BMO Financial Group

2021 Sustainability Report

and Public Accountability Statement

As one of North America's largest banks, BMO plays a central role at the heart of communities and throughout society.

This report tells you how we're leveraging our position as a leading financial services organization to create opportunities, lift communities and foster a more sustainable world – how we **Boldly Grow the Good *in business and life.***

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Driven by our Purpose, BMO is continuing to build a future-ready bank and is committed to driving meaningful impact for our stakeholders.

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BMO's approach to sustainability is integrated into our business strategy and corporate governance.

Sustainability reporting suite

- Climate Report
- Sustainable Bonds Impact Report
- GRI Index
- SASB Disclosure
- Sustainability Report Data Pack and Glossary

Learn more here

- Annual Report to Shareholders
- Management Proxy Circular

In this report

We, us, our, bank and *BMO* mean Bank of Montreal and its subsidiaries

Reporting period

Covers the fiscal year ended October 31, 2021

We published our last report in December 2020. Past reports are on our website https://our-impact.bmo.com/reports

Reporting frameworks

Global Reporting Initiative (GRI) – Core option and Financial Services Sector Disclosure

Sustainability Accounting Standards Board (SASB) Standards

Task Force on Climate-Related Financial Disclosures (TCFD)

Data

Unless otherwise noted:

as of October 31, 2021

enterprise-wide

may be rounded

dollar amounts are in Canadian dollars

◆ KPMG has provided limited assurance of this figure in 2021. KPMG's Independent Limited Assurance Report is on page 84.

Message from the CEO

In 2021, as the world continued to respond to the ongoing pandemic, we stayed true to our Purpose: to Boldly Grow the Good *in business and life*. Guided by our bold commitments to a thriving economy, a sustainable future and an inclusive society, we are addressing the most urgent economic, environmental and social challenges of our day.

In a year when so much changed, we were steadfast in our commitment to sustainability. As a globally recognized leader, we were one of only two North American banks to be named to the Dow Jones Sustainability Indices World Index. We also celebrated our third consecutive year as the most sustainable bank in North America on the Corporate Knights' Global 100 Most Sustainable Corporations list.

While we're honoured with this recognition, BMO has never rested on our achievements, choosing instead to continuously challenge expectations of us as a financial institution, corporate and community leader. Our long-standing commitment to sustainability was bolstered by many firsts this year – being among the first of the Canadian banks to sign the United Nations Principles for Responsible Banking, declaring our climate ambition *to be our clients' lead partner in the transition to a net-zero world*, and establishing a dedicated Energy Transition Group to support our clients in their pursuit of energy transition opportunities.

The execution of our strategy to build a high-performing, digitally enabled, future-ready bank with leading efficiency, profitability and loyalty, doesn't just help to grow our bank: it fuels our capability to live our Purpose and achieve progress. As we grow, we're able to grow more good – for our customers, shareholders, employees and communities. As one of North America's largest financial institutions, we take seriously our accountability to act on the most pressing issues of our times. Over the past year we have increased the urgency of our bold commitments:

For a Thriving Economy – Promoting longer-term economic stability and driving positive outcomes

For a Sustainable Future – Supporting the broad public policy and business consensus for the transition to a net-zero world

For an Inclusive Society – Committing to a more inclusive economic recovery by driving greater access to social and economic opportunities for groups facing systemic barriers

We recognize the critical role of banks in catalyzing climate action and financing a just energy transition to a net-zero economy. Our 2021 Climate Report details how we are managing risks and opportunities of this transition in consultation with our clients. We encourage you to read the report, which lays out the elements of our approach to climate.

As the economy rebounds from the pandemic, we have an unprecedented opportunity to catalyze real and lasting progress towards a more sustainable society. We're proud of BMO's commitment to supporting our customers and communities through the recovery, and excited for the opportunities that lie ahead.

We will leverage our position as a leading financial services organization to create opportunities and deliver progress for all. With the full support of BMO's Board of Directors and our executive leadership team, our commitment to sustainability is further reinforced by our newly appointed Executive Committee Sponsor for Sustainability, Sharon Haward-Laird, BMO's General Counsel.

Powered by our Purpose, Team BMO is defining sustainability in action, with bold ambitions for a more sustainable future.

Darryl White
Chief Executive Officer
BMO Financial Group

Message from the General Counsel and Executive Committee Sponsor for Sustainability

As noted by Darryl in his message, 2021 was a year of change, and sustainability took centre stage both at BMO and around the world.

The COP26 UN Climate Change Conference brought new urgency to the fight against climate change, and we were proud to respond, sending a delegation of our senior leaders to Glasgow to attend the Sustainable Innovation Forum that was held in parallel with the conference. As a financial institution, we have a critical role to play in catalyzing action on climate change, financing a just transition to a net-zero economy and working with our clients to better understand the emerging risks and opportunities.

Our efforts at BMO have been tightly focused this past year, as we continued to apply a sustainability lens across our workforce, our operations and our communities – in pursuit of our Purpose to **Boldly Grow the Good *in business and life***.

As BMO's Executive Committee Sponsor for Sustainability, I'm proud to oversee the progress we're making responding to some of today's most pressing issues, from climate change to diversity, equity and inclusion.

Driven by our Purpose

At BMO, our commitment to sustainability is embedded in our Purpose and is fundamental to our strategy. We act on this commitment by applying industry-leading approaches to managing risks and identifying new opportunities in key areas of focus, from sustainable finance and climate change, to human rights, diversity, equity and inclusion.

In 2021, we established the *BMO Climate Institute* to better understand and manage the financial risks and opportunities related to the climate transition – for ourselves, our clients, and other stakeholders, including government and regulators. The BMO Climate Institute is generating new momentum in our ground-breaking sustainable finance work, as we continue to build out our client advisory service offerings. For example, our new *Energy Transition Group* will help us achieve our 2025 sustainable finance goal of mobilizing $300 billion in capital for clients pursuing sustainable outcomes.

BMO for Women

We are working to build a more inclusive and equitable society through BMO's *Zero Barriers to Inclusion 2025* initiative – a multi-year commitment to providing greater access to social and economic opportunities for groups facing systemic barriers, both within and outside our doors.

We furthered our commitment by issuing a $750 million Women in Business Bond in support of women-owned businesses – the second in BMO's Sustainable Bonds program – on International Women's Day in 2021. And we expanded the BMO Celebrating Women Grant Program in 2021, pledging $200,000 in grants to women-owned businesses across North America that contribute to social, environmental or economic sustainability. Just two examples of mobilizing capital to achieve our sustainability objectives.

Recognition

We are proud to be included in the Dow Jones Sustainability World Index for 2021, placing among the top 10% of sustainability performers globally, as well as in the Corporate Knights Best 50 Corporate Citizens in Canada, the Bloomberg Gender-Equality Index, and the Ethisphere® Institute World's Most Ethical Companies®.

At BMO, our commitment to sustainability is fundamental to our Purpose. We are honoured to be recognized as a global leader in the journey toward a sustainable future.

Our Sustainability Report

In this report, we describe the way we manage our business in alignment with our commitment to sustainability, focusing on the most significant impacts of our operations, products and services, while also considering the interests of stakeholders.

The report integrates several sustainability reporting frameworks, including standards issued by the Global Reporting Initiative and the Sustainability Accounting Standards Board. Our Climate Report sets out our climate strategy and our approach to climate-related risk management and is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures.

Sharon Haward-Laird
General Counsel
Executive Committee Sponsor for Sustainability
BMO Financial Group

About BMO

Driven by our Purpose, BMO is continuing to build a future-ready bank and is committed to driving meaningful impact for our stakeholders.

This section tells you about BMO, our Purpose, and our progress against our Bold Commitments to build a thriving economy, sustainable future, and inclusive society.

Who we are

BMO Financial Group is a highly diversified financial services provider based in North America. We provide a broad range of products and services through three operating groups, which are supported by corporate services, including technology and operations.

Personal and Commercial (P&C) Banking

Serves eight million personal and commercial banking customers across Canada, and more than two million personal, business and commercial banking customers through BMO Harris Bank in the United States.

- Personal Banking
- Commercial Banking

BMO Capital Markets (CM)

Provides a complete range of products and services to corporate, institutional and government clients.

- Investment and Corporate Banking
- Global Markets

BMO Wealth Management (WM)

Provides a wide spectrum of wealth, asset management and insurance products and services to individuals and families, business owners and institutions.

- BMO Private Wealth
- BMO InvestorLine
- BMO Wealth Management U.S.
- BMO Global Asset Management
- BMO Insurance

1817

Canada's first bank, established in 1817

8th largest

bank in North America by assets

12+ million

customers globally

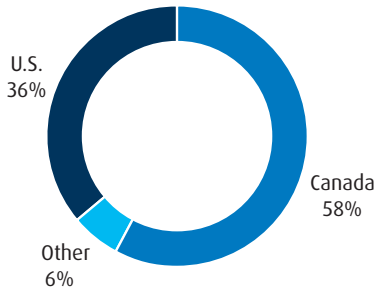
$988 billion

in total assets

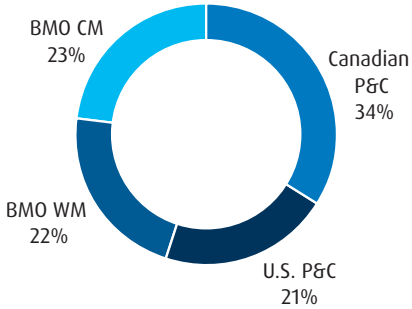
43,000+

employees

Reported Net Revenue[1] by Geography



Reported Net Revenue[1] by Operating Group[2]



[1] Reported net revenue is reported revenue net of insurance claims, commissions and changes in policy benefit liabilities ("CCPB") and is a non-GAAP measure. For further information, see the Non-GAAP and Other Financial Measures section on page 86.
[2] Percentages determined excluding results in Corporate Services. Bank of Montreal brands the organization's member companies as BMO Financial Group.

Our Purpose

BMO's Purpose to **Boldly Grow the Good *in business and life*** inspires us all to aim higher, to drive meaningful impact for our customers, employees and communities.

BOLDLY GROW THE GOOD

IN BUSINESS AND LIFE

Tamara Littlelight, Branch Manager, Greater Calgary Market and Chief Roy Whitney-Onespot, Tsuut'ina Nation, at the Tsuut'ina Trail

Photo: Daniel Wood

For a Thriving Economy

We are leveraging our expertise to support different communities with tailored initiatives, knowing that when they flourish, we flourish.

$8 billion in Indigenous banking

We committed to doubling our book of Indigenous business to $8 billion by 2025. By the fall of this year we had already reached $6.4 billion – 80% of the way there.

Support for Small Business

We supported Canadian businesses throughout the pandemic and in their recovery. This resulted in over 54,000 approved CEBA and HASCAP applications putting over $1.3B into the hands of entrepreneurs in need of financial relief.

Serving those who serve

We've set ourselves a target of doubling the number of Canadian defence community customers by 2025, to 100,000. In 2021 we served 81,100 men and women who serve us.

Grants for progress

We expanded our BMO Celebrating Women Grant Program, empowering women with $200,000 in grants for projects that contribute to social, environmental and/or economic sustainability outcomes.

For a Sustainable Future

BMO has set measurable targets for driving climate-change solutions and sustainable outcomes, and we are leading the conversation on how to get there.

Catalyzing climate action

In March of this year, we launched the BMO Climate Institute, a forum that will bring together science, analytics, expertise and partners to understand and manage the financial risks and opportunities related to climate change. The Institute will be a resource for all – business, government, academia – in unlocking climate solutions.

$300 billion for sustainable outcomes

We are well on our way to achieving BMO's 2025 goal of mobilizing $300 billion in capital for clients pursuing sustainable outcomes, through sustainable lending, underwriting, and investment and advisory services.

$250 million

Investment Fund is aimed at driving more sustainable outcomes by backing technologies that will help BMO and its clients proactively address sustainability and create positive impact for their stakeholders.

For an Inclusive Society

Our continued commitment to a more inclusive society is creating opportunities for all, and ensuring that we reflect the communities that sustain us.

Zero barriers to inclusion

We've increased access to capital, educational resources and partnerships for Black and Latinx entrepreneurs. Forty percent of our student opportunities are directed to BIPOC youth. Over the past year, we doubled our hiring of Indigenous staff. Colleagues, customers and communities are all benefiting from our **Zero Barriers to Inclusion 2025** strategy.

$600,000

Our Community Giving has always been carefully shaped by intention. In 2021, we committed $600,000 to advance Truth and Reconciliation in Canada, working with Indigenous partners to move our whole society along the road to greater social justice.

Women in senior leadership

For the last six years, more than 40% of our senior leaders have been women.

BMO's Bold Commitments for 2025

Our bold commitments are measurable business-led goals to grow the good. They evolve as community needs, BMO priorities, and market realities change. This year we updated our commitments to reflect our Climate Ambition and Zero Barriers to Inclusion strategy – building on our commitment to help create a more sustainable future that's inclusive for all.

This dashboard shows our Bold Commitments for 2025 and our progress to date. We are on track to achieving most of these commitments by 2025. Given the economic impacts of the COVID-19 pandemic, these commitments will be reviewed in 2022.

For a Thriving Economy

Increasing support for small businesses, and women entrepreneurs and Canadian Indigenous and military customers

Target: $10 billion

Double small business lending in Canada to $10 billion

Target: 40 thousand

Double the number of U.S. small business cards & lending customers

Target: 179 thousand

Double the number of women-owned businesses that we support across our footprint in Canada

Target: 100 thousand

Double the number of Canadian defence community customers

Target: $8 billion

Double the size of BMO's Indigenous Banking business

For a Sustainable Future

Being our clients' lead partner in the transition to a net-zero world, delivering on our commitments to sustainable finance

Target: $300 billion
increased by $150 billion in 2021

Mobilize $300 billion in capital to clients pursuing sustainable outcomes
(through green, social and sustainable lending, underwriting, advisory services, and investment)

Target: $700 billion
increased by $450 billion in 2021

Provide $700 billion in assets under advice/management through BMO GAM aligned with sustainable objectives
(responsible engagement overlay (reo®) service and responsible strategies)

Target: $250 million

Deploy our impact investing fund, seeded with $250 million in capital

Target
Net zero
by 2050
New in 2021

Be our clients' lead partner – targeting net-zero financed emissions in our lending by 2050

See page 12

For an Inclusive Society

Committing to zero barriers to inclusion, supporting equal access to opportunities for our colleagues and customers, and the communities we serve

Target: 100%

Foster an inclusive workplace where all employees complete "Learn from Difference for All" training

Target: 20 thousand employees

Equip employees for the future through engagement in the BMO Forward "future of work" learning program

Target
Zero barriers

Zero barriers to inclusion for our colleagues, customers and communities, for a more equitable future for all

See page 13

Strategy

Sustainability is embedded in our strategy.

