Disability coverage	Y	Y	N/A
Parental leave	Y	Y	N/A
Retirement provision	Y	Y <sup>1</sup>	N/A
Share ownership	Y	Y	N/A

\* Part-time employees in positions for which the hours of work correspond to 50% or more of a full-time equivalent (FTE) position.

<sup>1</sup> Part-time employees in positions for which the hours of work correspond to less than 50% of an FTE position must satisfy earnings and service tests to be eligible to participate.



88%

satisfaction rating among  
new employees surveyed about  
their recruitment experience

39%

of open positions filled  
by internal candidates

- BMO was recognized in the 2018 TalentEgg National Campus Recruitment Excellence Awards for having the best campus career website. The judging panel for the TalentEgg Awards comprises a group of accomplished students and recent graduates from across Canada with a wide variety of backgrounds – exactly the people we want to attract.
- BMO Harris earned an Outstanding Employer Internship Program Award from the Milwaukee Area College Internship Consortium, in recognition of the level of our engagement, the quality of the student interns' experience with us, and the professional development opportunities offered to those interns.
- 40% of our senior leader roles are held by women.
- Over 80% of our senior leader slates are full, with at least one successor ready now and three or more potential successors for each essential senior leader role.
- Over 80% of openings for senior leader roles are filled internally.
- BMO provides its employees flexible benefits that give access to a wide range of benefits – from basic level of protection to more comprehensive coverage – to help employees and their families plan for and respond at different stages and to different needs in their lives. In 2018, BMO increased the support for mental health by introducing separate paramedical coverage for psychologists and social workers (MSWs) for employees and their dependants.

#### Related BMO policies and statements

[BMO's Code of Conduct](#)

[Statement on Health and Well-being](#)

[Statement on Freedom of Association and Collective Bargaining](#)

#### Our talent practices

[BMO website – Talent strategy](#)

[BMO website – Careers](#)

[BMO website – Diversity and inclusion](#)

[BMO website – Work and life effectiveness](#)

- The Back-up Child Care program offers parents and guardians a short-term solution when child care plans fall through unexpectedly. The program provides up to 10 days of back-up child care services per year paid for by BMO Financial Group in many urban centres across Canada and the United States.

- We recognize the importance of meaningful performance conversations and in 2018 launched two manager e-learning courses. Connect2Perform is an e-learning program designed to help people managers enhance their everyday and planned performance conversations. Reflect2Perform for Managers is an e-Learning course designed to help people managers effectively assess performance and communicate ratings.

#### VOLUNTARY TURNOVER RATE (%)

Enterprise	Female	Male	Total
2018	10.4	11.4	10.9▲
2017	10.8	11.5	11.1
2016	10.9	11.2	11.0

Canada	Female	Male	Total
2018	9.8	11.0	10.3▲
2017	9.3	10.5	9.9
2016	9.1	10.2	9.6

United States	Female	Male	Total
2018	11.8	12.7	12.1▲
2017	13.9	13.9	13.9
2016	14.7	13.9	14.4

Voluntary turnover rates have been restated from prior years to reflect an updated turnover methodology and calculation.

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

a. Estimated value of liabilities	CA\$4,985 million
b. Extent to which the liabilities are estimated to be covered on a going concern basis	126.3% funded as of October 31, 2018
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	22,930 active members (as at October 31, 2018)

**BMO's Code of Conduct:** [https://www.bmo.com/pdf/code-of-conduct/BMO\\_Code\\_of\\_Conduct\\_EN.pdf](https://www.bmo.com/pdf/code-of-conduct/BMO_Code_of_Conduct_EN.pdf)

**Statement on Health and Well-being:** <https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues>

**Statement on Freedom of Association and Collective Bargaining:** <https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues>

**BMO website – Talent strategy:** <https://www.bmo.com/home/about/banking/corporate-responsibility/employees/investing-people>

**BMO website – Careers:** <https://bmocareers.com/>

**BMO website – Diversity and inclusion:** <https://www.bmo.com/home/about/banking/corporate-responsibility/employees/diversity-equity-inclusion>

**BMO website – Work and life effectiveness:** <https://www.bmo.com/home/about/banking/corporate-responsibility/employees/work-life-effectiveness>

## Learning and Development

We see learning as a key enabler that can heighten performance by engaging our people and allowing them to grow within our organization. As the world around us evolves at a rapid pace, with technology transforming our industry and changing the way we work, BMO is taking a bold approach to learning experiences in an effort to compete for the best talent and build capabilities of our people for today, and for the future.

### Framing the Topic

#### What we mean by *learning and development*:

Future-proofing our employees by helping them build the skills they need for today's job and tomorrow's career, while heightening their performance to meet the needs of our customers and our organization.

**Who has responsibility:** BMO's Chief Human Resources Officer, along with BMO's Chief Talent Officer and Chief Learning Officer.

### OUR APPROACH

Our priority is to heighten performance by building the capabilities of our people for both today and the future. To do this, we are taking a bold approach to developing and delivering learning experiences, as we seek to accelerate employee growth and foster engagement, loyalty and desired behaviours.

We are re-skilling our workforce so that our employees can be successful in their current roles, while also being better prepared to take on new roles in the future, advance in their careers and pursue their personal passions. For example, we have created new digital acceleration teams that comprise 80% current employees and 20% new hires. Our learning teams are developing targeted solutions that equip our employees to build new skills, such as digital and data science skills, which are in high demand for forward-facing roles. Our goal is to foster a culture of continuous learning for all employees by making learning a habit – through both conventional formal learning and newer informal learning opportunities.



For 25 years, the Institute for Learning (IFL), our corporate university, and the only one of its kind among Canadian financial institutions, has demonstrated our commitment to learning and leadership development. Each year over 70,000 people come to the IFL for various learning programs and offerings. As a complement to the IFL, in 2018 we launched BMO U, a new mobile learning platform available to all 45,000 employees across the globe that empowers our people to learn anytime, anywhere. Employees can choose to fine tune skills in their current role, gain new skills for future experiences or expand knowledge of a personal interest – whatever matters most to them.

Another resource available to employees to develop their careers is offered through our internal social media platform. The Careers at BMO group is open to nearly 8,000 employees, and offers a new way of connecting with colleagues across the organization and learning about how to advance their careers at BMO.

We believe in growing leaders from within. 80% of our top 600 roles in the company have been staffed from internal promotions over the past five years. We are developing each of our 6,000 leaders through an innovative leadership curriculum that supports learning and growth at every stage of an employee's career. All of the programs are unique to BMO, and help our employees build the skills and capabilities they need to lead and succeed in today's workplace – and the workplace of the future. Leadership EDGE is a six-month high-impact program for BMO's 600 most senior leaders that includes both 360-degree assessments and self-assessments, as well as classroom experience, fieldwork, coaching, personal development plans and a "One Bank Challenge" collaborative exercise. Many of our programs include content that is meant to be delivered by our leaders, allowing them to share best practices and leadership lessons.

\$78.1M<sup>▲</sup>

investment in training  
equivalent to \$1,729 per  
FTE employee

100%

of employees have had  
performance discussions  
with their manager at  
least once a year

Assessing the effectiveness of our learning and development programs is a high priority for us. In 2018, we committed resources to the development of a strategy that will yield a deeper understanding of the efficiency and effectiveness of our current learning function, the quality of the learning experience it delivers, the application of new skills and capabilities, and the business impact – including metrics for measuring the return on our investment in training.

1.1 million hours of formal training  
each year, equating to 25 hours<sup>▲</sup> per  
full-time equivalent (FTE) employee

#### HIGHLIGHTS

- More than 60% of our senior leaders (381 people) have completed the Leadership EDGE program since its launch in April 2016. We expect to reach a completion rate of 100% by mid-2020. The program has received high marks from participants, who have given it the highest possible rating for relevance and impact.
- We launched LeaderLens, which offers customized, bite-sized learning experiences that are focused on emerging leadership trends, issues and approaches. Based on leading-edge research, LeaderLens provides our leaders with tools, practices, resources and exercises that enable them to understand and address the new challenges they face and become more effective leaders. Modules are designed for the development of individual leaders, as well as for those leaders to share with their teams. As an enterprise-wide resource for leaders at all levels, LeaderLens helps our leaders understand what leading at BMO is all about and provides them with a common vocabulary and a toolset for success.
- Since the launch of BMO U in June 2018, 33% of our employees have made use of the platform, accessing 60,558 resources and completing more than 36,281 courses.
- #Helpwanted is a social job board that team members can visit to ask their colleagues for help on a certain project, initiative or task. This portal offers our employees a new way to create and promote cross-functional teams, connect with one another and learn new skills in different contexts. While #Helpwanted is currently only available to certain Human Resources teams, we plan to open it to other groups across our organization.
- In 2018, 99.7%<sup>▲</sup> of our employees completed Ethics, Legal and Compliance Training (ELCT). Our program is designed to educate all employees across the enterprise on regulatory trends and key topics, while supporting our values and culture and reinforcing expected behaviours. An important theme throughout all of these ELCT courses was an emphasis on the ability to “Speak Up” – without fear of retaliation – when something doesn’t seem right. We also enhanced our proficiency testing process related to the courses in order to provide a personalized learning experience. This enabled participants to focus on scenario-based applications, and resulted in a reduction of approximately 57,000 hours in the total time needed to complete this training during our regular deployment cycle.

#### Survey says...

In the annual BMOPulse survey:

**82%** of employees said that they have opportunities to learn and grow (82% in 2017)

**77%** of employees said that they believe their career goals can be met at BMO (77% in 2017)

**86%** of our employees said that they have a good relationship with their manager (86% in 2017)

## Diversity and Inclusion

Diversity – and learning from each other's differences – is one of BMO's core values, exemplifying who we are as an organization and what we expect from our people. As our customers and the communities in which we do business become more diverse, having a diverse workforce and an inclusive culture helps us better understand – and better serve – their many unique needs. Having a diverse workforce and an inclusive culture strengthens employee engagement, drives innovation and leads to better business performance.

### Framing the Topic

**What we mean by diversity and inclusion:** Providing equitable opportunities to employees regardless of their gender, race, age, ethnicity, ability and sexual orientation, and maintaining a workplace where all employees feel valued, respected and heard.

**Who has responsibility:** BMO's Chief Inclusion Officer (CIO) sets the strategic priorities in partnership with BMO's Leadership Committee for Inclusion and Diversity (LCID), which comprises 25 of the Bank's most senior executives. Each individual Group Head is accountable for representation goals within their line of business. The LCID is co-chaired by a CEO-appointed Executive Committee member who also serves as BMO's Executive Diversity Champion. Annually, the CIO and BMO's Chief Talent Officer deliver an update to both the Human Resources Committee of the Board and the Executive Committee, as part of the strategic updates provided at the annual forum for our senior leaders.

### OUR APPROACH

Diversity and inclusion is a key driver of BMO's sustainability. It is championed by our CEO and senior leaders, and is supported and advanced by the grassroots efforts of the 6,000 members of our Enterprise Resource Groups (ERGs). We are focused on increasing diversity across all levels of the organization through innovative talent practices and ambitious workplace representation goals.

We were one of the founding signatories to the Catalyst Accord in 2012, all of whom pledged to ensure that women comprise a minimum of 25% of the members of their boards of directors. Today, more than one-third of the independent members of BMO's Board of Directors are women. To inspire broader social change, in 2018, CEO Darryl White committed to acting as a Catalyst CEO Champion for Change, and on his first day as our CEO, he signed the Catalyst Accord 2022, pledging to work on increasing the average percentage of women on boards and women in executive positions across corporate Canada to 30% or higher by 2022.

We have established goals for achieving a more diverse workforce representation by 2020, as follows:

- Women on BMO Board of Directors (%) – no less than one-third of independent directors
- Gender equity in senior leader roles in each line of business (Canada and United States) – minimum of 40% women and men
- Minorities in senior roles (Canada) – 30%

- People of color in senior roles (United States) – 20%
- People with disabilities (Canada and United States) – 4.5% of total workforce
- Indigenous peoples (Canada) – 1.6% of total workforce

A milestone goal is set for Indigenous peoples at 1.6% for 2020. This goal reflects today's labour market availability and strong commitment to our segment. For 26 years, BMO has been the market leader in providing banking services to the Indigenous community with over \$4 billion of credit and investments. Our strong and unwavering commitment extends to growing our representation of Indigenous Peoples, and providing them with meaningful career experiences.

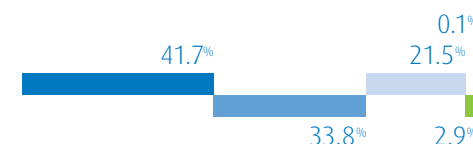
We have a variety of targeted strategies, training programs and employee forums that are intended to increase the diversity of our workforce and build a more inclusive workplace. We evaluate the effectiveness of our approach by looking at the responses to specific questions in the BMO Pulse annual employee survey, external recognition and performance ratings, and the progress we have made to date toward our goals for 2020.

### Related BMO policies and statements

[BMO's Code of Conduct](#)  
[Board Diversity Policy](#)  
[Statement on Human Rights](#)

86%  
 Inclusivity score  
 (BMO's score is 2% higher than  
 the average score of other  
 leading companies)

### AGE OF WORKFORCE



Age-Group Category	%
Millennial (Jan. 1, 1980–Dec. 31, 1995)	41.7%
Gen X (Jan. 1, 1966–Dec. 31, 1979)	33.8%
Boomers (Jan. 1, 1946–Dec. 31, 1965)	21.5%
Gen Z (Jan. 1, 1996 or after)	2.9%
Pre-Boomers (Dec. 31, 1945 or before)	0.1%

**BMO's Code of Conduct:** [https://www.bmo.com/pdf/code-of-conduct/BMO\\_Code\\_of\\_Conduct\\_EN.pdf](https://www.bmo.com/pdf/code-of-conduct/BMO_Code_of_Conduct_EN.pdf)  
**Board Diversity Policy:** [https://www.bmo.com/corporate-governance/files/en/Extract\\_BoardDiversityPolicy\\_May2013.pdf](https://www.bmo.com/corporate-governance/files/en/Extract_BoardDiversityPolicy_May2013.pdf)  
**Statement on Human Rights:** <https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues>

I work in an environment that is free from harassment, discrimination and retaliation – 90% (BMO's score is 2% higher than the average score of other leading companies)

My manager listens to my ideas and opinions – 89% (BMO's score is 2% higher than the average score of other leading companies)

#### HIGHLIGHTS

- In 2018, the CEO approved the inclusion of diversity dashboards for discussion in the meetings of the Performance Committee. On a quarterly basis, 65 of our most senior leaders – Executive Committee members and heads of our lines of business – gather to discuss business results in meetings of the Performance Committee, which is led by our CEO. Leaders are tasked with driving results, reviewing performance and taking action that advances BMO's strategy.
- We continued to build on the success of Learn from Difference (LFD), a multi-year initiative intended to strengthen the inclusive leadership capabilities of BMO's people managers and certain other employees. The next phase of LFD is focused on embedding key behaviours and translating learnings into action, and includes an expanded version of unconscious bias training for our leaders to use when facilitating or conducting in-person sessions.
- An analysis of data related to the people of color segment conducted by BMO's Office of Inclusion and the U.S. Human Resources group found that, while significant overall progress has been made for people of color at senior manager levels at BMO, gaps in representation persist for African American and Hispanic/Latino employees. As a result, we are partnering with the University of Illinois at Chicago's Institute for Leadership Excellence and Development on a study that will examine the causes of such gaps and make recommendations for accelerating the upward mobility of people of color into senior roles across all lines of business at BMO in the United States. The study will focus on African American and Hispanic/Latino employees, as well as all women of color.
- We delivered wellness and mental health awareness sessions across Canada and the United States, championed by BMO leaders. BMO Without Barriers, one of our Enterprise Resource Groups that is engaged in advocacy for people with disabilities, partnered with an external organization on an event focused on destigmatizing mental illness in the workplace, in recognition of World Mental Health Day. A recording of this session was shared with all employees across our organization.
- In Canada, we are intensifying our focus on the Indigenous peoples segment and taking a data-driven approach to the co-creation and development of integrated, long-term, sustainable strategies. We brought together 20 leaders from across the country to participate in an in-depth analysis of our strengths and opportunities for improvement. Guided by the deeper understanding that emerged, we were able to develop a comprehensive, sustainable strategy, with implementation to start in 2019. Key planned activities include: hiring a dedicated Talent Advisor for the Indigenous segment, strengthening existing partnerships and establishing new partnerships with the Indigenous community, and launching a mentoring program for Indigenous employees.



