



# 2012 Environmental, Social and Governance Report and Public Accountability Statement



We work hard to earn and maintain the trust that our business is built on. And we support that trust by adhering to basic values such as integrity and transparency.

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This report outlines how we manage the environmental, social and governance impacts of our business while creating value for our customers, investors, the economy and society.

## About this Report

BMO Financial Group's Environmental, Social and Governance (ESG) Report and Public Accountability Statement (PAS) outlines how we manage the environmental, social and governance impacts of our business while creating value for our customers, investors, the economy and society. The PAS 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)).

The report covers our 2012 fiscal year (November 1, 2011 to October 31, 2012) for our operations in Canada and the United States (U.S.), later referred to as our North American operations. Unless otherwise noted, all dollar amounts are Canadian funds and information in this report is dated as at October 31, 2012.

### Reporting Framework

Global Reporting Initiative (GRI) is the world's most widely used sustainability reporting framework. We've used the GRI reporting framework since 2005. In addition to providing us with guidance on measuring our progress, it makes it easier for our stakeholders to compare our performance with that of our peers. Again this year, we've followed version GRI G3.1 and the Financial Services Sector Supplement, and self-declared an Application level B+.

### External Assurance

KPMG has been engaged by BMO to audit the financial statements and, for the first time, to provide assurance on selected sustainability information contained in the ESG Report. KPMG's financial statement audit report can be found on pages 117 and 118 of the 2012 Annual Report and its assurance report on selected performance indicators can be found on page 51 and 52 of the 2012 ESG Report. In this document, the symbol ▲ indicates assured information.

KPMG is independent of the Bank within the meaning of the Rules of Professional Conduct and Codes of Ethics of various Canadian provincial professional accounting bodies and under U.S. securities laws including in Regulation S-X: Qualifications and Reports of Accountants.

### The Complete Picture

To provide you with a complete picture of our sustainability performance, this report references other publicly disclosed information. These documents are found on our website as follows:

- Annual Information Form for the year ended October 31, 2012 (AIF)  
[www.bmo.com/home/about/banking/investor-relations/annual-reports-proxy-circulars](http://www.bmo.com/home/about/banking/investor-relations/annual-reports-proxy-circulars)
- BMO Financial Group 195th Annual Report 2012 (AR)  
[www.bmo.com/home/about/banking/corporate-responsibility/our-approach/reporting#annual\\_report](http://www.bmo.com/home/about/banking/corporate-responsibility/our-approach/reporting#annual_report)
- Corporate Responsibility website [www.bmo.com/home/about/banking/corporate-responsibility/home](http://www.bmo.com/home/about/banking/corporate-responsibility/home)

**Note:** The Notice of Annual General Meeting of Shareholders and Management Proxy Circular will be available on our website on March 15, 2013.



## Message from the CEO

**William A. Downe**  
President and Chief Executive Officer

# Our Commitment to Sustainability

The 46,000 people who together make up this company share a common vision to be the bank that defines great customer experience. This report – our 2012 Environmental, Social and Governance Report and Public Accountability Statement – details our efforts to realize this goal, not only in what we do for our customers, but how we do it, as well.

Earning the right to guide the financial interests of more than 12 million customers – from grade schoolers managing their first savings accounts to leading corporations with global interests – is first a matter of building and sustaining their respect and trust for our record on environmental, social and governance issues.

Acting sustainably demands awareness and commitment from corporations and the people within them. It means fostering a corporate culture where the instincts for doing the right thing are second nature: where values and expectations are clearly stated and standards rigidly upheld. We have done just that – our values are well-founded and universally applied – there are no gray areas at BMO.

This report demonstrates two more important Sustainability commitments we take seriously at BMO: innovation and transparency. New this year is BMO's ESG Scorecard, found on page 9. The Scorecard provides detail on the measures that matter most to our stakeholders, reported with corresponding year over year data. In future reports, we will continue to review and refine this list – keeping pace as areas of interest and relevance change.

This year's report also incorporates KPMG's limited assurance on selected performance indicators. Using the results of a readiness assessment – conducted by KPMG in 2011 – as a roadmap for improving our current disclosure, is another step in our commitment to thoroughness and transparency. Objectively, we steadily deepen our understanding of what it means to be a good company – in every sense of the word. The bank's Corporate Responsibility Report, issued later in the year, illustrates the way we conduct business and how the bank puts its principles, into practice.

As you review these pages, I hope you will see in them an organization striving to deliver a great banking experience and a record that shows conclusively that BMO's focus on Sustainability is an enduring commitment.

**William A. Downe**



## Message from the Chair, BMO Sustainability Council

**Simon Fish**

Executive Vice-President and General Counsel  
& BMO Sustainability Council Chair

# Balancing our Commitments

I'm pleased to present our 2012 Environmental, Social and Governance Report and Public Accountability Statement.

Balancing our commitments means managing the environmental, social and governance impacts of our business while creating value for our customers, investors, the economy and society.

Everything we do and every decision we make has the potential to create or destroy trust, affecting our long-term success. We understand the importance of balancing our stakeholders' needs while pursuing our business strategies. And to deliver on our strategic priorities we must attract and retain a talented, diverse workforce; we must support and invest in the communities where we live and operate; and we must pay attention to societal issues and global risks that may have an impact on the way we do business.

We've made progress in several areas this year:

- BMO's Board of Directors adopted a Board Diversity Policy which includes the goal of having no less than one third of both genders on the Board;
- we've regained #1 position among Canadian financial institutions in the representation of women executives, working towards our goal to have women represent 40% of all executives by the end of 2016;
- we purchased 115,213 megawatt hours of 100% renewable electricity, which was part of a three year contract;
- BMO is a leader in financing and providing strategic advice to our clients involved in the renewable energy sector;
- we developed a strategy to improve financial fluency among Canadians and Americans across all income levels; and
- we've increased the number of investments to support small business expansion, the development of new educational facilities, the increased availability of quality affordable housing, and targeted community-based commercial real estate in the U.S.

After reading this report, I invite you to provide your feedback. Please email us at: [sustainability@bmo.com](mailto:sustainability@bmo.com)

**Simon Fish**



We have more than 12 million customers, more than 46,000 full-time equivalent employees and approximately 1,570 bank branches in Canada and the United States.

## Who We Are

Established in 1817 as Bank of Montreal, BMO Financial Group (TSX, NYSE: BMO) is a highly diversified financial services provider based in North America, with total assets of \$525 billion and more than 46,000 employees, BMO provides a broad range of retail banking, wealth management and investment banking products and services to more than 12 million customers.

We serve more than seven million customers across Canada through our Canadian retail arm, BMO Bank of Montreal. We also serve customers through our wealth management businesses: BMO Nesbitt Burns, BMO InvestorLine, BMO Private Banking, BMO Asset Management and BMO Insurance. BMO Capital Markets, our investment and corporate banking division, provides a full suite of financial products and services to our North American and international clients.

In the U.S., BMO serves customers through BMO Harris Bank, an integrated financial services organization based in the U.S. Midwest with more than two million retail, small business and commercial customers. BMO Financial Group conducts business through three operating groups: Personal and Commercial Banking, Private Client Group and BMO Capital Markets.

On July 5, 2011, BMO announced that it had completed the acquisition of Milwaukee-based Marshall & Ilsley Corporation (M&I). M&I merged with Harris Bank to form BMO Harris Bank N.A., part of BMO Financial Group. The integration of the two bank's operating systems was completed on October 8, 2012, and all U.S. retail branches now operate under the name BMO Harris Bank.

Further Information: [www.bmo.com/home/about/banking/investor-relations/who-we-are](http://www.bmo.com/home/about/banking/investor-relations/who-we-are)

### Our Vision

To be the bank that defines great customer experience.

### Our Guiding Principle

We aim to deliver top-tier total shareholder return and balance our commitments to financial performance, our customers, our employees, the environment and the communities where we live and work.

### Our Strategic Priorities

1. Achieve industry-leading customer loyalty by delivering on our brand promise.
2. Enhance productivity to drive performance and shareholder value.
3. Leverage our consolidated North American platform to deliver quality earnings growth.
4. Expand strategically in select global markets to create future growth.
5. Ensure our strength in risk management underpins everything we do for customers.



In 2012, we spent over \$3 billion on goods and services with our preferred suppliers in North America.

## Contributing to the Economy

We create wealth in a variety of ways. Below are some examples of the direct economic value BMO generated and distributed during the reporting year:

### Net income

Reported net income rose by 35%, or \$1.1 billion. Adjusted net income increased 25%, or \$0.8 billion.

### Revenues

Reported revenue rose by \$2.2 billion, or 16%, following growth of 14% in 2011. Adjusted revenue increased by \$1.3 billion, or 10%. The strong growth rates reflect the benefits of the acquisition of M&I and organic growth.

### Government levies and taxes

Total government levies and taxes were \$1,521 million. These include payroll levies, property taxes, provincial capital taxes, business taxes, harmonized sales tax, GST and other sales taxes and sundry taxes. For a year-over-year breakdown of government levies and taxes, see Table 8: Non-Interest Expense and Expense-to-Revenue Ratio on page 105 in the [2012 Annual Report](#).

### Shareholder value

In 2012, reported return on equity (ROE) increased 0.8 percentage points from 2011 levels and adjusted ROE decreased 0.5 percentage points. We achieved good growth in both earnings available to common shareholders, as well as increased average common shareholders' equity. For more information on our financial performance, see our [2012 Annual Report](#) and the [Investor Relations](#) link on our website.

### Employment

We employ more than 46,000 full-time equivalent employees. Total employee compensation in 2012 was \$5,628 million. That number includes salaries, performance-based compensation and employee benefits. For a year-over-year breakdown of employee compensation, see Table 8: Non-Interest Expense and Expense-to-Revenue Ratio on page 105 in the [2012 Annual Report](#).

### Purchasing goods and services

In 2012, we purchased over \$3 billion worth of goods and services from our preferred suppliers in North America. Of that, approximately \$2.4 billion was spent in Canada and over \$1 billion was spent in the U.S.

### Investing in our communities

In 2012, BMO contributed more than \$87.6 million<sup>▲</sup> in donations, sponsorships and events to groups, organizations and programs that help build and sustain resilient, vital and healthy communities in Canada and the U.S. For more information, see the [Community](#) link on our website.

### Operating costs

Total premises and equipment costs were \$1,916 million and included rental of real estate premises, furniture and fixtures, property taxes, computers and equipment. For a year-over-year breakdown, see Table 8: Non-Interest Expense and Expense-to-Revenue Ratio on page 105 in the [2012 Annual Report](#).

**Note:** Adjusted results in this section are non-GAAP and are discussed in the Non-GAAP Measures section on page 98 of the [2012 Annual Report](#).



Sustainability means creating value for shareholders and acting in the long-term interest of our many stakeholders.

# Materiality and Stakeholder Engagement

## Materiality: Determining what Matters

We created this report with our stakeholders in mind by reviewing several factors to determine which topics were most important. We considered:

- our strategic priorities;
- topics that require active management or engagement by us;
- concerns raised through stakeholder feedback;
- emerging risks or opportunities;
- emerging societal issues;
- best practice norms exhibited by our peers; and
- topics of interest by the research community.

Once we compiled the list of potential topics that matter, we narrowed it down to those that were most relevant. In sustainability reporting, this is referred to as a materiality analysis. According to the Global Reporting Initiative, material topics are those topics that reflect the organization's significant economic, environmental and social impacts, or that substantively influence the assessments and decisions of stakeholders. This identification of material topics of interest to stakeholders is broader than the assessment of materiality to investors for financial reporting purposes.

BMO's Sustainability Council, a management level body that provides insight and guidance to the organization, plays an active role in determining the significance of the topics. For the 2012 reporting period, we've focused on the topics reviewed and prioritized by the Council. This forms the basis for the report's content.

## Our material issues (in alphabetical order)

1. Access to financial services
2. Addressing environmental and social concerns
3. Building a talented and diverse workforce
4. Providing customers with clear advice
5. Reducing our impact on the environment
6. Sound corporate governance
7. Supporting the communities where we live and work

## Stakeholder Engagement

**BMO's stakeholders include:** *Customers, Shareholders, Employees, Regulators, Suppliers, Community partners, Non-Governmental Organizations, and Analysts.* We engage with these groups in a variety of ways and although they all have different needs and interests, we learn from our interactions with all of the groups and use this feedback to enhance our business and overall contribution to society. A description of how we engage with the three largest groups follows.

### Customers

We provide customers with a variety of feedback mechanisms, such as in person, by telephone, online or in writing. Our complaint resolution process for our Canadian customers is described on our website, and includes contact information for the various business groups, BMO's Ombudsman, the Ombudsman for Banking Services and Investments, other Ombuds services, and various regulators and provincial securities commissions. For our U.S. customers, our website lists contact information for all of our U.S. operating groups. In addition, we provide a link for online messages, a feedback survey and a "Push to Talk" interactive option.

Net Promoter<sup>®</sup> Score (NPS) is the key loyalty metric used by BMO. Throughout the year, a third party vendor tracks our retail and commercial customers' attitudes towards us and our major competitors by using a survey that includes questions around their experiences and problems to assess overall loyalty. Results of the NPS surveys are reported and shared with the businesses and used in action planning to improve customer experience. During the reporting year, 260,500 customers in Canada and 88,900 customers in the U.S. were interviewed. With our customers' permission, branch managers attempt to reconnect with customers who have experienced a service problem to further discuss their concerns.

### Shareholders

Management communicates with shareholders through the Quarterly Report to Shareholders, press releases, the Annual Report and proxy circulars, meetings with key institutional shareholders, and the [Investor Relations](#) link on our website.

In 2012, we developed a Shareholder Engagement Policy, which outlines how the Board of Directors communicates with shareholders and how shareholders can communicate with the Board or BMO management. BMO's disclosure practices ensure that all shareholders receive timely, factual and accurate information. To view the policy, go to: [Corporate Governance](#).

### Employees

Beginning with the CEO, we communicate regularly and solicit feedback from employees at all levels. Senior management hold town halls, and departments and individual teams hold meetings on a regular basis. We also have an internal website and online mailboxes where topics of interest, issues and suggestions can be raised.

We also use surveys to gather employees' views and gauge employee engagement. Our primary survey is the Annual Employment Survey (AES), which is available to all permanent employees online and is accessible using adaptive technologies. In 2012, 38,932 employees responded to the survey, a participation rate of 83%▲, 1% lower than the previous year. AES results are analyzed at an enterprise-wide level and by banking group and department, enabling executives to measure progress and develop action plans to address any gaps.