This section tells you how sustainability supports how we're continuing to build a high-performing, digitally enabled bank that's ready for the future.

Our strategy

BMO is continuing to build a high-performing, digitally enabled bank that's ready for the future. Anchored in our Purpose, we are driven by our strategic priorities for growth, strengthened by our approach to sustainability and guided by our values to build a foundation of trust with our stakeholders and achieve leading customer loyalty.

Our Purpose commitment to double the good

Our bold commitments for a sustainable future, a thriving economy and an inclusive society are reflected in our active direct response to today's most pressing challenges.

For a Thriving Economy

Increasing support for small businesses, women entrepreneurs and Canadian Indigenous and military customers

For a Sustainable Future

Being our clients' lead partner in the transition to a net-zero world, delivering on our commitments to sustainable finance

For an Inclusive Society

Working toward zero barriers to inclusion, supporting equal access to opportunities for our colleagues and customers, and the communities we serve

Anchored in our Purpose

BMO has a deep sense of purpose – to be a champion for progress and a catalyst for change.

We are leveraging our position as a leading financial services provider to create opportunities for our communities and our stakeholders to make positive, sustainable change, in the belief that success can and must be mutual.

Strengthened by our approach to sustainability

Our commitment to sustainability is embedded in our strategy and is fundamental to our Purpose.

We identify the most significant effects of our business operations, products and services on our stakeholders and the communities in which we operate. We take steps to manage our business in a manner that is consistent with our sustainability objectives, and we consider the interests of our stakeholders. We apply a variety of environmental, social and governance (ESG) practices to capture opportunities and manage risks in key areas such as sustainable finance, climate change, human rights, and diversity, equity and inclusion.

Driven by our growth strategy

Consistent strong performance is essential to achieving our Purpose.

We aim to deliver top-tier total shareholder return and achieve our financial objectives by aligning our operations with, and executing on, our strategic priorities.

Guided by our values

Four core values shape our culture and guide our choices and actions:

- **Integrity** Do what's right
- **Diversity** Learn from difference
- **Responsibility** Make tomorrow better
- **Empathy** Put others first

Our strategic priorities

Our group strategic priorities align with and support our enterprise-wide strategy, positioning us well to drive competitive performance.

- **World-class** client loyalty and growth
- **Winning culture** driven by alignment, empowerment and recognition
- **Digital first** for speed, efficiency and scale
- **Simplify** work and **eliminate complexity**
- **Superior management** of **risk** and **capital** performance

Sustainability embedded in strategy

At BMO, sustainability is embedded in our strategy. We seek to be an industry leader through our strong environmental, social and governance (ESG) approaches, and we apply a variety of ESG practices to capture opportunities and manage risks in key areas, such as sustainable finance, climate change, human rights, and diversity, equity and inclusion. Our *priority sustainability topics* are aligned to our strategic priorities. See page 18 to learn more about our process for identifying and confirming these priority topics.

Our 2021 strategic priorities and related priority sustainability topics

World class client loyalty and growth	Climate change Consumer protection and transparency Customer experience	Financial inclusion Innovation and digitalization Sustainable finance
Winning culture driven by alignment, empowerment and recognition	Climate change Community impact Customer experience	Diversity, equity and inclusion Employee experience
Digital first for speed, efficiency and scale	Customer experience Employee experience Innovation and digitalization	
Simplify work and **eliminate complexity**	Customer experience Employee experience Innovation and digitalization	
Superior management of **risk** and **capital** performance	Business conduct Climate change Consumer protection and transparency Corporate governance Data security	Environmental and social risk management Human rights Operational efficiency Sustainable procurement

Helping shape the future of banking

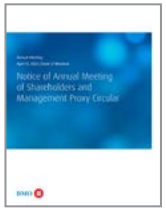
In 2021, BMO was among the first Canadian banks to sign the United Nations (UN) Principles for Responsible Banking, an international framework for a sustainable banking system.

Signatories commit to embedding sustainability at the strategic, portfolio and transactional levels, across all business areas. The UNPRB enable any financial institution genuinely committed to sustainable and responsible banking to set targets and ambitions that accelerate progress on the UN Sustainable Development Goals and the Paris Climate Agreement.

Read more about how BMO is taking a leadership role in understanding and addressing the issues that affect our business and the world around us.

Reinforced by executive compensation

ESG is integrated into our executive compensation design. 25% of executive variable pay funding is tied to the completion of our Purpose and strategic objectives or to non-financial goals. Each year we include ESG in these Purpose and strategic objectives, as well as in the individual goals of our executives (see page 41 of our 2022 Management Proxy Circular).



Our focus on climate

BMO'S Net-Zero Ambition

To be our clients' lead partner in the transition to a net-zero world

Commitment

Acting on our commitment to a sustainable future, we're playing our part to drive the transformation toward a net-zero world. This means setting targets to reduce greenhouse gas emissions from our operations and financed emissions to advance the transition to a net-zero world by 2050 and being transparent on our progress.

Capabilities

The BMO Climate Institute provides thought leadership at the intersection of climate adaptation and finance. We're leveraging our sophisticated analytical capabilities to understand the impacts of climate change and generate data-driven insights that enable our business, customers and partners to adjust and flourish.

Client Partnership

Across BMO's operating groups, we're putting customers at the centre of our strategy, offering a tailored suite of green advisory, investment and lending products and services to support their transition to a net-zero global economy.

Convening for Climate Action

BMO is driving insights and bringing together industry, government, researchers and investors to catalyze the climate conversation, collaborate on solutions and accelerate a socially and economically just net-zero transition.

Our history of climate action

2007
First purchase of renewable energy

2008
Established operational greenhouse gas footprint and set first emissions reduction target

Became the first Canadian financial institution to achieve ISO 14001:2004 certification for a large office building

2009
Made a 5-year, $10 million commitment to become lead investor in the Greening Canada Fund for carbon offset projects

Named to the CDP's Global 500 Carbon Disclosure Leadership Index for the first time

2010
Achieved carbon neutrality in operations

Named to CDP Global 500 Carbon Performance Leadership Index for the first time

2018
Began reporting in line with TCFD

Delivered climate change risk and disclosure training to BMO's Board of Directors

2019
Established first sustainable finance target and established Sustainable Finance team

Issued first sustainability bond

Conducted our first climate-related scenario analysis pilot

Incorporated climate change into enterprise-wide risk taxonomy

2020
Achieved 100% renewable electricity across global operations

Included climate change in our risk appetite statement

BMO Global Asset Management became a founding member of Net Zero Asset Managers initiative (NZAM)

Restricted direct financing for any project or transaction that involves exploration or development in the Arctic National Wildlife Refuge (ANWR)

Developed digital climate risk analytics platform in collaboration with BMO's AI Labs

2021
Joined the Partnership for Carbon Accounting Financials (PCAF) and began to quantify financed emissions across initial sectors of focus in accordance with the PCAF approach

Signed UN Principles for Responsible Banking

Launched the BMO Net-Zero Ambition, aligned to BMO's Purpose

Established the BMO Climate Institute, to power our goal of being our clients' lead partner in the transition to a net-zero world

Established an Energy Transition Group within BMO Capital Markets

Joined the UN-convened Net-Zero Banking Alliance (NZBA)

Strategy

Driving zero barriers to inclusion

BMO's *Zero Barriers to Inclusion 2025* is a multi-year strategy that supports equity, equality and inclusion. We're focused on providing access to opportunities and enabling growth for our colleagues, our customers, and the communities we serve.

BOLDLY GROW THE GOOD

IN BUSINESS AND LIFE

Zero Barriers to Inclusion 2025

Colleagues

We will ensure an equitable employee experience for all, supporting inclusion, wellness and improving access to development and career advancement for colleagues facing systemic barriers.

Customers

We're expanding financial inclusion for diverse customers through inclusive banking products, services and resources. And we're meeting customers' needs by addressing their unique expectations and experiences.

Communities

We will be leaders in increasing inclusion in our communities, building strong relationships to foster inclusion, racial justice and Truth and Reconciliation, and promoting inclusive local economic opportunities.

Practices

Targeted Talent Strategies
Programs to accelerate the recruitment, development and advancement of talent in underrepresented segments, ensuring wellness and psychological safety.

Education
Ongoing education in inclusive behaviour, anti-racism, and Indigenous history.

Opportunities for Youth
40% of our student opportunities will go to BIPOC youth.

Black and Latino Advisory Council
Focused on employee experience, advancement, and engagement of Black and Latino talent.

Unique Customer Programs
Programs for Indigenous customers, increased investment in women entrepreneurs, Safe Space and Pronoun initiatives for 2SLGBTQ+.

Inclusive Policies and Practices
Creating and expanding inclusive, accessible and equitable customer experiences.

Black and Latinx Opportunity
Dedicated support for Black and Latinx entrepreneurs through increased access to capital, educational resources and partnerships.

Partnering and Building Coalitions
Driving inclusive local economic opportunity, and providing youth financial education and mentoring.

Investment in Change
Helping build a more just society – especially for groups facing systemic barriers – with investments in organizations advancing health and educational equity, inclusive local economic opportunity, Truth and Reconciliation.

Supplier Diversity Program
Integrating diverse suppliers into our supply chain and making commitments to spending.

Indigenous Advisory Council (IAC)
Informs BMO policies and practices in education, employment and economic empowerment.

Over the past two years, BMO partnered with local students and not-for-profits to transform the plywood temporarily covering our main Chicago branch into murals expressing hope, unity and the desire for a more inclusive community.

Supporting the Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) are a universal call to end poverty, protect the planet and ensure that all people are able to enjoy peace and prosperity.

We believe the success of the SDGs hinges on the mobilization of private sector finance, and in 2021, we were among the first Canadian banks to sign the UN Principles for Responsible Banking, which focus signatories on accelerating progress on the SDGs. Here are the nine goals that are most relevant to our business and where we believe we have the most impact.

	Our impact	Learn more	
1 No poverty 1.4	We have products and services tailored to underrepresented segments including women and Indigenous communities.	Customer experience	Financial inclusion
5 Gender equality 5.1, 5.5, 5.a	We are a champion of diversity, equity and inclusion in our workforce. We also support women-owned businesses by providing access to financial services, and actively support initiatives aimed at empowering women and girls.	Diversity, equity and inclusion	Financial inclusion
7 Affordable and clean energy 7.2, 7.3, 7.a	BMO advises on, finances and invests in renewable energy projects and clean energy technologies. We are also committed to stimulating market demand and driving industry growth by purchasing renewable energy equivalent to our global electricity use.	Climate change Operational efficiency Sustainable finance	
8 Decent work and economic growth 8.3, 8.5, 8.7, 8.10	We create fair employment opportunities in our operations, support small businesses and entrepreneurs to promote economic growth. We take steps to address forced labour, modern slavery and human trafficking, and encourage our peers and value chain partners to do the same.	Employee experience Financial inclusion	Human rights Sustainable procurement
10 Reduced inequalities 10.2, 10.3	We aim to remove barriers to social and economic inclusion among our employees. We offer products and increasingly digitized services, tailored to underrepresented segments, and partner with charitable organizations on initiatives focused on inclusive local economic opportunity.	Community impact Customer experience Diversity, equity and inclusion	Financial inclusion Innovation and digitalization
11 Sustainable cities and communities 11.6	We manage our environmental impact and resource use, and we partner with our customers to build more sustainable buildings and promote community development initiatives.	Climate change Operational efficiency	
13 Climate action 13.1, 13.3	We are raising awareness, building our capacity to manage climate change risks and opportunities, and mobilizing capital in support of a lower-carbon economy. We are actively partnering with industry peers to advance climate-related analytical methodologies.	Climate change Environmental and social risk management	Sustainable finance
16 Peace, justice and strong institutions 16.4, 16.5	We adopt high standards of ethical and responsible conduct for ourselves, our customers and our partners to enhance the effectiveness and accountability of institutions.	Business conduct Consumer protection and transparency	Corporate governance Data security Human rights
17 Partnerships for the goals 17.6	We work with industry, government, academia and investors to understand and address the issues that affect our business and the world around us, to accelerate change and support the achievement of the SDGs. This includes sharing knowledge, expertise, technology and financial resources to scale positive impact.	Taking a leadership role	

The UN 2030 Agenda for Sustainable Development outlines 17 SDGs and 169 targets in areas of critical importance for humanity and the planet.

Taking a leadership role

17 Partnerships for the goals

We work with industry, government, academia and investors to try to understand and address the issues that affect our business and the world around us.

Net-Zero Banking Alliance (NZBA)

Industry-led and convened by the United Nations, the NZBA brings together leading banks who are committed to working with their clients to align their lending and investment activity with pathways to net-zero emissions by 2050.

Partnership for Carbon Accounting Financials (PCAF)

PCAF is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments.

Equator Principles (EP) Association

The EPs are a risk management framework adopted by financial institutions for determining, assessing and managing environmental and social risk in projects. A signatory since 2005, we represent North America on the EP Association Steering Committee, chair the Social Risk Working Group, and sit on the Operations Working Group and the Biodiversity Working Group.

Cross-Sector Biodiversity Initiative (CSBI)

BMO was Chair of the CSBI in 2021, a partnership of the International Petroleum Industry Environmental Conservation Association, the International Council of Mining and Metals (ICMM), the Equator Principals Association, the European Bank for Reconstruction and Development, the International Finance Corporation and the Inter-American Development Bank to develop and share good practices related to biodiversity and ecosystem services in the extractive industries.

United Nations Environment Program – Finance Initiative

In 2021, BMO was among the first Canadian banks to sign the Principles for Responsible Banking. We participate in several working groups:

- TCFD Pilot Project for Banks, Phase III – focusing on climate stress testing, the integration of physical and transition risk assessments, and sector-specific risks and opportunities
- Positive Impact Working Groups – developing methodologies and tools to identify, monitor and manage corporate and portfolio impacts
- Target-Setting Working Groups – developing methodologies and tools for target setting and assessing portfolio alignment for biodiversity, financial inclusion and resource efficiency
- Encore tool – developing a new biodiversity module for financial institutions to evaluate alignment with global biodiversity goals
- Taskforce on Nature-related Financial Disclosures (TFND) – helping lay the groundwork for the launch of TNFD, which will strengthen disclosure of nature-related impacts and dependencies, and their associated financial risks.

