

# United Nations Principles for Responsible Investment

## Our commitment, our progress.

BMO Global Asset Management is committed to helping establish a more sustainable financial system. As a founding signatory to the United Nations Principles for Responsible Investment (UNPRI), we believe in the growing relevance of environmental, social and corporate governance (ESG) drivers to investment decision making. At BMO, we strive to advance the Principles in our own work and broadly in the marketplace. The 2018 framework marks our third unified UNPRI Transparency Report,<sup>1</sup> jointly encompassing our operations in North America and Europe.<sup>2</sup> We are proud to have achieved the maximum rating of A+ for our overall Strategy and Governance, and are pleased to share the results of the UNPRI assessment of our efforts, which demonstrates our accountability to the Principles and progress toward fulfilling our UNPRI commitments.<sup>3,4</sup>

Focus of reporting module	BMO GAM score	Median score	UNPRI indicator description
Strategy and governance	A+	A	Covers overall approach to responsible investment, including governance, responsible investment policy, objectives and targets, the resources allocated to responsible investment and the approach to collaboration on responsible investment and public policy-related issues.
Listed equity-incorporation	A	B	Covers integration of ESG issues into investment decision making for internally managed listed equity holdings.
Listed equity-active ownership	A+	B	Covers engagement and voting for internally managed listed equity holdings. Engagement policy, prioritization, collaboration, outputs and external communication are all scored as well as proxy voting policy and outcomes.
Fixed income-SSA <sup>5</sup>	A	B	Covers application of ESG to internally managed fixed income SSA holdings. SSA holdings include supranational organizations; sovereign states and governments; government agencies; and sub-nationals such as municipalities.
Fixed income-corporate non-financial	A	B	Covers application of ESG to internally managed fixed income debt securities issued by public or private nonfinancial companies.

## UN PRI Principles

- 1**

We will incorporate ESG issues into investment analysis and decision-making processes.
- 2**

We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3**

We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4**

We will promote acceptance and implementation of the Principles within the investment industry.
- 5**

We will work together to enhance our effectiveness in implementing the Principles.
- 6**

We will each report on our activities and progress towards implementing the Principles.

## BMO's global RI policy

At BMO Global Asset Management, portfolio investment decisions are always made in the best interests of our clients.

Supporting these investment decisions is the belief that prudent management of environmental, social and governance (ESG) issues can have an important impact on the creation of long-term investor value. Companies that successfully manage their ESG risks, and proactively follow ESG best practices, may experience risk-adjusted outperformance over the longer term. This belief underpins our commitment to being a responsible investor.

Material ESG considerations are integrated into our overall investment process. Our research analysts and portfolio managers follow a process that considers the potential impact of ESG issues related to investments in our internally managed portfolios, and we seek partners that do the same. This analysis informs our asset allocation, stock selection, portfolio construction, shareholder engagement and voting.

Signatory of:



**BMO Global Asset Management** is a global investment manager delivering service excellence from 20+ offices in 14 countries to clients across five continents. Including discretionary and nondiscretionary assets, BMO Global Asset Management had more than US\$256 billion in assets under management, as of June 30, 2018.



<sup>1</sup> BMO GAM's full Transparency Report available from [www.unpri.org](http://www.unpri.org)

<sup>2</sup> BMO AM Corp, BMO Global Asset Management Canada, BMO Global Asset Management EMEA, LGM Investments

<sup>3</sup> UNPRI assessment methodology available at: [www.unpri.org/signatories/about-pri-assessment/3066.article](http://www.unpri.org/signatories/about-pri-assessment/3066.article)

<sup>4</sup> BMO GAM's full private Assessment Report from the UNPRI is available upon request.

<sup>5</sup> Sovereign, Supranational and Agency

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Investment products are: **NOT A DEPOSIT — NOT FDIC INSURED — NOT BANK GUARANTEED — MAY LOSE VALUE.**

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