Listed on the Bloomberg Financial Services Gender-Equality Index for the third year in a row



For the second year in a row, BMO Harris Bank achieved a perfect score on the Disability Equality Index (DEI). This was the third consecutive year we have been included in the DEI, an annual benchmarking tool that objectively and transparently ranks U.S. companies on their diversity and inclusion policies.



For the second year in a row, BMO was named one of the 25 most diverse and inclusive companies in the world by Thomson Reuters.



BMO supports a variety of unique community initiatives, including a program at Rush University Medical Center that helps advance health care and education while creating jobs in the heart of Chicago.



## Building Sustainable Communities

BMO's efforts in the communities in which we do business express our values and are aligned with our sustainability principles. They also reinforce that the health of our bank is inextricably linked to the well-being of the communities we are part of.



### Priority Topics in This Section

- Financial literacy
- Contributing to our communities
- Reducing our environmental footprint

### Alignment with SDGs



\$63.5M

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

19,500

hours volunteered by BMO employees

8 years

BMO has been carbon neutral, enterprise-wide

## Why Rush?

From addressing health disparities and joblessness in Chicago's low-income neighbourhoods to building more inclusive economic vitality in Toronto, BMO takes a holistic, multi-faceted approach to helping create stronger communities.

"Education, jobs and health care are essential to a community's growth and vitality," says Dr. Tricia Johnson, Executive Director of Rush University Medical Center's Building Healthy Urban Communities initiative. "BMO's donation allowed us to create a coordinated care system that improves all three."

In philanthropy, there is growing awareness of the importance of addressing clusters of interrelated socioeconomic challenges. We know from our work as a bank that complex problems are solved through collaborative, cross-disciplinary approaches, and that creating meaningful change requires innovative thinking.

This is the spirit of a multi-faceted new initiative to address economic disparity in Toronto. It's also why, five years ago, BMO made a US\$5 million investment in Rush, the Medical Home Network and Malcolm X College, funding a unique initiative to help advance health care and education while creating jobs in the heart of Chicago. "Four years ago, we had no infrastructure for coordinating care," says Tricia. "Now, together, we've developed more sustainable models of care, new training programs, and a pipeline to jobs in health care – all while bringing high-quality care to the people who need it most."

Rush is the largest private employer on Chicago's West Side, and this initiative has helped strengthen its position as a cornerstone of local health and economic vitality. "There isn't a lot of funding for continuing education for health care teams serving Medicaid communities, so grants like this are essential to our success," says Tricia.

BMO's donation also funded the development of new educational curricula for students pursuing certificates, associate's degrees and graduate degrees, as well as the BMO Harris Bank Health Disparities Research Fellowship, aimed at early-career PhDs.

"Continuing education is so important. As is helping people become financially stable – long term," says Tricia. "And to do it in the health care field, so that people can contribute to the health of the community as they better their own lives, is incredibly valuable."

Diane Whatton, Head of Community Giving, BMO Harris Bank, agrees. "We work with partners like Rush to achieve sustainable solutions and shape the future together. This project reflects BMO's community giving philosophy, which is focused on collaboration, learning and innovation."

That philosophy also drives BMO's newest project, announced in 2018: a \$10 million, five-year commitment to United Way Toronto, launching an initiative to find new ways to reduce income inequality and create economic vitality in neighbourhoods throughout the GTA.

This BMO-led program allows corporate partners to work directly with community leaders to address growing economic disparity in the GTA. Drawing on their own expertise, as well as effective programs from other cities, initiative partners will test, refine and, if successful, launch new programs and projects. This iterative model is a first for United Way Toronto. We are confident that in five years, the results will be as impressive as those achieved in Chicago at Rush University.

As communities change, BMO is committed to helping them grow. Long-term partnerships like those with Rush and United Way Toronto allow the Bank to make a meaningful difference in the places we live and work. "We're very proud of the work we've done thanks to BMO's inspirational vision and support," says Tricia. "And I'm excited for what comes next."

## Financial Literacy

Financial literacy and a basic ability to manage money are skills that are essential for full participation in the modern social world. As subject matter experts, we are able to leverage our capabilities in order to help equip people with the knowledge and skills they need to make informed financial decisions and build a secure future for themselves and their families.

### Framing the Topic

#### What we mean by *financial literacy*:

Helping customers gain the knowledge, skills and confidence they need to make well-informed financial decisions.

**Who has responsibility:** Improving financial literacy is an objective shared by several groups, including those involved in product development, customer experience and community relations.

### Learn more

[BMO website – Ways to Bank](https://www.bmo.com/main/personal/ways-to-bank/#online-bank-tools-section)

[BMO Financial Group Facebook page](https://www.facebook.com/BMOcommunity/)

### OUR APPROACH

Helping customers understand their financial situation – and the choices available to them – so that they can make informed decisions is something we do every day. This is one of the ways we deliver on our brand promise, “We’re here to help.”

We also make financial literacy programs available to the broader community, offering free online resources and in-class instruction. These programs include:

- Workshops on banking basics
- Credit counselling
- Seminars for first-time homebuyers
- Money management programs for school-aged children
- Financial advice for public sector and non-profit organizations
- Partnerships with community groups

By leveraging the latest digital advances, we are able to offer more extensive educational resources related to financial literacy online, and we can customize these offerings to address specific concerns and questions.

### HIGHLIGHTS

- BMO Harris has been offering free educational resources and events related to financial literacy in the communities in which we operate for decades. In 2018, more than 11,000 adults and young people attended seminars that focused on banking basics, credit, mortgages and retirement planning.
- Since 2014, BMO Harris has partnered with Meta House to provide more than 360 women with basic education in financial literacy. Based in Milwaukee, Meta House is one of the first residential treatment centres for substance abuse to allow children to stay with their mothers during recovery. Our employees visit Meta House once a month to share information about banking basics, credit history repairs and other related topics. These seminars give the residents, who often have criminal records or come from financially disadvantaged backgrounds, a basic understanding of banking and the confidence to navigate the financial world. A relationship banker from a local BMO Harris branch also speaks at the seminars and builds a rapport with the residents, so that they know there is a branch and a person they can go to for help.
- Through the volunteer efforts of 229 BMO employees, we delivered 125 programs with Junior Achievement of Central Ontario that reached approximately 3,272 students during the 2017/2018 school year. The one-day Economics for Success Program was designed to encourage grade eight students to think about their future and how they could best enter and thrive in a fast-changing work environment. The 18-week Company Program allowed high school students to experience the creation of a small business by collaborating with peers and corporate volunteers to design, organize and run a real business operation.
- A group of employees from our Personal and Commercial Banking and Compliance groups who live in or grew up in the same Toronto neighbourhood created and delivered a financial literacy program for more than 100 students in grades four to six in their community. One of the employees had attended Centennial Road Junior Public School as a child and another, who is a member of the parents’ council at that school, suggested that they focus on teaching the students how to manage money. After completing the program, students were given personalized certificates of achievement.

“I find the BMO Harris program to be really beneficial for our clients. The seminars empower these women, who society often stigmatizes, and help them realize that not everyone is against them, and that there are people in the community who want to see them succeed.”

– Laura Jacobson  
Program and Development Assistant  
Meta House

## Contributing to Our Communities

We believe that building a successful future for our business and the customers we serve involves contributing to the health and resilience of the communities in which we operate. In addition to the products and services we offer, we can make a positive difference in our communities by providing financial support and sharing our time, skills and resources in the areas they're needed most.

### Framing the Topic

#### What we mean by *contributing to our communities*:

Providing support to communities through a variety of initiatives and programs (such as corporate donations, sponsorships and employee volunteering).

#### Who has responsibility:

Separate corporate donations committees in Canada and the United States have responsibility for exercising effective oversight and decision-making in the governance of community giving initiatives, budgeting and the management of reputation risk. Any significant conflicts of interest, or appearances of conflict of interest, are promptly escalated for review in accordance with BMO corporate policies. BMO's Chief Marketing Officer is the most senior executive with responsibility for sponsorships.

### OUR APPROACH

We take the same approach that defines our customer relationships – listening closely, and then working to make improvements – when we collaborate with our community partners to foster social and economic well-being. We provide support in three main ways:

- **Community giving** involves corporate donations to registered charities and non-profit organizations. Our focus is on helping our community partners shape their own future, partnering with them to create sustainable solutions and providing the resources they need to achieve their goals. Three specific criteria – innovation, collaboration, and learning – guide our decisions when we are selecting partners and working with them to strengthen the health and resilience of the communities in which we do business. Increasingly, we are implementing ways to measure the impact of our donations, learn where we can have the greatest impact, and how we can demonstrate progress and improve our effectiveness as a grant maker and community partner.
- **Sponsorships** provide significant funding for festivals, cultural events and sports teams that enrich community life and promote the BMO brand. They include participation in high-profile events, such as being the official bank of the Calgary Stampede, and a sports sponsorship portfolio with partnerships that range from the professional level to grassroots initiatives, offering young people and their families an opportunity to experience the benefits of engaging in a variety of sports. Sponsorships are selected based on the community impact, business relationships and social benefits they can provide.
- **Employee giving and volunteering** deepens our social connections and offers our employees unique opportunities, during regular business hours, to become more familiar with the needs of others in their communities while sharing their time and their talents with organizations and individuals in need of support. Employees are involved in fundraising for Kids Help Phone, United Way and other causes; they volunteer in community programs throughout the year, and especially on BMO Volunteer Day and Days of Caring; and they provide pro bono legal services to their most vulnerable neighbours.



### Learn more

[BMO website – Community Giving](https://www.bmo.com/home/about/banking/corporate-responsibility/community/donations-sponsorships)

[BMO website – Sponsorships](https://www.bmo.com/home/about/banking/corporate-responsibility/community/sponsorships)



#1

For the fifth consecutive year,  
BMO Harris Bank was recognized by  
United Way of Metro Chicago  
as its Top Corporate Partner

## HIGHLIGHTS

### Community Giving

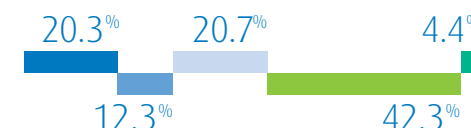
BMO donated \$63.5 million▲ to registered charities and non-profit organizations in Canada and the United States in 2018, of which \$38 million represented donations in Canada.

- **Social innovation** – BMO has made a \$10 million commitment to United Way Greater Toronto (UWGT) to support economic growth in the greater Toronto area (GTA). This is the largest corporate donation in the history of both BMO and UWGT. The growing economic disparity between neighbourhoods in the GTA has become a seemingly intractable problem. This new five-year commitment will bring business leaders together with the public sector and community organizations, so that they can collaborate on finding innovative approaches that could lead to significant reductions in economic disparity and contribute to sustainable, inclusive economic vitality in neighbourhoods across the GTA.

- **Arts and culture** – BMO has pledged to contribute \$1 million over 10 years in support of the expansion of The Museum in Kitchener-Waterloo. Plans for this expansion go beyond traditional museum models in order to showcase the talent and innovation of the universities and technology-based companies in the region in unique and compelling ways. They include a floor dedicated to robotics and artificial intelligence; an artists' hub; a new theatre; new education and programming spaces; and more than 12,000 square feet of additional exhibition space.
- **Education** – BMO Capital Markets donated \$1.6 million in funding – the equivalent of one day's worth of global institutional equity trading commissions – during its 14th annual Equity Through Education (ETE) trading day. The funding was directed to North American and European charities that offer greater access to education for less advantaged students through scholarships, bursaries and other academic programs. Since its launch in 2005, ETE has raised more than \$20 million and has provided support for more than 4,500 students.

- BMO has pledged to contribute \$1.5 million over 10 years in support of the Haskayne School of Business at the University of Calgary to establish the new BMO MBA Scholarships and the Haskayne Mentorship Program, which provides a unique and valuable opportunity for Haskayne undergraduate and MBA students to pair and engage with professionals in the Calgary business community for a period of eight months. Some 320 mentors and students will participate in the program every year.
- BMO Harris made a US\$500,000 donation over five years to New Schools for Chicago (NSC) in support of that organization's mission to significantly improve student outcomes by ensuring that every child has access to a high-quality school. NSC's innovative approach has achieved notable success in improving Chicago's education system.
- BMO Harris also made a US\$150,000 commitment over three years in support of the Social Innovation Fund at the University of Wisconsin Milwaukee (UWM) Lubar Entrepreneurship Center. The centre offers programs intended to introduce UWM students from diverse backgrounds to entrepreneurial ideas and opportunities, and conducts intensive elementary and high school outreach to raise awareness and share educational information about entrepreneurship with students living in areas with low to moderate income levels.

- **Affordable housing** – BMO Harris announced a US\$200,000 grant over three years for Heartland Housing in Chicago. Heartland Housing develops and manages sustainable, innovative and high-quality affordable housing. This support will enable the organization to expand the resources available for housing vulnerable populations.
- **Social services** – BMO Harris made a US\$50,000 grant to the ADA Leadership Institute in support of its mission to recruit and foster a network of leaders with disabilities who are deeply engaged in the civic life of metropolitan Chicago, consistent with the tenets of the *Americans with Disabilities Act*.



Community giving by focus area (%)	% of total
Arts and culture	20.3
Civic and community service (includes economic development and affordable housing)	12.3
Education	20.7
Health care and social services (includes hospitals and federated appeals)	42.3
Other	4.4



## Employee Giving and Volunteering

93% of our employees participated in the BMO Employee Giving Campaign, donating \$22.3 million to local United Way organizations and other charities across North America.

- Walk so Kids Can Talk is a major fundraising event presented by BMO for Kids Help Phone, Canada's only 24/7 national support service for youth. The annual event helps ensure that the Kids Help Phone services are always available for children of all ages who need counselling. In 2018, 8,895 BMO employees, their family members and friends participated in the five-kilometre walk, raising \$1.9 million.
- BMO Volunteer Day is a special day that we set aside each year for employees who want to lend a helping hand to local charities and community groups instead of coming in to work for the day. More than 4,300 of our employees participated in the June 2018 event across our North American footprint and, for the first time, in Ireland and the United Kingdom.
- BMO is involved with the Days of Caring initiative, which is carried out in partnership with United Way Centraide across North America. Days of Caring involves unique volunteer activities at United Way member agencies that enable our employees to share their time and talents with those in need and to be there, in person, lending a hand as United Way puts our donations to work.

• BMO partnered with Junior Achievement of Central Ontario again during the 2017/2018 school year. 229 BMO employees participated in this program, volunteering a total of 2,888 hours. See the Financial Literacy section on page 52 for additional details.