World Economic Forum (WEF)

BMO is a WEF Partner, collaborating with leading global companies to ensure strategic decision-making on the most pressing world issues. For example, in 2021, we became a founding partner of the SkillsLink Alliance, which is building an ecosystem of learning providers, employers and governments to make skills the currency of the labour market.

Financial Industry Associations

BMO is participating in working groups of the Canadian Bankers Association, Institute of International Finance and Bank Policy Institute focused on environmental and social risk, climate change and sustainable finance.

International Standards Organization (ISO)

BMO is the Chair of two committees: Canadian Mirror Committee for ISO TC 322 – Standardization in the Field of Sustainable Finance and Canadian Mirror Committee for ISO TC 207 – Standardization in the Field of Environmental Management.

Responsible Investment Association

BMO is a sustaining member, serving in an advisory role to management on strategic RIA projects and programs.

International Sustainability Standards Board (ISSB)

BMO supports the new ISSB in its aims to develop a common set of consistent, comparable and reliable global sustainability standards to meet stakeholder needs.

Collaboration with universities

BMO is collaborating with several universities to advance progress and create a positive impact in a number of areas:

- Haskayne School of Business, University of Calgary – established the BMO Sustainable and Transition Finance Professorship
- Faculty of Science, McGill University – to advance responsible use of artificial intelligence
- First Nations University of Canada / Reconciliation Education – launched an introductory e-learning course to promote healing, equity and respect of Indigenous cultures and values in Canadian society
- Permafrost Institute, YukonU Research Centre – supported the establishment of the Permafrost Institute and permafrost research and solutions to address the challenges permafrost thaw is bringing to Canada's North
- Rush University System for Health – supporting the creation of the new Rush BMO Institute for Health Equity to eliminate health inequities and help people live longer and healthier lives.

Thought leadership

The BMO Climate Institute

Introduced in 2021, the BMO Climate Institute is a centre of excellence that brings together science, analytics, expertise and partners to understand and manage the financial risks and opportunities related to climate change. The Institute provides thought leadership at the intersection of climate change and finance, allowing us to be the premier advisor to clients and partners on climate risk and opportunity.

BMO's Sustainability Leaders Podcast

BMO's Sustainability Leaders Podcast won the 2021 International Business Awards *Stevie Award* for the best business podcast. Launched in 2019, the podcast is focused on advancing the dialogue on leading approaches to sustainability. Topics in 2021 included climate change, human rights, social equity, affordable housing, biodiversity and the transition to a net-zero world. https://sustainabilityleaders.bmo.com/en/home/sustainability-leaders-podcast/

Awards for our work

This is just some of the recognition we're receiving as we integrate sustainability across our business.[1]

Global 100 Most Sustainable Corporations in the World	Dow Jones Sustainability Index	Gender-Equality Index	Canada's Most Admired Corporate Cultures	World's Most Ethical Companies®
Corporate Knights	World Index – S&P Global	Bloomberg	Waterstone Human Capital	Ethisphere®

#1 Corporate Partner (BMO Harris Bank) – United Way of Metro Chicago

Model Bank Award for Financial Wellness – Celent

Global 100 Most Sustainable Corporations in the World (2022) – Corporate Knights

America's Best Employers for Women (BMO Harris Bank) – Forbes

America's Best Large Employers (BMO Harris Bank) – Forbes

Best 50 Corporate Citizens in Canada – Corporate Knights

BEST Award (Top 20) – Association for Talent Development (ATD)

Best Business Podcast (BMO's Sustainability Leaders Podcast) – International Business Awards/Stevie Award

Best Commercial Bank in Canada – World Finance Magazine

Best Employers for Diversity (BMO Harris Bank) – Forbes

Best Place to Work for LGBTQ Equality (BMO Harris Bank) – Corporate Equality Index, Human Rights Campaign

Best Places to Work for Disability Inclusion (BMO Harris Bank) – The Disability Equality Index®

Best Private Bank in Canada – World Finance Magazine

Bloomberg Gender-Equality Index (2022)

Canada's Most Admired Corporate Cultures – Waterstone Human Capital

Climate Leadership Award (BMO Harris) – The Center for Climate and Energy Solutions and The Climate Registry

Climate Leadership Award for Excellence in GHG Management and Goal Setting – The Center for Climate and Energy Solutions and The Climate Registry

Corporate Inclusion Index (BMO Harris Bank) – Hispanic Association on Corporate Responsibility (HACR)

Disability Equality Index (DEI) (BMO Harris Bank) – The Disability Equality Index®

Dow Jones Sustainability Index, World – S&P Global

FTSE4Good Index Series – FTSE Russell

Gold certified, Progressive Aboriginal Business (PAR) program – Canadian Council for Aboriginal Business

Lead Manager of the Year, Social Bonds, Local Authority/Municipal category (joint winner) – Environmental Finance

Leadership Award (market education and stewardship) – Responsible Investment Association

Leadership in Green Purchasing – Grand & Toy

Learning Team of the Year (Bronze Award) – The Learning & Performance Institute (LPI)

LinkedIn Top Companies Canada – LinkedIn

Ranked #1 for digital money management, security and alerts, Canada Mobile Banking Emerging Features Benchmark – Insider Intelligence

Refinitiv Diversity & Inclusion Index – Refinitiv

STOXX ESG Indices

World's Best Banks (BMO Harris Bank) – Forbes

World's Most Ethical Companies® – Ethisphere®

[1] All awards are from 2021 fiscal year unless otherwise stated. For a complete list, refer to Awards and Recognition on our corporate website.

Four Focus Areas

We focus our sustainability efforts on areas that are important to our business, our customers, and our stakeholders.

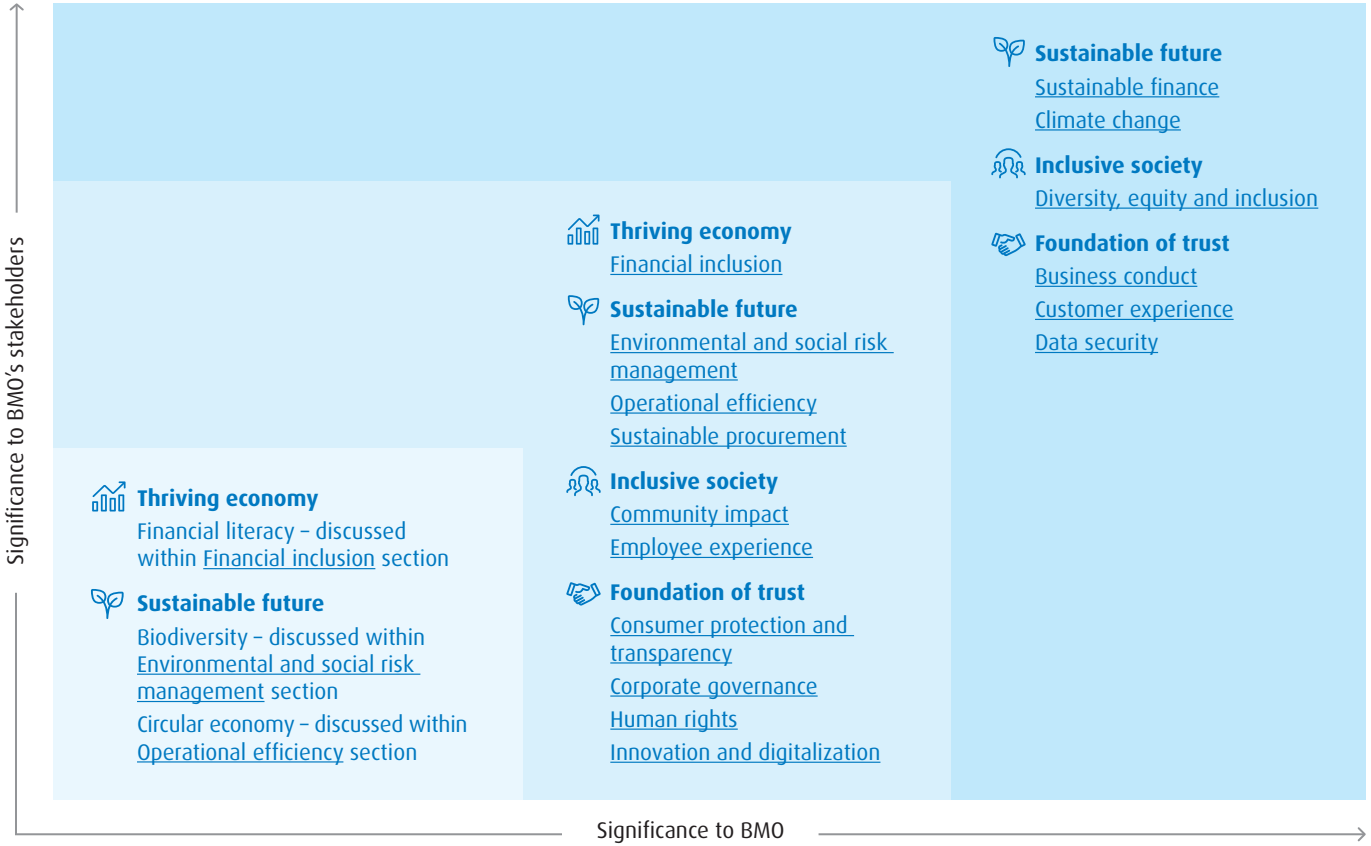
This section tells you how we determine what's important, how we engage with our stakeholders, and the progress we made in 2021.

Determining our priority sustainability topics

We focus our sustainability efforts on areas that matter most to our business, our customers, and our stakeholders. We determine our priority sustainability topics through an assessment based on the GRI's approach to materiality[1], which is intended to identify important topics for the purposes of sustainability reporting.

This approach means that this report includes voluntary disclosures on sustainability and ESG topics, including climate-related risks and opportunities, that may not be, and are not required to be, incorporated into our required disclosures where we use a definition of materiality established under applicable securities laws for the purpose of complying with the disclosure rules and regulations promulgated by applicable securities regulators and applicable stock exchange listing standards.

The 2021 significance matrix includes 16 priority sustainability topics, which we group into four focus areas; Thriving economy, Sustainable future, Inclusive society, and Foundation of trust. Topics in the lower left are emerging topics for BMO.



[1] Materiality for the purposes of this report is different than how we address materiality for disclosure requirements under securities laws.

Determining our priority sustainability topics

We used Datamaran's artificial intelligence and big data platform for our 2021 assessment of priority sustainability topics.

1 Identify sustainability topics

We selected and customized sustainability topics relevant to BMO using Datamaran's library of hundreds of sustainability issues.

2 Determine importance to stakeholders

We determined the importance of each topic to our stakeholders with the assistance of the Datamaran platform which has:

- benchmarked the latest reporting of more than 745 financial sector companies in the countries where we operate
- reviewed more than 1,900 mandatory sustainability-related regulations and more than 1,365 voluntary sustainability-related initiatives relevant to the financial services sector in the countries where we operate
- reviewed financial services sector media and social media activity, including more than 21,145 articles and nearly 237 million social media posts

3 Determine significance to BMO

We assessed how important each topic is to BMO by considering each topic's potential impact on our ability to achieve our strategic priorities and Purpose Bold Commitments. BMO's Sustainability Council members also completed a survey ranking the importance of each sustainability topic.

4 Approve significance matrix

We mapped the results on a significance matrix, which we reviewed with BMO's Sustainability Council, Disclosure Committee, and the Audit and Conduct Review Committee of the Board of Directors as part of the approval process for the Sustainability Report.

Engaging our stakeholders

We can learn what's important to our stakeholders through regular, open communication. Here are some examples of engagement in 2021.

	Customers	Employees	Communities	Shareholders and investors	Government, NGOs and industry	Suppliers
How we engaged in 2021	Newsletters and email Events and conferences Research surveys and co-creation/usability testing Media, social media and podcasts	Email, quarterly calls, internal blogs and videos Town halls, team meetings, listening sessions and employee resource groups Events and conferences Learning programs Surveys	Indigenous Advisory Council and Black and Latino Advisory Council meetings Community partnerships and donations, volunteering, sponsorships	Email, conference calls and video conference calls	Virtual panel events Industry events	Meetings and virtual conferences
Topics we discussed	**Thriving economy** • **Financial inclusion** – BMO Celebrating Women Grant Program, support for Black entrepreneurs through BMO EMpower **Sustainable future** • **Sustainable finance** – sustainable financing and responsible investing trends • **Operational efficiency** – carbon footprint, carbon offsets and renewable energy purchases **Foundation of trust** • **Innovation and digitalization** – online platform design • **Data security** – cybersecurity education	**Thriving economy** • **Financial inclusion** – supporting the economic recovery, focused on advancing small business and inclusive opportunity **Sustainable future** • **Sustainable finance** – responsible investing trends and investing solutions • **Climate change** – climate change risks, opportunities and implications for BMO • **Operational efficiency** – waste diversion, elimination of single-use plastics **Inclusive society** • **Diversity, equity and inclusion** – identifying barriers to inclusion, 2SLGBTQ+ Road to Allyship e-learning, racial justice, anti-Asian racism, Indigenous e-learning, inclusion, leadership and empowerment • **Employee experience** – performance management, rewards, recognition, BMO culture, employee satisfaction, mental health, stress, parenting, work-life balance, COVID-19 **Foundation of trust** • **Data security** – cybersecurity awareness and planning • **Business conduct** – ethics, working remotely, culture, code of conduct	**Thriving economy** • **Financial inclusion** – Indigenous topics, including cultural sensitivity learning, customer identification, residential schools **Inclusive society** • **Community impact** – COVID-19 pandemic support, mental health, inclusive local economic opportunity	**Sustainable future** • **Sustainable finance** – sustainable financing, responsible investing • **Climate change** – risk and opportunity management, transition planning, target setting and disclosure • **Environmental and social risk management** – biodiversity **Foundation of trust** • **Corporate governance** – executive compensation and ESG • **Data security** – cybersecurity	**Strategy** • **Principles for Responsible Banking** – impact analysis **Thriving economy** • **Financial inclusion** – target setting, COVID-19 pandemic support, support for Black, Indigenous and other underserved entrepreneurs **Sustainable future** • **Sustainable finance** – sustainable financing, responsible investing • **Climate change** – risk and opportunity management, transition planning, target setting and disclosure • **Environmental and social risk management** – biodiversity • **Operational efficiency** – resource efficiency target setting **Inclusive society** • **Employee experience** – workforce pipeline **Foundation of trust** • **Business conduct** – regulatory compliance and risk management, ethics and compliance, aligning compliance with strategy	**Sustainable future** • **Operational efficiency** – carbon footprint, waste diversion • **Sustainable procurement** – BMO's supplier diversity program

Tracking our progress

BMO plays an important role at the heart of our communities and throughout society. We can help people make real financial progress, and we take concrete action to address inequality, create opportunity and foster a more sustainable world. We use this Sustainability Scorecard to track how we deliver value for our shareholders, customers and employees. Targets in blue are part of our Bold Commitments for 2025, which you can read about on page 8.