Managers provide ongoing coaching and feedback through regular one-on-one meetings with employees and annual structured performance reviews. Managers must ensure that employees have a clear understanding of what is expected of them through individual performance objectives aligned to business priorities, and by performance feedback and assessments. Employees also have the opportunity to meet with their manager's manager at least once a year.

When employees leave the bank voluntarily, we conduct exit interview surveys. In addition to questions about their reasons for leaving, we seek feedback on how well we are doing in creating an equitable, diverse and inclusive culture.

## Annual Employee Survey (AES) Participation Rate

2012 – 83%▲

2011 – 84%

2010 – 85%

# BMO's ESG Scorecard

2012<sup>1</sup>                      2011<sup>1</sup>                      2010<sup>1</sup>

## Environmental

### Renewable energy financing:

i. Involvement in equity and debt financings (\$ billions)	\$3.6	–	–
ii. Lending commitments (\$ billions)	\$1.6	–	–

### Operational footprint:

a. Renewable energy purchases (MWh) <sup>▲</sup>	115,213 <sup>2</sup>	115,213 <sup>2</sup>	115,213 <sup>2</sup>
b. Scope 1 emissions (tCO <sub>2</sub> e)	<sup>3</sup>	21,151	16,545
c. Scope 2 emissions (tCO <sub>2</sub> e)	<sup>3</sup>	65,603	48,362

## Social

### Employees:

a. Diversity and Inclusion:			
i. Women executives Canada & U.S. (%) <sup>▲</sup>	33	34	33
ii. Visible minority employees Canada (% in senior and executive roles) <sup>▲</sup>	21	20	18
iii. Minority employees U.S. (% in senior and executive roles) <sup>▲</sup>	7	8	9
iv. Persons with disabilities Canada (% of total workforce) <sup>▲</sup>	2.5	2.4	2.5
v. Aboriginal employees Canada (% of total workforce) <sup>▲</sup>	1.4	1.4	1.4
b. Employee Engagement Index (EEI)(%) <sup>▲</sup>	75	76	74
c. Turnover rate:			
i. Canada (%) <sup>▲</sup>	9.8	8.0	–
ii. U.S. (%) <sup>▲</sup>	11.8	9.2	–

### Community Investment:

a. Donations and Sponsorships (\$ millions) <sup>▲</sup>	87,629	66,440	54,302
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## Governance

### Board Diversity:

a. Women on Board of Directors (%)	33%	25%	23.5%
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### Business Conduct:

a. Ethics training (% completion) <sup>▲</sup>	98.8	99.2	–
b. Significant fines or non-monetary sanctions for non-compliance <sup>4</sup>	0	–	–
c. Incidents of discrimination (from external bodies) <sup>▲</sup>	21	24	20

### Legend:

<sup>1</sup> Fiscal Year (November 1 to October 31)

<sup>2</sup> Part of a 3 year contract

– Not publicly disclosed

<sup>3</sup> Available online in June 2013 at: [Environmental Performance](#)

<sup>4</sup> A fine is classified as “significant” if it is greater than \$500,000 in monetary value or is deemed by the external regulatory body to relate to unethical business practices.

<sup>▲</sup> 2012 data externally assured (KPMG's Assurance Statement is on pages 51 and 52)



*FirstPrinciples* sets out the rules and policies that guide us to do the right thing when dealing with our clients, suppliers, other stakeholders and each other.

## 2012 Highlights

### Sound Corporate Governance

We work hard to earn and maintain the trust that our business is built on. And we support that trust by adhering to basic values such as integrity and transparency. We do this by applying the highest standards of corporate governance and adhering to a strict code of business conduct and ethics called *FirstPrinciples*. To view a copy, go to: [Code of Conduct](#).

*FirstPrinciples* sets out the rules and policies that guide us to do the right thing when dealing with our clients, suppliers, other stakeholders and each other. Annually, all permanent and temporary employees, contractors, management and executives complete mandatory Ethics and Legal Compliance Training which includes *FirstPrinciples*. This year, 98.8%▲ of all employees had completed the online training by June 30, 2012. The training uses realistic scenarios to provide employees with the clarity needed to understand what is fair, right and legal. Other elements of this training are:

- Information security and privacy matters
- Anti-corruption
- Anti-money laundering and anti-terrorist financing
- Health and safety
- Accessibility

Good corporate governance is important. It not only helps us do a better job of running our business, it supports effective decision-making. As a Canadian reporting issuer with securities listed on the Toronto Stock Exchange and the New York Stock Exchange, our corporate governance practices meet, and in some cases exceed, applicable rules adopted by the Canadian Securities Administrators and applicable rules of the U.S. Securities and Exchange Commission and provisions of the U.S. *Sarbanes-Oxley Act of 2002*. For additional information, see the Statement of Corporate Governance in the [Management Proxy Circular](#).

BMO's Board of Directors adopted a Board Diversity Policy in May 2012. It includes the goal of having no less than one third of both genders on the Board. At October 31, 2012, 33% of Board members are women, exceeding the Catalyst Canada benchmark of 25% by 2017.

We maintain formal policies and processes with respect to legal and regulatory compliance in all jurisdictions where BMO or our subsidiaries or affiliates conduct business. For our views on issues ranging from anti-corruption to anti-money laundering and terrorist financing, to collective bargaining, go to: [BMO on the issues](#).

Other metrics related to this material topic are included in the ESG Scorecard on page 9.

**33%**

of Board members are  
**women**

as at October 31, 2012,  
exceeding the Catalyst  
Canada benchmark of  
25% by 2017

## Providing Customers with Clear Advice

Our brand promise of making money make sense is centered on removing complexity from financial decisions and providing customers with solutions and advice designed to meet their specific needs. By using clear language and being transparent, we make it easier for customers to do business with us.

Our policies, processes and standards of business conduct reflect our commitment to deal fairly, honestly and in good faith with our customers, to observe high standards of ethical conduct and to address all conflicts in a fair, equitable and transparent manner.

For our wealth management business, we have policies that focus on ensuring the investment advice we give our customers and the products and services we recommend are suitable for them and in keeping with their investment objectives. Our policies require that the representatives who serve our customers have the proficiency and experience necessary to perform their activities competently, and have a sufficient understanding of the products and services we offer and their risks. We also have rigorous policies and procedures to ensure that we conduct a responsible level of research, analysis and approval of the products and services we offer.

## Building financial confidence

We provide a wide range of complementary tools designed to help customers get a better understanding of their current finances and future planning needs. For details, go to: [Financial Literacy](#).

According to a 2012 BMO economic study, there is a clear need for improved financial fluency among Canadians and Americans across all income levels. In 2012, we identified an opportunity to provide a solution for this. We developed a strategy focused on the parent/youth segment. Partnering with the Canadian Foundation for Economic Education, the first phase was launched in January 2013 – “Talk with our kids about money.” This new program, supported by BMO, offers a simple way to help young Canadians learn more about money and personal finances.

## Access to Financial Services

### Presence in Aboriginal communities

BMO's Aboriginal Banking Unit was created in 1992 and helps contribute to the economic self-sufficiency of Aboriginal communities, businesses and individuals across Canada.

BMO's On-Reserve Housing Loan Program is designed to reflect the specific needs of First Nations and provide members the opportunity to own their own home through access to housing loans for the construction or purchase of owner-occupied single-family dwellings or to finance major renovations to existing homes.

BMO is a participating lender for First Nations that qualify for the First Nations Market Housing Fund, established by the Government of Canada and Canada Mortgage and Housing Corporation to give First Nations members greater access to housing loans on-reserve and on settlement lands.

BMO offers the **Ron Jamieson Aboriginal Scholarship and Internship Program** in honour of Ron Jamieson, a Six Nations Mohawk and former Senior Vice-President, Aboriginal Banking at BMO. In addition to the scholarship, candidates gain experience through a paid summer internship at BMO that can lead to a permanent position.

We provide support to Indspire, formerly the National Aboriginal Achievement Foundation (NAAF), a national Aboriginal non-profit organization that distributes more than \$6 million in scholarships and bursaries each year.

### Supporting newcomers

We've designed products and services to meet the unique needs of recent immigrants. Our **Newcomers to Canada Program** includes a free banking plan for a year, a free small safety deposit box or a discount toward the rental of a larger box, and bonus investment interest on an eligible BMO Term Investment. For a full list of banking services available to newcomers, go to: [www.bmo.com/newcomers](http://www.bmo.com/newcomers).

We understand the unique needs and characteristics of small businesses, and have made it easier for customers to access financing through our credit decisioning process. We have created a new process for business credit card pre-approval and delivery.

**\$1.3 billion<sup>▲</sup>**  
in Annual Business with  
Aboriginal customers

We operate  
**14 BMO branches<sup>▲</sup>**  
located on Aboriginal  
reserve land or Inuit  
territories in Canada

**65 Communities<sup>▲</sup>**  
participating in BMO's  
On-Reserve Housing  
Loan Program

## Alternative distribution channels

In Canada, we have free video conferencing services in many remote and rural areas that connect customers with Financial Planners, Small Business bankers, Commercial Account Managers, Commercial Deposit Specialists and BMO Nesbitt Burns Investment Advisors.

Customers continued to enjoy the convenience of BMO Mobile Banking as the adoption of mobile banking increased by 160% in 2012. Customer engagement in the mobile channel has increased as well, as mobile transactions averaged 30% quarter-over-quarter growth during the fiscal year. BMO Alerts also expanded its offering this year by launching a free eStatement BMO Alert in August. The convenience of receiving automated notifications on transactional, security or statement activity has been well received by our customers, as the number of alerts sent daily grew 117% over the fiscal year.

## Building a Talented and Diverse Workforce

A company's vision is only as strong as its people. BMO's strength is driven by the remarkable talent and creativity of our employees and their commitment to deliver great customer experiences every day.

We have four key talent priorities: building a talent mindset, engaging our employees, providing opportunities to grow and develop, and creating a diverse and inclusive work environment. Focusing on these priorities will help us enhance our culture and drive higher performance.

The importance of leaders who demonstrate a sincere talent mindset has never been greater. We hold leaders accountable for attracting, hiring, assessing and developing talented employees. They must inspire our people, and build an environment where everyone can perform at their best – and we help leaders develop the skills they need to be successful by participating in BMO's flagship leadership learning programs.

We want our employees to be passionate and excited about working here. There is a strong link between employee engagement, customer loyalty and company profitability. The Employee Engagement Index (EEI), as measured by our Annual Employee Survey, reflects favourable scores regarding employees' perspectives about their relationships with our company, their manager, work group, job, career and our customers. This year, our EEI score, as shown in our ESG Scorecard, was 75%▲. The score was down 1% from last year however, is significantly higher than the normative score of 67% for employee engagement within the financial services sector in North America.

At BMO, employees have opportunities to grow and develop throughout their careers – both through formal programs and experiences on the job. In 2012, we provided an average of 39 hours of training per employee▲, and introduced new tools and resources to help employees take control of their careers with support from their manager.

Diversity and inclusion are part of BMO's core values, and an integral part of our talent management practices. In 2012, we renewed BMO's diversity strategy, with action plans for all business groups. Initiatives included cultural intelligence training for senior leaders, and enhancing our talent review and hiring processes to ensure we have a strong pipeline of diverse talent. We recently regained our #1 position among Canadian financial institutions in the representation of women executives (up from #2 in 2011), and we have established accelerated development plans for BMO's most promising female leaders. Key diversity and inclusion metrics are included in our ESG Scorecard on page 9.

## Addressing Environmental and Social Concerns

Issues such as environmental degradation, climate change, biodiversity and Aboriginal rights are important to our stakeholders, our clients and to us. To address these issues, our environmental and social issues policy outlines the basis for evaluating environmental and social risks associated with our lending clients. As part of our enterprise risk management framework, we evaluate the impact on the environment of our clients and the industries in which they operate. In addition, we are a signatory to the Equator Principles, a voluntary framework for evaluating environmental and social risk in Project Finance.

BMO strives to contribute to the resolution of these issues by assisting our clients who are addressing them directly. For instance, BMO is a leader in financing and providing strategic advice to our clients involved in the renewable energy sector. In 2012, we were involved in raising approximately \$3.6 billion of equity and debt in the capital markets for companies active in renewable energy across North America. In addition, we acted as financial advisor on renewable energy transactions representing a total value of approximately

**\$15 billion**  
in additional funding  
was made available  
for commercial lending  
to small businesses  
in Canada

BMO launched a  
**new financial  
planning  
website** with tools  
and resources that help  
Canadians determine the  
steps they need to take to  
reach their financial goals

Current leaders at  
all levels are more  
accountable for  
attracting, developing  
and retaining good  
people because having  
the right people in  
every role is critical  
in delivering on our  
**promise to  
customers**

**Investment in Training**  
2012 – \$90,615,979▲  
2011 – \$81,279,327  
2010 – \$71,382,884

\$3.2 billion. As of December 31, 2012, we had approximately \$1.6 billion of lending commitments to the sector. These figures include only those transactions and lending commitments directly associated with renewable energy or entities having a substantial interest in renewable energy.

We plan to implement additional ESG training for Capital Markets employees in 2013 to ensure that there is consistency in the understanding of these types of risks across the bank.

## Reducing our impact on the environment

To reduce BMO's footprint, we've purchased approximately 24,000 megawatt hours of 100% renewable electricity, enough to power 160 retail branches or offices across Canada. And we signed a three-year contract to purchase more than 91,000 megawatt hours of 100% renewable energy from wind turbines, which provides electricity for the majority of our U.S. facilities. Approximately 40% of BMO's total emissions footprint is mitigated through our use of renewable energy. For year over year metrics, see our ESG scorecard on page 9.

We set a new target in 2012: to reduce absolute enterprise carbon emissions by 10% by the end of fiscal year 2016. We'll use the same formula we used to achieve our 2010 goal: reducing and limiting emissions from transportation and energy use, purchasing electricity from renewable energy sources and buying carbon credits to offset the remaining emissions. Calculating our carbon footprint is complicated. As at October 31, 2012, we had 2,219 facilities worldwide (owned/leased) totalling 20,308,679 square feet of real estate. We measure emissions from the various types of utilities used (e.g. electricity, natural gas, heating oil, diesel, etc.) as well as any hydro fluorocarbon leaks and waste to landfill. We also calculate the emissions associated with ground and air transportation for business purposes by employees.

In 2012, we also set a five-year goal to reduce enterprise paper consumption by 25%, from our 2011 level of 5,866 tonnes. We expect to achieve this by:

1. Encouraging customers to use our eStatement service;
2. Focusing on optimizing internal processes to reduce paper use; and
3. Encouraging shareholders to consent to the electronic delivery of shareholder materials (e.g. Annual Report and Management Proxy Circular).