• BMO's pro bono program provides free legal services to low-income and vulnerable clients. We are proud of our commitment to provide these services at no cost, as a [Corporate Pro Bono Challenge Signatory](#).

In the United States, we continued to provide pro bono legal services in immigrant communities by handling asylum matters, assisting young immigrants who were brought into the country as children in renewing their DACA (Deferred Action for Childhood Arrivals) applications, and helping low-income immigrants complete their naturalization applications to become U.S. citizens. We also volunteered our services through the Street Law program of the Association of Corporate Counsel, teaching young students foundational legal skills and concepts, serving parents and caregivers as they tried to access the legal resources available to children with special needs, and providing senior citizens with advance care directives, such as powers of attorney and living wills. The Center for Disability and Elder Law recognized BMO Financial Group as its Corporate Partner of the Year in 2017 for its pro bono work to support senior citizens in the Chicago area.

In Canada, we continued to provide powers of attorney and advance care directives in local hospitals, and we supported our colleagues in the United States by providing translation services on asylum matters.

## BMO's Pro Bono Legal Program

3

Number of new agencies  
or projects in FY2018

729

Total Canadian volunteer  
hours in FY2018

92

Number of volunteers  
in Canada

1

Number of  
asylum victories

4

Number of new agencies  
or projects in FY2018

1,214

Total U.S. volunteer  
hours in FY2018

82

Number of volunteers in  
the United States

Corporate Pro Bono Challenge Signatory: <http://www.cpbo.org/cpbo-challenge/>

We were the first organization in Canada to support the new hotline at Pro Bono Ontario for people with low incomes. Together with a number of local law firms, we staffed the call centre for one week every three months, providing free legal advice on civil litigation, employment, housing and consumer issues. In recognition of our work with its new hotline, Pro Bono Ontario awarded BMO with the “Most Dedicated In-House Legal Department” award on September 13, 2018.

- For the fourth consecutive year, BMO partnered with the David Suzuki Foundation (DSF) to help create habitat for at-risk bees and butterflies. To date, our employee volunteers have helped plant nearly a dozen pollinator-friendly gardens in Toronto, which have provided sustenance for more than 360 species of bees and 100 species of butterflies in the area. These gardens are part of the Butterflyway, a network of corridors and habitat sites for bees and butterflies. In 2018, we hosted three volunteer activities in partnership with DSF to help protect pollinators, including one that coincided with National Pollinator Week. Our Montreal offices also participated in the event for the first time in 2018.

“Kids Help Phone’s partnership with BMO is a true testament to the resiliency of a community – it takes courage for a young person to reach out and it takes courage for the community to support them, in a way they need it most. Through our partnership, BMO is mobilizing communities across Canada to ensure that when youth reach out in any moment of crisis or need, no matter where they are, we are always here to provide the support they need.”

– Katherine Hay  
President and CEO  
Kids Help Phone

18,000

BMO supports 18,000 kids across Canada  
with our local soccer club program



#### SPONSORSHIPS

- Our close ties to the Canadian agricultural community align with our long-standing support of the Canadian Western Agribition in Saskatchewan and the Royal Agricultural Winter Fair and the International Plowing Match and Rural Expo in Ontario. Additionally, we are proud to be the official bank of the Calgary Stampede. 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.
- We continued our long-standing support of the LGBTQ+ community with the 23rd Annual Pride and Remembrance Run in June 2018. The run was the largest fundraising event held during Pride Month celebrations in Toronto. In total, it has raised more than \$1.6 million for local charities that support the LGBTQ+ community.
- Other marquee sponsorships include the Magnificent Mile Lights Festival in Chicago, Summerfest in Milwaukee and the BMO Vancouver Marathon.

- We continue to sponsor professional sports teams in Canada and United States, including the Toronto Argonauts and Montreal Alouettes in the Canadian Football League, the Chicago Blackhawks, Minnesota Wild and St. Louis Blues in the National Hockey League, and the Milwaukee Bucks and Chicago Bulls in the National Basketball Association.

In addition, we’re a proud partner of three Major League Soccer teams: Montreal Impact, Vancouver Whitecaps and Toronto FC. We have extended our partnerships with Toronto FC and BMO Field by building on our commitment to soccer at the grassroots level and acquiring the naming rights to the Toronto FC state-of-the-art practice facility (BMO Training Grounds), which is also home to the teams of the TFC Academy and the newly created TFC Juniors program. After partnering with the Toronto Raptors basketball team for five years, we concluded that relationship in 2018 when the naming rights for its home arena, formerly the Air Canada Centre, were acquired by a competing financial institution.

## Reducing Our Environmental Footprint

The UN's Sustainable Development Goals (SDGs) make it clear that widespread action is needed to protect our planet – several of the SDGs are directly related to the environment and the sustainability of the world's natural resources. The importance of environmental stewardship to our stakeholders, including our employees, drives our efforts to find creative solutions for today's pressing global challenges and dedicate resources to reducing our impact on the environment.

### Framing the Topic

**What we mean by reducing our environmental footprint:** Mitigating the environmental impact of our operations by applying best practices in managing our energy use, transportation, material consumption, water use, waste generation and the emissions generated by our operations.

**Who has responsibility:** BMO's Global Head, Corporate Real Estate, is responsible for overseeing the implementation of BMO's Environmental Policy, establishing and maintaining the organization's Environmental Management System (EMS) in alignment with the ISO 14001 standard, and setting objectives and targets related to the environmental impact of our operations. BMO's executive compensation program provides incentives for the effective management of climate change issues and the achievement of operations-related performance targets.

### OUR APPROACH

BMO has been carbon neutral, enterprise-wide, since 2010. Our ECO<sup>5</sup> Strategy is an organizational framework that helps us: (1) measure and reduce the environmental impacts of our operations, including our company-wide greenhouse gas emissions, (2) lower our costs, (3) gather data on our environmental performance and publicly report on our progress, and (4) continually improve our environmental performance.

The most significant factor contributing to our environmental impact – approximately 86% – is our use of energy in the real estate properties we occupy. Business travel by our employees and waste from major facilities account for most of the balance. We strive to mitigate these impacts by applying best practices for energy conservation and efficiency, sustainable transportation, sustainable procurement and materials, and waste management.

In December 2008, BMO became the first Canadian financial institution to achieve ISO 14001 certification for an office building (located in Toronto), and we have been able to successfully maintain this status. Since then, we have achieved and successfully maintained certification at three more locations – one in Toronto and two in the United Kingdom. We continue to implement the best practices we have learned at our ISO 14001-certified sites at other locations.

We have either registered for or achieved Leadership in Energy and Environmental Design (LEED) certification for a number of our locations:

- Our head office at First Canadian Place in downtown Toronto is certified as LEED Gold for Existing Buildings Operation & Maintenance (EBOM)
- Six BMO branches in Canada are LEED-certified (LEED New Construction); locations are as follows:

Address	Certification Level
9630 Macleod Trail SE, Calgary, AB	Silver
5111 New Street, Burlington, ON	Certified
1454 Merivale Road, Ottawa, ON	Silver
105 Clair Road E, Guelph, ON	Silver
19489 Seton Crescent SE, Calgary, AB	Certified
631-645 Commissioners Road E, London, ON	Silver

- Our new state-of-the-art customer contact facility in Mississauga, Ontario achieved LEED Core & Shell and LEED Commercial Interiors certification

- Four BMO Harris locations in the United States are LEED-certified; locations are as follows:

- 12920 S Route 47, Huntley, IL
- 1620 W 95th Street, Chicago, IL
- 502 E 1100 N, Chesterton, IN
- 15450 W National Avenue, New Berlin, WI

To drive continual improvement, we set aggressive goals for reductions in our emissions and our use of resources, and we track and report our performance against them. External and internal audits are conducted for ISO 14001-certified buildings. Annual waste audits are conducted at our larger office complexes and special-purpose facilities (such as processing centres and our Institute for Learning). We work with landlords at leased facilities to promote awareness of building-specific waste practices, and we encourage our employees to take advantage of waste reduction and recycling opportunities.

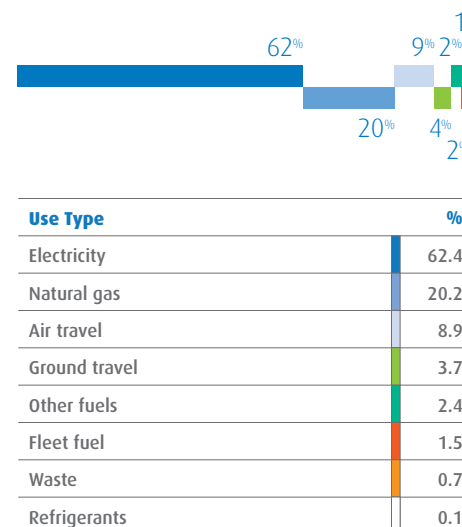
## HIGHLIGHTS

• After achieving our five-year targets for reducing enterprise carbon emissions and paper consumption ahead of schedule, we announced new five-year targets in 2017, including our first target for reducing water usage. These targets are as follows:

- Reduce enterprise carbon emissions related to energy consumption, waste and business travel by 15% by the end of fiscal 2021, based on fiscal 2016 levels.
- Reduce water consumption per square metre across our facilities by 8% by the end of fiscal 2021, based on fiscal 2016 levels.

- BMO's new Urban Campus in Toronto is an example of adaptive reuse of an existing asset, resulting in avoiding the emissions associated with the construction of a new building.
- To improve energy efficiency, we continued to upgrade lighting, heating, ventilation and air conditioning (HVAC), controls, building envelope (roofs and windows), and other energy-consuming equipment and systems at various facilities in Canada and the United States.
- In 2017, we invested approximately \$11.3 million in energy-related projects, which have generated annual savings of \$1.1 million and reductions in emissions equivalent to 3,282 tonnes of carbon dioxide (tCO<sub>2</sub>e).

## TOTAL EMISSIONS BY SOURCE



## Learn more

- [BMO website – Environmental Policy](#)
- [BMO website – Environmental Targets](#)
- [BMO website – Environmental Performance](#)
- [BMO website – CDP Response](#)

## PERFORMANCE SCORECARD

Results shown here reflect 2017 environmental performance. Data for 2018 will be available on BMO's website in June 2019.

<div><div></div><div>Absolute Carbon Emissions</div></div> <div>Target: Reduce absolute carbon emissions by 15%, based on fiscal 2016 baseline levels, by the end of fiscal 2021.</div>	<div>Result:</div> <div><div>↓</div><div>2.96%</div><div>reduction as at year-end 2017</div></div>	<div>Description:</div> <div>Absolute emissions refer to total Scope 1, 2 and 3 emissions, classified in relation to our operational control, as specified by the Greenhouse Gas (GHG) Protocol. BMO's Scope 1 emissions are direct GHG emissions from BMO facilities and sources, such as the combustion of fuels in stationary sources (boilers, furnaces, etc.) and in company-owned vehicles. They also include fugitive emissions, such as releases of refrigerants from refrigeration and air conditioning equipment. Scope 2 emissions are indirect GHG emissions related to the electricity and steam we purchase. Scope 3 emissions are indirect GHG emissions related to air or ground travel by employees for business purposes and the solid waste sent to municipal landfills.</div> <div>In 2013, we set a target to reduce absolute enterprise carbon emissions (Scopes 1, 2 and 3) by 10%, based on fiscal 2012 baseline levels (after adjusting for weather and emissions factors), by the end of fiscal 2017. Our absolute emissions decreased by 13.9% at the end of fiscal 2016 compared to the fiscal 2012 baseline, a result that exceeded our target one year ahead of schedule. Hence, we established our new five-year target in 2017.</div>	<div>Annual Emissions (tCO<sub>2</sub>e)</div> <div><div><div><div></div><div>175,268</div></div><div><div></div><div>168,229</div></div></div><div><div>2016</div><div>2017</div></div><div><div>Actual emissions</div><div>Adjusted baseline emissions</div></div></div>
<div><div></div><div>Water Use Intensity Reduction</div></div> <div>Target: Reduce water use intensity (m<sup>3</sup> water consumption/m<sup>2</sup> real estate floor area) by 8%, based on the fiscal 2016 baseline level, by the end of fiscal 2021.</div>	<div>Result:</div> <div><div>↓</div><div>2.17%</div><div>reduction as at year-end 2017</div></div>	<div>Description:</div> <div>Water use intensity is expressed as total water consumption per year in cubic metres (m<sup>3</sup>) divided by total floor space in square metres (m<sup>2</sup>). Total floor space does not include parking or irrigated areas. The intensity-based metric was selected because reliable water usage data is available for approximately 62% of BMO's real estate portfolio. In addition, water use intensity is a useful benchmark when we are comparing our water usage and performance to best practices.*</div> <div><div>* Represents water consumption for facilities where data is available. For 2017, the cubic metres reported represent coverage for approximately 61.7% of facilities as a percentage of square metres occupied.</div></div>	<div>Water Use Intensity (m<sup>3</sup>/m<sup>2</sup>)</div> <div><div><div><div></div><div>0.7449</div></div><div><div></div><div>0.7287</div></div></div><div><div>2016</div><div>2017</div></div><div><div>Actual water use intensity</div><div>Baseline water use intensity</div></div></div>
<div><div></div><div>Carbon Neutrality</div></div> <div>Target: Maintain enterprise-wide carbon neutrality in each reporting year.</div>	<div>Result:</div> <div><div>100%</div></div>	<div>Description:</div> <div>BMO has been carbon neutral for the past eight years. We have maintained carbon neutrality by limiting emissions from energy use and other sources, investing in electricity from renewable energy sources, and purchasing locally based carbon credits. In the United States, 100% of the electricity used in facilities we operate is offset by renewable energy.</div>	



## Appendix: Human Rights

The United Nations Guiding Principles on Business and Human Rights (UNGPR) sets out the duties of companies to respect human rights, and to conduct due diligence to identify and mitigate any potential or actual adverse impacts that their business practices and operations may have on human rights.

### Framing the Topic

#### What we mean by *human rights*:

Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.

**Who has responsibility:** Human rights is a shared responsibility across the enterprise. Program development to embed the UN Guiding Principles is the responsibility of the Chief Sustainability Officer.



### OUR APPROACH

Respect for human rights is central to Being BMO. This involves promoting a diverse and inclusive working environment, while also giving effect to our commitment to human rights by bringing to it the accountability, transparency and dedication we apply in all of our business dealings. It includes, but goes beyond, implementing BMO's Code of Conduct and upholding the ideals of BMO's Statement on Human Rights.

BMO is undertaking a review of its sustainability policies and practices, with the intent of responding to, and directly incorporating, best practices that are emerging as the UNGP are adopted by companies around the world.

This initiative will build on existing standards that already govern our relationships with employees, business partners and other stakeholders, as set out in documents such as BMO's Code of Conduct and Supplier Code of Conduct.

Our objective is to integrate the UNGP's approach to human rights into the governance of our enterprise-wide business practices and operations, allowing us to identify and mitigate any potential or actual adverse impacts on human rights while promoting positive outcomes as we do business and build stakeholder relationships.

## Related BMO policies and statements

[BMO's Code of Conduct](#)

[Supplier Code of Conduct](#)

[Modern Slavery and Human Trafficking Statement](#)

[BMO's Statement on Anti-Money Laundering, Anti-Terrorist Financing and Sanctions Measures](#)

[BMO's Statement on Freedom of Association and Collective Bargaining](#)

[BMO's Statement on Human Rights](#)

## Employees

BMO is committed to maintaining a diverse and inclusive workplace in which employees know that they can be their authentic selves and speak candidly. See the Diversity and Inclusion (page 48) and Business Conduct (page 16) sections of this report to learn more.