Additional sustainability performance data can be found in our 2021 Sustainability Report Data Pack and Glossary available on our website.

Financial strength

		2021	2020	2019	Target
Financial strength	Net income ($ millions)	**$7,754**	$5,097	$5,758	
	Revenue ($ millions)	**$27,186**	$25,186	$25,483	
	Net revenue ($ millions)[1]	**$25,787**	$23,478	$22,774	
	Net efficiency ratio[1]	**60.1%**	60.4%	64.2%	
	Average annual return on equity	**14.9%**	10.1%	12.6%	See 2021 Annual Report to Shareholders
	Earnings per share growth	**53.3%**	(12.8)%	6.0%	
Shareholder value	Total shareholder return	**75.9%**	(14.6)%	3.2%	
	Dividends declared per share	**$4.24**	$4.24	$4.06	
Stakeholder value	Goods and services purchased ($ millions) – Canada and United States	**$5,257**	$5,350	$5,668	
	Salaries, benefits and other compensation ($ millions)	**$8,322**	$7,944	$8,423	
	Taxes and levies paid ($ millions)	**$3,324**	$2,095	$2,334	

[1] Net revenue and net efficiency ratio are calculated net of CCPB and are non-GAAP measures. For further information, see the Non-GAAP and Other Financial Measures section on page 86.

Tracking our progress

Thriving economy

		2021	2020	2019	Target
Financial inclusion	***Women***				
	Loans to women-owned businesses – Canada ($ billions)	**$10.2**	$9.5	$8.5	
	Women-owned businesses supported – Canada (#)	**119,440**	113,000	109,377	179,000 by 2025
	Indigenous communities				
	Indigenous banking business – Canada ($ billions)[1]	**$6.4**	$6.4	$4.4	$8 billion by 2025
	First Nations participating in BMO's On-Reserve Housing Loan Program – Canada (#)	**124** ◆	121	120	
	Indigenous communities with which BMO has a relationship – Canada (#)	**270**	250	248	
	Small businesses				
	Small business lending – Canada ($ billions)	**$5.5**	$5.4	–	$10 billion by 2025
	Small business cards and lending customers – United States (#)	**23,300**	21,500	–	40,000 by 2025
	Canadian defence community customers (#)	**85,200**	74,300	–	100,000 by 2025
	Community investment				
	Women, Black and Latinx-owned small business lending – United States ($ millions)	**$34**	–	–	$300 million by 2025
	Black and Latinx-owned commercial lending – United States ($ millions)	**$63**	–	–	$500 million by 2025
	Community development lending and investing – United States ($ billions)	**$1.4**	–	–	$3 billion by 2025
	Municipal and non-profit lending – United States ($ millions)	**$568**	–	–	$300 million by 2025
	Low- to moderate-income home mortgage lending – United States ($ millions)	**$207**	–	–	$500 million by 2025
	Philanthropic giving, community engagement, supplier/business diversity initiatives and diverse talent programs targeted at systemic change – United States ($ millions)	**$126**	–	–	$500 million by 2025
	Financial literacy				
	Participants in financial literacy sessions offered by BMO Harris – United States (#)	**7,868**	3,314	8,500	

[1] The 2019 amount has been restated to include assets held in Indigenous trusts managed by BMO.

Tracking our progress

Sustainable future

		2021	2020	2019	Target
Sustainable finance	Capital to clients pursuing sustainable outcomes ($ billions) [1]	**$71.07** ◆	$77.27	$27.39	$300 billion by 2025
	Assets under advice/management through BMO GAM aligned with sustainable objectives ($ billions in assets) [2]	**$1,048.2**	$444.8	$296.1	$700 billion by 2025
Climate change	Lending to carbon-related assets (% of total assets)	**1.9%** ◆	3.0%	3.3%	
Operational efficiency [3]	GHG emissions from fuel (CO_2e) (Scope 1) [4]	**33,661 tonnes**	31,621 tonnes	45,672 tonnes	30% reduction by 2030 vs. 2019 [5]
	GHG emissions from electricity and steam (CO_2e) (Scope 2) [4]	**63,634 tonnes**	62,661 tonnes	90,457 tonnes	
	GHG emissions from waste generated in operations (CO_2e) (Scope 3 category 5) [4,6]	**1,047 tonnes**	676 tonnes	982 tonnes	
	GHG emissions from business travel (CO_2e) (Scope 3 category 6) [4,7]	**1,919 tonnes**	7,778 tonnes	24,655 tonnes	
	Total operational GHG emissions (CO_2e)	**100,261 tonnes**	102,736 tonnes	161,766 tonnes	
	Carbon credits retired (CO_2e)	**36,715 tonnes**	40,317 tonnes	71,853 tonnes	
	GHG reductions from renewable energy credits purchased (CO_2e)	**63,546 tonnes**	62,419 tonnes	89,913 tonnes	
	Net operational GHG emissions (CO_2e)	**0 tonnes**	0 tonnes	0 tonnes	Carbon neutral operations annually
	Global electricity use procured from renewable sources	**100%**	100%	100%	100% annually

[1] The 2019 and 2020 amounts have been restated to reflect new information since the previous disclosure and an update to our methodology for accounting for sustainable finance advisory deals (see Glossary).
[2] Assets are as at September 30.
[3] In 2021, we shifted the time period of our operational emissions calculations in order to accelerate disclosure. Energy consumptions and greenhouse gas emissions reported for 2021 reflect August 1, 2020 through July 31, 2021. We did not restate prior years which are calculated using fiscal year. All results reflect twelve months of operations, have been verified by a third-party, and are comparable.
[4] An independent third-party, Morrison Hershfield, has provided reasonable assurance for all of BMO's Scope 1 and Scope 2 emissions and some of Scope 3 emissions. The verification statement can be found on our website.
[5] In 2020 and 2021, we saw emissions reduction that reached or came close to the 2030 target, largely attributable to COVID-19 related remote working conditions. Return to office could increase emissions relative to 2020 and 2021 in future years but we will continue to target a 30% reduction from the 2019 baseline.
[6] Scope 3 category 5 emissions include indirect GHG emissions from BMO's solid waste sent to municipal landfills (North America only).
[7] Scope 3 category 6 emissions include indirect GHG emissions from employee business travel in non-company owned assets.

Tracking our progress

Inclusive society

		2021	2020	2019	Target
Diversity, equity and inclusion [1]	Gender equity in senior leadership roles – enterprise-wide [2]	**41.2%** ◆	–	–	40-60% by 2025
	Gender equity in senior leadership roles – Canada and United States	**41.8%**	41.7%	41.1%	
	People of Colour in senior leadership roles – Canada	**24.2%** ◆	–	–	31% by 2025
	People of Colour in senior leadership roles – United States	**24.5%** ◆	–	–	30% by 2025
	Indigenous peoples across our workforce – Canada	**1.3%** ◆	1.2%	1.2%	1.6% by 2025
	Persons with disabilities across our workforce – Canada and United States	**4.5%** ◆	4.7%	4.2%	5–7% by 2025
	2SLGBTQ+ representation across our workforce – Canada and United States	**2.2%** ◆	–	–	3% by 2025
	Employees who completed the *Learn from Difference for All* training	**89.6%**	83.5%	–	100% by 2025
Employee experience	***Talent attraction and retention***				
	Total number of new hires (#)	**8,989**	–	–	
	Open positions filled by internal candidates [3]	**53%**	55%	50%	
	Total turnover rate – enterprise-wide	**18.8%** ◆	–	–	
	Voluntary turnover rate – enterprise-wide [4]	**14.8%** ◆	8.5%	10.7%	
	Learning and development				
	Employees who completed the BMO "future of work" learning program (#)	**7,560**	5,000	–	20,000 by 2025
	Employees who received annual performance reviews [5]	**100%**	100%	–	100% annually
	Hours of learning	**1,168,984 hours**	902,131 hours	1,200,000 hours	
	Average learning hours per full-time employee (FTE)	**27.0 hours**	20.3 hours	25.8 hours	
	Investment in learning ($ millions)	**$60.2** ◆	$65.8	$86.8	
	Employee engagement				
	Employee engagement index [6]	**80%**	–	–	
Community impact	***Community giving***				
	Donations – Canada and United States ($ millions)	**$66.3** ◆	$66.0	$67.2	
	Employee giving and volunteering				
	Employee volunteer hours [7]	**31,000+ hours**	2,682 hours	18,394 hours	
	Total pledged through BMO Employee Giving Campaign ($ millions)	**$23.0**	$22.7	$22.8	

[1] In 2020, we announced new Zero Barriers to Inclusion goals for 2025 for representation that address gaps in the representation of Black, Indigenous, People of Colour, Latinx and 2SLGBTQ+ employees, customers and communities. In 2021, we began tracking our performance against these goals.
[2] Our Zero Barriers to Inclusion goal for gender equity in senior leadership roles is enterprise-wide.
[3] In 2020, we updated our methodology to calculate open positions filled by internal candidates to exclude campus internship positions which by their nature are filled by external candidates. Results for 2019 have been restated.
[4] In 2021, the voluntary turnover definition was updated to include retirement. 2019 and 2020 values have been restated.
[5] As a result of the digitization of our performance review process in 2020, this metric specifically reflects documented annual performance reviews. BMO employees also participate in ongoing performance and career development conversations.
[6] In 2021, we transitioned to a new employee listening tool to understand how employees were feeling, what they needed, and how to improve their experience and productivity.
[7] In fiscal 2021, BMO introduced a new volunteer tracking tool to more effectively capture total volunteering efforts across North America both virtual and in-person. Hours contributed in the U.S. except for U.S. pro bono represent calendar year.

Tracking our progress

Foundation of trust

		2021	2020	2019	Target
Customer experience	Customer loyalty surveys completed[1] (#)	**1,041,742**	1,285,925	1,168,955	
	Net Promoter Score® – enterprise-wide	**55**	54	51	
Innovation and digitalization	Digital adoption – Canada	**61.0%**	59.0%	–	
	Active mobile users – Canada (thousands)	**2,183**	2,014	–	
	Self-serve transactions – Canada	**91.8%**	89.9%	–	
	Digital adoption – United States	**51.8%**	48.9%	–	
	Active mobile users – United States (thousands)	**572**	507	–	
	Self-serve transactions – United States	**77.1%**	74.3%	–	
Data security	Information Security and Privacy Matters training (% completion)[2]	**99.1%**	–	–	
	Substantiated complaints regarding breaches of customer privacy and losses of customer data[3] (#)	**1** ◆	1	2	
Corporate governance	Average tenure of members of Board of Directors	**7 years**	7 years	8 years	
	Women on Board of Directors (% of independent directors)	**50%**	45%	36%	No less than 1/3
	People of Colour on Board of Directors (% of independent directors)	**8%**	–	–	
Business conduct	Ethics training (% completion)[2]	**99.0%**	–	–	
	Anti-Bribery and Anti-Corruption training (% completion)[2]	**99.2%**	–	–	
Human rights	Human rights learning hours	**222,699 hours**	–	–	

[1] Survey totals for 2019 and 2020 also reflect surveys completed in prior programs, in line with our ongoing improvement process.
[2] Completion rates above 95% are considered acceptable from a risk perspective.
[3] In 2021, we updated the definition of substantiated complaints to include any complaints determined to be well-founded by a privacy regulator. Results for 2019 and 2020 have been restated.

Thriving economy

We can help move the economy forward by creating opportunity, supporting the aspirations of small business owners, women entrepreneurs, Indigenous, Black and other underserved communities and groups, and supporting participation in a growing economy with shared benefits.

What we focus on

27 **Financial inclusion** – We provide financial services, education and business networks that lay the foundation for individual stability and financial empowerment – home ownership, financial security, and thriving small businesses that create jobs and help communities thrive – and strengthening our ability to create value.

Alignment with SDGs

- 1 **No poverty** 1.4
- 5 **Gender equality** 5.1, 5.a
- 8 **Decent work and economic growth** 8.3, 8.10
- 10 **Reduced inequalities** 10.2, 10.3
- 17 **Partnerships for the goals** 17.6

See page 14

BMO EMpower: Paving the path to economic resilience

In November 2020, we announced BMO EMpower, our Purpose-driven, $5 billion commitment over five years to address key barriers faced by minority businesses, communities and families in the United States.

Through lending, investing, giving, and engagement in local communities, we are working to create more opportunity for economic recovery and success.

BMO EMpower embodies inclusion. It comprises six financing initiatives that together provide a platform for recovery and growth in communities that are most in need: $3 billion for community reinvestment in affordable housing and neighborhood revitalization, and another $2 billion for a range of initiatives related to small business lending, commercial, and mortgage lending, support for municipal and non-profit clients, and diversity, equity and inclusion initiatives.

Projects under the EMpower umbrella reflect the diversity of the communities we support and serve. For example, to bridge the capital and resource gap impacting Black, Latinx, and women entrepreneurs in Chicago's South and West Side neighborhoods, BMO has invested $3 million in CAST US, a $70 million fund that will stimulate job creation and increase home ownership. Other projects include a $10 million donation to the Rush University System for Health in Chicago to create the Rush BMO Institute for Health Equity, financing for six Oak Street Health Clinics across Chicagoland, a BMO Community Home Improvement Loan for low- and moderate-income communities, homebuying assistance programs for DACA recipients, BMO for Black and Latinx Small Businesses that increases access to capital, and financing for the acquisition and renovation of schools to help LEARN Charter Schools grow its network of tuition-free, high-performing schools to include underserved areas.

"BMO EMpower is driving meaningful change and championing racial equity," says Eric Smith, Vice Chairman, BMO Harris Bank. "It is another step in our commitment to growing the good in the communities we serve, fulfilling our Bold Commitment to work for a truly inclusive society with zero barriers. By providing greater opportunities to minority stakeholders, customers and partners, we are helping to create a more just society that will support long-term, sustainable growth."

Financial inclusion

Financial inclusion involves helping meet the needs of small businesses, women entrepreneurs and underserved communities by creating specialized products and services that can help make our offerings more accessible to all.