Other key metrics related to this material issue are included in our ESG Scorecard on page 9.

## Supporting the Communities Where we Work and Live

### Donations

Our philanthropic areas of focus are education, health, arts and culture, community development, and sports and athletics. Our support, which is aligned with our values, has a positive impact on the diverse communities we serve. In 2012, we made \$55 million▲ in charitable donations in worldwide. Here are some examples:

- **Learning for a Sustainable Future** has advanced education for sustainable development in Canada by informing policy, developing excellent programs, supporting teachers and empowering youth.
- **Health Arts Society and Société pour les Arts en Milieux de Santé** – BMO's donation of \$750,000 supported a program bringing concerts to long-term care facilities across Canada. Over 1,600 concerts were staged during the year for people in care, including the elderly and those isolated by illness or disability.
- **Science World in Vancouver, British Columbia** – BMO supported education and youth engagement with a donation of \$500,000 for the new "Our World: BMO Sustainability Gallery" as part of Science World's Bridging the Science Gap capital campaign.
- **One Book, One Chicago Program through Chicago Public Library Foundation** – By hosting dozens of book discussion groups in locations across the city, the Chicago Public Library aims to enrich the experience of reading for everyone, regardless of race, gender, age, income or the neighbourhood they call home.
- **Chicago Botanic Garden** – Through a number of different programs, the Chicago Botanic Garden promotes the enjoyment, understanding and conservation of plants and the natural world. Each year, the Green Youth Farm program teaches up to 70 students aged 13 to 18 how to grow and sell fresh produce at its four urban agriculture sites in and around the City of Chicago.

**BMO Capital Markets donated \$1.25 million**

equal to 100% of its North American institutional equity trading commissions for October 3, 2012 to Equity Through Education

- **Working in the Schools (WITS)** promotes literacy and the love of reading among Chicago's youth by providing one-on-one tutoring and mentoring. Since 2007, BMO Harris Bank volunteers have participated in WITS' Mid Day Mentoring Program, working with Grade 3 students at Henson and Tilton Elementary Schools. During the most recent school year, 60 BMO Harris volunteers spent more than 550 hours mentoring students.
- To date, the **Equity Through Education** program has funded a number of charities that provide scholarships, bursaries, mentorship programs and job search strategy forums and have helped more than 2,500 students representing four diversity groups: women, visible minorities, people with disabilities and Aboriginal people. We've hired five students from the program as full-time employees at BMO Capital Markets.

For a complete list of our contributions, go to: [Corporate Giving](#)

### Sponsorships

We sponsor numerous events and organizations across North America. Not only does this help build our business, it has a positive impact on the diverse communities we serve. Here are some of our 2012 sponsorships:

BMO supports soccer at all levels, from professional to grassroots. 2012 was the second year for the BMO Team of the Week program, which supports children's soccer at the community level.

In 1989, we became a Founding Sponsor of Kids Help Phone, Canada's online and telephone counselling service for youth. This free, anonymous and confidential service is available to young people aged 5 to 20 from communities across Canada, 24 hours a day/7 days a week.

We have an extensive partnership with the Calgary Stampede, which includes title sponsorships of the BMO Farm Family Awards, honouring the contributions of those working in the agricultural industry, and BMO Kids Day, which brings out more than 25,000 people annually for a free pancake breakfast and plenty of fun family entertainment.

BMO also sponsors the National Business Book Award, an award given annually to the author of a pre-eminent business-related book published in Canada.

We also sponsor the Siminovitch Prize in Theatre, Canada's largest annual theatre arts award honouring professional directors, playwrights and designers.

For additional information, go to: [Sponsorships](#)

### Employee volunteering

We support and encourage our employees to participate in volunteer activities. June 7, 2012 was BMO Volunteer Day across North America, uniting 6,500 employees across borders with a common goal: to work together to help even the odds and improve the lives of disadvantaged people in our communities.

We have a special partnership with United Way/Centraide, whose mission aligns with so many of the things we stand for: fairness, equity and helping others. United Way/Centraide ensures every dollar is put to its best possible use by making emergency funds available to those who need them most, and funding programs that address social problems in our communities.

### Supporting employee activities

BMO's 2012 Employee Giving Campaign was record breaking. In an overwhelming show of support, employees gave more generously than ever before, donating a record \$13.5 million.

In addition to providing employees with opportunities to do charitable work during regular business hours, we also supplement employees' personal contributions through [The Volunteer Grants Program](#) and [Matching Gifts Program](#).

Other key metrics, such as total donations and sponsorships, are included in our ESG Scorecard on page 9.

### Community investment

During the 2012 calendar year, BMO Harris Community Investments Group made US\$139,818,401 in new investments to support small business expansion, the development of new educational facilities, the increased availability of quality affordable housing, and targeted community-based commercial real estate.

\$449,512 to the  
**Volunteer  
Grants Program**

\$145,359 to the  
**Matching Gifts  
program**

**94%** of employees  
who participated in the  
annual employee survey  
**positive impact**  
on the communities  
where we operate

**262,442**  
employee volunteer hours

**8,719** employees  
volunteered during  
regular business hours  
in 2012



## Legend:

- AIF – Annual Information Form for the year ended October 31, 2012
- AR – BMO Financial Group 195th Annual Report 2012
- ESG Report and PAS – Environmental, Social and Governance Report and Public Accountability Statement
- PC – Notice of Annual Meeting of Shareholders and Management Proxy Circular – February 28, 2013

# GRI Index

## Profile Disclosures

GRI Indicator	Description	Report Reference or Commentary
<b>Strategy and Analysis</b>		
1.1	Statement from the most senior decision-maker of the organization (e.g. CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	See page 3 of this report: Message from the CEO
1.2	Description of key impacts, risks and opportunities.	For environmental, social and governance (ESG) related risks, see Reputation Risk and Environmental and Social Risk sections on page 92 of the AR.
<b>Organizational Profile</b>		
2.1	Name of the organization.	Bank of Montreal
2.2	Primary brands, products, and/or services.	Bank of Montreal uses a unified branding approach that links all of the organization’s member companies. Bank of Montreal, together with its subsidiaries, is known 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 167–168
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Information about the inter-corporate relationships among Bank of Montreal and its principal subsidiaries is provided on page 182 of the AR. Further information: AR pages 167–168

GRI Indicator	Description	Report Reference or Commentary
<b>Organization Profile</b> continued		
2.4	Location of organization's 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.
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	We operate in a number of countries, but the scope of our ESG Report is Canada and the United States of America (U.S.), also referred to as BMO's North American operations. Further information: AR pages 167–168 and 182
2.6	Nature of ownership and legal form.	Bank of Montreal is a Canadian Schedule I bank and public company listed on the Toronto and New York stock exchanges. Shares are widely held by institutional and retail owners. Further information: AR page 182
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	AR pages 167–168
2.8	Scale of the reporting organization.	As at July 31, 2012, BMO was the fourth largest chartered bank in Canada in terms of assets, equity and market capitalization. BMO provides a broad range of credit and non-credit products and services directly and through Canadian and foreign subsidiaries, offices and branches. As at October 31, 2012, BMO had more than 12 million customers, approximately 46,000 full-time equivalent employees, maintained approximately 1,570 bank branches in Canada and the U.S. and operated internationally in major financial markets and trading areas through our offices in 24 other jurisdictions, including the U.S. Further information: AR pages 8–9, 36–38 and 167–168.
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	AR pages 26–27, 34–35 and 147–149
2.10	Awards received in the reporting period.	<a href="#">Awards and Recognition</a>
<b>Report Parameters</b>		
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.	Our AIF, AR, PC, and ESG Report and PAS cover our fiscal year ending October 31 (November 1, 2011 to October 31, 2012).

GRI Indicator	Description	Report Reference or Commentary
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### Report Parameters continued

<b>3.2</b>	Date of most recent previous report.	2011 Sustainability Report and Public Accountability Statement
<b>3.3</b>	Reporting cycle (annual, biennial, etc.).	Our reporting cycle is annual.
<b>3.4</b>	Contact point for questions regarding the report or its contents.	Email address for questions about our ESG activities and performance: <a href="mailto:sustainability@bmo.com">sustainability@bmo.com</a>
<b>3.5</b>	Process for defining report content.	See pages 6 to 8 of this report Materiality and Stakeholder Engagement
<b>3.6</b>	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	References and commentary in this report represent our operations in Canada and the U.S., unless otherwise stated.
<b>3.7</b>	State any specific limitations on the scope or boundary of the report.	None.
<b>3.8</b>	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	AR pages: 35, 98-99, 124-126 and 148-149 We calculate the carbon footprint (relative to energy use in our buildings and transportation by employees for business purposes) for joint ventures (equity share portion), subsidiaries and leased facilities (but not for outsourced operations) for the entire fiscal year. Also included in our calculations are the impacts of any acquisitions from the transaction date to the fiscal year-end date.
<b>3.9</b>	Data measurement techniques and the basis of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	Information on data measurement, calculations and assumptions are listed in the Glossary of Terms on pages 48-50. Environmental data measurement techniques are listed on our website along with the performance.
<b>3.10</b>	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Refer to <a href="#">Environmental Performance</a> for details on changes to environmental data and page 48 for information on the restatement of diversity metrics.

GRI Indicator	Description	Report Reference or Commentary
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### Report Parameters continued

3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	There are no significant changes from the previous reporting period (FY2011) in the scope, boundary or measurement methods applied in the report. For a three-year history of the development of the business, see page 4 of the AIF.
3.12	Table identifying the location of the Standard Disclosures in the report.	2012 ESG Report and Public Accountability Statement
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	<p>KPMG is BMO's Shareholders' auditor, and was engaged in 2012 for the first time to provide limited assurance on selected sustainability information contained within the ESG Report. KPMG's financial statement audit report can be found on pages 117 and 118 of the 2012 Financial Statements and their limited assurance report on selected performance indicators can be found on pages 51 and 52 of this report.</p> <p>KPMG is independent of BMO within the meaning of the Rules of Professional Conduct/Code of Ethics of various Canadian provincial professional accounting bodies and the <i>United States Securities Act of 1933</i> and the applicable rules and regulations thereunder. (See comments on page 2 of this report.)</p>

### Governance, Commitments, and Engagement

4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	<p>The Environmental, Social and Governance (ESG) Team is accountable for identifying and understanding the ESG issues that affect our business. It collaborates with various areas of the bank to address those issues, and is responsible for developing our Board-approved corporate responsibility and sustainability corporate policy.</p> <p>BMO's Sustainability Council is comprised of senior leaders from across the bank and provides guidance and oversight on significant sustainability matters. The Council meets every quarter, and the chair reports to our President and CEO.</p> <p>Our Board of Directors is responsible for enterprise-wide oversight and governance, and a number of our Board committee mandates include addressing ESG matters. For example, the Audit and Conduct Review Committee reviews reports on environmental, social and governance issues, and the Human Resources Committee has oversight of retention strategies and executive compensation.</p> <p>Further information: <a href="#">Corporate Sustainability Governance</a> and AR pages 19 to 20</p>
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	The Chair of the Board of Directors is not an executive officer.

**Governance, Commitments, and Engagement** continued

4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	<p>Total Board size is 14. There is one executive director, William A. Downe, President and CEO of the bank, and 13 independent Directors as defined by Canadian and U.S. securities laws and New York Stock Exchange Rules.</p> <p>Further information: <a href="#">Director Independence Standards</a> and AIF page 11</p>
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	<p>Shareholders and employees and other interested parties may communicate with the Board of Directors through the Chairman of the Board, by writing to: Chairman of the Board of Directors, BMO Financial Group, P.O. Box 1, First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1A1, Email: <a href="mailto:board.directors@bmo.com">board.directors@bmo.com</a></p>
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	<p>The Board's Governance and Nominating Committee annually reviews and benchmarks Directors' compensation against its peer group to ensure it is competitive and consistent with the responsibilities of Directors. Directors' compensation is disclosed on pages 17 and 18 of the PC.</p> <p>BMO's compensation policies and structure support our vision to be the bank that defines great customer experience. At the start of each year, the Board's Human Resources Committee sets targets that reinforce the Bank's strategic priorities and values. Then, at the end of the year, it assesses bank and operating performance against the targets, assesses individual performance against objectives for the CEO and Senior Executives, and allocates individual incentive awards for the CEO and Senior Executives.</p> <p>Further information: PC, starting on page 36</p> <p>As an incentive for environmental performance, we provide monetary rewards to environment/sustainability management, the corporate real estate executive team and facility managers.</p> <p>Further information: <a href="#">BMO CDP Response</a></p>
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	<p>To ensure ethical and independent decision-making, we have a protocol to identify and deal with director conflicts of interest. Directors or executive officers with a material interest in a matter coming to the Board's attention do not receive related Board materials, and are not present for any discussions or related votes.</p> <p>Further information: PC page 26 (Ethical Business Conduct)</p>

**Governance, Commitments, and Engagement** continued

4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization’s strategy on economic, environmental, and social topics.	The Board’s Governance and Nominating Committee decides what skills and competencies the Board requires, assesses the skills of current Board members and identifies and recommends suitable Director candidates. This assessment helps determine if the Board needs new Directors. Potential candidates are screened for several attributes, including ethics and integrity, range of experience, good business judgement, areas of expertise, possible conflicts, and their ability to devote sufficient time and commitment as a Director. Diversity of background, gender and geography is also taken into consideration. The policy on majority voting to elect Directors is described on page 4 and 5 of the PC.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	<i>FirstPrinciples</i> is a comprehensive code of business conduct and ethics that guides ethical decision-making and conduct by our Directors, officers and employees. Each year, every Director, officer and employee must sign and acknowledge that they have read, understood and complied with <i>FirstPrinciples</i> . We have an online learning program for new employees and online testing for all employees on <i>FirstPrinciples</i> . Further information: <a href="#">Our Commitment</a>
4.9	Procedures of the highest governance body for overseeing the organization’s identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internally agreed standards, codes of conduct, and principles.	See indicators 4.1 and 4.8
4.10	Processes for evaluating the highest governance body’s own performance, particularly with respect to economic, environmental, and social performance.	Annually, each Director completes a survey and has a one-on-one interview with the Chairman of the Board. Every Director assesses the contribution of each of their peers against the performance standards for the Director position. When assessing the Chairman, the Governance and Nominating Committee seeks input from each Director. Each Board committee and committee chair are also separately assessed. Further information: PC page 27
4.11	Explanation of whether and how the precautionary approach or principles is addressed by the organization.	We face various risks inherent in doing business. An integrated and disciplined approach to risk management is integral to our business. Our risk management framework helps provide appropriate and independent risk oversight across the enterprise. This, in turn, helps build a competitive advantage and provide stability for our enterprise. Further information: AR beginning on page 75

