

# BMO's 2014 ESG Scorecard

See reverse for definitions

Further information: See 2014 Environmental, Social and Governance Report and Public Accountability Statement

	Target	2014 <sup>1</sup>	2013 <sup>1</sup>	2012 <sup>1</sup>
<b>Environmental</b>				
<b>Renewable Energy Financing</b>				
Involvement in equity and debt financings (\$ billions)		2.8	1.8 <sup>2</sup>	3.6 <sup>2</sup>
Lending commitments (\$ billions)		2.3	1.7 <sup>2</sup>	1.6 <sup>2</sup>
<b>Operational Footprint</b>				
Renewable energy purchases (MWh)	New 3-year commitment	115,186 <sup>3</sup>	115,197	115,213
Scope 1 emissions (tCO <sub>2</sub> e)	10% reduction by 2017 <sup>4</sup>	TBD <sup>5</sup>	24,227	20,933
Scope 2 emissions (tCO <sub>2</sub> e)	10% reduction by 2017 <sup>4</sup>	TBD <sup>5</sup>	86,321	86,853
Scope 3 emissions (tCO <sub>2</sub> e)	10% reduction by 2017 <sup>4</sup>	TBD <sup>5</sup>	112,225	112,641
<b>Social</b>				
<b>Employees</b>				
Diversity and inclusion				
Women in senior leader roles-Canada and United States (%)▲	40% by 2016	36 <sup>6</sup>	30	33
Visible minority employees-Canada (% in senior roles)▲	25% by 2016 in North	23	22	21
People of colour-United States (% in senior roles)▲	America	9.8	7	7
Persons with disabilities-Canada (% of total workforce)▲	3.8% by 2016	3.4	2.8	2.5
Aboriginal employees-Canada (% of total workforce)▲	1.5% by 2016	1.3	1.3	1.4
Employee Engagement Index (EEI) (%)▲	86% by 2016	80	78 <sup>7</sup>	75
<b>Turnover Rate</b>				
Canada (%)▲		9.35	10.5	9.8
United States (%)▲		13.64	12.9	11.8
<b>Community Investment</b>				
Donations (\$ millions)▲		57.7	56.0	55.7
Community Development Loans-United States (US\$ millions)		701.6	536.7	*
Community Development Investments-United States (US\$ millions)		177.6	178.9	139.8
<b>Governance</b>				
<b>Board Diversity</b>				
Women on Board of Directors (%)	No less than 1/3 <sup>8</sup>	33	33	33
<b>Business Conduct</b>				
Ethics training (% completion)▲		99.2	98.9	98.8
Significant fines or monetary sanctions▲	None	0	0	0
<b>Customer Feedback</b>				
Retail Banking reviews completed by the Ombudsman's Office▲		204	*	*

## Legend

1. Fiscal year (November 1 to October 31)
2. Calendar year (January 1 to December 31)
3. Part of a three - year contract beginning 2014
4. Baseline year 2012
5. Available online in June 2015 at: Environmental Performance
6. Scope of this metric is broader than in previous years (see Diversity definition in Glossary of Terms)

7. New provider and new survey in 2013
8. Of independent directors

▲ 2014 data externally assured (Refer to KPMG's external assurance statement contained within the 2014 ESG Report)

\*Not publicly disclosed

## Banking Reviews

Investigations completed by the Ombudsman's Office regarding customer complaints related to Bank of Montreal's retail banking products in Canada (e.g. accounts, loans, credit cards). Banking reviews include Early Resolution Cases and exclude investment-related complaints (e.g. complaints from customers of BMO InvestorLine, BMO Nesbitt Burns, BMO Life Insurance).

## Diversity

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

- Women in senior leader roles - Canada and the United States\*
- Visible minority employees - Canada (in senior roles)
- People of colour - United States (in senior roles)
- Aboriginal employees - Canada (total workforce)
- Persons with disabilities - Canada (total workforce).

All active employees are included in the metric. Data is reported as of October 31, 2014.

\*Prior to 2014, this metric included women executives only.

## Donations

Includes cash-based donations and donations made as part of the Matching Gifts Program and Volunteer Grants Program. Excludes in-kind donations, sponsorships and fundraising dollars.

## Employee Engagement Index (EEI)

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

## Environmental, Social and Governance (ESG)

ESG is the term we use to describe the three different areas of concern when looking at sustainability issues that have or may have an impact on our stakeholders or our business.

## Ethics Training Coverage

The percentage coverage of ethics training is calculated by dividing the number of employees who completed BMO's Code of Conduct and Ethics training course during the period April 1 to June 30 by the total number of employees as at June 30. Ethics training coverage includes all active BMO employees as well as contingent talent worldwide.

## Renewable Energy Purchases

Refers to total purchases in megawatt-hours (MWh) 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 the provinces of 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, the RECs are retired after purchase through legal contract with the supplier.

## Scope 1 Emissions

Refers to direct greenhouse gas 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), owned transportation assets, and some ozone-depleting substances. This definition of Scope 1 aligns with the greenhouse gas (GHG) protocol and is reported at an enterprise-wide level for the period November 1 to October 31.

## Scope 2 Emissions

Refers to indirect greenhouse gas emissions associated with the generation of electricity, heating and cooling, or steam purchased for an organization's own consumption. BMO's total Scope 2 emissions represent our worldwide operations and include those resulting from the purchase of non-renewable electricity and steam for use at our owned facilities. This definition aligns with the GHG protocol and is reported for the period November 1 to October 31.

## Scope 3 Emissions

Refers to indirect greenhouse gas emissions associated with combustion of fuels at our leased facilities (e.g., natural gas, heating oil, other fuels), non-renewable electricity and steam 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 greenhouse gas (GHG) protocol and is reported for the period November 1 to October 31.

## Senior Roles

Refers to the total number of employees in senior roles (including 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 is greater than \$500,000 in monetary value and deemed by the external regulatory body to relate to unethical business practices by BMO. Monetary sanctions refer to the prohibition of BMO to operate in certain jurisdictions or product lines.

Significant fines/monetary sanctions exclude fines or sanctions levied directly on employees by regulators for 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 to establish that the organization was not aware of and unable to prevent the individual's behaviour with better policies and procedures.

This metric is reported for BMO's North American operations only. It excludes fines/monetary sanctions for non-compliance with environmental laws and regulations.

## Turnover Rate

Refers to the number of active employees who have voluntarily resigned during the reporting period as a proportion of the number of active employees at the end of the reporting period. Turnover rate excludes executives.

## Women in Senior Leader Roles

Refers to the total number of female leaders (e.g., Managing Director and Vice-President). From 2014, this metric does not include Capital Markets employees.

## Women on Board of Directors

The percentage of women who are independent members of BMO's Board of Directors as at the end of the reporting period.

Note: Secondary definitions are found in the 2014 ESG Report and Public Accountability Statement Glossary on pages 47-49.