Who has responsibility

Product groups within the various lines of business, for example, Indigenous Banking and BMO for Women units of our Canadian Personal and Commercial Banking Operating Unit, working with BMO's Leadership Committee for Diversity, Equity and Inclusion, an enterprise-wide committee of 25+ senior executives

Overseen by Head of Canadian Business Banking and Head of U.S. Business Banking. The U.S. Regulatory Committee oversees initiatives and goals related to the Community Reinvestment Act (CRA)

What it includes

- Women
- Indigenous communities
- Small businesses
- Community investment
- Customers with unique needs
- Financial literacy

Women

Equal opportunity is essential to a healthy economy, yet women still do not have the same opportunity as men.

BMO challenges the status quo by supporting the growth of women-owned businesses and empowering women to feel confident about their finances and their financial futures.

BMO has made a Bold Commitment to double the number of women-owned businesses we support in Canada by 2025, and were the first Canadian bank to sign the UN Women's Empowerment Principles.

We offer robust women's initiatives including events, podcasts, resources, partnerships and grant programs. This has translated into an increase in our customer satisfaction scores and the number of women customers we serve.

2021 highlights – Women

New BMO Women in Business credit program	• Launched the BMO Women in Business Credit Program in the United States – a loan product offered under the Women in Business initiative that offers women-owned businesses with under $10 million in revenue expanded access to affordable business credit.
Issuing innovative Women in Business Bond	• Issued a $750 million *Women in Business Bond* with proceeds allocated to women-owned micro, small and medium-sized women-owned businesses in Canada.
Supporting women-owned fintech startups	• Extended the BMO Harris/1871 WMN•FINtech Program in the United States into its second year. The program helps bridge the gender gap in the startup and tech community and gives more women entrepreneurs the opportunity to bring innovative technologies and products forward. Startups are provided with guidance from industry experts at BMO Harris, working space at the 1871 business incubator, education, and opportunities to pitch venture capital investors for feedback, mentoring, continued connections and funding.
Reducing barriers to women-led venture companies in partnership with SheEO	• Provided $1.2 million in funding for women entrepreneurs and business owners in Canada, the United States and the United Kingdom in partnership with SheEO, a not-for-profit that offers financial support to businesses led by women and non-binary people. SheEO focuses on reducing the barriers that woman-owned businesses face when trying to obtain financing, and funds ventures that address sustainability issues faced worldwide and are working toward the UN Sustainable Development Goals.
Broadening our BMO Celebrating Women grant program	• Pledged $200,000 in grants to women-owned businesses across North America in 2021, doubling the amount from 2020. Grants are awarded to women-owned businesses that are advancing social, environmental or economic sustainability. There were just under 1,000 applicants in 2021. Eighteen grants were awarded to businesses in Canada, and eight grants were awarded in the U.S.
Using traditional and social media to support women entrepreneurs	• Spotlighted women-owned businesses through a social media content series in Canada and the United States, launched in 2021 during Black History Month and continued for the remainder of the year. The series featured Black, Latinx and Indigenous women business owners, celebrating the success they've achieved and the barriers they've overcome • Released a new video in Canada and the United States outlining our commitment to women business owners and removing barriers to inclusion to mark the arrival of International Women's Day • Encouraged Canadians to buy women-owned products and services by creating a directory of women-owned businesses that features some of the top 72 finalists • Created 'Bold & Black', a monthly interview series featuring trendsetting Black female entrepreneurs that appears on BMOforWomen.com in Canada • Supported the Rise Up Pitch Competition in Canada – a collaborative program that provides the opportunity for Black women entrepreneurs to compete for financial awards and resources that help them sharpen their pitches, build their networks, and develop skills they can use to grow their businesses.

A winning formula

Like most business models these days, the traditional accounting business model is being challenged and disrupted at incredible speed. Fern Gordon, CEO of The Profit Line, an outsourced bookkeeping and accounting department for small and medium-sized businesses and not-for-profits, says that automation has made accounting faster and more efficient but also much more complicated. The key, now, is to understand both accounting and technology and how they work together – then finding a unique solution that works best for each client.

Fern says their High Tech x High Touch formula brings peace of mind to the companies they work with. "We're early adopters of technology, we're constantly evolving, and we ensure we're using the right tech in the right way – otherwise you're potentially creating a mess. We spend a significant amount of time meeting with clients upfront – we're focused on really understanding their business and their needs so we can design and deliver the best integrated solution, which always includes the best team paired with the right technology."

Fern sees similarities in the way Shanki Swaminathan runs BMO's Bedford & Bloor branch and the way she runs her own business. "I came from a competitor bank and Shanki's team took time to get to know me and understand my business and my needs. I've received more than business banking services." Fern appreciates the expertise and caring attitude that she receives – a high touch approach that gives her comfort in knowing that that her business matters.

2021 BMO for Women statistics

$10.2 billion

in loans to women-owned businesses in Canada

119 thousand

women-owned businesses supported in Canada

This is a BMO Bold Commitment – *see page 8*

Indigenous communities in Canada

Indigenous peoples represent a growing economic force. BMO's tailored support is focused on building Indigenous economic self-determination to strengthen families, communities and coming generations.

Our relationship with Indigenous communities runs deep. The Canadian Council for Aboriginal Business (CCAB) has recognized BMO with six consecutive three-year Gold level Progressive Aboriginal Relations (PAR) certifications for our approach.

BMO is committed to progress for Indigenous communities across three pillars that reflect our response to the Truth and Reconciliation Commission calls to action for corporate Canada: employment, education and economic empowerment. An Indigenous Advisory Council comprised of First Nations, Métis and Inuit leaders nationwide guides and advises BMO in relation to these three areas of focus.

Through our banking network serving Indigenous communities, both on- and off-reserve, and our financial education programs for Indigenous young people and elders, we make our financial products and services more accessible. For example, our housing and renovation programs provide financing for qualifying individuals who want to build, buy or renovate a house on-reserve, and our Indigenous Personal Banking Program is available to any Indigenous person across Canada.

BMO Indigenous Banking

Established in 1992 by Ronald Jamieson, a member of the Mohawk Nation from the Six Nations Reserve and an Order of Canada recipient.

$6.4 billion

in deposits, loans and investments in approximately 270 Indigenous communities across Canada

This is a BMO Bold Commitment – *see page 8*

13

branches and one business banking office on or adjacent to Indigenous lands, with another 95 branches serving Indigenous communities

6

consecutive three-year Gold level Progressive Aboriginal Relations (PAR) certifications

2021 highlights – Indigenous communities in Canada

Promoting economic independence	• Partnered with the Native Women's Association of Canada to build an Indigenous Women's Social and Economic Innovation Centre in Gatineau, Quebec. The Centre will serve as a hub to build the economic self-sufficiency of Indigenous communities and businesses across Canada, and promote entrepreneurship and training initiatives among Indigenous women • The Indigenous Personal Banking Program provides no-fee banking for 12 months with the Performance Plan plus discounts on mortgages, loans, credit cards, and access to limited-time cash bonuses when they open a chequing account online at bmo.com/indigenousbanking • Our On-Reserve Housing Loan program makes housing loans accessible for all First Nations by allowing people who may not meet typical credit requirements get financing for home renovations. In 2021, 124◆ First Nations participated in the program and $250 million in loans were made available under the program • BMO is increasing its spending with Indigenous-owned businesses as part of our commitment to supplier diversity (see Sustainable procurement). In 2021, we set a goal to spend $10 million annually with certified Indigenous-owned businesses by 2023, which we plan to achieve by expanding our current partnerships with Indigenous suppliers and by bringing new Indigenous-owned businesses onboard. We are currently on track to exceed that target.
Supporting Indigenous education	• Provided a $250,000 gift that will enable First Nations University of Canada to provide financial assistance and supports to Indigenous students through their academic year, including entrance-level scholarships, Indigenous business student scholarships, and emergency bursaries.

We also support the economic growth of Indigenous communities by providing trust services, investment management solutions and long-term financing for on-reserve infrastructure and economic development.

Through our company-wide learning program and our Indigenous Enterprise Resource Group (the Sharing Circle), we encourage understanding, self-identification and celebration of Indigenous peoples and cultures.

We have committed to contributing more than $16 million to charitable and non-profit Indigenous organizations over the next 10 years. BMO Capital Markets has contributed more than $3.8 million to Indspire, an Indigenous educational charity, since its inception in 2005.

Learn more in Wĉhitowin, BMO's Indigenous Partnerships & Progress Report 2021.

Small businesses

Small businesses are the foundation of local economies across Canada and the United States, and account for a large portion of local tax revenue and employment.

We can help break systemic barriers for minority-owned small businesses by offering them access to capital and education that can help them grow and thrive. This includes a range of specialized small business accounts, plans and services, including a small business-focused credit card and credit line, as well as online financial resources, educational content and tools that are available on our dedicated small business websites.

Since time is often the most precious commodity for a small business owner, use of our BMO Business Xpress application platform continues to grow. The platform uses data analytics technology and automated adjudication strategies to shorten the credit application and approval process from several days to just 20 minutes.

2021 small business statistics

$5.5 billion

small business lending in Canada

This is a BMO Bold Commitment – *see page 8*

23.3 thousand

small business cards and lending customers in the U.S.

This is a BMO Bold Commitment – *see page 8*

85.2 thousand

Canadian defence community customers

This is a BMO Bold Commitment – *see page 8*

2021 highlights – Small businesses

Streamlining small business lending	• Served over 20,000 Canadian and U.S. small businesses through BMO Business Xpress, a digital application platform that includes: – Data analytics and best-in-class origination strategies that significantly reduce the small business loan process – Specialized, flexible support for specific community groups and industries, including agriculture in Canada, allowing farmers to apply from their farms and receive approval the same day.
Expanding support for Black and Latinx-owned business	• Expanded the BMO Harris loan program for Black and Latinx businesses to all branch footprint states. The program offers better access to capital, education and business networks and coaching through BMO partners.
Helping put small businesses on the path to recovery and growth	• Originated an additional $470 million in loans and ushered more than 15,000 small businesses through loan forgiveness for the U.S. Small Business Administration's Paycheck Protection Program (PPP) • Facilitated applications to the Highly Affected Sectors Credit Availability Program (HASCAP) for Canadian small businesses, providing more than $360 million in relief • Released a special report titled *Banking on Main Street: Roaring Back* and hosted corresponding client events. This series combines analysis from BMO economists with insights on provincial business conditions to help Canada's small business owners make informed strategic decisions.
Developing new products for the Canadian defence community	• Introduced a small business banking bundle that expands BMO's support for Canadian military veterans, retirees and spouses who own a business. The bundle includes: – A discount on some plan fees – Lower borrowing costs on small business loans or lines of credit – A tailored entrepreneurship guide – Preferred pricing and payment flexibility.

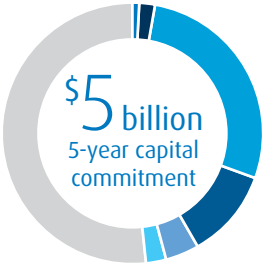
Community investment

Banks have a critically important role in our economy – they provide access to capital, help foster economic equity and can play a role in closing the racial wealth gap. Through lending, investing, giving and engagement in our local communities, we can help remove barriers to inclusion in the financial services industry to create more opportunity for recovery and success.

BMO EMpower

BMO EMpower is BMO's five-year, $5 billion commitment to address key barriers faced by minority businesses, communities and families in the United States. Our six programs are designed to help historically underserved customers including women, Black and Latinx business owners, people with low-to-moderate incomes and the organizations that support them. You'll find more information on our website. The table below shows you our commitment in each category and our activities in 2021. BMO exceeded EMpower targets in the first year of the program deploying over $2 billion in capital.

Capital deployment in 2021



Small business lending	$34 million
Commercial lending	$63 million
Community development lending and investing	$1.4 billion
Municipal and non-profit lending	$568 million
Home mortgage lending	$207 million
Corporate social responsibility	$126 million
	$2.4 billion

Business segment	Small business lending	Commercial lending	Community development lending and investing
5-year capital commitment	$300 million	$500 million	$3 billion
Progress to date (year 1)	$34 million	$63 million	$1.4 billion
Primary focus	Women, Black and Latinx-owned small business lending	Black and Latinx-owned commercial lending	Community reinvestment in affordable housing and neighborhood revitalization
2021 highlights	• Established U.S. special purpose credit programs for women, Black and Latinx business owners to increase access to capital and offer networking opportunities, education and tools. Approved loan applications from more than 400 businesses in 2021 totalling more than $34 million • Contributed more than 400 volunteer hours with local community partners to educate business owners on personal and business finances and marketing as well as connect with community organizations.	• Deployed $63 million in new loans to Black and Latinx-owned businesses and building a strong fiscal year 2022 pipeline that is tracking at more than 2x prior year loan volume • Launched a new $30 million social impact fund focused on private equity and venture capital firms that support minority and women-owned businesses across a broad range of industries.	• Invested $27.5 million in multi-investor low income housing tax credit fund that will provide affordable housing creating 100+ new housing units in Chicago • Provided two grants totalling more than $1.5 million to the Milwaukee Soldiers Home project, in partnership with the Federal Home Loan Bank of Chicago, creating 101 housing units for veterans and their families facing homelessness • A $25 million investment into the Bridge Workforce Affordable Housing Fund, which is focused on community revitalization • A $20 million commitment to the NEF Emerging Minority Development Fund, which will provide equity capital to minority developers of affordable housing.

(continued on next page)

Business segment	Municipal and non-profit lending	Home mortgage lending	Corporate social responsibility
5-year capital commitment	$300 million	$500 million	$500 million
Progress to date (year 1)	$568 million	$207 million	$126 million
Primary focus	Critical support for municipal and non-profit clients	Low- to moderate-income home mortgage lending	Philanthropic giving, community engagement, supplier/business diversity initiatives and diverse talent programs targeted at systemic change
2021 highlights	• BMO financed acquisitions and renovations of schools to help LEARN Charter School Network grow its network of tuition-free, high-performing schools to underserved areas in greater Chicago via $12 million in lending. LEARN serves over 4,000 students across 10 schools.	• Created the BMO Community Home Improvement Loan, which provides a $5,000-$10,000 loan to help low- to moderate- income families make home improvements or repairs • Expanded our homebuying assistance programs to Deferred Action for Childhood Arrivals (DACA) recipients, including low down payment mortgages and down payment assistance.	• Created a new supplier diversity initiative, BMO Elevate, a 12-month business development program focusing on diverse businesses • Donated $10 million to create the new Rush BMO Institute for Health Equity (see page 63). • Donated $1 million to the Obama Foundation to create an inclusive construction workforce and a diverse pipeline of talent for construction projects (see page 63).