GRI Indicator	Description	Report Reference or Commentary
<b>Governance, Commitments, and Engagement</b> continued		
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	<a href="#">Memberships and Associations</a>
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	<a href="#">Memberships and Associations</a>
4.14	List of stakeholder groups engaged by the organization.	<p>Stakeholder engagement is embedded in all areas of BMO. We seek feedback through all of our customer-facing channels, make it easy for shareholders to raise concerns and provide opportunities for employees to provide feedback. We engage with our stakeholders through social media, participate in roundtables with our peers and are active members of a variety of industry and community associations.</p> <p><b>List of Stakeholder Groups:</b>  Customers  Communities  Employees  Shareholders  Regulators  Non-Governmental Organizations (NGOs)  Suppliers</p> <p>Further Information: pages 7 and 8 of this report: Materiality and Stakeholder Engagement</p>
4.15	Basis for identification and selection of stakeholders with whom to engage.	See indicator 4.14
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	See indicator 4.14
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	See pages 7 to 8 of this report: Materiality and Stakeholder Engagement

## Performance Indicators

GRI Indicator	Description	Report Reference or Commentary
<b>Product and Service Impact</b>		
<b>FS1</b>	Policies with specific environmental and social components applied to business lines.	Environmental and social risks include both the threat of adverse effects on the natural environment through emissions, wastes and resource depletion, as well as risks to livelihoods, the health and rights of communities and cultural heritage arising out of a client's business operations and BMO's financing activities. The existence of environmental and social risks does not preclude the bank from providing financing to a borrower. We have internal policies applicable to our Commercial and Capital Markets businesses to provide guidance on how to identify, manage and mitigate environmental and social risk in financing transactions. The policies are regularly reviewed and approved by executives in the Risk Management area.
<b>FS2</b>	Procedures for assessing and screening environmental and social risks in business lines.	Due diligence is performed by the line of business so that we can determine if the magnitude of the environmental and social risks is material. The findings are included in the transaction application that is sent to Risk Management for its approval. Environmental risk is most prevalent when dealing with environmentally sensitive industries. We have identified over 50 industries that we subject to a higher level of environmental due diligence. We evaluate social risks by how well a client manages regulatory and other risks related to stakeholder engagement and issues related to Aboriginal consultation. Specific due diligence questions on both aspects are outlined in our financing policies.
<b>FS3</b>	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 line of business in the same way as other transaction requirements.
<b>FS4</b>	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 required, we raise additional awareness on a case-by-case or issue-by-issue basis with key decision-makers. We plan to extend environmental and social risk training to all new Capital Markets employees in 2013.
<b>FS5</b>	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. This also occurs in our Commercial and Corporate businesses where clients may need financing to take advantage of environmental opportunities.
<b>FS9</b>	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 conducts audits on all bank units periodically. This audit includes assessing compliance with relevant environmental and social risk policies.

GRI Indicator	Description	Report Reference or Commentary
<b>Economic</b>		
<b>DMA</b>	<b>Economic</b>	<p>As a leading North American financial institution, BMO's mandate is to finance opportunity, create wealth and maximize returns to our shareholders. At the same time, as a major business enterprise, we play a vital role in sustaining overall economic prosperity for our clients, our employees and our communities. The wealth BMO creates is widely shared through employee compensation, the procurement of goods and services, dividends to shareholders, support for charitable initiatives and taxes.</p> <p>Further information: page 6 of this report and <a href="#">Community</a></p>
<b>EC1</b>	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	<p>In 2012, BMO contributed more than \$87.6 million▲ in donations, sponsorships and events in Canada and the U.S. to groups, organizations and programs that help build and sustain resilient, vital and healthy communities.</p> <p>For a breakdown of expenses such as employee compensation, premises and equipment and government levies and taxes, see AR page 105 (Table 8).</p>
<b>EC2</b>	Financial implications and other risks and opportunities for the organization's activities due to climate change.	<p>We disclose how we manage climate change in our Carbon Disclosure Project (CDP) submission.</p> <p>Further information: <a href="#">CDP Response</a></p>
<b>EC3</b>	Coverage of the organization's defined benefit plan obligations.	<p>We provide defined benefit pension and other future employee benefits to certain eligible retired and current employees in Canada and the U.S. We provide defined contribution pension plans to employees in some of our subsidiaries.</p> <p>Further information: AR pages 160–164</p>
<b>EC4</b>	Significant financial assistance received from government.	None.
<b>EC6</b>	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	<p>As we operate across Canada and the U.S., we define local suppliers as those based in North America. In FY2012, we spent over \$3 billion on goods and services with our preferred suppliers in North America. Supplier selection is based on the delivery of products and services that are the best in value, quality and performance. We have a comprehensive sustainable procurement practice that includes environmental and social considerations in the process of evaluating and selecting suppliers across the enterprise. BMO Strategic Sourcing is responsible for supplier governance standards that establish the procurement practices for BMO employees.</p> <p>Further information: <a href="#">BMO Sustainable Procurement Questionnaire</a></p>

GRI Indicator	Description	Report Reference or Commentary
<b>Economic continued</b>		
<b>EC7</b>	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	We expect our senior leaders to be active participants in their local communities. Our employees reflect the neighbourhoods in which we live and work, and we make sure we have the right people in the right roles to meet customer needs. Our jobs are posted inside the company and on our external site (bmo.com), and we use national and regional job boards and local, in-branch marketing to highlight BMO employment opportunities.
<b>EC8</b>	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement.	During the 2012 calendar year, BMO Harris Community Investments Group made US\$139,818,401 in new investments to support small-business expansion, the development of new educational facilities, increased availability of quality affordable housing, and targeted community-based commercial real estate.
<b>EC9</b>	Understanding and describing significant indirect economic impacts, including the extent of impacts.	<p>We play an important role in creating a productive and prosperous society. We help people buy homes, save for their children’s education and build secure retirement plans. We help small businesses grow, help growing businesses become more competitive, help competitive businesses find new markets and help all businesses be more innovative.</p> <p>We provide direct economic support through job creation. We buy goods and services from large and small companies as well as from individual contractors, and we pay taxes.</p> <p>Further information: <a href="#">Supporting our Communities</a>, and AR pages 12–17</p>
<b>Environmental</b>		
<b>DMA</b>	<b>Environmental</b>	<p>We are committed to minimizing the environmental impacts of our business operations through best- practice management of our energy use, transportation, material consumption, water use, waste, emissions and effluent. As part of this commitment, we have developed a robust environmental management system that describes the objectives, targets and processes in place to mitigate these impacts. We monitor performance against our stated objectives in pursuing continual improvement in our environmental performance and ongoing pollution prevention.</p> <p>Further information: AR page 92</p> <p><b>Note:</b> Most recent environmental performance data is available on our website.</p>
<b>EN1</b>	Materials used by weight or volume.	<a href="#">Environmental Performance</a>
<b>EN2</b>	Percentage of materials used that are recycled input materials.	<a href="#">Environmental Performance</a>

Environmental continued		
<b>EN3</b>	Direct energy consumption by primary energy source.	<a href="#">Environmental Performance</a>
<b>EN4</b>	Indirect energy consumption by primary energy source.	<a href="#">Environmental Performance</a>
<b>EN5</b>	Energy saved due to conservation and efficiency improvements.	Further information: <a href="#">BMO CDP Response</a>
<b>EN6</b>	Initiatives to provide energy-efficient or renewable energy based-products and services, and reductions in energy requirements as a result of these initiatives.	This indicator is not applicable to our business because our products and services are financial. We continue to focus on providing clients and shareholders with electronic options to reduce energy used in creating and sending paper materials.
<b>EN7</b>	Initiatives to reduce indirect energy consumption and reductions achieved.	For a list of our initiatives to reduce indirect energy consumption, go to: <a href="#">BMO ECO<sup>5</sup> Strategy</a> . For year-over-year data on the reductions achieved, go to: <a href="#">Environmental Performance</a> Further information: <a href="#">BMO CDP Response</a>
<b>EN8</b>	Total water withdrawal by source.	This indicator is not applicable because we use relatively little water to operate our business.
<b>EN9</b>	Water sources significantly affected by withdrawal of water.	See indicator EN8
<b>EN10</b>	Percentage and total volume of water recycled and reused.	See indicator EN8
<b>EN11</b>	Location and use of land owned; leased; managed in; or adjacent to; protected areas and areas of high biodiversity value outside protected areas.	This indicator is not applicable to our business operations. BMO's property portfolio is located in urban areas or within the town centres of rural areas and does not directly affect biodiverse habitats. Biodiversity impacts that may arise in Project Finance transactions are mitigated by our clients through our application of the Equator Principles.
<b>EN12</b>	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	See indicator EN11
<b>EN13</b>	Habitats protected or restored.	See indicator EN11

GRI Indicator	Description	Report Reference or Commentary
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**Environmental** continued

<b>EN14</b>	Strategies, current actions, and future plans for managing impacts on biodiversity.	See indicator EN11
<b>EN15</b>	Number of IUNC Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	See indicator EN11
<b>EN16</b>	Total direct and indirect GHG emissions by weight.	<a href="#">Environmental Performance</a>
<b>EN17</b>	Other relevant direct and indirect GHG emissions by weight.	<a href="#">Environmental Performance</a>
<b>EN18</b>	Initiatives to reduce GHG emissions and reductions achieved.	<a href="#">BMO ECO<sup>5</sup> Strategy</a> <a href="#">Environmental Performance</a> <a href="#">BMO CDP Response</a>
<b>EN19</b>	Emissions of ozone-depleting substances by weight.	<a href="#">Environmental Performance</a>
<b>EN21</b>	Total water discharge by quality and destination.	This indicator is not applicable because we use relatively little water (and therefore have minimal discharge) to operate our business.
<b>EN22</b>	Total weight of waste by type and disposal method.	<a href="#">Environmental Performance</a>
<b>EN23</b>	Total number and volume of significant spills.	None.
<b>EN24</b>	Weight of transported; imported; exported; or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	This indicator is not applicable to our operations.
<b>EN25</b>	Identity; size; protected status; and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	This indicator is not applicable because BMO's water is discharged to public wastewater treatment facilities not directly into water bodies and related habitats.



**Social: Labour Practices** continued

<b>LA2</b>	Total number and rate of employee turnover by age group, gender, and region.	<p>Annual turnover rate in North America, by region:</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Category</th> <th>2012<sup>▲</sup></th> <th>2011</th> </tr> </thead> <tbody> <tr> <td>Canada</td> <td>Voluntary Turnover (%)</td> <td>9.8</td> <td>8.0</td> </tr> <tr> <td>U.S.</td> <td>Voluntary Turnover (%)</td> <td>11.8</td> <td>9.2<sup>1</sup></td> </tr> </tbody> </table> <p><sup>1</sup> U.S. figure excludes the M&amp;I acquisition that occurred in July 2011. Turnover rate is defined in the Glossary of Terms on page 50. We track turnover by age group and gender, but we do not disclose the metrics at this time.</p>	Region	Category	2012 <sup>▲</sup>	2011	Canada	Voluntary Turnover (%)	9.8	8.0	U.S.	Voluntary Turnover (%)	11.8	9.2 <sup>1</sup>
Region	Category	2012 <sup>▲</sup>	2011											
Canada	Voluntary Turnover (%)	9.8	8.0											
U.S.	Voluntary Turnover (%)	11.8	9.2 <sup>1</sup>											
<b>LA3</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	BMO offers a broad range of programs designed to help employees balance their responsibilities to work, family and community. BMO's employee benefits are available to full-time and part time employees. Temporary employees are eligible for limited benefits, Find out more about our approach to employee benefits at: <a href="#">Work and Life Effectiveness</a>												
<b>LA15</b>	Return to work and retention rates after parental leave, by gender.	BMO endorses many measures that support work/life balance for all employees, including parental leaves that see employees returning to their former positions whenever reasonably possible. BMO's HR policies and practices support this approach and outcome. However, BMO does not formally monitor and track these situations.												
<b>LA4</b>	Percentage of employees covered by collective bargaining agreements.	Currently, 0% of employees are covered by collective bargaining agreements. For BMO's position on freedom of association and collective bargaining, go to: <a href="#">BMO on the issues</a>												
<b>LA5</b>	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	When managing change due to acquisitions, restructuring or outsourcing, our goal is to give affected employees as much notice as possible so they are clear about what's happening and can find other employment. We meet or exceed minimum notice periods, and follow BMO's values, principles, practices and legal obligations.												
<b>LA6</b>	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	<p>In Canada, BMO (excluding BMO Nesbitt Burns) has been granted an exemption by Human Resources and Skills Development Canada and is not required to operate joint committees. BMO Nesbitt Burns operates joint Health &amp; Safety committees, as prescribed by the applicable Provincial legislation.</p> <p>In the U.S., there is no legislation or law requiring BMO Harris Bank to operate joint committees.</p>												

**Social: Labour Practices** continued

<b>LA7</b>	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	At BMO, we have had no work-related fatalities. Although we do not track rates of injury or disease, as a financial institution, stress is the leading cause of short- and long-term leaves. We focus on helping these employees return to work and support their needs once they return.
<b>LA8</b>	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	<p>BMO employees are not in jobs with a high incidence or high risk of specific diseases.</p> <p>Our Health and Safety Policies outline executive, manager, and employee responsibilities in maintaining a hazard-free workplace and we create awareness through mandatory annual training.</p> <p>BMO's Employee Assistance Program and LifeWorks provide confidential counselling to employees, both active and pensioned, and their dependent family members. In addition, we have a wide range of medical benefits to help plan for and respond to different health needs.</p> <p>BMO's Chief Medical Officer and team work closely with provincial and national health authorities to ensure that we can respond to widespread health situations such as pandemics.</p> <p>Further information: <a href="#">Work and Life Effectiveness</a></p>
<b>LA10</b>	Average hours of training per year per employee by employee category.	During the 2012 fiscal year, average hours of training were 38.8 hours per employee per year <sup>▲</sup> . Our core areas of focus continue to be learning that orients new employees to our vision, values, strategy and culture; builds talented leaders; enhances judgement and capability around risk and regulatory matters; and most importantly enables our employees to deliver great customer experiences. For example, 40% of all training hours were spent on sales or customer service training.
<b>LA11</b>	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	BMO encourages ongoing employee development through subsidies for tuition and professional accreditation, paid internship opportunities, formal mentoring programs and career planning workshops. In addition, we have programs for employees who are preparing for retirement, such as succession and retirement planning, and phased-in retirement. For employees who are retired, we have paid health benefits, organized social activities and volunteer opportunities.
<b>LA12</b>	Percentage of employees receiving regular performance and career development reviews.	Our policies and programs outline managers' responsibility to have performance and career development conversations. We also have a performance management index to assess how well we deliver on our commitment. Our 2012 annual employee survey indicated 93% of our employees confirmed they had engaged in a performance planning and assessment discussion with their manager.