We have expressed a formal commitment to freedom of association and the right to collective bargaining in BMO's Statement on Freedom of Association and Collective Bargaining.

Employees can raise concerns confidentially by contacting BMO's Ombudsman Office or the Ethics and Conduct Office. See the Office of the Ombudsman section of this report (page 24) to learn more.

## Customers

Through BMO's "know your client" programs, we regularly conduct due diligence in regard to our client relationships. For example, our Anti-Money Laundering (AML) Program seeks to identify and verify customer information, monitor customer transactions for unusual activity, and report any suspicious activity to the relevant authorities. AML Program details are listed in BMO's Statement on Anti-Money Laundering, Anti-Terrorist Financing and Sanctions Measures.

As a signatory to the Equator Principles, BMO has committed to assessing and managing the environmental and social risks associated with all lending transactions that are within the scope of those principles. See the Responsible Lending section of this report (pages 37–39) to learn more.

## Supply Chain

BMO's Supplier Code of Conduct sets out the standards we expect our suppliers to meet in regard to respecting human rights, upholding ethical business practices and complying with the law. We encourage our suppliers to adopt policies and codes of conduct similar to our own, and to convey their expectations to their own suppliers along the supply chain.

We stand against all forms of modern slavery and human trafficking. BMO reports in accordance with the UK *Modern Slavery Act* (2015).

## Responsible Investing

Human rights are central to the approach that BMO Global Asset Management takes in its responsible investment, corporate engagement, voting and reporting activities. Our asset management operations in Europe, the Middle East and Asia include a specialist Responsible Investment team that carries out an extensive program of investor

engagement aimed at encouraging the companies in which we invest to adopt ESG best practices. This has included initiatives to engage with companies operating in high-risk sectors on topics such as the protection of migrant worker rights, collective bargaining, and health and safety standards.

The Global Responsible Investment team also monitors companies alleged to be in contravention of the United Nations Global Compact principles, and engages with any of those companies if there is an issue of significant concern. See the Responsible Investing section of this report (pages 34–36) to learn more.

**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/pdf/Supplier\\_Code\\_of\\_Conduct\\_Final.pdf](https://www.bmo.com/pdf/Supplier_Code_of_Conduct_Final.pdf)

**Modern Slavery and Human Trafficking Statement:** <https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues>

**BMO's Statement on Anti-Money Laundering, Anti-Terrorist Financing and Sanctions Measures:** <https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues>

**BMO's Statement on Freedom of Association and Collective Bargaining:** <https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues>

**BMO's Statement on Human Rights:** <https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues>

## Appendix: Climate Change

For BMO's complete climate-related disclosure, see our TCFD Index on pages [64](#) and [65](#).

BMO recognizes that climate change and the global transition to a lower carbon economy present both risks and opportunities that can affect BMO's business. This is reflected in our efforts to: (1) capture emerging opportunities such as sustainable finance; (2) implement good international practice in responsible banking and environmental and social risk assessment and; (3) provide useful climate-related disclosure and sustainability reporting consistent with international good practice, such as the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD).

### Framing the Topic

#### What we mean by *climate change*:

A change of climate that is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and that is in addition to natural climate variability observed over comparable time periods.

**Who has responsibility:** Reporting to the General Counsel, the Chief Sustainability Officer is responsible for the development and execution of sustainability strategy, including internal advisory, stakeholder engagement and disclosure.



### OUR APPROACH

BMO has established a Strategic Framework, with Sustainability Principles set out alongside our Strategic Priorities, focused on pursuing our corporate vision and building a foundation of trust with our stakeholders. This framework is championed by BMO's Chief Executive Officer.

Climate change and the global transition to a lower carbon economy will drive new and different demands. BMO's business model is adaptive to market trends, opportunities and client demands, and will respond to these new demands through product innovation.

We recognize an opportunity to differentiate ourselves by developing innovative new products and business services that are related to climate change and by offering financing solutions that can assist our

customers during their transition to a low-carbon economy. These opportunities are being captured through our sustainable finance product underwriting and advisory services, including green, social and sustainability bond underwriting and green financing, as well as through innovative approaches to responsible investing taken by BMO Global Asset Management, among other activities. BMO is currently exploring additional ways to capture sustainable finance opportunities as this market grows, driven in part by changing capital flows associated with market and regulatory forces.

BMO is developing a Green Bond Framework, which will further drive our sustainable finance business and demonstrate our commitment to being a leader in this space.

## Risk Management

Consistent with the recommendations of the TCFD and emerging best practice, climate-related risks may include both transition risks and physical risks. Transition risks include substitution of goods, new regulations or other changes to the economic context of our business and the businesses of our clients. Physical risks include physical changes to the earth that could affect our business, including severe weather, flooding or other impacts of climate change. These potential risks exist for all financial institutions, including BMO, in relation to our own operations as well as through exposure to risks of our clients.

## Metrics and Targets

Scenario analysis specific to climate change scenarios as recommended by the TCFD is being planned for implementation in line with the recommendations.

From an operational perspective, we recognize that environmental stewardship is one of today's most pressing global challenges, with climate change in particular presenting a growing threat. Stakeholders expect us to consider the impact that BMO has on the natural environment, both directly in terms of our own operations and indirectly through our purchasing decisions. We expect the same of ourselves and have set and achieved three separate multi-year

enterprise emissions reduction targets since 2008 and have worked hard to maintain our carbon neutrality since 2010.

BMO tracks and analyzes our own emissions and tracks new fuel/energy taxes and regulations that could affect our operating costs. We also track weather data for large urban centres in North America where BMO Financial Group facilities are located that could affect physical risks of our own operations. These areas of analysis are considered in operational risk and sustainability planning and reporting.

See our ESG Scorecard on page 8 for more information.

## Stakeholder Engagement

Early in 2017, BMO joined the Carbon Pricing Leadership Coalition (CPLC), a voluntary initiative that supports the implementation of carbon pricing around the world.

In 2018, BMO's engagement with the TCFD included:

- As a member of the United Nations Environment Programme – Finance Initiative (UNEP FI), participating in, and closely following, the TCFD Working Group of 16 of our UNEP FI peer banks.

- Engaging with the Canadian Bankers' Association on TCFD implementation strategies.
  - Holding discussions with investor groups regarding climate change and disclosures related to the TCFD.
  - Developing and rolling out Board of Directors training on climate change and the TCFD.
- BMO Global Asset Management's activities on climate change included:
- Supporting the Global Investor Statement on Climate Change, which calls for implementation by governments of strong climate policies.
  - Joining the Climate Action 100+ initiative, a US\$32 trillion collaborative engagement aligned with the TCFD.

## Related BMO policies and statements

- [BMO website – Environmental Policy](#)
- [BMO website – Statement on Climate Change](#)

## Learn more about our climate change actions

- [TCFD Index](#)
- [BMO 2018 CDP Response](#)
- [Reducing Our Environmental Footprint](#)

BMO website – Environmental Policy: [https://www.bmo.com/cr/images/BMOEnvironmentalPolicy\\_April2016.pdf](https://www.bmo.com/cr/images/BMOEnvironmentalPolicy_April2016.pdf)

BMO website – Statement on Climate Change: <https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues>

BMO 2018 CDP Response: [https://www.bmo.com/cr/files/BMO\\_CDP2018en.pdf](https://www.bmo.com/cr/files/BMO_CDP2018en.pdf)

## Task Force on Climate-related Financial Disclosures (TCFD) Index

To find information that addresses the TCFD recommendations in this report or in our other publicly available documents, please see the table below.

### Governance

Disclose BMO's governance around climate-related risks and opportunities.

### Recommended Disclosure

a. Describe the Board's oversight of climate-related risks and opportunities.

b. Describe management's role in assessing and managing climate-related risks and opportunities.

### Alignment with BMO Disclosure

Annual Report, pages 82–83.  
Proxy Circular, page 24 (2018).  
BMO Environmental, Social and Governance (ESG) Report, page 19.  
ESG Report Appendix, page 62, GRI table 102: General Disclosure (sections 18, 19, 20, 26, 27, 29, 31, 32).  
CDP C1.1b.  
Other sources: [BMO website – Statement on Climate Change](#)

Annual Report, pages 82–83.  
Proxy Circular, page 81 (2018).  
ESG Report, page 19.  
ESG Report Appendix, page 62, GRI table 102: General Disclosure (sections 29, 31, 32).  
CDP C1.2, C1.2a.  
Other sources: [BMO website – Statement on Climate Change](#)

### Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material.

### Recommended Disclosure

a. Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.

b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.

c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

### Alignment with BMO Disclosure

Annual Report, pages 115–116.  
BMO Environmental, Social and Governance (ESG) Report, page 39.  
ESG Report Appendix, page 62, GRI table 102: General Disclosure (section 15).  
CDP C2.1, C2.2b, C2.3, C2.3a, C2.4, C2.4a.  
Other sources: [BMO website – Statement on Climate Change](#)

Annual Report, pages 115–116.  
ESG Report, page 39.  
ESG Report Appendix, page 62, GRI 201: Economic Performance (section 2).  
CDP C2.5, C2.6, C3.1, C3.1c.  
Other sources: [BMO website – Statement on Climate Change](#)

ESG Report, Appendix, page 62.  
CDP C3.1a.  
Other sources: [ESG Viewpoint – The Task Force on Climate-related Financial Disclosures: What does it mean for investors?](#), [BMO website – Statement on Climate Change](#)

**BMO website – Statement on Climate Change:** <https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues>  
**ESG Viewpoint – The Task Force on Climate-related Financial Disclosures: What does it mean for investors?:** [https://bmogamhub.com/system/files/esg-viewpoint\\_taskforce-on-climate-related-disclosures\\_fall-2017.pdf](https://bmogamhub.com/system/files/esg-viewpoint_taskforce-on-climate-related-disclosures_fall-2017.pdf)  
**BMO website – Responsible Lending:** <https://www.bmo.com/home/about/banking/corporate-responsibility/customers/responsible-lending>  
**BMO website – Environmental Performance:** <https://www.bmo.com/home/about/banking/corporate-responsibility/environment/environmental-performance>  
**BMO website – Greenhouse gas emissions summary report:** <https://www.bmo.com/home/about/banking/corporate-responsibility/environment/environmental-performance#greenhouse>  
**BMO website – BMO CDP Response:** [https://www.bmo.com/cr/files/BMO\\_CDP2018en.pdf](https://www.bmo.com/cr/files/BMO_CDP2018en.pdf)  
**BMO website – Targets:** <https://www.bmo.com/home/about/banking/corporate-responsibility/environment/carbon-neutral>



## Risk Management

Disclose how the organization identifies, assesses and manages climate-related risks.

### Recommended Disclosure

a. Describe the organization's processes for identifying and assessing climate-related risks.

b. Describe the organization's processes for managing climate-related risks.

c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.

### Alignment with BMO Disclosure

Annual Report, page 78.

Proxy Circular, page 81 (2018).

BMO Environmental, Social and Governance (ESG) Report, page 81 (FS2).

ESG Report Appendix, page 62, GRI 201: Economic Performance (section 2).

CDP C2.2b, C2.2c.

Other sources: [BMO website – Statement on Climate Change](#)

Annual Report, pages 115–116.

Proxy Circular, page 81 (2018).

ESG Report, page 81 (FS1).

CDP C2.2c, C2.2d.

Other sources: [BMO website – Responsible Lending](#), [BMO website – Statement on Climate Change](#)

Annual Report, page 78.

Proxy Circular, pages 34–35 (2018).

ESG Report, page 81 (FS9).

CDP C2.2.

Other sources: [BMO website – Statement on Climate Change](#)

## Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

### Recommended Disclosure

a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and related risks.

c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

### Alignment with BMO Disclosure

BMO Environmental, Social and Governance (ESG) Report, page 59.

ESG Report Appendix, page 62, GRI 102: General Disclosures (section 30).

CDP C4.2.

Other sources: [BMO website – Environmental Performance](#), [BMO website – Statement on Climate Change](#)

ESG Report, page 8.

ESG Report Appendix, page 62, GRI 201: Economic Performance (section 2).

CDP C6.1, C6.3, C6.5.

Other sources: [BMO website – Greenhouse gas emissions summary report](#), [BMO website – Statement on Climate Change](#)

ESG Report, page 59.

CDP C4.1, C4.1a, C4.1b.

Other sources: [BMO website – Targets](#), [BMO website – Statement on Climate Change](#)

## GRI Index

### Legend

- AIF – Annual Information Form for the year ended October 31, 2018
- AR – BMO Financial Group’s 2018 Annual Report
- EENR – Employment Equity Narrative Report 2017

- ESG Report and PAS – Environmental, Social and Governance Report and Public Accountability Statement
- PC – Notice of Annual Meeting of Shareholders and Management Proxy Circular (for the meeting held on April 5, 2018 – current at the time this report was published)

GRI Disclosure	TCFD Disclosure	Description	2018 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. Further information: AR pages 25 and 203–205.
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 2018 ESG Report cover our enterprise-wide operations. Further information: AR pages 203 (Operating and Geographic Segmentation) and 206 (Significant Subsidiaries).
GRI 102-5		Ownership and legal form.	Bank of Montreal is a Canadian Schedule 1 bank and a public company whose common shares are listed on the Toronto and New York stock exchanges. Shares are widely held by institutional and retail shareholders. Further information: AR page 148.