Community reinvestment under the U.S. Community Reinvestment Act (CRA)

Federally insured depository institutions like BMO Harris have an obligation under the CRA to support the credit needs of the communities they are located in. Some of our efforts under the CRA overlap with our work under BMO EMpower.

Projects range from community-based financial literacy programs and small business financing to major urban redevelopment projects and have consistently earned us an Outstanding rating in CRA examinations. For example, BMO Harris partners with non-profit agencies to offer first-time homebuyers an average of US$6,000 in down payment assistance. The financial education we provide with this assistance positions future homeowners for success and helps them save their money for the unexpected. We also work with programs like the Illinois Refinance down payment program (I-Refi), which provides federal assistance to help people with mortgages in at-risk communities in Illinois keep their homes. I-Refi has had significant success in bringing financial stability to families in need.

See page 34 for more information on BMO's financial literacy initiatives.

Customers with unique needs

BMO aims to treat every customer in a way that respects and supports their dignity and independence.

People with disabilities

We want to make banking easy and accessible for everyone.

We've adopted accessibility standards similar to those set out in the *Accessibility for Ontarians with Disabilities Act* and are implementing them across North America.

Our Accessibility Plan, outlined on our website, is dedicated to improving the experience of our customers and employees with accessibility needs. It addresses issues such as accessible emergency information, employee learning, workplace accommodation for people with disabilities, design of public spaces and more.

We are committed to providing accessible ways to use our products, services, websites and digital tools. We are providing barrier-free access at branches and have improved access to our automated teller machines, with features like audio directions and braille on functional areas.

Customers in crisis

When the wildfires in British Columbia put significant financial pressure on our customers and their communities in 2021, we took swift action to help:

- We sent the BMO Mobile Branch directly into affected communities to provide financial guidance and support
- We offered several forms of financial relief:
  - Deferred payments on certain personal loans and mortgages
  - Deferred personal credit card payments
  - Fast tracked Creditor Insurance claims for clients whose employment was impacted by the wildfires
  - Didn't place holds on insurance cheques provided they were payable to the customer only and deposited in the branch
  - BMO relationship managers offered tailored financial offerings for our business banking and commercial clients
- We donated $50,000 to the Canadian Red Cross BC Fires Appeal to support communities and residents affected by the wildfires.

Students, seniors and non-profits

We offer special pricing for customers with unique needs, including seniors, students and non-profits. This year we provided free or discounted services to 1,628,698 customers in Canada and the United States.

2021 highlights – Customers with unique needs

Helping create a more equitable society for people with disabilities	• For the sixth consecutive year, BMO Harris Bank received a score of 100 on the Disability Equality Index and was named among the Best Places to Work for Disability Inclusion. There are 60 million Americans with disabilities. In 2021, 319 corporations, half of them on the Fortune 500, used the index to benchmark their disability inclusion efforts.
Collaborating to design better financial services experiences	• Partnered with D(if) Labs, which gathers insights into how people with disabilities consume products, services, and careers. This gives us access to research and the opportunity to collaborate with industry leaders to design better financial services experiences for our customers and employees with barriers.
Improving digital accessibility	• Continued to improve the accessibility of our digital tools and services for customers with disabilities, in line with Web Content Accessibility Guidelines 2.0.
Helping students, seniors and non-profits	• This year we provided free or discounted services to 1,628,698 seniors, students, and non-profits in Canada and the U.S.

Number of clients receiving free or discounted services

Canada	**2021**	2020	2019
Seniors	**1,221,210**	1,194,641	1,271,325
University and high school students	**288,102**	321,222	347,097
Local and non-profit organizations	**40,000**	41,626	44,497
United States			
Under 25 (including college students)	**59,217**	53,538	61,328
Non-profit organizations	**20,169**	20,258	20,972

Financial literacy

Financial literacy plays a key role in financial inclusion. We help our customers increase their financial knowledge, to help give them the confidence they need to make well-informed decisions.

We promote financial literacy in several ways:

- Our dedicated small business and BMO for Women websites include a wide range of articles, videos and podcasts for improving financial literacy.
- In Canada, our forums and webinars bring women business owners together to learn and network.
- BMO Harris employees lead free, community-based financial literacy programs.
- In Canada and the United States, BMO employees volunteer to teach Junior Achievement (JA) classes, sharing their expertise in financial matters with students.

2021 highlights – Financial literacy

Women	• WMN•FINtech is an industry program for women-founded and -led startups who are leading the way toward building the future of the financial sector. BMO provided WMN•FINtech participants with education resources, mentorship and industry insight • BMO for Women hosted a workshop series, Looking Ahead!, featuring subject matter experts and topics designed to help women business owners plan for 2021 and beyond. The seven English and four French webinars netted more than 700 registrants.
Indigenous communities	• Our Indigenous Advisory Council (IAC) provided guidance and feedback to help us develop policies and practices that are consistent with the recommendations of the Truth and Reconciliation Commission of Canada, including advising on the further development of financial literacy programs at BMO • We provide financial literacy seminars and education sessions for Indigenous communities and individuals on topics like budget planning, banking services, finance, credit and investment planning • We also participate in and facilitate Indigenous education sessions that incorporate financial literacy and address issues including cultural awareness, Indigenous law, economic development, trusts and settlements and more.
Small businesses	• BMO Harris Women in Business and BMO for Black & Latinx Businesses provided financial education as a key program pillar, offering webinars, mentoring and coaching with community partners • Educational content served the small business segment at every business stage, accessible via online resource hubs: the Business Unplanned and Bold(h)er podcasts, video tutorials, articles and tools covered various business strategy topics, particularly in the context of the COVID-19 pandemic.
Community development	• BMO relationship managers presented home buying and other basic financial seminars online in partnership with non-profits • Bankers presented virtual seminars in partnership with Junior Achievement • During the British Columbia wildfires, branch employees met with clients – particularly those experiencing financial hardship – to offer financial guidance and support.

Sustainable future

We believe we can help foster a more sustainable world with our banking practices. We work toward this goal through our approach to environmental and social risk management, mobilization of sustainable finance, and our commitment to being our clients' lead partner in the transition to a net-zero world.

What we focus on

37 **Sustainable finance** – we provide lending, underwriting, advisory, and investment products and services to companies pursuing sustainable outcomes, and create products that align client finance with sustainable objectives.

45 **Climate change** – we are supporting our clients through the climate transition and driving solutions to achieve a net-zero future.

47 **Operational efficiency** – we minimize the impact of our operations on the environment, and integrate environmental considerations into our business practices.

50 **Sustainable procurement** – we design our procurement practices to maximize our positive environmental and social impacts in our supply chain and purchasing patterns.

51 **Environmental and social risk management** – we manage the impact that environmental and social risks have on our business and operations, and on our clients, employees and suppliers.

Alignment with SDGs

- **1 No poverty** 1.4
- **5 Gender equality** 5.a
- **7 Affordable and clean energy** 7.2, 7.3, 7.a
- **8 Decent work and economic growth** 8.3, 8.10
- **10 Reduced inequalities** 10.2, 10.3
- **11 Sustainable cities and communities** 11.6
- **13 Climate action** 13.1, 13.3
- **17 Partnerships for the goals** 17.16

See page 14

The BMO Climate Institute: Our clients' lead partner to a net-zero world

In 2021, we established the BMO Climate Institute, a centre of excellence that brings together science, economics, and policy analytics and expertise to understand and manage the financial risks and opportunities related to climate change. The Institute serves both clients and the bank. By convening industry, government, academia and investors to drive thought leadership on climate, the Institute aims to unlock solutions that advance the transition to net zero and enhance resilience to climate-related risks.

The Institute was born of a clear goal we set ourselves: to be our clients' lead partner in the transition to a net-zero world.

The Institute was born of a clear goal we set ourselves: to be our clients' lead partner in the transition to a net-zero world. One way of doing so is to catalyze research and analysis that will drive tangible business outcomes. Bridging climate science and finance, the Institute will provide a platform for thought leadership and collaboration on climate; drive insights and best practices for industry, government, academia and investors; identify investment opportunities for clients; incubate climate-finance innovation; enhance our climate-risk modelling and analysis; and expand education within the bank to support innovation in products and services.

"We recognize that climate change is an enormously complex challenge, and the Institute is dedicated to addressing that complexity," says Susan McGeachie, Head of the BMO Climate Institute. "It includes within its mandate everything from analysis of decarbonization pathways and physical risk and resilience strategies to climate-financing solutions and socio-economic inclusion. It will have a particular focus on high-GHG-emitting economic sectors, such as mining, energy, agriculture, real estate and transportation."

Unique to the Institute is BMO's Climate Analytics Platform. Developed in collaboration with the BMO Data and Analytics and Artificial Intelligence teams, as well as external partner Climate Engine, this industry-leading platform will generate high-resolution physical climate risk projections for over 80 climate-impact outcomes: precipitation, temperature, flooding, wildfires, wind, drought, crop health, soil moisture, and much more. The platform can quantify historic changes and model the physical impacts of climate change under different global temperature scenarios and time horizons.

Climate change affects us all, and the financial sector has a critical role to play – mobilizing capital for climate action. BMO is deploying resources to advance the global goal of net zero by 2050. By leveraging our expertise in finance, analytics and innovation, we can help our clients transition and in turn decarbonize the real economy and play the role our stakeholders expect of us.

Sustainable finance

We believe sustainable finance can promote the long-term value of the companies we support. We provide underwriting, advisory, lending, and investment products and services to companies pursuing sustainable outcomes, and create products that align client finance with sustainable objectives.

Who has responsibility

BMO's Head of Sustainable Finance, overseen by the Sustainable Finance Steering Committee, which is composed of BMO executives and chaired by the CEO and Group Head, BMO Capital Markets

BMO Global Asset Management's Investment Committee, which is chaired by the Chief Investment Officer

BMO Private Wealth's Investment Manager Research team

What it includes

- Sustainable financing
- Responsible investing

BMO's Bold Commitments evolve as community needs, BMO priorities and market realities change.

In 2019, BMO made a commitment to mobilize $400 billion in sustainable finance: $150 billion in capital to clients pursuing sustainable outcomes and $250 billion in client investments aligned with sustainable objectives. In March 2021, we more than doubled our commitment to $300 billion in capital and $700 billion in client investments. By the end of fiscal 2021, we had achieved $176 billion in capital against the $300 billion target, and we surpassed the $700 billion target with $1,048 billion in assets under advice and assets under management.[1]

BMO's Bold Commitments for sustainable finance (see page 8)

	Total since fiscal 2019	2025 target
Sustainable financing: Mobilize $300 billion in capital to clients pursuing sustainable outcomes	**$176 billion** in capital	$300 billion
Responsible investing: Provide $700 billion in assets under advice/management through BMO GAM aligned with sustainable objectives	**$1,048 billion** in assets	$700 billion

[1] BMO Global Asset Management's (BMO GAM) reo® service was included in the sale of BMO GAM's Europe, Middle East and Africa (EMEA) Asset Management business, completed in fiscal 2022. In light of this sale, BMO will no longer report on our responsible investing target beyond the end of fiscal 2021. BMO GAM remains focused on responsible investing and will continue to help investors understand and use their influence to drive sustainability goals. We continue to track against the $300 billion sustainable finance goal, for capital to clients pursuing sustainable outcomes.

Sustainable financing

Mobilizing capital to clients pursuing sustainable outcomes

BMO's sustainable finance team offers individuals, businesses and governments innovative ways to align financial priorities with broader sustainability goals.

Our team of experts works closely with clients to bring a sustainability lens to their financing and strategic needs through lending, bond underwriting, public offering and advisory services. We work with our clients to examine the issues, explore ideas and provide innovative options to achieve their objectives.

We also use our sustainable financing efforts to drive positive social and environmental outcomes expressed in the United Nations Sustainable Development Goals, including those that support the transition to a net-zero carbon economy.

Mobilizing capital and providing advice to clients

BMO has made a Bold Commitment to mobilize $300 billion in capital to clients pursuing sustainable outcomes through four kinds of products and services:

- **Sustainable bond underwriting** – we underwrite sustainable or sustainability-linked bonds issued by our clients
- **Sustainable equity and debt financing** – we underwrite equity and debt for clients that are sustainable, or where the use of proceeds is sustainable
- **Sustainable finance advisory** – we advise on sustainable financing transactions, like initial public offerings
- **Loans for sustainable clients and projects** – we authorize loans that are linked to the achievement of sustainability targets, to borrowers that are sustainable or where the use of proceeds are sustainable.

Investing our own assets

Our Bold Commitment includes seeding our Impact Investment Fund with $250 million of our own assets, which we invest for sustainable outcomes.

Tracking our sustainable financing activities

BMO Capital Markets has underwritten significant amounts of sustainable debt and created a dedicated advisory capability to support our clients in their work on sustainability. These efforts are supported by the Sustainability Office and BMO Climate Institute, which guide the growth of our sustainable finance business by identifying opportunities for green, social and sustainable lending, bond underwriting, public offering and advisory activity and developing internal processes for tracking and monitoring these activities.

We track our sustainable finance activities by type of transaction and by sustainability outcome. The table below shows the total volumes of sustainable finance since 2019, including green, social and sustainable underwriting, advisory services, lending and investment. For bond underwriting and equity and debt financing, we account for the total deal value where BMO played a lead role, and our proportionate share of the deal value where we played a non-lead role. For advisory, we account for our proportionate share of the deal value. For lending and investment, we account for the total monetary value of the authorized loan or the investment.

In 2021, we achieved 59% of the $300 billion goal, which continues to be tracked in 2022.