**Social: Labour Practices** continued

<b>LA13</b>	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	<p>See BMO’s ESG Scorecard on page 9.</p> <p>Diversity and inclusion are part of BMO’s core values, and an integral part of our talent management practices. In 2012, we renewed BMO’s diversity strategy by:</p> <ul style="list-style-type: none"> <li>■ launching a Diversity Renewal Council of top executives to lead company-wide diversity initiatives;</li> <li>■ establishing diversity action plans in all business areas;</li> <li>■ introducing cultural intelligence training for senior leaders; and</li> <li>■ enhancing our talent review and hiring processes to ensure a strong pipeline of diverse talent, with a particular focus on women, visible minorities, persons with disabilities and Aboriginal persons.</li> </ul> <p>Further information: <a href="#">Employee Equity Narrative Report</a></p>
<b>LA14</b>	Ratio of basic salary of men to women by employee category.	<p>Base salary policies at BMO are gender-neutral, requiring managers to consider knowledge, skills and abilities, as well as sustained performance, when making pay decisions. In support of BMO’s pay policies, pay structures are designed to be market-competitive, through the use of external pay surveys for similar roles in a diverse marketplace. Reviews of base salary between male and female employees occur across the enterprise, to ensure comparable pay levels for similar roles and/or job levels with similar experience.</p>

**Social: Human Rights**

<b>DMA</b>	<b>Human Rights</b>	<p>Respect for human rights is deeply embedded in BMO’s corporate culture and in all of our policies. <i>FirstPrinciples</i>, our code of conduct, reflects our commitment to high standards of business conduct and ethics. <i>FirstPrinciples</i> guides us to ensure that what we do is fair, right and legal. <i>FirstPrinciples</i> and our Statement on Human Rights apply to BMO and its subsidiaries.</p> <p>Further information: <a href="#">Code of Conduct</a> and <a href="#">BMO on the issues</a></p>
<b>HR2</b>	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	<p>When suppliers are invited to participate in an RFx, we ask proponents to be aware of our <a href="#">Code of Conduct</a> and direct them to the Code of Conduct link on our website. In addition, we have a comprehensive sustainable procurement practice that includes environmental and social considerations when evaluating and selecting our suppliers.</p> <p>Further information: <a href="#">BMO Sustainable Procurement Questionnaire</a></p>

**Social: Human Rights** continued

<b>HR3</b>	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	<p><i>FirstPrinciples</i> is our code of business conduct and ethics. It reflects our commitment to doing what is fair, right and legal. 100% of BMO employees must complete annual Code of Conduct training. Almost all employees (98.8%▲) had completed the online training as of June 30, 2012 (the last day of our three month training period). New and returning employees must complete the training within 30 days of their start date.</p> <p>Further information: <a href="#">Code of Conduct</a></p> <p>Total number of training hours on BMO’s Code of Conduct for fiscal 2012 (November 1, 2011–October 31, 2012).</p> <table border="1"> <tr> <td>Baseline (new employees)</td> <td>9,956.0 hours</td> </tr> <tr> <td>Refresher</td> <td>19,001.6 hours</td> </tr> <tr> <td><b>Total</b></td> <td><b>28,957.6 hours</b></td> </tr> </table>	Baseline (new employees)	9,956.0 hours	Refresher	19,001.6 hours	<b>Total</b>	<b>28,957.6 hours</b>
Baseline (new employees)	9,956.0 hours							
Refresher	19,001.6 hours							
<b>Total</b>	<b>28,957.6 hours</b>							
<b>HR4</b>	Total number of incidents of discrimination and actions taken.	<p>At BMO, our people are our competitive advantage. We are passionate about creating a diverse and inclusive workplace because it helps employees perform at their best. On average, BMO receives approximately 5 formal complaints per quarter through the Canadian Human Rights Commission, Provincial equivalents (in Canada) or the U.S. Equal Employment Opportunity Commission. We take all complaints seriously, and the majority are resolved at the preliminary stages of the respective processes.</p> <p>Key metrics related to this indicator as included in our ESG Scorecard on page 9.</p>						
<b>HR5</b>	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	<p>BMO respects the right of all people to join (or not join) a trade union to bargain collectively.</p> <p>To view BMO’s Statement on freedom of association and collective bargaining, go to: <a href="#">BMO on the issues</a></p>						
<b>HR6</b>	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	<p>BMO respects its human rights responsibilities and complies with laws and internationally recognized human rights everywhere it operates.</p> <p>To view BMO’s statement on human rights, go to: <a href="#">BMO on the issues</a></p>						
<b>HR7</b>	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	See indicator HR6						

**Social: Human Rights** continued

<b>HR8</b>	Percentage of security personnel trained in the organization’s policies or procedures concerning aspects of human rights that are relevant to operations.	All BMO Corporate Security staff complete online training modules designed to assess awareness, understanding and compliance with key ethical, legal and regulatory requirements. Staff is committed to ensuring a safe and secure workplace and handling violations of workplace safety. All third-party security staff must meet the same high standards. We manage third-party security vendors by meeting with them regularly to ensure they follow our standards and to review processes and incidents.
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**Social: Society**

<b>DMA</b>	<b>Society</b>	<p>BMO is committed to helping improve the quality of life in the communities where we live and work. We support charitable initiatives through donations and sponsorship programs and we encourage and support employees as they devote their time, energy and passion to giving back.</p> <p>Further information: <a href="#">Supporting Communities</a> and <a href="#">Responsible Lending</a></p>
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<b>S01</b>	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	<p>We rarely leave a community altogether. In most cases, we relocate our branches less than 500 meters. But when we do close a branch or move it a greater distance, we do all we can to minimize the inconvenience to our customers.</p> <p>In Canada, we comply with federal legislation by giving customers:</p> <ul style="list-style-type: none"> <li>■ at least four months’ notice before closing a branch, and</li> <li>■ six months’ notice in a rural area where there is no other retail deposit-taking branch within 10 kilometers of the branch being closed.</li> </ul> <p>In the U.S., we comply with federal legislation by giving written notice to affected customers 90 days before the closure or relocation of a bank branch.</p>
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<b>FS13</b>	Access points in low-populated or economically disadvantaged areas by type.	See pages 11 and 12 of this report: 2012 Highlights.
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<b>FS14</b>	Initiatives to improve access to financial services for disadvantaged people.	<p>See pages 11 and 12 of this report: 2012 Highlights.</p> <p>BMO is committed to making our facilities and services accessible to people of all abilities.</p> <p>Further information: <a href="#">Accessibility at BMO</a></p>
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<b>S02</b>	Percentage and total number of business units analyzed for risks related to corruption.	To view BMO’s position on anti-corruption, go to: <a href="#">BMO on the issues</a>
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**Social: Society continued**

<b>S03</b>	Percentage of employees trained in organization's anti-corruption policies and procedures.	As of June 30, 2012, 98.8% of employees completed the anti-corruption training globally.
<b>S04</b>	Actions taken in response to incidents of corruption.	We do not track or record employees who have been dismissed or disciplined for corruption-related activity. Nor do we track or record the number of contracts that we did not renew with business partners due to corruption-related violations.
<b>S05</b>	Public policy positions and participation in public policy development and lobbying.	To view BMO's position on lobbying, go to: <a href="#">BMO on the issues</a>
<b>S06</b>	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	<p>BMO supports efforts to enhance the fairness and transparency of the electoral systems in the jurisdictions where we do business.</p> <p>Historically, BMO has supported the political process in Canada through financial contributions to political parties and candidates. Such contributions are permitted in eight provinces (excepting Manitoba and Quebec and at the federal level). We contributed \$55,450 to political parties and candidates in these provinces during the reporting period.</p> <p>In the U.S., we contributed US\$82,042 to political parties and candidates during the reporting period.</p> <p>BMO has also supported the political process through contributions to certain advocacy organizations. For instance, BMO is the lead private sector sponsor of the Parliamentary Internship Programme, and has provided financial support to organizations such as the Public Policy Forum, the Canadian Journalism Foundation and the Canadian Association of Former Parliamentarians. In 2012, BMO provided \$137,010 to these organizations.</p>
<b>S08</b>	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	There were no significant fines or non-monetary sanctions in the 2012 fiscal year▲. Refer to the Glossary of Terms on page 50 for the definition of significant.

**Social: Product Responsibility**

<b>DMA</b>	<b>Product Responsibility</b>	<p>We're here to help individuals and businesses make the best decisions – on their terms – by understanding what's not in their best interest and by pointing to solutions that fit their budget and long-term goals. We ensure that all products and services meet consumer protection laws and regulations, <i>FirstPrinciples</i>: our code of conduct, as well as voluntary codes of conduct. And we aim to make it easier for customers to do business with us.</p> <p>Further information: <a href="#">Product Responsibility</a> and <a href="#">Responsible Lending</a></p>
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**Social: Product Responsibility** continued

<b>FS15</b>	Policies for the fair design and sale of financial products and services.	<p>Our enterprise-wide policy, <i>FirstPrinciples</i>, is our code of business conduct and ethics. It reflects our commitment to doing what is fair, right and legal. We also have policies that focus on treating customers fairly, protecting their identity and personal information, and not misleading them when offering certain of our products and services. And, we have compliance programs to ensure we comply with consumer protection laws.</p> <p><b>Our Retail Business:</b></p> <p>In Canada, the <i>Financial Consumer Agency of Canada</i> supervises federally regulated financial institutions to ensure they comply with federal consumer protection laws, voluntary commitments and codes of conduct. For example, financial institutions are required to provide consumers with information about the cost of borrowing, complaint-handling procedures, fees, interest rates and branch closures.</p> <p>In the U.S., the <i>Consumer Financial Protection Bureau</i> (CFPB) supervises federally regulated financial institutions. The CFPB is responsible for protecting consumers against unfair, deceptive or abusive acts or practices, and for enforcing discrimination and other unfair treatment laws.</p> <p><b>Our Wealth Management Business:</b></p> <p>Our regulators oversee us to ensure we comply with regulatory and investment industry standards of practice and business conduct, investor protection guidelines and rules intended to foster market integrity.</p> <p>Further information: page 11 of this report: <i>Providing Customers with Clear Advice</i></p> <p><b>In Canada</b>, our main regulators include the <i>Investment Industry Regulatory Organization of Canada</i> and the <i>Mutual Fund Dealers Association</i>, which oversee provincially regulated investment firms.</p> <p><b>In the U.S.</b>, our main regulators include the <i>Financial Industry Regulatory Authority</i>, the <i>Securities and Exchange Commission</i>, <i>Office of the Comptroller of the Currency</i> and the <i>Department of Labor</i>.</p> <p>Further information: <a href="#">Treating Customers Fairly, Code of Conduct</a> and AR page 69</p>
<b>PR1</b>	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	<p>This indicator is not applicable. The products and services BMO provides do not have health or safety impacts. Information on protecting the health and safety of those who deliver our products is in the Labour Practices and Decent Work section, under employee health and safety (LA6-LA8).</p>
<b>PR2</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	<p>This indicator is not applicable. The products and services BMO provides do not have health or safety impacts.</p>

**Social: Product Responsibility** continued

<b>PR3</b>	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	We give our customers information on fees, interest rates, branch closures and complaint-handling procedures. And we ensure that all new products and services meet consumer protection laws and regulations, our code of conduct and voluntary codes of conduct.
<b>PR4</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	<p>In Canada, no material incidents of non-compliance with regulations and voluntary codes relating to product and service information or labelling have been identified during the reporting period.</p> <p>In the U.S., 7 non-compliance issues were identified during the reporting period. Appropriate remedial actions were put in place to respond to these. Six had been resolved and one item was pending at the end of the reporting period. There were no fines associated with any of the issues identified.</p>
<b>PR5</b>	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	See page 7 of this report: Materiality and Stakeholder Engagement. Further information: <a href="#">Resolving customer complaints</a> or contact <a href="#">BMO Harris Bank</a>
<b>FS16</b>	Initiatives to enhance financial literacy by type of beneficiary.	<a href="#">Financial Literacy</a>
<b>PR6</b>	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	We ensure that all marketing communications follow our own advertising, sponsorship and brand guidelines, and where deemed necessary include legal or compliance reviews as applicable. In Canada, Telecaster Services, a division of the Television Bureau of Canada, and the Canadian Broadcasting Corporation review scripts and final produced spots for all English and French television commercials. Network clearance is not required in the U.S. Radio, print and online advertising materials for Canada and the U.S. do not require third-party approvals.
<b>PR7</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	During the reporting period, there were no incidents of non-compliance with regulations or voluntary codes for marketing communications in Canada or the U.S. The Advertising Standards Council (ASC) in Canada received one complaint about a BMO Insurance advertisement. When we gave the ASC the required information, it considered the complaint resolved.
<b>PR8</b>	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	There were no substantiated complaints regarding breaches of customer privacy or losses of customer data in 2012.
<b>PR9</b>	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	There were no significant fines for non-compliance with laws and regulations on the provision and use of products and services during the 2012 fiscal year.



In Canada, BMO provided free or discounted banking services to 1,007,666 seniors and free banking services to 399,798 students.

# 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 following are the prescribed affiliates whose activities 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., which has equity exceeding \$1 billion.

- BMO Harris Investment Management Inc.
- BMO Investments Inc.
- BMO InvestorLine Inc.
- BMO Life Assurance Company
- BMO Life Insurance Company
- BMO Mortgage Corp.
- BMO Nesbitt Burns Inc.
- BMO Nesbitt Burns Ltée
- BMO Private Equity (Canada) Inc.
- BMO Trust Company
- BMO Asset Management Inc.