GRI Disclosure	TCFD Disclosure	Description	2018 Location/Commentary/Explanation for Omission
GRI 102-6		Markets served.	<p>We conduct our business through three operating groups:</p> <ul style="list-style-type: none"> <li>• Personal and Commercial Banking</li> <li>• BMO Wealth Management</li> <li>• BMO Capital Markets</li> </ul> <p>Further information: AR pages 203–205.</p>
GRI 102-7		Scale of the organization.	<p>See inside front cover of this report: <a href="#">Who We Are</a>.</p> <p>Further information: AR pages 25 and 203–205.</p>
GRI 102-8		Information on employees and other workers.	<p>See page 91 of the PAS: BMO Headcount.</p> <p>Further information: EENR page 2 (Highlights of representation for women in 2017)  <a href="https://www.bmo.com/cr/files/BMO_employment_equity2017en.pdf">https://www.bmo.com/cr/files/BMO_employment_equity2017en.pdf</a></p>
GRI 102-9		Supply chain.	<p>In 2018, we purchased goods and services with a total cost of approximately \$5.2 billion from approximately 9,970 suppliers. Of that amount, approximately \$3.6 billion was spent through our Canadian operations and approximately \$1.6 billion was spent through our U.S. operations.</p> <p>We are committed to ensuring that our supply chain reflects the communities in which we operate, as well as our employees and shareholders. We strive to ensure that businesses owned by members of a minority group, women, Indigenous people, military veterans, persons with disabilities and lesbian, gay, bisexual and transgender persons all have an equal opportunity to compete as suppliers of goods and services. Examples of goods and services include information technology hardware and software, market and financial data, advertising and marketing services, consulting services, and real estate facilities management services.</p> <p>Further information: <a href="https://www.bmo.com/home/about/banking/corporate-information/supplier-information/current-supplier-information">https://www.bmo.com/home/about/banking/corporate-information/supplier-information/current-supplier-information</a></p>
GRI 102-10		Significant changes to the organization and its supply chain.	None.
GRI 102-11		Precautionary Principle or approach.	<p>For our approach to risk management in our financing and lending activities, see page 37 of this report: Responsible Lending.</p> <p>Further information: AR pages 115 and 116 (Environmental and Social Risk) and BMO Statement on Climate Change <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues</a></p>
GRI 102-12		External initiatives.	<ul style="list-style-type: none"> <li>• Carbon Disclosure Project</li> <li>• Equator Principles</li> <li>• ISO 14001 Environmental Management System</li> <li>• Leadership in Energy and Environmental Design (LEED)</li> <li>• Task Force on Climate-related Financial Disclosure (TCFD)</li> <li>• United Nations Principles for Responsible Investing</li> <li>• United Nations Universal Declaration of Human Rights</li> </ul>

GRI Disclosure	TCFD Disclosure	Description	2018 Location/Commentary/Explanation for Omission
GRI 102-13		Membership of associations.	<ul style="list-style-type: none"> <li>• Asian Corporate Governance Association</li> <li>• Carbon Pricing Leadership Coalition</li> <li>• Council of Institutional Investors</li> <li>• Global Compact Network Canada</li> <li>• Institutional Investors Group on Climate Change</li> <li>• Responsible Investment Association (Canada)</li> <li>• UK Sustainable Investment and Finance Association</li> <li>• United Nations Environment Programme – Finance Initiative</li> </ul> <p>Further information: <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/memberships-associations">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/memberships-associations</a></p>
Strategy			
GRI 102-14		Statement from senior decision-maker.	See pages 2 and 3 of this report: Message from the CEO, BMO Financial Group, and Message from the Chair, BMO Sustainability Council.
GRI 102-15	✓	Key impacts, risks, and opportunities.	<p>For risks related to environmental, social and governance (ESG) practices and activities, see the Environmental and Social Risk and Reputation Risk sections on pages 115–116 of the AR.</p> <p>Opportunities are discussed on page 62 of this report: Climate Change.</p> <p>Interests of our stakeholders are disclosed on page 11 of this report: Engaging Our Stakeholders (see table).</p> <p>Our approach to risk management is discussed on page 28 of this report: Advancing Responsible Banking &amp; Investing.</p> <p>Further information:</p> <p>2018 CDP Response <a href="https://www.bmo.com/cr/files/BMO_CDP2018en.pdf">https://www.bmo.com/cr/files/BMO_CDP2018en.pdf</a></p> <p>BMO Statement on Human Rights <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues</a></p> <p>BMO Statement on Climate Change <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues</a></p>
Ethics and Integrity			
GRI 102-16		Values, principles, standards, and norms of behaviour.	<p>See page 14 of this report: Managing Our Business (Business Conduct).</p> <p>Further information:</p> <p>BMO's Code of Conduct <a href="https://www.bmo.com/pdf/Supplier_Code_of_Conduct_Final.pdf">https://www.bmo.com/pdf/Supplier_Code_of_Conduct_Final.pdf</a></p> <p>Supplier Code of Conduct <a href="https://www.bmo.com/home/about/banking/corporate-information/supplier-information/supplier-code-of-conduct">https://www.bmo.com/home/about/banking/corporate-information/supplier-information/supplier-code-of-conduct</a></p> <p>Modern Slavery and Human Trafficking Statement <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues</a></p> <p>BMO Statement on Human Rights <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues</a></p>
GRI 102-17		Mechanisms for advice and concerns about ethics.	See page 14 of this report: Managing Our Business (Business Conduct – Speak Up).

GRI Disclosure	TCFD Disclosure	Description	2018 Location/Commentary/Explanation for Omission
Governance			
GRI 102-18	✓	Governance structure.	Our Board's oversight of ESG issues is discussed on page 19 of this report. In addition, Board Committee charters are available on BMO's website at <a href="http://www.bmo.com">www.bmo.com</a> under Corporate Governance and Board Committees. Further information: BMO Statement on Climate Change <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues</a>
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 General Counsel. The CSO is responsible for the development and execution of sustainability strategy, including internal advisory, stakeholder engagement and disclosure. Further information: BMO Statement on Climate Change <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues</a>
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 leadership representing each business and corporate area. The Sustainability Council meets quarterly and acts as a support and advisory body to oversee the implementation of BMO's sustainability strategy and discuss topics that include climate change risks, opportunities and disclosure. Further information: BMO Statement on Climate Change <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues</a>
GRI 102-21		Consulting stakeholders on economic, environmental, and social topics.	See page 11 of this report: Engaging Our Stakeholders. See our Shareholder Engagement Policy at <a href="http://www.bmo.com/home/about/banking/corporate-governance/select-documents">http://www.bmo.com/home/about/banking/corporate-governance/select-documents</a>
GRI 102-22		Composition of the highest governance body and its committees.	Board of Directors: <a href="http://www.bmo.com/home/about/banking/corporate-governance/board-of-directors">www.bmo.com/home/about/banking/corporate-governance/board-of-directors</a> Board Committees: <a href="http://www.bmo.com/home/about/banking/corporate-governance/board-committees/audit-and-conduct-review">www.bmo.com/home/about/banking/corporate-governance/board-committees/audit-and-conduct-review</a> Further information: PC (Skills Matrix).
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 at <a href="http://www.bmo.com/home/about/banking/corporate-governance/select-documents">http://www.bmo.com/home/about/banking/corporate-governance/select-documents</a> Further information: 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.	Our Sustainability Principles are presented alongside our Strategic Priorities on page 1 of this report, signalling that sustainability is incorporated into how we do business, manage risk and create value. Further information: BMO Statement on Climate Change <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues</a>



GRI Disclosure	TCFD Disclosure	Description	2018 Location/Commentary/Explanation for Omission
GRI 102-27	✓	Collective knowledge of highest governance body.	BMO's directors are evaluated based on a skills matrix that specifically includes experience related to sustainability. The Board also receives training on sustainability topics. Climate change disclosure training was developed and delivered to our directors in 2018 as part of BMO's implementation of the recommendations of the TCFD. Further information: PC (Skills Matrix) and BMO Statement on Climate Change <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues</a>
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. Further information: Governance and Nominating Committee Charter, available on our website at <a href="https://www.bmo.com/home/about/banking/corporate-governance/select-documents">https://www.bmo.com/home/about/banking/corporate-governance/select-documents</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 overseeing 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. Further information: BMO Statement on Climate Change <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues</a>
GRI 102-30	✓	Effectiveness of risk management processes.	The Risk Management Committee is responsible for assisting the Board in fulfilling its oversight responsibilities for BMO's identification and management of risk, adherence to risk management corporate policies, and compliance with risk-related regulatory requirements. Further information: Risk Review Committee Charter, available on our website at <a href="http://www.bmo.com/home/about/banking/corporate-governance/select-documents">http://www.bmo.com/home/about/banking/corporate-governance/select-documents</a> Further information: BMO Statement on Climate Change <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues</a>
GRI 102-31	✓	Review of economic, environmental, and social topics.	The Risk Review Committee of the Board of Directors will meet as frequently as it determines necessary but not less than eight times in each fiscal year. 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 34 of the PC: Report of the Risk Review Committee. Further information: BMO Statement on Climate Change <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues</a>
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 annually with the Chief Sustainability Officer, Corporate Secretary and General Counsel to review and discuss the findings of the BMO ESG Report and to consider matters related to sustainability. In December 2018, the ESG Report and climate-related disclosure was reviewed by the full Board of Directors. Further information: BMO Statement on Climate Change <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues</a>
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. Reason for omission: Confidentiality constraints. Explanation: BMO considers this type of information confidential.

GRI Disclosure	TCFD Disclosure	Description	2018 Location/Commentary/Explanation for Omission
GRI 102-35		Remuneration policies.	For BMO's approach to executive compensation and 2017 results and compensation, see page 59 of the PC: Compensation Discussion and Analysis.  Executives at the business group level are measured on the profitability of their areas of accountability. Contributing to the decisions relative to incentive compensation are contributions to productivity challenges and more specifically, the ongoing control over expenses. ESG contributions are also considered. Limiting employee travel for business purposes (e.g., commercial air travel) and substituting alternatives like Webex, Skype and other online conferencing tools is one area in which BMO's focus on reducing expenses has also contributed to achieving targeted reductions in greenhouse gas emissions.  Further information: <a href="http://www.bmo.com/cr/files/BMO_CDP2018en.pdf">http://www.bmo.com/cr/files/BMO_CDP2018en.pdf</a>
GRI 102-36		Process for determining remuneration.	For BMO's approach to executive compensation and 2017 results and compensation, see page 59 of the PC: Compensation Discussion and Analysis.
GRI 201-37		Stakeholders involved in remuneration.	See page 67 of the PC: Independent advice.
GRI 102-38		Annual total compensation ratio.	Not disclosed.  Reason for omission: Confidentiality constraints.  Explanation: See PC, pages 56–57 (Board of Directors' position on Shareholder Proposal 4 – Disclosure of Equity Ratio).
GRI 102-39		Percentage increase in annual total compensation ratio.	See above.
Stakeholder Engagement			
GRI 102-40		List of stakeholder groups.	See page 11 of this report: Engaging Our Stakeholders.
GRI 102-41		Collective bargaining agreements.	Currently, 0% of employees are covered by collective bargaining agreements. For BMO's position on freedom of association and collective bargaining, refer to <a href="https://www.bmo.com/cr/images/BMOFreedomofAssociationandCollectiveBargainingMarch2016.pdf">https://www.bmo.com/cr/images/BMOFreedomofAssociationandCollectiveBargainingMarch2016.pdf</a>
GRI 102-42		Identifying and selecting stakeholders.	See page 11 of this report: Engaging Our Stakeholders.
GRI 102-43		Approach to stakeholder engagement.	See page 11 of this report: Engaging Our Stakeholders.  For engagement undertaken specifically as part of the report preparation process, see page 12 of this report: Materiality.
GRI 102-44		Key topics and concerns raised.	See page 11 of this report: Engaging Our Stakeholders.  For the list of priority topics, see page 13 of this report: Materiality Matrix.

GRI Disclosure	TCFD Disclosure	Description	2018 Location/Commentary/Explanation for Omission
Reporting Practice			
GRI 102-45		Entities included in the consolidated financial statements.	For information about the inter-corporate relationships among Bank of Montreal and its significant subsidiaries, see page 206 of the AR.
GRI 102-46		Defining report content and topic Boundaries.	See page 12 of this report: Materiality.
GRI 102-47		List of material topics.	See pages 8–10 of this report: ESG Scorecard.
GRI 102-48		Restatements of information.	There are no restatements of information in this report.
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 2018 ESG Report and PAS covers our 2018 fiscal year (November 1, 2017 to October 31, 2018).
GRI 102-51		Date of most recent report.	Our most recent previous report is our 2017 ESG Report and PAS, published in February 2018.
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.	Yes. See pages 88 and 89 of this report: Independent Limited Assurance Report by KPMG LLP, Bank of Montreal's auditor.

GRI Disclosure	TCFD Disclosure	Description	2018 Location/Commentary/Explanation for Omission
<b>ECONOMIC PERFORMANCE</b>			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 4 of this report: Economic Value. <b>Further information:</b> AR page 6: Chairman's Message. AR page 8: Chief Executive Officer's Message. AR page 3: Financial Performance and Condition at a Glance. AR page 144: 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 4 of this report: Economic Value. See also our Public Accountability Statement on page 90. <b>Tax governance:</b> The Audit and Conduct Review Committee of the Board of Directors of Bank of Montreal oversees BMO Financial Group's financial reporting, including the review of tax matters that are material to the financial statements. BMO Financial Group's approach to tax governance is guided by a number of key principles, including the following: 1. Our intention is to comply fully with tax laws. 2. Our financial statements provide information on taxes, including our provision for current and deferred income taxes. 3. We actively seek to identify, evaluate, monitor and manage any tax risks that may arise. 4. We consider all applicable tax laws (among other laws) in connection with our commercial activities and only engage in tax planning with commercial or economic substance. 5. We will not work with clients we believe use tax strategies to evade taxes. 6. We are committed to the timely filing of all required tax and information returns. 7. We endeavour to maintain productive relationships and cooperate with relevant tax authorities. BMO Financial Group has a robust anti-money laundering, anti-terrorist financing and sanctions compliance program and seeks to engage only in bona fide client transactions. BMO's operating groups are required to know the customers with whom they conduct business, the products and channels they use, and the jurisdictions to which they have connections, as essential elements of assessing a customer's risk and taking appropriate measures in response to the identified risk.
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 45 of this report: BMO Canada Pension Plan (table).
GRI 201-4		Financial assistance received from government.	None.

GRI Disclosure	TCFD Disclosure	Description	2018 Location/Commentary/Explanation for Omission
<b>MATERIAL ISSUES</b>			
Access/Financial Inclusion			
GRI 103-1		Explanation of the material topic and its Boundary.	See page <a href="#">28</a> of this report: Advancing Responsible Banking & Investing. For details on the Boundary of this topic, see page <a href="#">83</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.
FS13		Access points in low-populated or economically disadvantaged areas by type.	See page <a href="#">28</a> of this report: Advancing Responsible Banking & Investing.
FS14		Initiatives to improve access to financial services for disadvantaged people.	See page <a href="#">28</a> of this report: Advancing Responsible Banking & Investing. BMO is committed to making our facilities and services accessible to everyone. Initiatives include level or ramped entries to our branches, lowered height at 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). Further information: <a href="http://www.bmo.com/home/about/banking/accessibility/accessibility-at-bmo?nav=left">http://www.bmo.com/home/about/banking/accessibility/accessibility-at-bmo?nav=left</a>
Business Conduct			
GRI 103-1		Explanation of the material topic and its Boundary.	See page <a href="#">14</a> of this report: Managing Our Business. For details on the Boundary of this topic, see page <a href="#">83</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.
GRI 412-2		Employee training on human rights policies or procedures.	The total number of training hours on BMO's Code of Conduct during the 2018 program year was 17,515 hours. See page <a href="#">8</a> of this report: ESG Scorecard.
GRI 419-1		Non-compliance with laws and regulations in the social and economic area.	See page <a href="#">8</a> of this report: ESG Scorecard.