Sustainable financing by transaction type [1]

($ billions)	2021	2020	2019	Total since fiscal 2019
Sustainable bond underwriting	**$31.61**	$42.63	$7.32	$81.56
Loans for sustainable clients and projects	**$28.34**	$16.73	$13.68	$58.75
Sustainable equity and debt financing	**$9.84**	$17.04	$6.10	$32.98
Sustainable finance advisory	**$0.82**	$0.44	–	$1.26
Sustainable investments (including the Impact Investment Fund)	**$0.46**	$0.43	$0.29	$1.18
Capital to clients pursuing sustainable outcomes	**$71.07** ◆	$77.27	$27.39	$175.73

$176 billion

in capital mobilized to clients pursuing sustainable outcomes since 2019

59%

progress to date toward target to mobilize $300 billion to clients pursuing sustainable outcomes by 2025

2021 highlights – Sustainable financing

New Energy Transition Group

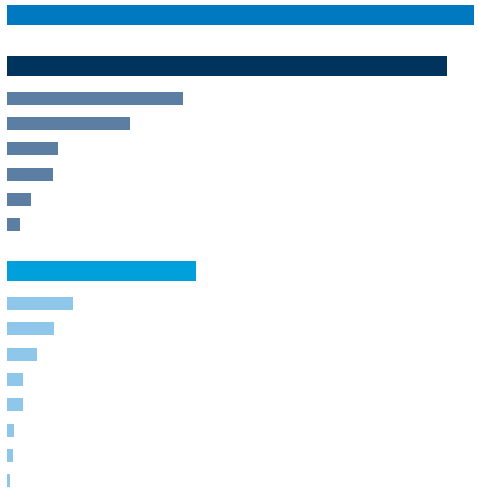
- Established a new Energy Transition Group to better capture sustainable finance opportunities associated with the transition to a net-zero future
- Co-headed by BMO's Vice Chair, Investment Banking and Corporate Banking, and BMO's Managing Director and Head, Sustainable Finance, the new group supports clients exploring potential energy transition alternatives, and will focus on delivering innovative products and services.

Sustainable finance initiatives

- **Commitment to affordable housing** – Announced a $12 billion commitment to finance affordable and accessible housing over a 10-year period. Includes commitments to increase access to quality housing for Indigenous communities, and lending, investing and underwriting solutions for retail, commercial and corporate clients involved in affordable housing
- **Green Home Program** – Automated the rebate process for BMO's Green Home Program where homes that meet energy efficiency criteria are eligible for Canada Mortgage and Housing Corporation (CMHC) insurance rebates of up to 25 percent at time of application
- **Earth Day 2021: BMO Turns Trades into Trees** – BMO Capital Markets donated a portion of fixed-income trading fees on Earth Day to plant over 100,000 trees for a greener planet
- **Top Canadian ESG Advisor in fiscal 2021** – BMO Capital Markets was the leading ESG Bond offering advisor, and top Sustainability Structuring Agent for Sustainability Linked Loans.

Sustainable financing by outcome

($ billions)	Total since fiscal 2019	
Sustainable	**$74.88**	**42.6%**
Green	**$70.55**	**40.1%**
Low-carbon energy	$28.67	16.3%
General green	$20.10	11.4%
Green buildings	$8.34	4.7%
Waste management	$7.47	4.2%
Clean transportation	$3.83	2.2%
Sustainable agriculture	$2.14	1.2%
Social	**$30.30**	**17.2%**
Health care	$10.80	6.1%
Gender equality [2]	$7.56	4.3%
General social	$4.80	2.7%
Education	$2.51	1.4%
Public administration	$2.37	1.4%
Social assistance	$1.04	0.6%
Employment services	$0.82	0.5%
Indigenous peoples [2]	$0.40	0.2%



[1] The 2019 and 2020 amounts have been restated to reflect new information since the previous disclosure and an update to our methodology for accounting for sustainable finance advisory deals (see Glossary).
[2] To avoid double counting, loans to women-owned businesses or Indigenous peoples that also have other sustainability characteristics are reporting according to their other sustainability characteristics.

Sustainable financing examples in 2021

Sustainable bond underwriting

Bell Canada

- Sustainability structuring advisor for Bell Canada's $500 million sustainability bond, the first for a North American telecommunications company

World Bank

- Acted as co-lead on World Bank's $3 billion sustainable development bond

Province of Ontario

- Co-led the issuance of the largest ever Canadian green bond at $2.75 billion

Led bonds issued by three Canadian municipalities

- City of Toronto - $100 million social bond
- City of Ottawa - $225 million green bond
- City of Vancouver - $100 million inaugural sustainability bond

Telus Corp.

- Bookrunner on Telus' $750 million sustainability linked bond, the first in Canadian history

Loans for sustainable clients and projects

Brookfield Asset Management's Global Transition Fund

- Sustainability structuring agent on US$1.2 billion transition loan

Gibson Energy Inc., a North American public energy company

- Sustainability structuring lead on Gibson's $750 million principal syndicated revolving credit facility that was converted to a sustainability-linked revolving credit facility

Saputo Inc., a North American dairy company

- Sustainability structuring agent on Saputo's US$1 billion sustainability linked loan, the first for the North American dairy industry

Sandstorm Gold Royalties, a North American metals and mining company

- Sustainability structuring agent on one of the first sustainability linked loan with customized KPIs for a North American mining and metals company

Teck Resources Limited, a North American mining company

- Co-sustainability structuring agent on US$4 billion sustainability linked loan, the first with customized KPIs related to climate action, gender diversity and inclusion, and health and safety

Sustainable equity and debt financing

Algonquin Power & Utilities Corp., a Canadian renewable energy and utility provider

- Joint bookrunner on $900 million green equity offering

Sustainable finance advisory

Lion Electric Co., Canadian-based manufacturer of electric commercial vehicles

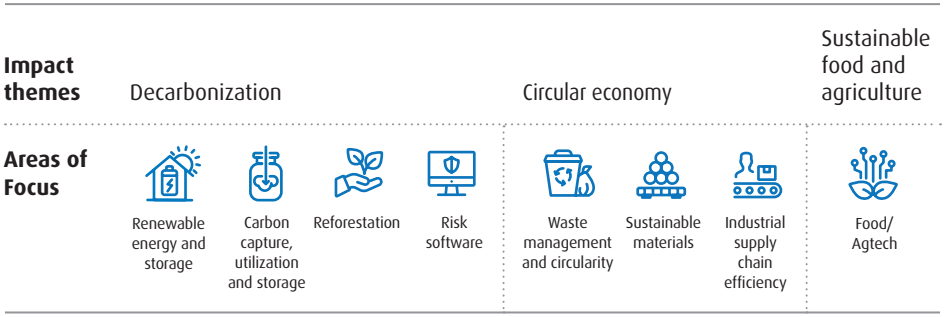
- Lead advisor on a US$1.9 billion special purpose acquisition company deal

David Sachs, Vice-President, New York for Bright Power, conducts an energy audit at a multifamily building to find energy and water waste.

Impact Investment Fund

BMO launched our impact investment fund in 2020 and seeded it with $250 million of our own assets. The objective of the fund is to find and scale impactful solutions that facilitate the achievement of our corporate clients' sustainability goals across the following themes:

- **Decarbonization:** through electrification, energy efficiency, energy storage, GHG emission mitigation, and other solutions.
- **Circular economy:** through waste management, recycling, sustainable products, packaging and materials, and other solutions.
- **Sustainable food and agriculture:** through production efficiency improvements, product innovations, and other solutions.



Impact Investment Fund investments in 2021

Decarbonization

- Bright Power Inc., a leader in energy and water management in the U.S. for multifamily real estate owners, operators, managers and investors.
- Lion Electric Co., an leading electric vehicle manufacturer in North America offering commercial urban trucks, school buses, minibuses, paratransit and mass transit zero-emission transportation solutions.

Circular economy

- Trove Recommerce, Inc., a market leader in branded re-commerce and circular shopping for premium apparel and outdoor brands.

Sustainable food and agriculture

- Sound Agriculture, Inc., an agriculture technology company that has and continues to develop on-demand crop solutions that lead to more sustainable, healthier, and tastier food.

The fund backs scalable technologies that address these areas of sustainability. It looks for companies with proven technology and some level of commercial revenue, that can make use of additional capital to scale their business.

Proof of impact is a key investment criteria. Processes for assessing impact are outlined in our 2021 Operating Principles for Impact Management Disclosure Statement.

As at year end 2021, approximately $69.4 million had been committed or deployed through the fund since its inception.

BMO Sustainable Bond Program

We established BMO's Sustainable Bond Program to demonstrate our commitment to sustainability to our investors, and to help launch our sustainable finance strategy. Formed in 2019, the program is an important part of our commitment to building a sustainable future.

We have issued two sustainable bonds to date:

- Our inaugural US$500 million 3-year BMO Sustainability Bond, issued in October 2019.
- Our first social bond, the C$750 million 5-year BMO Women in Business Bond, issued in March 2021, on International Women's Day.

How we use bond proceeds

Proceeds of the bonds are used to fund or otherwise support project finance loans, general corporate finance loans, and/or equity investments that advance the United Nations Sustainable Development Goals (SDGs) and the global transition to a net-zero carbon economy. To date, proceeds from the bonds have helped advance eight of the 17 SDGs.

You'll find more information about the Sustainable Bond Program in our 2021 Sustainable Bonds Impact Report.

Asset category	Sustainable Development Goals	% of selected assets ◆ BMO Sustainability Bond	% of selected assets ◆ BMO Women in Business Bond
Social asset categories			
Women-owned business lending Lending to small and medium-sized enterprises with at least one woman owner	5 Gender equality 8 Decent work and economic growth	47.8%	100%
Indigenous peoples' business and community lending Lending to Indigenous peoples' bands, councils or governments, or businesses majority-owned by such entities	10 Reduced inequalities	8.2%	
Green asset categories			
Sustainable land use Lending to agricultural projects that maintain or improve existing carbon pools, such as greenhouses	13 Climate action 14 Life below water 15 Life on land	18.6%	
Renewable energy Lending to renewable energy projects, such as solar and wind	7 Affordable and clean energy 11 Sustainable cities and communities 13 Climate action	12.3%	
Green buildings and infrastructure projects Lending to green buildings and infrastructure projects that achieve certifications such as Leadership in Energy and Environmental Design (LEED) Gold or LEED Platinum	11 Sustainable cities and communities 13 Climate action	12.6%	
Pollution prevention and control Lending to waste management projects that prevent and control pollution, such as recycling	12 Responsible consumption and production 13 Climate action	0.5%	

◆ See KPMG's Independent Limited Assurance Report in our 2021 Sustainable Bonds Impact Report.

Responsible investing

Aligning client investments with sustainable objectives

Responsible investing is a key part of BMO's commitment to a sustainable future and one of the ways we are fostering a more sustainable world through investing.

Our focus is simple: to help our clients meet their investment goals, while also building a more sustainable and secure future for all of us. We view responsible investing and our broader investment stewardship activities as part of our value proposition to our clients and commitment to our Purpose.

BMO Global Asset Management

As both investors and stewards of capital, BMO Global Asset Management (BMO GAM) is advancing the principles of responsible investing through:

- ESG integration
- Funds and solutions
- Stewardship activities
- Market education
- Policy advocacy.

ESG integration

BMO GAM, together with its former asset management affiliates in Europe, Asia and the United States, was awarded an A+ rating in the Stewardship and Governance categories for five years from 2016-2020 by the United Nations Principles for Responsible Investment (UN PRI). The UN PRI is an investor initiative in partnership with UNEP Finance Initiative and UN Global Compact (see www.unpri.org). This rating is based on objective criteria that placed BMO GAM together with its affiliates at the time for each of the above-noted years in the top 25% of high-performing UN PRI signatories globally as well as in North America. UN PRI does an independent assessment of all global signatories annually through an extensive questionnaire. A+ is the highest rating from the UN PRI.

BMO GAM is a sustaining member of the Canadian Responsible Investment Association (RIA) with a BMO representative on the RIA Board of Directors and Leadership Council.

With input from Responsible Investment, BMO GAM's active investment teams consider material ESG issues when making security selection decisions for ESG-focused funds and fund mandates that utilize ESG integration. ESG factors are integrated into investment processes with a view to reducing risk and improving returns over the long term. ESG integration is tailored by investment strategy and asset class to help make the additional analysis relevant and meaningful to each investment process.

2021 highlights – Responsible investing

New ESG-designated and responsible labelled funds	Introduced five new BMO GAM funds: • BMO Clean Energy ETF: invests in companies in global clean energy-related businesses • BMO ESG High Yield US Corporate Bond Index ETF: invests in high yield corporate bonds issued in the U.S. that have a higher MSCI ESG rating than their peers (designed to replicate the Bloomberg Barclays MSCI US High Yield Liquid Corporate Sustainability SRI Index) • BMO SDG Engagement Global Equity Fund: invests in global equities using a responsible investment approach to support sustainable development goals • BMO Sustainable Bond Fund: invests in Canadian dollar-denominated debt instruments using a responsible investing approach • BMO Sustainable Opportunities China Equity Fund: invests in Chinese equities using a responsible investment approach.
New insurance indexed accounts linked to BMO GAM ESG funds	Introduced five new indexed accounts for BMO Insurance Universal Life Insurance policyholders. The accounts are linked to the performance of BMO GAM ESG funds: • BMO Balanced ESG ETF • BMO MSCI Canada ESG Leaders Index ETF • BMO MSCI USA ESG Leaders Index ETF • BMO MSCI EAFE ESG Leaders Index ETF • BMO Sustainable Opportunities Global Equity Fund.
Top honours for education and stewardship	BMO GAM won RIA's annual Leadership Awards in two categories: • **Market Education:** for the MyESG™ analytics tool, which helps integrate ESG into advisor-client conversations, creating a deeper understanding of what investors are looking for from ESG investing • **Stewardship:** for accelerating Canadian diversity and inclusion beyond gender, through active engagement with Canadian companies, collaboration with peers and policy-makers, and the development and promotion of thought leadership.
Active member of responsible investment community	• Became a founding member of the Climate Engagement Canada initiative, a finance-led initiative designed to drive dialogue between the financial community and Canadian corporations to promote a just transition to a net-zero economy • As a founding member of the Net Zero Asset Managers initiative, which has now gathered 220 signatories managing $57 trillion in assets, we set a net-zero goal by 2050 across BMO GAM's portfolios and released our first interim target.
Promoting responsible investing in Private Wealth	• Began sponsoring Investment Advisors and Investment Counsellors to take CFA Certificate in ESG Investing, to learn more about analyzing and integrating material ESG factors into daily investment analysis and broader practice • Introduced dedicated 'Sustainable Solutions' – dedicated responsible investment strategies – on the BMO Nesbitt Burns and BMO Private Investment Counsel investment platforms • Launched annual responsible investment conference to educate advisors and counsellors.

Funds and solutions

BMO GAM offers a wide range of sustainable-focused funds for clients who want to link investment performance to ESG attributes. There were $18.0 billion in assets under management as at September 30, 2021 in these funds which were managed by BMO GAM, together with its former asset management affiliates in Europe, Asia and the United States. Companies are selected based on the following criteria (in addition to fundamentals):

- **Avoid** investments in companies with activities that harm society or the environment
- **Invest** in companies that demonstrate responsible business practices, and support those whose activities make a positive contribution to society and the environment
- **Improve** by using engagement and voting to drive positive change in the management of ESG issues.