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

	Income taxes	Capital taxes	Other taxes
<b>Federal</b>	346.5	0.0	200.4
<b>Province or territory</b>			
Alberta	11.5	0.0	2.0
British Columbia	17.3	0.0	7.6
Manitoba	1.3	3.3	1.0
New Brunswick	1.5	2.1	0.7
Newfoundland and Labrador	1.1	3.1	2.3
Nova Scotia	1.9	3.9	2.4
Northwest Territories	0.1	0.0	0.0
Nunavut	0.0	0.0	0.0
Ontario	137.5	0.0	177.6
Prince Edward Island	0.2	0.6	0.0
Quebec	43.5	16.5	27.3
Saskatchewan	1.3	7.6	0.3
Yukon	0.1	0.0	0.0
<b>Total provincial and territorial</b>	<b>217.3</b>	<b>37.1</b>	<b>221.2</b>
<b>Total</b>	<b>563.8</b>	<b>37.1</b>	<b>421.6</b>
Income and capital taxes	600.9		
<b>Total taxes</b>		<b>1,022.5</b>	

BMO Financial Group is a major Canadian taxpayer. In fiscal year 2012, our overall tax contribution was \$1,022 million. This amount included \$564 million in income taxes and \$37 million in provincial capital taxes. As well, we paid \$422 million in other taxes, including \$245 million in Harmonized Sales Tax, GST and other sales taxes, \$159 million in payroll taxes (employer portion), \$14 million in property taxes and \$4 million in business taxes and other sundry taxes.

## BMO Financial Group (Canada) Headcount

Active, Paid and Unpaid Leave Employees\*  
 Permanent, Casual, and Contract  
 As at October 31, 2012

Province or territory	Full-time	Part-time	Total
Alberta	2,083	459	2,542
British Columbia	2,453	701	3,154
Manitoba	364	74	438
New Brunswick	272	84	356
Newfoundland and Labrador	234	73	307
Nova Scotia	422	93	515
Northwest Territories	22	5	27
Nunavut	0	0	0
Ontario	19,428	1,869	21,297
Prince Edward Island	54	14	68
Quebec	4,219	950	5,169
Saskatchewan	379	129	508
Yukon	10	6	16
<b>Total provincial and territorial</b>	<b>29,940</b>	<b>4,457</b>	<b>34,397</b>

\* Includes all employees with a Canadian tax location

## Branches opened and closed in fiscal year 2012 (Canada)

### BMO Bank of Montreal branches opened

Branch Name	Address	City/Province
Leslie & York Mills	1859 Leslie Street	Toronto, ON
Aspen Landing	350 Aspen Glen Landings	Calgary, AB
Ste-Rose	333 Blvd. Cure-Labelle	Ste-Rose, QC
Provost Dr & Esther Shiner Blvd	57 Provost Drive	North York, ON
West Springs	862 85th Street	Calgary, AB
McKenzie Towne	4 High Street SE	Calgary, AB
West Lethbridge Highlands	378 University Dr West	Lethbridge, AB
Mississauga Rd & Williams Parkway	9505 Mississauga Road	Brampton, ON
Timberlea Landing	289 Powder Dr	Fort McMurray, AB
Gordon St. & Clair Rd	3 Clair Road East	Guelph, ON
Silverado	19369 Sheriff King St SW	Calgary, AB

### BMO Bank of Montreal branches closed or consolidated

Branch Name	Address	City/Province
West Lethbridge Financial Center	1-550 University Drive	Lethbridge, AB

## Branches relocated in fiscal year 2012 (Canada)

Branch Name	From	To
Loch Lomond Place	120 McDonald Street, Saint John, NB	45 Hubert Street, Saint John, NB
Mill Woods	6586 28th Avenue, Edmonton, AB	5503 23rd Avenue, Edmonton, AB
Pointe Claire	183 Blvd Hymus West, Pointe Claire, QC	6500 Trans Canada Hwy, Pointe Claire, QC
Chinook Plaza	6100 MacLeod Trail SW, Calgary, AB	6550 MacLeod Trail SW, Calgary, AB
Whitby Mall	1615 Dundas St. E, Whitby, ON	1615 Dundas St. E, Whitby, ON
Haute Ville	125 Ste-Foy Rd, Quebec City, QC	1181 Ave Turnbull, Quebec City, QC
Lynnwood	8706 150th Street, Edmonton, AB	8916 149th Street, Edmonton, AB
Danforth & Dawes	2810 Danforth Ave, Toronto, ON	2083 Danforth Ave, Toronto, ON
St-Constant	115 Rue St-Pierre, St-Constant, QC	121 Rue St-Pierre, St-Constant, QC
Park Royal	959 Park Royal S, West Vancouver, BC	913 Park Royal S, West Vancouver, BC
Saint John M.O.	15 Market Square, Saint John, NB	2 King Street, Saint John, NB
Unionville	100 Carlton Rd, Unionville, ON	3993 Highway 7, Markham, ON
Les Galeries d'Anjou	7999 Blvd. Les Galeries d'Anjou, Anjou, QC	7999 Blvd. Les Galeries d'Anjou, Anjou, QC
Chilliwack	46115 Yale Road, Chilliwack, BC	8249 Eagle Landing Parkway, Chilliwack, BC

## ATMs opened and closed in fiscal year 2012 (Canada)

### ATMs opened in fiscal year 2012 (Canada)

Location	Address	City
<b>Newfoundland and Labrador</b>		
Lawtons – Kelligrews #140	645 Conception Bay Highway, 102	Conception Bay South
Lawtons – Gander #459	177 Elizabeth Drive	Gander
Lawtons – Lewisporte #125	486 Main Street W	Lewisporte
Sobeys Distribution Centre	63 Glencoe Drive	Mt. Pearl
Lawtons – Paradise #887	1386 Topsail Road	Paradise
Lawtons – Topsail #810	496 Topsail Road	St. John's
Lawtons – Wedgwood #173	12 Gleneyre Street	St. John's
<b>Nova Scotia</b>		
Lawtons – Amherst #122	2 Lawrence Street, 101	Amherst
Sobeys Amherst #729	142 South Albion St	Amherst
Lawtons – Antigonish #111	133 Church Street	Antigonish
Lawtons – Bedford South #2568	27 Peakview Way	Bedford
Lawtons – Bridgewater #167	26 26 North Street	Bridgewater
Bridgewater	493 King Street	Bridgewater
Sobeys Dartmouth #776	551 Portland Street	Dartmouth
Lawtons – Cole Harbour #124	950 Cole Harbour Road	Dartmouth
Lawtons – Russell Lake #2749	240 Baker Drive	Dartmouth
Westphal Lawtons	90 Main Street	Dartmouth
Sobeys Distribution Centre	246 Lancaster Drive	Debert
Sobeys Greenwood #746	720 Central Avenue	Greenwood
Lawtons – Kearney Lake #272	998 Parkland Drive	Halifax
Lawtons – Spryfield #2750	16 Dentith Road, A10	Halifax
Lawtons – Bayers #112	7071 Bayers Road	Halifax
Sobeys Halifax #574	1120 Queen St	Halifax
Lawtons – Kentville #2555	363 Main Street	Kentville
Kentville	26 Aberdeen Street	Kentville
Lawtons – Cobequid #895	159 Cobequid Road, 157	Lower Sackville
Sobeys	80 First Lake Dr	Lower Sackville
Lawtons – East River #129	810 East River Road	New Glasgow
New Minas Lawtons	20 Silver Fox Avenue	New Minas
Sobeys Shelburne Mall #52	115 King Street	Shelburne
Sobeys Head Office Stellarton #0003	115 King Street	Stellarton
Cape Breton University Students Union 2	1250 Grand Lake Rd	Sydney
Lawtons – Truro #875	316 Willow Street	Truro
Lawtons – Westville #879	1886 Main Street	Westville
Lawtons – Windsor #119	25 Wentworth Road	Windsor
Lawtons – Yarmouth #169	76 Starrs Road	Yarmouth
<b>Prince Edward Island</b>		
Sobeys West Royalty #628	39 Babineau Drive	Charlottetown
Lawtons – Sherwood Centre #882	161 St. Peter's Road	Charlottetown
Lawtons – Montague #2557	407 Macintyre Ave	Montague
<b>New Brunswick</b>		
IGA #8586	580 Victoria	Edmundston
Sobeys Moncton #783	77 Filles De Jesus Avenue	Moncton
Lawtons – Mapleton #147	40 Mapleton Road	Moncton
Sobeys Distribution Centre #0004	1 Waasis Road	Oromocto
Sobeys Riverview #736	1160 Findlay	Riverview
Lawtons – Saint John #149	107 Catherwood Street	Saint John
St John Main (2 ATMs)	2 King Street	Saint John
Mcallister And Westmorland (2 ATMs)	45 Hubert Street	Saint John
St. Antoine Variety Inc.	4590 Principale Street	St Antoine
Lawtons – Sussex #137	138 Main Street, 8	Sussex
<b>Quebec</b>		
IGA Extra #526	705, avenue du Pont Nord	Alma
Dépanneur Le Magasin – Alma #1169	520, avenue du Pont Sud	Alma
Shell #806	71, rue Principale Sud	Amos
Shell #4542	6050, boulevard Louis-H.-La Fontaine	Montréal (Anjou)
Les Galeries D'Anjou (2 ATMs)	7999, boulevard des Galeries-d'Anjou	Montréal (Anjou)
IGA #0134	1020, boulevard Monseigneur-De Laval	Baie-Saint-Paul
IGA #8526	1500, rue de Bretagne	Baie-Comeau
Shell #C03300	1065, boulevard Lafleche	Baie-Comeau
Shell #C20553	2340, boulevard Louis-XIV	Québec (Beauport)
Shell #20563	2, boulevard Sir-Wilfrid-Laurier	Beleil
Shell #C20567	137, boulevard de Mortagne	Boucherville
Shell #C04986	7805, boulevard Marie-Victorin	Brossard
Shell #21952	170, boulevard Jean-Leman	Candiac





## Location

Shell #C03003  
 Shell #C03024  
 Shell #C03082  
 Shell #C03720  
 Shell #C03074  
 IGA Henri-Bourassa #573  
 Shell #C03163  
 Shell #10214  
 IGA #8587  
 Shell #3081  
 Dépanneur Le Magasin – Route 131 #1001  
 Dépanneur Le Magasin – Notre-Dame-des-Prairies #1078  
 IGA #8037  
 Shell #C03279  
 Shell #11357  
 Pointe-Claire (2 ATMs)  
 Dépanneur Le Magasin – Pont-Rouge #1322  
 IGA #8050  
 IGA #8560  
 Shell #3550  
 Shell #4539  
 Shell #C03098  
 Haute Ville (2 ATMs)  
 IGA #8049  
 Dépanneur Le Magasin – Rawdon #1083  
 Shell #10555  
 IGA #8099  
 IGA #8126  
 IGA #8533  
 IGA #8239  
 Shell #C11746  
 Dépanneur Le Magasin – Rosemère #1174  
 Shell #C03133  
 IGA #8553  
 Dépanneur Le Magasin – Rouyn-Noranda #1201  
 Shell #3314  
 Shell #10213  
 IGA #8018  
 Saint-Jean-sur-Richelieu  
 Shell #12653  
 Shell #5633  
 Sainte-Rose (2 ATMs)  
 Shell #12642  
 Shell #C12253  
 Shell #C06202  
 Shell #3246  
 Shell #8349  
 Shell #5058  
 IGA Extra – #0651  
 Shell #3405  
 Shell #C03059  
 IGA Shawinigan #8193  
 IGA #683  
 Dépanneur Le Magasin – Sorel #1195  
 Dépanneur Le Magasin – Saint-Ambroise #1004  
 Shell #3205  
 Saint-Constant (2 ATMs)  
 Shell #3888  
 Shell #C03092  
 IGA Extra #8203  
 Shell #C06138  
 Dépanneur Le Magasin – Saint-Roch-de-l’Achigan #1158  
 Dépanneur Le Magasin – Saint-Augustin #1175  
 Dépanneur Le Magasin – Saint-Augustin #1171  
 IGA #8341  
 Dépanneur Le Magasin – Saint-Charles-Borromée #1200  
 Dépanneur Le Magasin – Sainte-Adèle #1020  
 Dépanneur Le Magasin – Sainte-Anne-de-la-Pérade #1126  
 IGA #463  
 Dépanneur Le Magasin –  
 Sainte-Catherine-de-la-Jacques-Cartier  
 Shell #C20581  
 Shell #C03131  
 Shell #C03552

## Address

1022, boulevard De Maisonneuve Est  
 6201, boulevard Décarie  
 6490, avenue Somerled  
 5330, boulevard Décarie  
 2500, rue Bélanger  
 6190, boulevard Henri-Bourassa Est  
 5000, boulevard Henri-Bourassa Est  
 231, rue de Saint-Jovite  
 680, chemin du Village  
 3980, chemin de la Côte-de-Liesse  
 565, route 131  
 200, boulevard Antonio-Barrette  
 13057, boulevard Gouin Ouest  
 4510, boulevard Saint-Charles  
 13200, rue Sherbrooke Est  
 6500, autoroute Transcanadienne  
 220, rue du Collège, local 101  
 190, rue du Collège  
 2635, boulevard du Curé-Labelle  
 780, rue Bouvier  
 5000, boulevard de l’Ormière  
 1254, 18<sup>e</sup> Rue  
 1181, avenue Turnbull  
 3450, rue Queen  
 3738, rue Queen  
 129, boulevard Industriel  
 173, rue Notre-Dame  
 461, chemin de la Grande-Ligne  
 12285, boulevard Rodolphe-Forget  
 1395, rue L’Annonciation Sud  
 1193, boulevard Marcotte  
 255, boulevard Roland-Durand  
 203, boulevard Labelle  
 680, avenue Chaussé  
 3182, rue Saguenay  
 90, rue Gamble Ouest  
 586, avenue Larivière  
 2085, boulevard Mellon  
 54, rue Saint-Jacques  
 1600, boulevard des Écluses  
 2222, avenue Jules-Verne  
 333, boulevard Curé-Labelle  
 7100, Grande Allée  
 7900, chemin de Chambly  
 3325, boulevard Laframboise  
 515, boulevard de la Côte-Vertu  
 9600, boulevard Henri-Bourassa Ouest  
 8485, boulevard Viau  
 1010, boulevard Laure  
 905, boulevard Laure  
 1563, boulevard Saint-Sacrement  
 1500, rue Trudel  
 6185, chemin de Saint-Élie  
 145, rue Victoria  
 3600, route de Sainte-Béatrix  
 1700, rue Montarville  
 121, rue Saint-Pierre, local 101  
 475, 25<sup>e</sup> Avenue  
 22, boulevard Arthur-Sauvé  
 6250, boulevard Cousineau  
 3885, boulevard de la Côte-Vertu  
 1219, rue Principale  
 991, route de Fossambault  
 204, route 138  
 23, boulevard Seigneurial Ouest  
 180, rue de la Visitation  
 258, rue Valiquette  
 310, boulevard De Lanaudière  
 6, boulevard Sainte-Anne Ouest  
 4600, route de Fossambault  
 33, boulevard Samson  
 2831, boulevard Laurier  
 3330, rue de La Pérade