GRI Disclosure	TCFD Disclosure	Description	2018 Location/Commentary/Explanation for Omission
Climate Change			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 28 of this report: Advancing Responsible Banking & Investing. For details on the Boundary of this topic, see page 83 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 201-2	✓	Financial implications and other risks and opportunities due to climate change.	See page 62 of this report: Climate Change. Further information: 2018 CDP Response <a href="https://www.bmo.com/cr/files/BMO_CDP2018en.pdf">https://www.bmo.com/cr/files/BMO_CDP2018en.pdf</a> and BMO Statement on Climate Change <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues</a>
Consumer Protection and Transparency			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 14 of this report: Managing Our Business. For details on the Boundary of this topic, see page 83 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.	<p><b>Regulation of our Retail business:</b></p> <p>In Canada, financial institutions must provide certain disclosures to consumers, including but not limited to, cost of borrowing, negative option billing, complaint resolution, fees, interest rates and branch closures. The Financial Consumer Agency of Canada protects the interests of consumers by supervising federally regulated financial institutions in order to ensure that they comply with federal consumer provision regulations, voluntary codes of conduct and public commitments. In the United States, the Consumer Financial Protection Bureau (CFPB) supervises federally regulated financial institutions and is responsible for protecting consumers against unfair, deceptive or abusive acts or practices, and for taking action against companies that break laws or regulations. The CFPB is focused on making consumer financial markets work in the best interests of consumers, responsible providers and the economy as a whole.</p> <p><b>Regulation of our Wealth Management business:</b></p> <p>Our regulators ensure that we comply with regulatory and investment industry standards of practice and business conduct, and also with investor protection guidelines and rules intended to foster market integrity. In Canada, the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association (MFDA) oversee provincially regulated investment firms. The Canadian Securities Administrators is an umbrella organization of Canada's provincial and territorial securities regulators with jurisdiction over both the IIROC and the MFDA. In the United States, our regulators include the Financial Industry Regulatory Authority, the Securities and Exchange Commission, the Office of the Comptroller of the Currency and the Department of Labor.</p>

GRI Disclosure	TCFD Disclosure	Description	2018 Location/Commentary/Explanation for Omission
Contributing to Our Communities			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 50 of this report: Building Sustainable Communities. For details on the Boundary of this topic, see page 83 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 50 of this report: Building Sustainable Communities. <b>Further information:</b> Access/Financial inclusion initiatives are listed on pages 30–33 of this report. Community development loans are listed on page 33 of this report.
Corporate Governance			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 14 of this report: Managing Our Business. For details on the Boundary of this topic, see page 83 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 8 of this report: ESG Scorecard (Women on Board of Directors). See also Diversity and Inclusion, a material issue included in the ESG Scorecard (Breakdown of employees per category).
Customer Experience			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 14 of this report: Managing Our Business. For details on the Boundary of this topic, see page 83 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 Disclosure	TCFD Disclosure	Description	2018 Location/Commentary/Explanation for Omission
Cyber, Information Security and Privacy			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 14 of this report: Managing Our Business. For details on the Boundary of this topic, see page 83 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.	8 privacy-related substantiated BMO customer complaints made to regulators.
Diversity and Inclusion			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 40 of this report: Inspiring Our People. For details on the Boundary of this topic, see page 83 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 9 of this report: ESG Scorecard (Breakdown of employees per category). See also Corporate Governance, a material issue included in this Index, for the composition of governance bodies.
Employee Engagement			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 40 of this report: Inspiring Our People. For details on the Boundary of this topic, see page 83 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 Disclosure	TCFD Disclosure	Description	2018 Location/Commentary/Explanation for Omission
Executive Compensation			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 14 of this report: Managing Our Business. For details on the Boundary of this topic, see page 83 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 102-35			
Financial Literacy			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 50 of this report: Building Sustainable Communities. For details on the Boundary of this topic, see page 83 of this report.
GRI 103-2		The management approach and its components.	See above.
GRI 103-3		Evaluation of the management approach.	See above.
FS16		Initiatives to enhance financial literacy by type of beneficiary.	See page 50 of this report: Building Sustainable Communities.
Human Rights			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 28 of this report: Advancing Responsible Banking & Investing. For details on the Boundary of this topic, see page 83 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			

GRI Disclosure	TCFD Disclosure	Description	2018 Location/Commentary/Explanation for Omission
Learning and Development			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 40 of this report: Inspiring Our People. For details on the Boundary of this topic, see page 83 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 404-1		Average hours of training per year per employee.	See page 40 of this report: Inspiring Our People. A breakdown of average hours of training by gender and employee category is not disclosed. Reason for omission: Not applicable (training by gender). 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 and career development reviews.	See page 10 of this report: ESG Scorecard.
Reducing Our Environmental Footprint			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 50 of this report: Building Sustainable Communities. For details on the Boundary of this topic, see page 83 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 302-1		Energy consumption within the organization.	<a href="https://www.bmo.com/cr/files/BMO_CDP2018en.pdf">https://www.bmo.com/cr/files/BMO_CDP2018en.pdf</a>
GRI 302-3		Energy intensity.	<a href="https://www.bmo.com/cr/files/BMO_CDP2018en.pdf">https://www.bmo.com/cr/files/BMO_CDP2018en.pdf</a>
GRI 302-4		Reduction of energy consumption.	<a href="https://www.bmo.com/cr/files/BMO_CDP2018en.pdf">https://www.bmo.com/cr/files/BMO_CDP2018en.pdf</a> <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/environment/environmental-approach">https://www.bmo.com/home/about/banking/corporate-responsibility/environment/environmental-approach</a> <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/environment/carbon-neutral">https://www.bmo.com/home/about/banking/corporate-responsibility/environment/carbon-neutral</a>
GRI 303-1		Interactions with water as a shared resource.	<a href="https://www.bmo.com/home/about/banking/corporate-responsibility/environment/environmental-performance">https://www.bmo.com/home/about/banking/corporate-responsibility/environment/environmental-performance</a>
GRI 305-1		Direct (Scope 1) GHG emissions.	See page 8 of this report: ESG Scorecard. <a href="https://www.bmo.com/cr/files/BMO_CDP2018en.pdf">https://www.bmo.com/cr/files/BMO_CDP2018en.pdf</a>



GRI Disclosure	TCFD Disclosure	Description	2018 Location/Commentary/Explanation for Omission
GRI 305-2		Energy indirect (Scope 2) GHG emissions.	See page 8 of this report: ESG Scorecard. <a href="https://www.bmo.com/cr/files/BMO_CDP2018en.pdf">https://www.bmo.com/cr/files/BMO_CDP2018en.pdf</a>
GRI 305-3		Energy indirect (Scope 3) GHG emissions.	See page 8 of this report: ESG Scorecard. <a href="https://www.bmo.com/cr/files/BMO_CDP2018en.pdf">https://www.bmo.com/cr/files/BMO_CDP2018en.pdf</a>
GRI 305-4		GHG emissions intensity.	<a href="https://www.bmo.com/cr/files/BMO_CDP2018en.pdf">https://www.bmo.com/cr/files/BMO_CDP2018en.pdf</a> <a href="http://www.bmo.com/home/about/banking/corporate-responsibility/environment/carbon-neutral">www.bmo.com/home/about/banking/corporate-responsibility/environment/carbon-neutral</a>
GRI 305-5		Reduction of GHG emissions.	<a href="https://www.bmo.com/cr/files/BMO_CDP2018en.pdf">https://www.bmo.com/cr/files/BMO_CDP2018en.pdf</a> <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/environment/environmental-approach">https://www.bmo.com/home/about/banking/corporate-responsibility/environment/environmental-approach</a>
GRI 305-6		Emissions of ozone-depleting substances (ODS).	<a href="https://www.bmo.com/home/about/banking/corporate-responsibility/environment/environmental-performance">https://www.bmo.com/home/about/banking/corporate-responsibility/environment/environmental-performance</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 2018. <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/environment/environmental-performance">https://www.bmo.com/home/about/banking/corporate-responsibility/environment/environmental-performance</a>
Responsible Investing			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 28 of this report: Advancing Responsible Banking & Investing. For details on the Boundary of this topic, see page 83 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 203-1		Infrastructure investments and services supported.	See page 10 of this report: ESG Scorecard. See also page 28 of this report: Advancing Responsible Banking & 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 (not the percentages). See page 28 of this report: Advancing Responsible Banking & Investing (Active, engaged, responsible).

GRI Disclosure	TCFD Disclosure	Description	2018 Location/Commentary/Explanation for Omission
Responsible Lending			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 28 of this report: Advancing Responsible Banking & Investing. For details on the Boundary of this topic, see page 83 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.	Environmental and social risks include the possibility of adverse effects on the natural environment arising from emissions, wastes and resource depletion, as well as risks to the livelihoods, health and rights of communities and their cultural heritage arising from a client's business operations and BMO's financing activities. The existence of environmental and social risks does not preclude us from providing financing to a borrower. We have internal policies for our Commercial Banking and BMO Capital Markets businesses that provide guidance on how to identify, manage and mitigate environmental and social risks in financing transactions. The policies are regularly reviewed and approved by senior management.
FS2		Procedures for assessing and screening environmental and social risks in business lines.	Due diligence is performed by the line of business to determine the magnitude of the environmental and social risks. As part of the approval process, the transaction application will include the findings of the line of business. Environmental risk is most prevalent when dealing with environmentally sensitive industries. We have identified more than 50 industries that warrant a higher level of environmental due diligence. Specific due diligence questions are outlined in our financing policies.  Environmental and social issues that BMO may encounter in lending (including counterparty transactions) or loan realization are considered in terms of credit and liability risks. Since 2005, BMO has applied the Equator Principles – a framework for addressing environmental and social risks in certain financing or lending activities (see Equator Principles, page 37). BMO's commitment to addressing environmental and social risks in other lending transactions is achieved through its normal assessment processes.
FS3		Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	Social and environmental requirements in transaction agreements are monitored by the lines of business in the same way that other transaction requirements are monitored.
FS4		Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Updates to our policies are widely distributed to all affected employees, and when necessary, we inform key decision-makers on a case-by-case or issue-by-issue basis.
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. In our Commercial Banking and BMO Capital Markets businesses, we provide financing so that clients can take advantage of environmental opportunities.
FS9		Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	The management of environmental and social risks is integrated into our enterprise-wide risk management processes. As a matter of course, our internal audit function periodically conducts audits on all operating units. These audits include assessing each unit's compliance with relevant environmental and social policies and risk management procedures.

GRI Disclosure	TCFD Disclosure	Description	2018 Location/Commentary/Explanation for Omission
Talent Attraction and Retention			
GRI 103-1		Explanation of the material topic and its Boundary.	See page 40 of this report: Inspiring Our People. For details on the Boundary of this topic, see page 83 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 401-1		New employee hires and employee turnover.	See page 40 of this report: Inspiring Our People. Voluntary turnover rates are provided with a breakdown by gender and region, but not by age. Reason for omission: Information unavailable. Explanation: We will review in 2019. New this year is a breakdown of our workforce by age. See page 48.
GRI 401-2		Benefits provided to full-time employees that are not provided to temporary or part-time employees.	See page 40 of this report: Inspiring Our People.
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.	119,211 sick days were recorded by our employees in North America during fiscal 2018 and we did not record any work-related fatalities in fiscal 2018. A breakdown of sick days and work-related fatalities by region or by gender is not disclosed. Reason for omission: Not applicable. Explanation: We do not see any differences in our male and female populations that would significantly affect risk of injury or illness, nor do we see any regional differences.
GRI 415-1		Political contributions.	BMO supports efforts to enhance the fairness and transparency of the electoral systems in the jurisdictions in which it does business. Effective November 1, 2018, BMO does not use corporate funds to donate to political candidates or parties in Canada and the United States. <b>In Canada:</b> Prior to November 1, 2018, BMO supported the political process in Canada through financial contributions to political parties and candidates in jurisdictions where such contributions are permitted. We contributed \$6,100 to political parties and candidates in these provinces during the current reporting period. <b>In the United States:</b> 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 Corporation Good Governance Fund – Federal, and the BMO Financial Corporation Good Governance Fund – General. In addition, there is a Political Action Committee entitled BMO Harris Bank Government Affairs Fund, which is connected to BMO Harris Bank and is also registered with the FEC. Over the period from November 1, 2017 to October 31, 2018, these funds contributed a total of US\$108,005.73 to political organizations in the United States. These contributions were made from the BMO Harris Government Affairs Fund and the BMO Financial Corporation Good Governance Fund – Federal, in the amounts of US\$4,105.73 and US\$103,900.00, respectively. Note that the BMO Harris Government Affairs Fund was closed effective December 31, 2017 and is no longer making contributions. Further information: Statement on Political Contributions and Lobbying <a href="https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues">https://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues</a>

BMO Material Issue	Boundary	
	Internal (within BMO)	External (outside of BMO)
Table for GRI 102-47		
Access to banking services/Financial inclusion	X	X
Business conduct	X	
Climate change and environmental impact	X	X
Consumer protection and transparency	X	X
Contributing to our communities	X	X
Corporate governance	X	
Customer feedback		X
Diversity and inclusion	X	X
Employee engagement	X	X
Executive compensation	X	
Financial literacy	X	X
Human rights	X	X
Learning and development	X	X
Privacy and data security	X	X
Responsible investing	X	X
Responsible lending	X	X
Talent attraction and retention	X	X

## Glossary of Terms

### ACTIVE EMPLOYEES

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

### ANNUAL EMPLOYEE SURVEY PARTICIPATION RATE

Calculated as the number of active BMO employees who completed BMOPulse (refer to definition) divided by the total number of active employees who were invited to participate at the time the survey was administered.

### AVERAGE TRAINING HOURS PER FTE 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.

### BANK OF MONTREAL OR BMO

Bank of Montreal uses a unified branding approach that links all of the organization’s member companies under the brand “BMO Financial Group.” As such, in this document, the names BMO and BMO Financial Group mean Bank of Montreal, together with its subsidiaries.

### 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. Banking reviews include limited review cases (refer to definition).

### BMO GLOBAL ASSET MANAGEMENT

The brand name for various affiliated 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 N.A. is a member company of BMO Financial Group.

### BMOPULSE

BMO’s confidential and voluntary annual employee survey, conducted by a third party on an annual basis. The online survey is available to all active BMO employees. Results and insights from this voluntary survey are reported at all levels of management and aggregated at an enterprise-wide level. Key metrics include Employee Engagement Index and Annual Employee Survey Participation Rate.

### COMMUNITY DEVELOPMENT INVESTMENTS

Refers to investments that promote economic development, affordable housing, revitalization/stabilization and community service activities within BMO Financial Group’s U.S. footprint to meet the needs of individuals or communities with low to moderate incomes. The total monetary value of investments qualified for recognition under the terms of the *Community Reinvestment Act* is as of October 31, is stated in U.S. dollars, and is reported for the United States only.

### COMMUNITY DEVELOPMENT LOANS

Refers to commercial real estate loans or other commercial loans that promote economic development, affordable housing, revitalization/stabilization and community service activities within BMO Financial Group’s U.S. footprint to meet the needs of individuals or communities with low to moderate incomes. The total monetary value of loans qualified for recognition under the terms of the *Community Reinvestment Act* is as of October 31, is stated in U.S. dollars, and is reported for the United States only.



## CONTINGENT TALENT

Includes temporary full-time and part-time workers subcontracted through third-party suppliers, as well as independent (or self-employed) contractors normally working under contract for a fixed period of time or on a specific project that has a defined end date. Workers and contractors included in contingent talent are not considered to be BMO employees.

## DIVERSITY

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

- Gender equity in senior roles – Canada and United States
- Minorities in senior roles – Canada
- People of color in senior roles – United States
- Indigenous peoples – 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.

## EMPLOYEE ENGAGEMENT INDEX (EEI)

Refers to the degree of employee engagement as indicated by the annual BMO employee survey results. EEI is the average of the agreement scores on five survey questions that measure how employees feel overall about BMO, and the level of their commitment, satisfaction and advocacy for the organization. The EEI score is an aggregate of the survey results for all active BMO employees.

## 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 credit risk management framework for determining, assessing and managing environmental and social risk in Project Finance transactions (refer to definition). BMO has been a signatory of the Equator Principles since 2005.

## ETHICS TRAINING (% COMPLETION)

Calculated by dividing the number of employees who completed the mandatory BMO Code of Conduct training course during the period from its April launch day to June 30 by the total number of employees as at June 30. Ethics training is reported for all BMO employees (permanent and casual) with an “active” payroll status, as well as covered contingent talent.

## ETHICS TRAINING HOURS

Refers to the total hours spent by all BMO employees who have completed the mandatory ethics training course during the reporting period. “Course completed” status requires that employees complete the training; pass an assessment with a score of 80% or better to confirm understanding of the course content; and complete the Declaration. Ethics training hours are reported for all BMO employees (permanent and casual) with an “active” payroll status, as well as contingent talent.

