



BANK OF MONTREAL

HUMAN RESOURCES COMMITTEE CHARTER

The Committee is responsible for assisting the Board in fulfilling its oversight responsibilities for the appointment, performance evaluation and compensation of the Chief Executive Officer, as well as other Senior Executives; talent development, retention strategies and succession planning; philosophy and principles for compensation programs; design and application of material compensation plans, benefit plans for executives and retirement and bank sponsored savings programs; share ownership guidelines; and oversight of human resources strategies relating to diversity, equity and inclusion and health and well-being.

PART I MANDATE

The Committee will, either directly or through one or more sub-committees or others, perform the duties set out in this Charter and such other duties as may be necessary or appropriate including:

1.1 Policy and Oversight

- 1.1.1 approving biennially the Bank's Human Resources Corporate Policy;
- 1.1.2 overseeing and monitoring talent development and retention strategies, as well as compensation principles and policies and their alignment to risk management, and sustainability, including climate; and
- 1.1.3 overseeing the Bank's human resources management strategies relating to employee diversity, equity and inclusion and health and well-being.

1.2 Chief Executive Officer

- 1.2.1 recommending to the independent directors of the Board the appointment of a new Chief Executive Officer or the dismissal of the existing Chief Executive Officer;
- 1.2.2 recommending to the independent directors of the Board remedial action where necessary;
- 1.2.3 recommending to the independent directors of the Board any agreements, including those addressing retirement, termination of employment or other special circumstances, between the Bank and the Chief Executive Officer, for execution by the Committee's chair;
- 1.2.4 annually reviewing and, as appropriate, approving changes to the Chief Executive Officer's position description;

- 1.2.5 annually recommending to the independent directors of the Board the performance targets and corporate goals and objectives that are relevant to the Chief Executive Officer's compensation;
- 1.2.6 assessing the Chief Executive Officer's annual performance in meeting his or her performance targets and corporate goals and objectives and recommending same to the independent directors of the Board;
- 1.2.7 annually assessing the "tone at the top" set by the Chief Executive Officer through his or her business ethics, conduct and integrity; and
- 1.2.8 recommending the Chief Executive Officer's total compensation to the independent directors of the Board based upon the evaluation above.

1.3 Senior Executives

- 1.3.1 recommending to the Board, the appointment, re-assignment and dismissal of Senior Executives jointly with the Audit and Conduct Review Committee (ACRC) for the Chief Financial Officer and General Counsel, and jointly with the Risk Review Committee (RRC) for the Chief Risk Officer;
- 1.3.2 considering and, as appropriate, approving any agreements, including those addressing retirement, termination of employment or other special circumstances, including terms and conditions of appointments, between the Bank and Senior Executives, for execution by the Chief Executive Officer;
- 1.3.3 reviewing and, as appropriate, approving the annual performance assessments of Senior Executives, with the input of the ACRC for the Chief Financial Officer and General Counsel and with the input of the RRC for the Chief Risk Officer;
- 1.3.4 annually reviewing and approving changes, if any, to the target compensation of the Senior Executives, and individual compensation awards, as recommended by the Chief Executive Officer; and
- 1.3.5 approving major changes to the overall organization structure of Senior Executives.

1.4 Executives

- 1.4.1 reviewing and, as appropriate, recommending to the Board candidates as "responsible persons" in senior management positions, and receiving concerns regarding suitability of "responsible persons" or regarding the manner in which this assessment is implemented;
- 1.4.2 recommending to the Board the appointment, reassignment and dismissal of the Chief Compliance Officer and Chief Auditor, jointly with the ACRC;
- 1.4.3 reviewing thereafter the reassignment and appointment of Executive Vice Presidents, Senior Vice Presidents and Vice Presidents; and being informed subsequently of the retirement or termination of Executives (other than Senior Executives);
- 1.4.4 reviewing and, as appropriate, approving aggregate annual awards and aggregate annual pools for *ad hoc* awards to Executives (other than Senior Executives);
- 1.4.5 annually reviewing and, as appropriate, approving performance assessment, with input from the ACRC, and approving individual incentive awards for the Chief Compliance Officer and Chief Auditor, as recommended by the Chief Executive Officer and with advice to the Board; and

- 1.4.6 reviewing and, as appropriate, approving the appointment, reassignment or dismissal for any roles as required by applicable legal or regulatory requirements or guidance.

1.5 Mandates

- 1.5.1 reviewing and, as appropriate, recommending to the ACRC the job mandates of the Chief Financial Officer, General Counsel, Chief Compliance Officer, Chief Auditor and Chief Anti-Money Laundering Officer;
- 1.5.2 reviewing and, as appropriate, recommending to the RRC the job mandate of the Chief Risk Officer;

1.6 Succession

- 1.6.1 annually reviewing the Bank's succession plans and contingency preparedness for Senior Executives and other key roles as necessary;
- 1.6.2 recommending to the Board changes to succession plans for Senior Executives and other key roles as necessary;
- 1.6.3 monitoring the progress and development of key executives in accordance with succession plans; and
- 1.6.4 annually reviewing the adequacy of established succession pools.