## City

Montréal  
 Montréal  
 Montréal  
 Montréal  
 Montréal  
 Montréal (Montréal-Nord)  
 Montréal (Montréal-Nord)  
 Mont-Tremblant  
 Morin Heights  
 Mount-Royal  
 Notre-Dame-des-Prairies  
 Notre-Dame-des-Prairies  
 Montréal (Pierrefonds)  
 Montréal (Pierrefonds)  
 Montréal (Pointe-aux-Trembles)  
 Pointe-Claire  
 Pont-Rouge  
 Pont-Rouge  
 Prévost  
 Québec  
 Québec  
 Québec  
 Québec  
 Rawdon  
 Rawdon  
 Repentigny  
 Repentigny  
 Rigaud  
 Montréal (Rivière-des-Prairies)  
 Rivière-Rouge  
 Roberval  
 Rosemère  
 Rosemère  
 Rouyn-Noranda  
 Rouyn-Noranda  
 Rouyn-Noranda  
 Rouyn-Noranda  
 Saguenay  
 Saint-Jean-sur-Richelieu  
 Sainte-Catherine  
 Québec (Sainte-Foy)  
 Laval (Sainte-Rose)  
 Longueuil (Saint-Hubert)  
 Longueuil (Saint-Hubert)  
 Saint-Hyacinthe  
 Montréal (Saint-Laurent)  
 Montréal (Saint-Laurent)  
 Montréal (Saint-Léonard)  
 Sept-Îles  
 Sept-Îles  
 Shawinigan  
 Shawinigan  
 Sherbrooke  
 Sorel-Tracy  
 Saint-Ambroise-de-Kildare  
 Saint-Bruno-de-Montarville  
 Saint-Constant  
 Saint-Eustache  
 Saint-Eustache  
 Longueuil (Saint-Hubert)  
 Montréal (Saint-Laurent)  
 Saint-Roch-de-l’Achigan  
 Saint-Augustin-de-Desmaures  
 Saint-Augustin-de-Desmaures  
 Saint-Bruno-de-Montarville  
 Saint-Charles-Borromée  
 Sainte-Adèle  
 Sainte-Anne-de-la-Pérade  
 Sainte-Anne-des-Monts  
 Sainte-Catherine-de-la-Jacques-Cartier  
 Laval (Sainte-Dorothée)  
 Québec (Sainte-Foy)  
 Québec (Sainte-Foy)



## Location

Shell #4939  
Dépanneur Le Magasin – Sainte-Julienne #1053  
Dépanneur Le Magasin – Sainte-Madeleine #1006  
Shell #C03242  
IGA #575  
IGA Extra – #0450  
IGA #0380  
IGA #8537  
Dépanneur Le Magasin – Saint-Ignace-de-Loyola #1114  
IGA #8215  
IGA #446  
Esso – Dépanneur Voisin  
Shell #720  
IGA #0409  
IGA #8536  
Shell #1676  
IGA Extra #8276  
Shell #C00791  
Dépanneur Le Magasin – Cap-de-la-Madeleine #1003  
Dépanneur Le Magasin – Trois-Rivières #1094  
Shell #C20584  
IGA Trois-Rivières #442  
IGA #8009  
IGA #8369  
IGA #8035  
IGA #8472  
Shell #12658  
Petro Canada – Dépanneur Boni-Soir  
IGA #8095  
Shell #C04026  
IGA Victoriaville 428  
Shell #12636  
IGA #429

## Ontario

Sobeys Aurora Bayview 743  
Balmerton Food Fair  
Sobeys Barrie #712  
Rabba Fine Foods – Brampton  
Sobeys Mayfield 865  
Mississauga Williams Parkway (2 ATMs)  
Highway 50 And Ebenezer (2 ATMs)  
Sobeys Dundas & Main #920  
Sobeys Chatham #732  
Clarington Convenience  
Sobeys Queensway 7383  
Sobeys Fort Erie #6725  
Star Top Canadian Forces  
Gordon And Clair (2 ATMs)  
Sobeys Queenston & Nash #921  
Mactavish Esso  
Sobeys Kanata 877  
Sobeys Highland #641  
Ottawa And Strasburg  
Sobeys Ira Needles 685  
Hwy 7 And Birchmount  
Rabba Fine Foods – Bristol Rd.  
Rabba Fine Foods 176 – Lakeshore Rd.  
Rabba Market Express – Eglinton  
Rabba Fine Foods – Heatherleigh  
Rabba Fine Foods – Kingsbridge  
Ggs Corner & Gift Shop  
Provost And Esther Shiner (2 ATMs)  
Sobeys Orangeville 7466  
Sobeys Orleans 7496  
Sobeys Oshawa #925  
Algonquin College Student Centre  
Vinces Kwik Mart #2  
Algonquin College – Perth Campus  
Sobeys Lansdowne 6713  
Canex CFB Trenton  
Sobeys Red Lake #5126  
Metallo S Mini Mart  
Sobeys Glendale #929

## Address

1659, chemin du Fer-à-Cheval  
2912, route 125  
5, rue Saint-Simon  
22, boulevard du Curé-Labelle  
1950, boulevard Dionne  
8980, boulevard Lacroix  
2260, rue Saint-Charles  
5445, boulevard Laurier Ouest  
214, chemin de la Traverse  
299, boulevard Sir-Wilfrid-Laurier  
1234, rue du Pont  
2665, côte Saint-Charles  
9405, boulevard Lacordaire  
335, chemin du Hibou  
44, rue Principale Nord  
2350, chemin Gascon  
675, boulevard des Seigneurs  
1049, boulevard des Seigneurs  
1975, rue des Prairies  
6500, rue Marion  
275, rue Barkoff  
645, boulevard Thibeau  
1305, rue Sainte-Marguerite  
660, boulevard Jean-XXIII  
10250, chemin Sainte-Marguerite  
675, rue de la Montagne  
325, boulevard de la Marine  
3237, route Harwood  
30, place du Commerce  
1125, rue de l'Église  
560, boulevard des Bois-Francis Sud  
9950, boulevard Louis-H.-La Fontaine  
10, rue du Centre-Sportif

15500 Bayview Ave  
2 Seventh Street  
37 Mapleview Drive West  
100 Peel Centre Dr  
11965 Hurontario Street  
9505 Mississauga Rd  
8950 Highway 50  
75 75 Dundas Street  
215 Park Avenue West  
1561 Highway 2  
125 The Queensway  
450 Garrison Road  
1600 Star Top Rd  
3 Clair Rd East  
700 Queenston Road, A  
594 10th St  
700 Terry Fox Drive  
274 Highland Road West  
795 Ottawa Street South  
235 Ira Needles Blvd  
3993 Highway 7  
20 Bristol Rd. W  
645 Lakeshore Rd. East  
445 Eglinton Ave. E  
5025 Heatherleigh  
25 Kingsbridge Gardens  
417 Centre Road  
57 Provost Drive  
500 Riddell Road  
5150 Innes Rd  
1377 Wilson Road North  
1385 Woodroffe Avenue  
601 2nd Ave E  
7 Craig Street  
1200 Lansdowne Street West  
241 RCAF Road  
1 Highway 105 & Discovery Rd  
147 Northern Ave. East  
343 Glendale Ave

## City

Sainte-Julie  
Sainte-Julienne  
Sainte-Madeleine  
Sainte-Thérèse  
Saint-Georges  
Saint-Georges  
Saint-Hyacinthe  
Saint-Hyacinthe  
Saint-Ignace-de-Loyola  
Saint-Lambert  
Saint-Lambert-de-Lauzon  
Saint-Lazare  
Montréal (Saint-Léonard)  
Stoneham-et-Tewkesbury  
Sutton  
Terrebonne  
Terrebonne  
Terrebonne  
Trois-Rivières  
Trois-Rivières  
Trois-Rivières  
Trois-Rivières  
Trois-Rivières  
Trois-Rivières  
Trois-Rivières  
Valcourt  
Varennes  
Vaudreuil-Dorion  
Montréal (Verdun)  
Montréal (Verdun)  
Victoriaville  
Montréal (Anjou)  
Warwick

Aurora  
Balmertown  
Barrie  
Brampton  
Brampton  
Brampton  
Brampton  
Cambridge  
Chatham  
Courtice  
Etobicoke  
Ft Erie  
Gloucester  
Guelph  
Hamilton  
Hanover  
Kanata  
Kitchener  
Kitchener  
Kitchener  
Markham  
Mississauga  
Mississauga  
Mississauga  
Mississauga  
Mississauga  
Moose Factory  
North York  
Orangeville  
Orleans  
Oshawa  
Ottawa  
Owen Sound  
Perth  
Peterborough  
Quinte West  
Red Lake  
Sault Ste. Marie  
St. Catharines



## Location

Lynnwood (2 ATMs)  
Millwoods (4 ATMs)  
Timberlea Landing (2 ATMs)  
Canada Safeway # 0810  
Canada Safeway # 0275  
Canada Safeway # 2299  
West Lethbridge (2 ATMs)  
Canada Safeway #2220 Medicine Hat  
Canada Safeway 2223 Okotoks  
Sobeys Pincher Creek #5027  
Sobeys Eastview - #1108  
Sobeys Redwater - #3086  
Canada Safeway# 0822 Sherwood  
Canada Safeway # 0811  
Sobeys St Albert #3177  
Sobeys Strathmore #5019  
Canada Safeway # 2346  
Canada Safeway # 0862

### British Columbia

Canada Safeway # 0088  
Chilliwack Safeway #0099  
Eagle Landing Shopping Centre (2 ATMs)  
Canada Safeway # 0020  
Thrifty Foods #9478  
Canada Safeway #0820  
Sobeys Golden - #1149  
Sunshine Market - Kelowna  
Townsite Grocery  
Canada Safeway # 0059  
Thrifty Foods - Haney Place #9477  
Canada Safeway # 0142  
Lower Capilano  
Canex - Hmcs Discovery  
Canada Safeway # 0002  
Canada Safeway # 36  
Park Royal (3 ATMs)

## Address

8916 149 Street NW  
5503 23 Ave  
289 Powder Drive Unit D100  
9925 114 Avenue, 9925  
1702 23 Street North  
2605 Fairway Plaza S  
378 University Dr W Unit #2  
615 Divison Avenue S  
610 Big Rock Lane  
819 Main Street  
3839 40th Avenue  
5028 49th Avenue  
2020 Sherwood Drive  
985 Fir Street  
392 St. Albert Trail  
100 Ranch Market, 100  
4926 46 Avenue  
3901 56th Street

32500 S. Fraser, 100  
45858 Yale Rd  
8249 Eagle Landing Parkway  
100 - 3025 Lougheed Hwy, 100  
444 Lerwick Road, 123  
9123 100 Street  
624 9 Avenue North  
4600 Lakeshore Road, 5  
486 4th Avenue  
6153 200th Street  
100 11895 226th Street  
32520 Lougheed Highway  
1120 Marine Drive  
1200 Stanley Park Drive  
2733 West Broadway  
1766 Robson Street  
913 Park Royal South

## City

Edmonton  
Edmonton  
Fort McMurray  
Grand Prairie  
Lethbridge  
Lethbridge  
Lethbridge  
Medicine Hat  
Okotoks  
Pincher Creek  
Red Deer  
Redwater  
Sherwood Park  
Sherwood Park  
St. Albert  
Strathmore  
Taber  
Wetaskiwin

Abbotsford  
Chilliwack  
Chilliwack  
Coquitlam  
Courtenay  
Fort St John  
Golden  
Kelowna  
Kimberley  
Langley  
Maple Ridge  
Mission  
North Vancouver  
Vancouver  
Vancouver  
Vancouver  
West Vancouver

Total

415

## ATMs closed in fiscal year 2012 (Canada)

University Of NB Campus  
Saint John Main City Hall  
Mcallister And Westmorland  
Les Galeries d'Anjou (2 ATMs)  
Pharmaprix  
Pharmaprix  
Pointe-Claire (2 ATMs)  
Haute-Ville  
Saint-Constant (2 ATMs)  
Hwy 7 And Birchmount (2 ATMs)  
Sobeys Milton RSC  
Roseborough Ctr Dominion  
Sandlewood Sq Pathway  
Danforth And Woodbine  
Dundas & Campbell  
Whitby Mall  
Sobeys Whitby RSC  
Whitby Mall (2 ATMs)  
Grant & Waverly (2 ATMs)  
Shoppers Drug Mart  
Shell Centre  
Chinook Plaza (3 ATMs)  
Millwoods  
Millbourne S C Foodcourt  
Millwoods (3 ATMs)  
Lynnwood  
Chilliwack  
Eagle Landing Shopping Centre  
Park Royal (3 ATMs)

29 Dineen Drive  
15 Market Square  
45 Hubert Street  
7999, boulevard des Galeries-d'Anjou  
520, boulevard du Fort-Saint-Louis  
6411, rue Sherbrooke Ouest  
6500, autoroute Transcanadienne  
1181, avenue Turnbull  
121, rue Saint-Pierre, local 101  
3993 Highway 7  
2701 Highpoint Drive  
1240 Eglinton Avenue  
40 Bristol Road East  
2083 Danforth Ave  
144 Dundas Street East  
1615 Dundas Street East  
100 Nordeagle Avenue  
1615 Dundas St East  
1385 Grant Avenue  
43 Osborne Street  
400 4th Avenue South West  
6550 Macleod Trail SW  
5503 23 Ave  
Mill Woods Rd & 38th Ave  
5503 23 Ave  
8916 149 Street NW  
46115 Yale Road  
8249 Eagle Landing Parkway  
913 Park Royal South

Fredericton, NB  
Saint John, NB  
Saint John, NB  
Montréal (Anjou), QC  
Boucherville, QC  
Montréal, QC  
Pointe-Claire, QC  
Québec, QC  
Saint-Constant, QC  
Markham, ON  
Milton, ON  
Mississauga, ON  
Mississauga, ON  
Toronto, ON  
Trenton, ON  
Whitby, ON  
Whitby, ON  
Whitby, ON  
Winnipeg, MB  
Winnipeg, MB  
Calgary, AB  
Calgary, AB  
Edmonton, AB  
Edmonton, AB  
Edmonton, AB  
Chilliwack, BC  
Chilliwack, BC  
West Vancouver, BC