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

Refers to the number of First Nations in Canada that have been approved for the On-Reserve Housing Loan Program. This program helps customers living on reserves, whose land and homes cannot be used as security for a mortgage, to obtain home financing with the backing of First Nations governments, without the need for federal government guarantees. For program details, see [Indigenous Banking](#).

## FULL-TIME EQUIVALENT (FTE)

Reflects 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 LEADER ROLES

Refers to the representation of men and women in senior leadership roles by line of business. Data is reported as of October 31. Gender equity in senior roles was previously referred to as Women in senior leader roles.

## GLOBAL REPORTING INITIATIVE (GRI)

A collaborating centre of the United Nations Environment Programme. The GRI released a set of sustainability reporting guidelines that provide guidance for organizations to apply in preparing disclosure related to their sustainability performance, so that stakeholders have a comprehensive global framework within which they can understand and compare the information disclosed.

## 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 PEOPLES

Refers to 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 Investment Counsel Inc., and/or BMO Life Insurance. Investment reviews include limited review cases (refer to definition). Investment reviews were previously referred to as Investment Management reviews. There is no impact on the reported data.

### LIMITED REVIEW CASES

Banking and Investment reviews to determine whether proper process was followed on matters that generally fall outside of the mandate of BMO's Office of the Ombudsman (e.g., account closures, credit granting and risk management decisions). Investment reviews were previously referred to as Wealth Management reviews. There is no impact on the reported data. For further information on BMO's Office of the Ombudsman mandate, please refer to: <https://www.bmo.com/home/popups/global/ombudsman/ombudsman-details> and <https://www.bmo.com/pdf/resolving-complaint-en.pdf>.

### MINORITIES IN SENIOR ROLES

Refers to 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 net percentage of customers who would recommend BMO to a friend or colleague. Calculated by subtracting the percentage of "detractors" (defined based on a five-point scale as those indicating they "might or might not recommend," "probably would not recommend" or "definitely would not recommend") from the percentage of "promoters" (defined based on a five-point scale as those indicating they "definitely would recommend"). Reported on a 12-month rolling average basis.

### NUMBER OF LOCATIONS SERVING ABORIGINAL COMMUNITIES

Number of BMO branches located on Aboriginal reserve land or Inuit territories, as defined by the Government of Canada. This number is reported for Canada only.

### PEOPLE OF COLOR IN SENIOR ROLES

Refers to the total number of BMO employees in senior roles (see definition) who are racially non-white and ethnically non-Hispanic/Latino. This number is reported for the United States only.

### PERSONS WITH DISABILITIES

Refers to 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.

### RENEWABLE ENERGY EQUITY AND DEBT FINANCING

The total amount of financing BMO has participated in and raised for renewable entities and renewable projects (refer to definitions) through public or private issuance of equity, equity-linked or debt securities. For clarity, this figure does not include RENEWABLE ENERGY LOAN COMMITMENTS as defined within this report.

### RENEWABLE ENERGY LOAN COMMITMENTS

The total loan commitments BMO has to renewable entities and renewable projects, reflecting the Bank's maximum exposure. The amount is derived from BMO Capital Markets' loan commitments as at October 31.

### RENEWABLE ENERGY PURCHASES

Refers to total purchases in megawatt-hours of renewable energy certificates (RECs) during the reporting period. In Canada, RECs represent power from certified wind and low-impact hydro generators and have been used in retail branches in Ontario, British Columbia, Alberta, Nova Scotia, New Brunswick and Prince Edward Island. In the United States, RECs represent power generated from wind turbines. In both Canada and the United States, RECs are retired after purchase through legal contract with the supplier.

### RENEWABLE ENTITY

A company in the utilities, power generation and/or pipeline sectors that is engaged in power generation where renewable projects account for more than 50% of its power generation capacity, or that otherwise has a strategic focus on investing in renewable energy.

### RENEWABLE PROJECT

A power generation facility that produces electricity using one or a combination of the following technologies: hydroelectric; on-shore wind; off-shore wind; solar; or biomass and other biofuels.

### SCOPE 1 EMISSIONS

Refers to 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 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

Refers to 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 from non-renewable sources for use at our owned 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

Refers to indirect GHG emissions resulting from combustion of fuels at our leased facilities (e.g., natural gas, heating oil, other fuels), or associated with electricity and steam from non-renewable sources purchased for use at our leased facilities, 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 LEADER ROLES

Refers to the total number of BMO employees in senior leader roles in Canada and the United States. For lines of business other than BMO Capital Markets, examples of a senior leader role are Managing Director and Vice-President. For BMO Capital Markets, an example of a senior leader role is Group Head.

### SENIOR ROLES

Refers to the total number of BMO employees in senior roles (i.e., Senior Manager and above).

### SIGNIFICANT FINES/MONETARY SANCTIONS

Refers to significant monetary fines that have been levied against BMO by a regulatory body during the reporting period. A fine is classified as "significant" if it has a monetary value greater than \$500,000 and is deemed by the regulatory body to relate to unethical business practices. Monetary sanctions refer to determinations that prohibit BMO from operating in certain jurisdictions or product lines.

Significant fines/monetary sanctions exclude fines or sanctions levied directly on employees by regulators for a breach of trading rules, where it has been determined that BMO has adequate policies and procedures in place to prevent non-compliance. This is determined by the regulatory body, which performs an investigation of the individual and the organization in order to establish whether or not the organization was aware of and able to prevent the individual's behaviour with better policies and procedures.

It excludes fines/monetary sanctions for non-compliance with environmental laws and regulations.

### SPONSORSHIPS

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.

### TRAINING HOURS

Refers to the total number of hours incurred by BMO employees on completed internal training courses during the reporting period. This number excludes self-directed learning through BMO University.

### VOLUNTARY TURNOVER RATE

Refers to the number of permanent BMO employees who have voluntarily resigned during the reporting period as a proportion of the number of permanent BMO employees that were active or on paid leave at the end of the reporting period. The rate excludes executives.

### 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.

## Independent Limited Assurance Report to BMO Financial Group

We have been engaged by the Board of Directors of BMO Financial Group (BMO) to undertake a limited assurance engagement, in respect of the year ended October 31, 2018, on certain qualitative and quantitative performance information disclosed in BMO's 2018 Environmental, Social and Governance Report and Public Accountability Statement (the Report) as described below.

### Selected Indicators and applicable criteria

The scope of our limited assurance engagement, as agreed with management, comprises the following performance information (the Selected Indicators):

- Gender equity in senior leader roles – Canada and United States (%)
- Minorities in senior roles – Canada (%)
- People of color in senior roles – United States (%)
- Persons with disabilities – Canada and the United States (% of total workforce)
- Indigenous Peoples – Canada (% of total workforce)
- Employee engagement index (EEI) (%)
- Annual employee survey participation rate (%)
- Voluntary turnover rate – enterprise-wide (%)
- Voluntary turnover rates – Canada and United States (%) (separate)
- Investment in training (\$)
- Average training hours per FTE employee
- First Nations participating in BMO's on-reserve housing loan program (#)
- Donations (\$)
- Ethics training (% completion)
- Significant fines or monetary sanctions (#)

- Banking Reviews completed by BMO's Office of the Ombudsman (number and average time in days)
- Investment Management Reviews completed by BMO's Office of the Ombudsman (number and average time in days)
- Renewable Energy – participation in equity and debt financing (\$ billions)
- Renewable Energy – loan commitments (\$ billions)

The Selected Indicators, contained within the Report and denoted 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 information. 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 sustainable development 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

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 comply with applicable professional standards, including International Standard on Quality Control 1.

## 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 our overall knowledge of, and experience with, the sustainability performance of BMO; and
- Reviewing the consistency of BMO's core reporting with the indicators and other information included in the Report.

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.

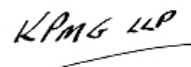
Our assurance report is provided solely to BMO in accordance with the terms of our engagement. Our work has been undertaken so that we can report to BMO on those matters we have been engaged to report upon in this assurance report, and for no other purpose. We do not accept or assume responsibility to anyone other than BMO for our work, for this assurance report, or for the conclusion we have reached.

## Independence and competence

In conducting our engagement 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. The engagement was conducted by a multidisciplinary team which included professionals with suitable skills and experience in both assurance and in the applicable subject matter including environmental, social, governance and financial aspects.

## 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, 2018, 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 10, 2018  
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

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## Taxes Paid or Payable in Canada (\$ millions)

	Income Taxes	Capital Taxes	Other Taxes
<b>Federal</b>	457.2	–	109.7
<b>Province or Territory</b>			
Newfoundland and Labrador	2.0	4.3	2.2
Prince Edward Island	0.5	0.3	0.2
Nova Scotia	3.9	1.9	2.4
New Brunswick	1.6	0.8	1.3
Quebec	51.9	12.7	46.8
Ontario	168.2	–	350.5
Manitoba	2.2	4.6	1.8
Saskatchewan	2.3	4.2	0.8
Alberta	18.8	–	1.1
British Columbia	19.2	–	3.5
Nunavut	–	–	–
Northwest Territories	0.1	–	–
Yukon	0.1	–	–
<b>Total Provincial and Territorial</b>	270.8	28.8	410.6
<b>Total</b>	728.0	28.8	520.3
<b>Income and Capital Taxes</b>	756.8		
<b>Total Taxes</b>	1,277.1		

Bank of Montreal, along with its Canadian subsidiaries, is a major Canadian taxpayer. In fiscal 2018, our overall tax contribution was \$1,277 million. This amount included \$728 million in income taxes, \$29 million in provincial capital taxes and \$520 million in other taxes. Included in the other taxes is \$323 million in goods and services tax/harmonized sales tax and other sales taxes, \$185 million in payroll taxes (employer portion), \$11 million in property taxes and \$1 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, 2018

Province or Territory	Full-Time	Part-Time	Total
Newfoundland and Labrador	174	65	239
Quebec	4,098	886	4,984
Nova Scotia	383	73	456
Prince Edward Island	41	14	55
New Brunswick	197	70	267
Ontario	19,304	1,814	21,118
Manitoba	308	85	393
Saskatchewan	295	125	420
Alberta	1,720	410	2,130
British Columbia	2,201	634	2,835
Northwest Territories	9	3	12
Yukon	8	3	11
<b>Total<sup>2</sup></b>	28,738	4,182	32,920
United States	12,911	1,258	14,169
International	1,584	78	1,662
<b>Total Employees</b>	43,233	5,518	48,751

<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 2018 (CANADA)

Branch	Address	City/Province
King & Church	101 King Street E, Unit 1	Toronto, ON
152nd & Highway 10 – Panorama Village	5561 152nd Street	Surrey, BC

### BMO BANK OF MONTREAL BRANCHES CLOSED IN FISCAL YEAR 2018 (CANADA)

Branch	Address	City/Province
Canada Post Office Nain	60 Middle Path Road	Nain, NL
Cap-Pelé	2680, chemin Acadie, Unit 6	Cap-Pelé, NB
L'Assomption	290, boulevard de l'Ange-Gardien	L'Assomption, QC
Saint-Michel & Beaubien	3251, rue Beaubien E	Montreal, QC
Montreal West	101 Westminster Avenue N	Montreal West, QC
Ajax Main Office	154 Harwood Avenue S	Ajax, ON
Burlington Heights	1505 Guelph Line	Burlington, ON
Cornwall Main Office	159 Pitt Street	Cornwall, ON
Frankford	2 Mill Street	Frankford, ON
Hensall	99 King Street	Hensall, ON
Iroquois Shopping Plaza	23 Plaza Drive	Iroquois, ON
Lansdowne	1136 Prince Street	Lansdowne, ON
Hamilton Road	555 Hamilton Road	London, ON
Merlin	2 Erie Street S	Merlin, ON
Meadowvale Corporate Centre	2000 Argentia Road, Plaza 1	Mississauga, ON
Elm & First	300 Elm Street	St. Thomas, ON
Kingston & Lawrence	4411 Kingston Road	Scarborough, ON
Southwood Corners	10233 Elbow Drive SW, Unit 345	Calgary, AB
Creekside Shopping Centre	12432 Symons Valley Road NW	Calgary, AB
Summerland	9902 Main Street	Summerland, BC

## Branches Relocated

### BMO BANK OF MONTREAL BRANCHES RELOCATED IN FISCAL YEAR 2018 (CANADA)

Branch	From	To	City/Province
Halifax Main Office	5151 George Street	1695 Grafton Street	Halifax, NS
Pitt & 14th	1328 Pitt Street	426 Ninth Street W	Cornwall, ON
Market Village	4392 Steeles Avenue E	1661 Denison Street, Unit 24	Markham, ON
South Side	10802 82nd Avenue NW	8211 104th Street NW	Edmonton, AB
W Georgia & Homer	401 W Georgia Street, Suite 100	455 W Georgia Street	Vancouver, BC

## ATMs Opened

Location	Address	City	Province
Irving Oil – Circle K	130 Trans-Canada Highway	Clareville	NL
Irving Oil – Circle K	62 Trans-Canada Highway	Deer Lake	NL
Irving Oil – Circle K	104 Trans-Canada Highway	Gander	NL
Irving Oil – Circle K	62 Trans-Canada Highway	Goobies	NL
Irving Oil – Circle K	12 Bay Bulls Road	Kilbride	NL
Nain Agency	17 Sandbanks Road	Nain	NL
Irving Oil – Circle K	1366 Topsail Road	Paradise	NL
Irving Oil – Circle K	1 High Street	Port aux Basques	NL
Irving Oil – Circle K	32 Frecker Drive	St. John's	NL
Irving Oil – Circle K	2 Stavanger Drive	St. John's	NL
Irving Oil – Circle K	184 Torbay Road	St. John's	NL
Irving Oil – Circle K	1206 Torbay Road	Torbay	NL
Irving Oil – Circle K	213 South Albion Street	Amherst	NS
Nesbitt Burns	303 Main Street	Antigonish	NS
Irving Oil – Circle K	13239 Route 104	Aulds Cove	NS
Irving Oil – Circle K	8250 Shore Road	Baddeck	NS
Irving Oil – Circle K	1075 St. Margaret's Bay Road	Beechville	NS
Irving Oil – Circle K	463 North Street	Bridgewater	NS
Gold Nugget Gas Bar	21 Beech Hill Road	Chester Basin	NS
Irving Oil – Circle K	1207 Cole Harbour Road	Cole Harbour	NS
Irving Oil – Circle K	626 Windmill Road	Dartmouth	NS
Irving Oil – Circle K	510 Route 303	Digby	NS
Irving Oil – Circle K	72 Cow Bay Road	Eastern Passage	NS
Irving Oil – Circle K	248 Route 214	Elmsdale	NS
Irving Oil – Circle K	6757 Highway 2	Enfield	NS
Irving Oil – Circle K	4164 Highway 1	Garlands Crossing	NS
Irving Oil – Circle K	599 Prospect Road	Goodwood	NS
Irving Oil – Circle K	741 Central Avenue	Greenwood	NS
Irving Oil – Circle K	15 Fairfax Drive	Halifax	NS
Nova Centre Halifax	1695 Grafton Street	Halifax	NS
CANEX	2737 Provo Wallis Street, CFB Halifax	Halifax	NS
Irving Oil – Circle K	2499 Robie Street	Halifax	NS
Irving Oil – Circle K	169 Bristol Avenue	Liverpool	NS
Irving Oil – Circle K	33 Edgewater Street	Mahone Bay	NS