1.7 Compensation

- 1.7.1 overseeing the design and application of material compensation plans, including executive compensation programs, and through periodic reviews by the Chief Risk Officer, other control functions and by independent third-parties, verifying that such plans align with the Bank's compensation principles, objectives and risk profile;
- 1.7.2 reviewing and, as appropriate, approving any new material compensation plans or changes to existing material compensation plans (excluding plans involving share issuances or awards of shares - see section 1.7.5);
- 1.7.3 reviewing and, as appropriate, approving annual non-financial goals set for executive incentive compensation, and assessing and approving the annual level of performance against the non-financial goals for executive incentive compensation;
- 1.7.4 reviewing and, as appropriate, approving the final annual incentive plan funding for material compensation plans, and, as appropriate, approving individual annual incentive awards for material risk employees and other roles as required by applicable legal or regulatory requirements or guidance;
- 1.7.5 recommending to the Board new plans involving share issuance or awards of shares or design changes to such existing plans;
- 1.7.6 annually evaluating the qualifications and independence of any independent outside compensation advisor engaged by the Committee, approving such advisor's mandate and compensation and pre-approving any other services provided by such advisor to the Bank; and
- 1.7.7 annually reviewing individual award allocations for Executives and employees with compensation that exceeds established materiality thresholds.

1.8 Benefit Plans for Executives

- 1.8.1 reviewing and, as appropriate, approving any new benefit or perquisite plans or changes to existing plans provided to Executives only.

1.9 Retirement and Bank Sponsored Savings Programs

- 1.9.1 as appropriate, reviewing, approving, and/or recommending to the Board new retirement and savings programs, and material changes (except those required for legislative compliance) to existing retirement and savings programs;
- 1.9.2 reviewing biennially the enterprise-wide pension governance report for presentation to the Board; and
- 1.9.3 having responsibility for the governance of the BMO Canada Pension Plan (Plan), including the following:
 - (a) reviewing the investment performance, funded status and regulatory compliance of the Plan;
 - (b) approving the establishment of and mandates for one or more management committees to report to (directly or indirectly) and support the Committee in its responsibilities in respect of the Plan and Plan assets;
 - (c) annually, appointing the auditor, receiving the audit report, and reviewing and approving the audited financial statements; and
 - (d) reviewing the Annual Report of the Plan for presentation to the Board.

1.10 Share Ownership Guidelines

- 1.10.1 reviewing and, as appropriate, approving any changes to the share ownership guidelines applicable to the Chief Executive Officer and Executives; and
- 1.10.2 annually reviewing individual share holdings of the Chief Executive Officer and Senior Executives, and reviewing aggregate compliance of all other Executives relative to the share ownership guidelines established by the Committee.

PART II COMPOSITION

2.1 Members

- 2.1.1 The Committee will consist of three or more directors as determined by the Board. At least a majority of the members of the Committee will not be “affiliated” with the Bank for the purposes of the *Bank Act* (Canada). Each member of the Committee will be: (i) a director who is not an officer or employee of the Bank or an affiliate of the Bank; and (ii) “independent” for the purposes of applicable Canadian and United States securities laws and the New York Stock Exchange Rules.

- 2.1.2 The Board will, having considered the recommendation of the Governance and Nominating Committee, appoint the members of the Committee and the chair of the Committee annually following the meeting of the shareholders at which directors are elected each year. The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of directors and increase the number of Committee members as it determines appropriate. If a member of the Committee becomes “affiliated” with the Bank for the purposes of the *Bank Act* (Canada), the member may continue as a member of the Committee with the approval of the Governance and Nominating Committee, in consultation with the Bank’s General Counsel. Any member of the Committee may be removed or replaced at any time by the Board.
- 2.1.3 In addition to any orientation provided by the Governance and Nominating Committee, the chair of the Committee will provide orientation to new members of the Committee with respect to their duties and responsibilities as members of the Committee. All members of the Committee will have or will acquire within a reasonable period of time following their appointment, a thorough understanding of issues related to human resources and compensation with particular emphasis on executive compensation and will strive to continually update their understanding.
- 2.1.4 The Committee may invite other directors to attend Committee meetings or otherwise provide input as needed to acquire additional specific skills as required to carry out its mandate, such as risk expertise or financial literacy.