Total

41

## Business Debt Financing as at October 31, 2012 (amounts in \$ millions)

Provinces and Territories	(\$ millions)	\$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	over \$5,000,000	TOTAL
Newfoundland and Labrador	Authorized Amount	11.9	33.6	50.1	73.5	94.5	263.0	367.9	894.5
	Number of Firms	2,205	729	330	214	138	132	26	3,774
Prince Edward Island	Authorized Amount	3.6	11.7	24.7	39.5	73.0	177.2	*	329.7
	Number of Firms	523	251	151	113	109	91	*	1,238
Nova Scotia	Authorized Amount	20.8	47.5	86.2	127.6	222.1	597.8	1,394.9	2,496.9
	Number of Firms	3,344	1,073	545	365	315	296	68	6,006
New Brunswick	Authorized Amount	15.0	40.3	59.2	93.1	132.9	351.2	573.2	1,264.9
	Number of Firms	2,289	893	387	269	197	179	23	4,237
Quebec	Authorized Amount	190.9	306.8	388.7	710.9	795.8	2,697.9	12,679.3	17,770.3
	Number of Firms	28,466	7,280	2,513	1,985	1,166	1,251	469	43,130
Ontario	Authorized Amount	386.9	662.7	976.3	1,386.8	1,922.7	6,015.5	31,745.8	43,096.7
	Number of Firms	63,406	15,651	6,331	3,987	2,833	2,836	1,132	96,176
Manitoba	Authorized Amount	20.8	50.2	48.9	66.2	111.3	446.1	2,698.0	3,441.5
	Number of Firms	3,185	1,220	323	190	160	200	75	5,353
Saskatchewan	Authorized Amount	35.5	113.0	132.4	177.3	199.3	432.4	1,443.6	2,533.5
	Number of Firms	5,109	2,575	859	505	291	221	72	9,632
Alberta	Authorized Amount	147.4	253.2	277.1	407.3	639.1	2,258.4	16,480.2	20,462.7
	Number of Firms	23,049	6,308	1,782	1,171	924	1,035	505	34,774
British Columbia	Authorized Amount	140.5	251.3	310.1	479.5	880.3	3,214.9	7,889.3	13,165.9
	Number of Firms	22,376	6,120	2,033	1,380	1,275	1,521	450	35,155
Yukon	Authorized Amount	1.3	2.2	4.8	6.2	**	**	**	14.5
	Number of Firms	212	57	30	17	**	**	**	316
Northwest Territories/ Nunavut	Authorized Amount	0.7	1.5	2.7	***	***	***	***	4.9
	Number of Firms	150	37	16	***	***	***	***	203
<b>Total</b>	<b>Authorized Amount</b>	<b>975.3</b>	<b>1,774.0</b>	<b>2,361.2</b>	<b>3,567.9</b>	<b>5,071.0</b>	<b>16,454.4</b>	<b>75,272.2</b>	<b>105,476.0</b>
	<b>Number of Firms</b>	<b>154,314</b>	<b>42,194</b>	<b>15,300</b>	<b>10,196</b>	<b>7,408</b>	<b>7,762</b>	<b>2,820</b>	<b>239,994</b>

\* Client counts and authorizations for Prince Edward Island have been added to Nova Scotia data for the same dollar band to maintain confidentiality.

\*\* Client counts and authorizations for Yukon have been added to British Columbia data for the same dollar band to maintain confidentiality.

\*\*\* Client counts and authorizations for Northwest Territories/Nunavut have been added to Alberta data for the same dollar band to maintain confidentiality.

# Bank of Montreal Mortgage Corporation Public Accountability Statement<sup>\*</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 15 full-time employees. These employees are based in Montreal.

The income and capital taxes paid in Canada by BMO Financial Group, of which BMMC is a member, are listed on page 37 of BMO Financial Group's 2012 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 2012 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 2012 ESG Report and Public Accountability Statement on pages 13 and 14.

As detailed in BMO Financial Group's 2012 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>\*</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.

# Awards and Recognition<sup>❖</sup>

## Business Awards

- Best Trade Bank in Canada by *Trade Finance* magazine
- Canada's Best Investment Bank by *Global Finance* magazine
- Canadian Institute of Chartered Accountants (CICA) Award of Excellence for Corporate Reporting in Financial Services
- Canadian Mortgage Trends Awards BMO for 2011 Mortgage of the Year
- *Global Banking and Finance Review* named BMO Harris Private Banking Best Private Bank in Canada for 2012
- Celent 2012 Model Bank Award for product development
- World Finance awarded BMO Harris Private Banking as Best Private Bank in Canada

## Diversity Awards

- Best Employers for New Canadians 2012
- Canada's Best Diversity Employers 2012
- Corporate Equality Index (CEI) Award – Best Places to Work for LGBT Employees (for 2013)
- Top Employers for Canadians Over 40 for 2012

## Employer Awards

- American Society for Training and Development (ASTD) 2012 BEST Award
- Best Employers for New Canadians by Mediacorp Canada Inc.
- Canada's Top 100 Employers for 2013 by Mediacorp Canada Inc.
- *Financial Post's* Ten Best Companies to Work For
- Greater Toronto's Top Employers for 2013 by Mediacorp Canada Inc.

## Environmental Awards

- Global 500 Carbon Performance Leadership Index (CPLI) by Carbon Disclosure Project
- 2012 Canada 200 Carbon Performance Leadership Index (CPLI) by Carbon Disclosure Project
- 2012 Canada 200 Carbon Disclosure Leadership Index (CDLI) by Carbon Disclosure Project
- Green Office Challenge Award by City of Chicago

## Sustainability Indices and Rankings

- *Corporate Knights'* list of Canada's Best 50 Corporate Citizens
- Dow Jones Sustainability North America Index (DJSI)
- FTSE4Good Series Index
- *Maclean's/Sustainalytics* list of the Top 50 Socially Responsible Corporations in Canada

\* For a complete list of awards and recognition, go to: [Awards and Recognitions](#) link on our website.

# Glossary of Terms

## A

### Active employee

Includes full-time or part-time permanent employees but excludes term/active, and employees on leave.

### Annual business with Aboriginal customers

Includes the monetary value of all core-commercial products (loans, mortgages and deposits) held by Aboriginal customers at the end of the reporting period. This figure excludes all investment fund balances managed by BMO for Aboriginal communities and any retail banking services or products provided to Aboriginal customers in Canada.

### Annual Employee Survey (AES)

BMO's voluntary annual employee survey is conducted by a third party on an annual basis. The online survey is available to all permanent employees. Results and insights from this voluntary survey are aggregated at an enterprise-wide level and include Employee Engagement Index and Participation Rate.

### Annual Employee Survey Participation Rate

Calculated as the number of BMO employees who complete the Annual Employee Survey divided by the total number of active employees at the time the survey was performed. The participation score includes all BMO employees worldwide.

### Average training hours per employee

Average training hours per employee is calculated as total Training Hours divided by total number of active employees at the end of the reporting period.

## B

### Bank of Montreal or BMO

Bank of Montreal uses a unified branding approach that links all of the organization's member companies. Bank of Montreal, together with its subsidiaries, is known as BMO Financial Group. As such, in this document, the names BMO and BMO Financial Group mean Bank of Montreal together with its subsidiaries.

## C

### Communities participating in BMO's On-Reserve Housing Loan Program

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

### Community Investment

Total amount invested, presented in Canadian dollars, during the reporting period relating to enterprise-wide donations and sponsorships:

- **Donations:** Includes cash-based donations and donations as part of the Matching Gifts Program and Voluntary Grants Program. Excludes in-kind donations and fundraising dollars.
- **Sponsorship:** Includes cash-based sponsorship or "rights fees" which are negotiated as a sponsorship package paid by BMO. The figure also includes expenses related to the sponsorship event (food and beverage, promotional material, advertising, etc.). Sponsorship includes sponsorships provided to both commercial and non-profit entities.

## D

### Diversity

Diversity metrics include women employees in executive roles (Canada and the U.S.), visible minority employees in senior and executive roles (Canada only) and minority employees in senior and executive roles (U.S. only), Aboriginal employees (Canada only) and employees with disabilities (Canada only). All active employees and those employees on short-term disability are included in the metric.

Data is reported for the period November 1 to October 31.

Diversity metrics have been restated for 2011 and 2010 to align with the November 1 to October 31 reporting period.

## E

### Employee Engagement Index (EEI)

A point-in-time score of employee engagement levels at the time the Annual Employee Survey is administered. Employee engagement is measured using indicators that assess employees' relationship with BMO, their manager, career, job, work group and customers. Relationship scores are then used to determine the overall engagement level. The EEI score includes all BMO employees worldwide.

### Enterprise and enterprise-wide

The terms "enterprise" and "enterprise-wide" are used to describe Bank of Montreal and all of its subsidiaries 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.

### Equator Principles (EPs)

The EPs is a voluntary credit risk management framework for determining, assessing and managing environmental and social risk in Project Finance transactions. Project Finance is often used to fund the development and construction of major infrastructure and industrial projects. BMO has been a signatory to the Equator Principles since 2005.

### Ethics training hours

Refers to the total hours spent by all active employees completing BMO's code of conduct and ethics training course, *FirstPrinciples* during the reporting period. Training is considered "complete" when an employee achieves a score of 80% or higher on the ethics training assessment. Ethics training hours include all BMO employees worldwide.

### Ethics training coverage

The percentage coverage of ethics training is calculated by dividing total active employees who completed BMO's code of conduct and ethics training course, *FirstPrinciples*, during the period April 1 to June 30 by the total number of active employees as at June 30. Ethics training coverage includes all BMO employees worldwide.

## F

### 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 to calculate the total workforce worldwide, broken down by region.

## G

## H

## I

### Incidents of discrimination

Includes both the number of incidents communicated to BMO and the number of incidents resolved during the reporting period. Claims or allegations made against BMO are recorded as incidents of discrimination if they have been received from an applicable external legislative or regulatory human rights body. Incidents of discrimination can include claims and allegations relating to age, gender, persons with disabilities and ethnicity. Excludes internally reported claims.

### Investment in training

Includes the total dollars spent on internal 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 courses (e.g., tuition fees, travel and materials).

## J

## K

## L

## M

## N

### Net Promoter Score (NPS)

Net Promoter Score is 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" and "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 for Canada only.

## O

## P

### Project Finance

Project Finance is a method of funding 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 transactions play an important role in financing development throughout the world. This type of financing is usually for large, complex and expensive installations that might include, for example, power plants, chemical processing plants, mines, transportation infrastructure, environment and telecommunications infrastructure.

Source: Equator Principles [www.equator-principles.com/index.php/about-ep/faqs/42-about/frequently-asked-questions/18](http://www.equator-principles.com/index.php/about-ep/faqs/42-about/frequently-asked-questions/18)

## Q

## R

### Renewable energy purchases

Refers to total purchases in megawatt-hours (MW/h) 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 U.S., RECs represent power generated from wind turbines. In both Canada and U.S., the RECs are retired after purchase through legal contract with the supplier.

## S

### 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 energy combustion from 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.

### Significant fines or non-monetary sanctions for non-compliance with laws and regulations

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 or is deemed by the external regulatory body to relate to unethical business practices. Non-monetary sanctions refer to the prohibition of BMO to operate in certain jurisdictions or product lines.

Significant fines or non-monetary sanctions excludes 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 that performs an investigation of the individual and the organization to ensure the organization was not aware of and unable to prevent the individual's behaviour with better policies and procedures.

This metric excludes fines or non-monetary sanctions for non-compliance with environmental law and regulations. See EN28 on page 26 for this information.

## T

### Training hours

Refers to total hours incurred by BMO employees on completed internal training courses during the reporting period.

### Turnover rate

Employee turnover rate refers to the voluntary attrition during the reporting period as a proportion of the number of active employees at the end of the reporting period. Turnover rate excludes employees who retire or are terminated during the period.

## U

## V

## W

## X

## Y

## Z

# External Assurance Statement

## 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, 2012, on certain qualitative and quantitative performance information disclosed in the 2012 ESG Report and Public Accountability Statement (the Report) as described below.

In addition, we have been engaged to check BMO's self-declared Global Reporting Initiative (GRI) application level.

### Selected Indicators

The scope for which assurance is to be expressed, as agreed with management, includes the following performance information (the Selected Indicators):

- Renewable energy purchases (MWh)
- Women employees in senior and executive roles (%)
- Visible minority employees in senior and executive roles (%)
- Persons with disabilities (%)
- Aboriginal employees (%)
- Employee engagement index (EEI) score (%)
- Annual employee survey participation rate (%)
- Turnover rate (%)
- Investment in training (\$)
- Investment in training (hours per employee)
- Annual business with aboriginal customers (\$)
- Number of branches located on aboriginal reserve land or Inuit territories
- Communities participating in BMO's on-reserve housing loan program (number of)
- Incidents of discrimination including those successfully resolved (number of)
- Donations and sponsorships (\$)
- Ethics training (% completion)
- Significant fines or sanctions for non-compliance.

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 metrics. As such BMO applies its own internal reporting guidelines and definitions for sustainability reporting which can be found in the Glossary of Terms on pages 48 to 50 of the Report.

### Management's responsibilities

Management is responsible for the preparation and presentation of the Report in accordance with BMO's internal reporting guidelines and definitions for sustainability reporting current as at the date of our report, 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 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (ISAE 3000), issued by the International Auditing and Assurance Standards Board. ISAE 3000 requires that we comply with applicable ethical requirements, including independence requirements.

We have not been engaged to, and do not, provide assurance in respect of any periods prior to the year ended October 31, 2012.

### 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 to test the design of internal controls relating to data collection and reporting of 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; and
- 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.

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 obtained.

Our assurance report is provided solely to BMO in accordance with the terms of our engagement. Our work has been undertaken so that we might 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 IFAC Code of Ethics for Professional 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, 2012, the Selected Indicators, as described above and disclosed in the 2012 ESG Report and Public Accountability Statement, have not been prepared and presented, in all material respects, in accordance with BMO Financial Group's internal reporting guidelines and definitions for sustainability reporting current as at the date of our report.

### **GRI Application Level Check**

Based on our review of the disclosures in the report, we concur with BMO Financial Group's self-declared B+ GRI application level, as disclosed in the 2012 ESG Report and Public Accountability Statement.

The logo for KPMG LLP, featuring the letters 'KPMG' in a bold, sans-serif font, followed by 'LLP' in a smaller, similar font. A horizontal line is drawn underneath the text.

Chartered Accountants, Licensed Public Accountants

March 14, 2013  
Toronto, Canada



**Need help?**  
e-mail us at: [sustainability@bmo.com](mailto:sustainability@bmo.com)

BMO  Financial Group

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