Location	Address	City	Province
Irving Oil – Circle K	31 Highway 1	Mount Uniacke	NS
Irving Oil – Circle K	5197 E River Road	New Glasgow	NS
Irving Oil – Circle K	183 Commercial Street	North Sydney	NS
Irving Oil – Circle K	4602 Main Street	Oxford	NS
Irving Oil – Circle K	41 Falls Lane	Shelburne	NS
Irving Oil – Circle K	565 George Street	Sydney	NS
Irving Oil – Circle K	1948 Kings Road	Sydney	NS
Irving Oil – Circle K	5210 St. Margaret's Bay Road	Tantallon	NS
Irving Oil – Circle K	86 Connector Road	Truro	NS
Irving Oil – Circle K	7 Robie Street	Truro	NS
Irving Oil – Circle K	2500 Old Truro Highway	Westville	NS
Irving Oil – Circle K	632 Main Street	Yarmouth	NS
Irving Oil – Circle K	65 Starrs Road	Yarmouth	NS
Irving Oil – Circle K	8 Riverside Drive	Charlottetown	PE
Irving Oil – Circle K	76 St. Peters Road	Charlottetown	PE
Irving Oil – Circle K	82 North Drive	Summerside	PE
Irving Oil – Circle K	170 Aulac Road	Aulac	NB
Irving Oil – Circle K	6138 Route 8	Boiestown	NB
Irving Oil – Circle K	131 Irving Boulevard	Bouctouche	NB
Carrefour à Cap-Pelé	2420 Acadie Road	Cap-Pelé	NB
Cap-Pelé	2665 Acadie Road	Cap-Pelé	NB
Irving Oil – Circle K	279 Main Street	Chipman	NB
Irving Oil – Circle K	312 Amirault Street	Dieppe	NB
Irving Oil – Circle K	64 Champlain Street	Dieppe	NB
Irving Oil – Circle K	1528 Champlain Street	Dieppe	NB
Irving Oil – Circle K	191, rue Victoria	Edmundston	NB
Irving Oil – Circle K	253 Canada Street	Fredericton	NB
Irving Oil – Circle K	181 King Street	Fredericton	NB
Irving Oil – Circle K	95 Main Street	Fredericton	NB
Irving Oil – Circle K	309 River Valley Drive	Grand Bay-Westfield	NB
Irving Oil – Circle K	632 Main Street	Hampton	NB
Irving Oil – Circle K	160 Jane Street	Miramichi	NB
Irving Oil – Circle K	186 King Street	Miramichi	NB
Moncton Events Centre	150 Canada Street	Moncton	NB
Irving Oil – Circle K	301 Elmwood Drive	Moncton	NB



Location	Address	City	Province
Irving Oil – Circle K	1515 Mountain Road	Moncton	NB
Irving Oil – Circle K	650 St. George Boulevard	Moncton	NB
Irving Oil – Circle K	510 New Maryland Highway	New Maryland	NB
Irving Oil – Circle K	126 Main Street	Rexton	NB
Irving Oil – Circle K	4 Marr Road	Rothsay	NB
Irving Oil – Circle K	2870 Route 1	Rothsay	NB
Irving Oil – Circle K	211 Main Street	Sackville	NB
Irving Oil – Circle K	4515, rue Principale	Saint-Antoine	NB
Irving Oil – Circle K	82 L'Étete Road	St. George	NB
Irving Oil – Circle K	56 City Road	Saint John	NB
Irving Oil – Circle K	830 Loch Lomond Road	Saint John	NB
Irving Oil – Circle K	1233 Loch Lomond Road	Saint John	NB
Irving Oil – Circle K	701 Millidge Avenue	Saint John	NB
Irving Oil – Circle K	2986 Fredericton Road	Salisbury	NB
Irving Oil – Circle K	584 Main Street	Shediac	NB
Irving Oil – Circle K	11 Route 890, Four Corners	Sussex	NB
Irving Oil – Circle K	415 Nevers Road	Waasis	NB
Irving Oil – Circle K	1669 Route 7	Welsford	NB
Familiprix Noiseux Pharma	260, rue Dorval	L'Assomption	QC
Couche-Tard	1051, boulevard Laurain	Gatineau	QC
IGA Express	30, rue Maple	Grenville	QC
IGA	3701, boulevard Saint-Charles	Kirkland	QC
IGA	5671, boulevard Laurier	Laplace	QC
Épicerie Gattuso	3600, avenue de l'Hôtel-de-Ville	Montreal	QC
Super C	4545, boulevard de l'Auvergne	Quebec City	QC
Couche-Tard	355, avenue Léonidas S	Rimouski	QC
Centre BMO	2730, avenue Beuparlant	Saint-Hyacinthe	QC
IGA	5600, boulevard Henri-Bourassa O	Saint-Laurent	QC
Dépanneur Le Magasin	4600, route de Fossambault	Sainte-Catherine-de-la-Jacques-Cartier	QC
IGA Express	7271, boulevard Laurier	Terrebonne	QC
9th & Cumberland	426 Ninth Street W	Cornwall	ON
Cornwall Square	1 Water Street E	Cornwall	ON
Foodland	36 Mill Street	Frankford	ON
Sobeys	1770 Stone Church Road E	Hamilton	ON
Shell	80 London Road	Hensall	ON

Location	Address	City	Province
Foodland	37 Plaza Drive	Iroquois	ON
Rexall	1375 Beaverbrook Avenue	London	ON
FreshCo	1298 Trafalgar Street	London	ON
Denison Centre	1661 Denison Street	Markham	ON
Merlin General Store	20 Erie Street S	Merlin	ON
Carling Campus	3500 Carling Avenue	Nepean	ON
CANEX	3545 Leirtrim Road	Ottawa	ON
CANEX	13 Amiens Road	Petawawa	ON
Metro	417 Wellington Street	St. Thomas	ON
Dufferin Mall – Food Court	900 Dufferin Street	Toronto	ON
King & Church	101 King Street E	Toronto	ON
CANEX	2 Cove Road – CFB Shilo	Shilo	MB
Safeway	134 Primrose Drive	Saskatoon	SK
Shell	17 Burnside Drive	Bragg Creek	AB
Shell	7 Mahogany Plaza SE	Calgary	AB
Whyte & 104th	8211 104 Street NW	Edmonton	AB
Shell	2710 141 Street SW	Edmonton	AB
Shell	12514 167 Avenue NW	Edmonton	AB
CANEX	Building 185, Highway 28A	Lancaster Park	AB
Shell	4 Versailles Avenue	St. Albert	AB
Shell	10 Westwind Drive	Spruce Grove	AB
Shell	3760 Kepler Street	Whitecourt	AB
152nd & Highway 10	5661 152nd Street	Surrey	BC
Shell	4890 Canoe Pass Way	Tsawwassen	BC
W Georgia & Richards	455 W Georgia Street	Vancouver	BC

## ATMs Closed

Location	Address	City	Province
Lawtons	1386 Topsail Road	Paradise	NL
Halifax Main Office	5151 George Street	Halifax	NS
Cap-Pelé	2680, chemin Acadie	Cap-Pelé	NB
Southwood Convenience	25 Hubbard Road	Fredericton	NB
L'Assomption	290, boulevard de L'Ange-Gardien	L'Assomption	QC
Shell	533, boulevard Lacombe	Le Gardeur	QC
St-Michel & Beaubien	3251, rue Beaubien E	Montreal	QC

Location	Address	City	Province
IGA	2820, rue De Salaberry	Montreal	QC
Montreal West	101 Westminster Avenue N	Montreal West	QC
IGA	12, Place de la Triade	Pointe-Claire	QC
Shell	586, avenue Larivière	Rouyn-Noranda	QC
Shell	9600, boulevard Henri-Bourassa O	Saint-Laurent	QC
IGA	130, chemin du Lac-Millette	Saint-Sauveur	QC
Ajax Main Office	154 Harwood Avenue S	Ajax	ON
Rabba Fine Foods	100 Peel Centre Drive	Brampton	ON
Millcroft Centre	2010 Appleby Line	Burlington	ON
Burlington Heights Centre	1505 Guelph Line	Burlington	ON
Daisy Mart	21 McKay Street	Cambridge	ON
Cornwall Main Office	159 Pitt Street	Cornwall	ON
Pitt & 14th Street	1328 Pitt Street	Cornwall	ON
Frankford	2 Mill Street	Frankford	ON
MacTavish Esso	594 10th Street	Hanover	ON
Hensall	99 King Street	Hensall	ON
Iroquois	23 Plaza Drive	Iroquois	ON
Rexall	1009 Coverdale Drive	Kingston	ON
Rexall	166 Dundas Street	London	ON
Hamilton Road	555 Hamilton Road	London	ON
Market Village	4392 Steeles Avenue E	Markham	ON
Merlin	2 Erie Street S	Merlin	ON
Meadowvale Corporate Centre	2000 Argentia Road	Mississauga	ON
Rabba Fine Foods	20 Bristol Road W	Mississauga	ON
Rabba Fine Foods	445 Eglinton Avenue E	Mississauga	ON
Rabba Fine Foods	5025 Heatherleigh Avenue	Mississauga	ON
Rabba Fine Foods	25 Kingsbridge Gardens	Mississauga	ON
Rabba Fine Foods	645 Lakeshore Road E	Mississauga	ON
Metro	16640 Yonge Street	Newmarket	ON
Food Basics	150 Katimavik Road	Ottawa	ON
Elm & First	300 Elm Street	St. Thomas	ON
Nesbitt Consilium	100 Consilium Drive	Scarborough	ON
Kingston & Lawrence	4411 Kingston Road	Scarborough	ON
Rexall	1925 Victoria Park Avenue	Scarborough	ON
Rabba Fine Foods	256 Jarvis Street	Toronto	ON
Rexall	1700 Huron Church Road	Windsor	ON

Location	Address	City	Province
Shell	510 1st Street	Brandon	MB
Safeway	920 Jefferson Avenue	Winnipeg	MB
Rexall	3051 Ness Avenue	Winnipeg	MB
Safeway	1615 Regent Avenue W	Winnipeg	MB
Shell	935 Main Street N	Moose Jaw	SK
Sobeys	65 MacKenzie Way SW	Airdrie	AB
Rexall	3 Stonegate Drive N	Airdrie	AB
Shell	3808 Bow Trail SW	Calgary	AB
Southwood Corners	10233 Elbow Drive SW	Calgary	AB
Super Drug Mart	11625 Elbow Drive SW	Calgary	AB
Glenmore Commerce Court	2882 Glenmore Trail SE	Calgary	AB
Sobeys	7 Mahogany Plaza SE	Calgary	AB
Sobeys	20 McKenzie Towne Avenue SE	Calgary	AB
Shell	15 Millrise Boulevard SW	Calgary	AB
Rexall	1110 Panatella Boulevard NW	Calgary	AB
Creekside	12432 Symons Valley Road NW	Calgary	AB
Rexall	10155 50 Street NW	Edmonton	AB
Southside	10802 82 Avenue NW	Edmonton	AB
Safeway	2304 109 Street NW	Edmonton	AB
Sobeys	590 Baseline Road	Sherwood Park	AB
Safeway	985 Fir Street	Sherwood Park	AB
Rexall	4801 50 Avenue	Stony Plain	AB
Rexall	4702 51st Street	Whitecourt	AB
Safeway	9855 Austin Road	Burnaby	BC
Safeway	5235 Kingsway Street	Burnaby	BC
Shell	1090 Trans-Canada Highway	Cache Creek	BC
Safeway	3025 Lougheed Highway	Coquitlam	BC
Safeway	32520 Lougheed Highway	Mission	BC
Safeway	6140 Blundell Road	Richmond	BC
W Georgia & Homer	401 W Georgia Street	Vancouver	BC
Safeway	555 12th Avenue W	Vancouver	BC

## Business Debt Financing

As at October 31, 2018  
(\$ millions)

Province or Territory		\$0– \$24,999	\$25,000– \$99,999	\$100,000– \$249,999	\$250,000– \$499,999	\$500,000– \$999,999	\$1,000,000– \$4,999,999	\$5,000,000 and Greater	Total
Newfoundland and Labrador	Authorized amount	15	34	48	58	113	374	885	1,527
	Number of firms	1,539	770	322	166	168	177	55	3,197
Prince Edward Island	Authorized amount	5	9	22	31	65	227	276	634
	Number of firms	517	221	131	89	92	106	26	1,182
Nova Scotia	Authorized amount	24	44	74	125	236	946	3,594	5,043
	Number of firms	2,481	1,028	469	354	338	428	156	5,254
New Brunswick	Authorized amount	20	40	66	81	126	518	1,586	2,437
	Number of firms	2,104	896	423	231	181	242	90	4,167
Quebec	Authorized amount	244	298	420	616	905	3,677	24,701	30,860
	Number of firms	24,840	7,305	2,640	1,768	1,319	1,694	798	40,364
Ontario	Authorized amount	531	616	857	1,278	2,166	8,968	58,371	72,786
	Number of firms	81,909	15,353	5,465	3,703	3,128	4,163	1,824	115,545
Manitoba	Authorized amount	25	44	38	65	102	556	4,759	5,589
	Number of firms	2,730	1,097	244	186	147	243	153	4,800
Saskatchewan	Authorized amount	41	83	80	140	212	1,113	4,164	5,833
	Number of firms	4,169	1,997	514	407	311	504	144	8,046
Alberta	Authorized amount	182	231	226	347	592	3,035	29,617	34,230
	Number of firms	18,593	5,873	1,512	1,004	861	1,398	692	29,933
British Columbia	Authorized amount	196	236	269	471	880	4,653	24,202	30,906
	Number of firms	19,624	6,010	1,756	1,331	1,259	2,111	1,068	33,159
Yukon	Authorized amount	1	3	3	5	7	45	30	94
	Number of firms	133	76	17	14	11	21	3	275
Northwest Territories/Nunavut	Authorized amount	1	3	2	6	12	25	32	81
	Number of firms	102	56	13	17	17	11	2	218
Total	Authorized amount	1,285	1,640	2,105	3,223	5,416	24,136	152,217	190,022
	Number of firms	158,741	40,682	13,506	9,270	7,832	11,098	5,011	246,140

## 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 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 91 of BMO Financial Group's 2018 Environmental, Social and Governance (ESG) Report and Public Accountability Statement.

BMMC shares BMO's commitment to community development and philanthropic activity as described in BMO Financial Group's 2018 ESG 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 2018 ESG Report and Public Accountability Statement on pages 53–56.

As detailed in BMO Financial Group's 2018 ESG 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.

The income and capital taxes paid in Canada by BMO Financial Group, of which BMOLA is a member, are listed on page 91 of BMO Financial Group's 2018 Environmental, Social and Governance (ESG) Report and Public Accountability Statement.

BMOLA shares BMO's commitment to community development and philanthropic activity, as described in BMO Financial Group's 2018 ESG 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 2018 ESG Report and Public Accountability Statement on pages 53–56.

As detailed in BMO Financial Group's 2018 ESG 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 *Insurance 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 and 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.

The income and capital taxes paid in Canada by BMO Financial Group, of which BMOLI is a member, are listed on page 91 of BMO Financial Group's 2018 Environmental, Social and Governance (ESG) Report and Public Accountability Statement.

BMOLI shares BMO's commitment to community development and philanthropic activity, as described in BMO Financial Group's 2018 ESG 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 2018 ESG Report and Public Accountability Statement on pages 53–56.

As detailed in BMO Financial Group's 2018 ESG 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.

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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 29 of our Annual Report for a discussion of such risks and uncertainties and the material factors and assumptions related to the forward-looking statements.

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