PART III COMMITTEE PROCEDURE

3.1 Meetings

- 3.1.1 The Committee will meet as frequently as it determines necessary but not less than four times per year. Meetings may be called by the chair of the Board, the chair of the Committee or any two members of the Committee. The chair of the Committee must call a meeting when requested to do so by any member of the Committee.
- 3.1.2 Notice of the time and place of each meeting of the Committee, other than *ad hoc* meetings, will be given to each member not less than 48 hours before the time when the meeting is to be held. A quorum of the Committee will be a majority of its members. The powers of the Committee may be exercised at a meeting at which a quorum of the Committee is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Committee. Each member is entitled to one vote in Committee proceedings.
- 3.1.3 Notice of the time and place of *ad hoc* meetings will be given to each member not less than two hours before the time when the meeting is to be held.
- 3.1.4 The chair of the Committee will preside at all meetings of the Committee at which he or she is present and will develop the agenda for each Committee meeting. The agenda for each meeting of the Committee, other than *ad hoc* meetings, will be delivered together with such other materials as the chair determines necessary, to each member of the Committee at least

48 hours prior to the meeting. The chair will designate from time to time a person who may be, but need not be, a member of the Committee, to be secretary of the Committee. Minutes will be kept of all meetings of the Committee and will be maintained by the Bank's Corporate Secretary.

- 3.1.5 The procedure at meetings is to be determined by the Committee unless otherwise determined by the By-Laws of the Bank, by a resolution of the Board or by this Charter.
- 3.1.6 The Committee will meet at the beginning and/or at the end of each meeting with only members of the Committee present.
- 3.1.7 The Committee may invite any director, officer or employee of the Bank or the Bank's counsel or any other person, as appropriate, to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee.

3.2 Reports

- 3.2.1 The Committee will report the proceedings of each meeting and all recommendations made by the Committee at such meeting to the Board at the Board's next meeting. The Committee will make such recommendations to the Board as it may deem appropriate and will have such decision-making authority as the Board may determine from time to time. The Committee will (i) monitor major regulatory developments, significant shareholder initiatives and requirements related to executive compensation; (ii) assess the impact of changes in regulatory requirements on disclosure; and (iii) review and approve (or recommend to the Board for approval, as appropriate) the report of the Committee, the Compensation Discussion and Analysis and all other executive compensation disclosure to be included in the Bank's Management Proxy Circular as well as such other reports relating to the activities of the Committee as may be required by the Bank or the Board from time to time.

3.3 Delegation of Authority

- 3.3.1 The Committee may delegate to the Chief Executive Officer the authority to exercise any right, power or responsibility that the Committee may have under any of the plans referred to above, other than in respect of Senior Executives, on such terms and conditions and within such limits as the Committee deems appropriate provided that the Chief Executive Officer subsequently advises the Committee of any right, power or responsibility so exercised by the Chief Executive Officer.

3.4 Access to Management and Outside Advisors, Continuing Education and Shareholder Engagement

- 3.4.1 The Committee will have full, free and unrestricted access to management and employees. The Committee has the authority, after considering all factors relevant to that person's independence from management, including the factors specified by the New York Stock Exchange, to engage legal counsel, consultants or other advisors, with respect to any issue or to assist it in fulfilling its responsibilities without consulting or obtaining the approval of any officer of the Bank and the Bank will provide appropriate funding, as determined by the Committee, for any advisors employed by the Committee and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. For greater certainty, the Committee will have the sole authority to retain and terminate any consulting

firm used to assist in evaluating the performance and determining the compensation of the Chief Executive Officer or other Executives. The Committee will review and approve all engagements between the Committee's advisors, legal counsel or consultants and the Bank or its subsidiaries and material entities over which the Bank has significant influence.

- 3.4.2 The Committee will have access to continuing education programs to assist the Committee in fulfilling its responsibilities and the Bank will provide appropriate funding for such programs.
- 3.4.3 The Chair of the Committee, with or without the Chair of the Board, may meet with institutional shareholders, shareholder advisory groups, other shareholders or stakeholders on BMO's approach to compensation and other related matters.

3.5 Annual Review and Assessment

- 3.5.1 The Committee will ensure that an annual review and assessment of the Committee's performance and effectiveness, including a review of its compliance with this Charter, will be conducted in accordance with the process developed by the Board's Governance and Nominating Committee and approved by the Board. The results thereof will be reported in accordance with the process established by the Board's Governance and Nominating Committee and approved by the Board.
- 3.5.2 The Committee will review and assess the adequacy of this Charter on an annual basis and any significant changes as needed, taking into account all legislative and regulatory requirements applicable to the Committee as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Bank has a reporting relationship, and, if appropriate, will recommend changes to the Board's Governance and Nominating Committee.

3.6 Definitions

"Bank" means Bank of Montreal and as the context requires, subsidiaries of the Bank;

"Board" means the Board of Directors of Bank of Montreal;

"Committee" means the Human Resources Committee of the Board of Directors of Bank of Montreal;

"Executives" means the Senior Executives and the Vice Presidents, Senior Vice Presidents, Executive Vice Presidents and Senior Executive Vice Presidents of the Bank or those at an equivalent level in a subsidiary or affiliate of the Bank; and

"Senior Executives" means a senior officer, as designated by the Committee, at the rank of Group Head or higher, who is a head of a principal business group or function of the Bank, or who performs a policy making function for the Bank.