Active ownership

BMO GAM uses engagement and voting to try to make positive changes in the companies they invest in. They also exercise their proxy votes to influence change in how firms do business.

The engagement program is structured around seven high-level themes that include ESG issues we believe are most relevant to investors: climate change, environmental stewardship, labour standards, human rights, public health, business conduct and corporate governance (see 2021 engagement by issue on the right). Priority issues for engagement are selected every year. Voting complements engagement as a key way of influencing change at companies both on corporate governance and on wider sustainability issues. BMO GAM regularly engages companies before and after they vote to explain their expectations and invite comment, and to explain their reasons for any votes against management.

Reporting

BMO GAM reports regularly on engagement, voting, public policy and advocacy activities in ESG research articles and in its annual Responsible Investment Review.

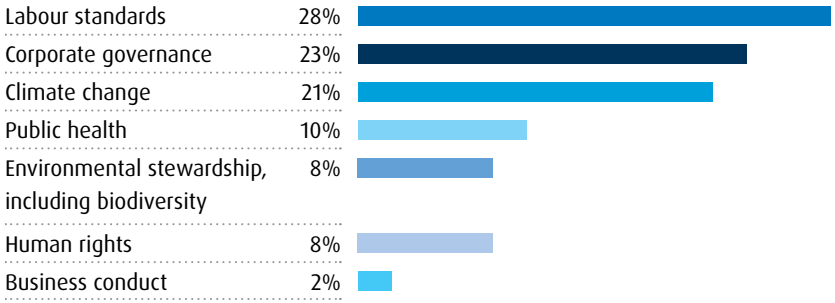
Market education and policy advocacy

BMO GAM plays an active role in public policy development across the world on a wide range of issues from deforestation to human rights, mainly through engagement with regulators, since policy and regulatory change are often the catalysts for improved corporate behaviour. It participates in collaborative investor engagements and initiatives, which can be key to improving ESG standards at a larger scale. It also promotes the development of governance best practices through membership and active participation in influential bodies, such as the International Corporate Governance Network (ICGN), 30% Club, Council of Institutional Investors (CII), and the Canadian Coalition for Good Governance (CCGG). See 2021 policy advocacy by issue on the right.

2021 engagement by issue

During the period from January 1 to September 30, 2021, BMO GAM, together with its former asset management affiliates in Europe, Asia and the United States, engaged with 781 companies, held 223 board-level meetings, and influenced change in the outcomes of 320 engagements.

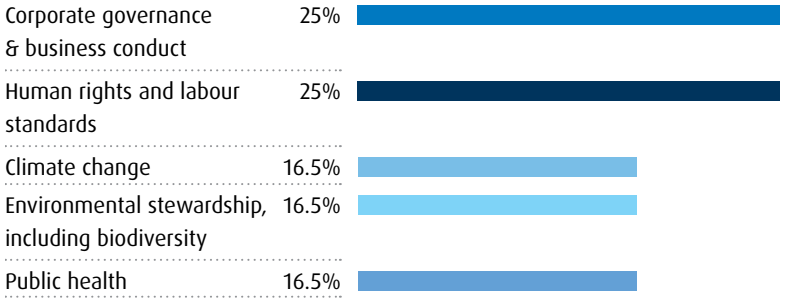
Engagement themes



2021 policy advocacy by issue

During the period from January 1 to September 30, 2021, BMO GAM, together with its former asset management affiliates in Europe, Asia and the United States, made 12 policy submissions or statements across five jurisdictions.

Policy advocacy topics



MyESG™

Whether clients are driven more by performance or purpose, understanding how they make decisions can improve the discussion between investors and their advisors, helping them invest in a more meaningful way, and potentially with better long-term results.

BMO's MyESG™ online tool helps investors better understand their ESG investing preferences, based on data collected through a BMO GAM survey. Conducted in conjunction with DCIIA Retirement Center, the survey found four distinct ESG investing personalities:

ESG Skeptical (21%) – Positive impact is not these investors' motivation, and ESG investments likely need to demonstrate solid risk-adjusted returns. Advisors can start discussions with investors citing examples of where material ESG considerations impacted a company's performance.

ESG Motivated (22%) – Does not separate belief from investment decisions. Such investors are likely open to numerous ESG-related options and feel strongly about shareholder activism.

ESG Pragmatic (27%) – Approaches ESG from a portfolio perspective, basing investments on financial goals over values. These investors likely need to see that ESG investments provide the right profile for their risk and return appetite.

ESG Ready (30%) – Sees value in ESG, but still tends to separate investment choices with personal beliefs. There is opportunity for advisors to further educate investors on how their beliefs are investable.

"When it comes to ESG investing, there is not a one-size-fits-all conversation for advisors and investors. By using these personas, we are looking to deepen the conversation and close the gap between ESG beliefs and investing habits."

– Kristi Mitchem, CEO, BMO Global Asset Management

BMO Private Wealth

BMO Private Wealth offers investment services through BMO Private Investment Counsel, which provides discretionary investment management, and BMO Nesbitt Burns, a full-service brokerage.

It offers dedicated responsible investment solutions and mandates to meet the growing demand for responsible investment strategies. Offering responsible investment strategies can align individual client objectives, such as contributing to a more sustainable economy and/or being sensitive to labour standards, human rights, public health, business conduct, corporate governance and other sustainability factors, with BMO's Purpose and commitments for a thriving economy, sustainable future and inclusive society.

BMO Private Wealth considers ESG criteria in its selection of sub-advisors and its related due diligence and oversight. The majority of sub-advisors engaged by BMO Private Investment Counsel are signatories to the UN PRI.

Every BMO Private Investment Counsel strategy incorporates one or more responsible investing approaches into its processes – with sub-advisors determining how responsible investment factors are used for their mandates. This includes, for example, integrating ESG criteria into investment analyses, engaging with investee companies and exercising their voting rights to try to improve the company's sustainability performance.

BMO Private Wealth assesses the effectiveness of how the sub-advisors it has engaged have integrated ESG factors based upon their responses to an annual responsible investing survey, as well as input from a third-party consultant that assigns ESG ratings to investment managers.

BMO Private Wealth sponsors education, conferences and training for its Investment Advisors and Investment Counsellors to increase their knowledge of ESG analysis and integration. They also create educational materials and content about responsible investing to share with clients.

$54.38 billion of assets under management in the BMO Private Wealth business is managed by sub-advisors who use at least one type of responsible investment approach in their investment decision-making (ESG integration, active ownership or engagement).

Climate change

We are committed to supporting our clients through the climate transition and driving solutions to achieve a net-zero future.

Meeting the goal of net-zero emissions by 2050 is going to mean massive transformation in every sector of the economy, and banks are in a unique position to help finance this transition. BMO's climate ambition is to be our clients' lead partner in the transition to a net-zero world. The table below summarizes our approach to capturing climate-related opportunities and managing risks, using the Task Force on Climate-Related Financial Disclosures (TCFD) framework. In 2021, we made significant advancements in our approach to climate-related governance, strategy, risk management and metrics and targets. You can read more in our 2021 Climate Report.

2021 Task Force on Climate-Related Financial Disclosures (TCFD) Summary

Governance

Climate risk and opportunity are embedded in our governance structure

Supporting responsible business behaviour, performance and our long-term sustainability

Board

Presentations on BMO's climate strategy have been made to the full Board of Directors.

Engagement on climate-related topics has taken place with the Audit and Conduct Review Committee (ACRC) and the Risk Review Committee (RRC) including the topics of:

- Sustainability related governance
- Sustainability related disclosure, including the Climate Report
- Climate-related risk
- BMO's Net-Zero Ambition and climate strategy

Management

Management of BMO's approach to climate involves various Executive Committee members and senior leaders including:

- Chief Executive Officer
- General Counsel
- Chief Risk Officer
- Chief Strategy and Operations Officer
- Chief Financial Officer
- Heads of Operating Groups
- Chief Sustainability Officer
- Head, Enterprise Risk
- Head of Risk Frameworks and Regulatory Capital Oversight
- Special Advisor to the CEO on ESG
- Head of Investor Relations
- Head of Sustainable Finance
- Head of Alternatives, ESG and Innovation at BMO GAM

Management committees, forums and working groups

Management engages in several management forums and working groups including:

- ESG Executive Forum
- Sustainability Council
- Disclosure Committee
- Risk Management Committee
- Reputation Risk Management Committee
- Enterprise Regulatory Committee
- Sustainable Finance Steering Committee
- BMO GAM Investment Committee
- Impact Investment Fund Investment Committee
- Sustainable bonds working group
- Climate scenario analysis working group
- Climate leads working group

(continued on next page)

2021 Task Force on Climate-Related Financial Disclosures (TCFD) Summary (continued)

Strategy

We are integrating climate opportunities into our business, building on our existing strengths and capabilities

Net-zero outcomes as a key organizing principle for our business	• Announced BMO's Net-Zero Ambition to be our clients' lead partner in the transition to a net-zero world. • Joined market-leading initiatives including the Net-Zero Banking Alliance, Partnership for Carbon Accounting Financials, and Principles for Responsible Banking. • BMO Global Asset Management joined the Net Zero Asset Managers initiative, Climate Engagement Canada, and signed the Canadian Investor Statement on Climate Change.
Expanding climate-related capabilities across our operations	• Established the BMO Climate Institute. • Delivered a climate change training course available to all BMO employees.
Advancing our climate strategy	• Established an Executive Committee approved climate strategy focused on commercial growth opportunities and fulfilling commitments, with Board-level engagement. • Established the Climate Leads Working Group with the participation of BMO's operating groups and central functions for the advancement of our climate growth strategy. • Established an Energy Transition Group within BMO Capital Markets. • Advancing our carbon neutrality strategy, BMO became the first global bank to invest in future offsets generated by Direct Air Capture technology in partnership with Carbon Engineering.

Risk management

We consider climate change to be a transverse risk driver that manifests through our identified material risks

Incorporating climate considerations in our environmental and social risk framework	• Added climate-related physical risk and transition risk to the enterprise-wide risk taxonomy (climate change is a material risk, included in our taxonomy as a subset of environmental and social risk). • Introduced a Statement on Coal Lending and associated lending policy updates. • Introduced risk tolerance thresholds for carbon-related assets key risk metric aligned to science-based net-zero decarbonization pathways. • Developed sector specific guidance and launched a new Environmental and Social Risk Rating (ESRR) Assessment Tool for the petroleum and mining sectors.
Expanding climate-related scenario analysis and capabilities	• Established a Climate Scenario Analysis Working Group to design and implement a repeatable climate scenario analysis program. • Conducted climate-related scenario analysis on London portfolio oil and gas and metals and mining borrowers.
Engaging with stakeholders on climate	• Established climate-related risk as an engagement priority for BMO GAM. • Engaged with some of our top suppliers through the CDP Supply Chain program.

Metrics and targets

We track and report on opportunities and risks associated with climate change

Measuring progress toward our commitment to climate action	• Quantified and disclosed Scope 1 and 2, and Scope 3 (categories 5,6 – waste generation and business travel). • Established a 30% emissions reduction target within our own operations by 2030 using science-based approaches • Achieved carbon neutrality each year since 2010 and achieved 100% renewable electricity each year since 2020. • Quantified and disclosed our financed emissions (BMO's Scope 3 emissions, category 15 - investments) for lending related to upstream oil and gas, lending related to power generation in Canada, lending for the purchase of personal vehicles in Canada, and residential mortgage lending in Canada. • Targeting net-zero financed emissions in our lending by 2050, we have begun to set intermediate targets for financed emissions reduction that we plan to achieve in partnership with our clients.

Operational efficiency

We take steps to reduce the impact of our operations on the environment, integrate environmental considerations into our business practices, and continue to find new ways to reduce our environmental footprint.

Who has responsibility

Chief Sustainability Officer, Global Head, Corporate Real Estate, and Chief Procurement Officer

Overseen by the Board's Audit and Conduct Review Committee

Minimizing the environmental impact of our operations is fundamental to our Purpose-driven commitment to grow the good for a sustainable future. We focus on:

- Reducing environmental impacts from our operational activities
- Measuring and reducing our company-wide greenhouse gas (GHG) emissions
- Managing resources in a sustainable way
- Lowering costs
- Gathering environmental performance data and publicly reporting on performance
- Continuously improving our environmental performance.

Our organizational framework, the BMO ECO[5] strategy, guides our approach:

1

Energy management

Adopting strategies to reduce energy consumption through the implementation of operational efficiencies and building upgrades while increasing our purchase of renewable energy

2

Sustainable transport

Reducing the environmental impacts of business-related travel using hybrid fleet vehicles, and encouraging less air travel through online collaborative tools

3

Sustainable materials

Adopting strategies to reduce unnecessary material use while improving the efficiency in the use of materials, including building materials and cleaning products, and through sourcing paper from sustainably managed forests

4

Waste management

Taking steps to reduce quantities of waste going to landfill and promoting recycling, reuse and circular economy principles

5

Sustainable procurement

Integrating environmental and social considerations during the procurement process (see page 50)

2021 highlights – Operational efficiency

Working to reduce waste	• Set up employee-based initiatives to reduce waste in the various lines of business across North America and the U.K., with a focus on elimination of single-use plastics. • Repurposed computer equipment, donating over 1,250 refurbished and new laptops and tablets, 1,079 iPads, four charging stations and 250 laptops to young students across the country, including more than 80 Indigenous communities, schools and educational institutions, coast to coast to coast.
Interaction with customers and other key stakeholders	• Interacted with key external stakeholders to share best practices related to improved environmental performance, including operational footprint, carbon neutrality, carbon offsets and renewable energy purchases.
Receiving recognition	• 2021 Climate Leadership Award for Excellence in GHG Management and Goal Setting – The Center for Climate and Energy Solutions and The Climate Registry (see Awards for our work).
Industry participation (see Taking a leadership role)	• BMO is a member of the Canadian Mirror Committee for ISO / TC 207 – Standardization in the Field of Environmental Management. The work is focused on creating tools to address environmental and climate impacts including environmental management systems, auditing, environmental performance evaluation, life cycle assessment, ecodesign and material efficiency, among other things.

Our Environmental Policy addresses the ways our actions affect the environment directly through our own operations, and indirectly through our purchasing decisions, the products and services we offer to our customers and the business opportunities we pursue.

We keep employees up to date on our environmental policies, guidelines, programs and initiatives, and engage with stakeholders on environmental issues.

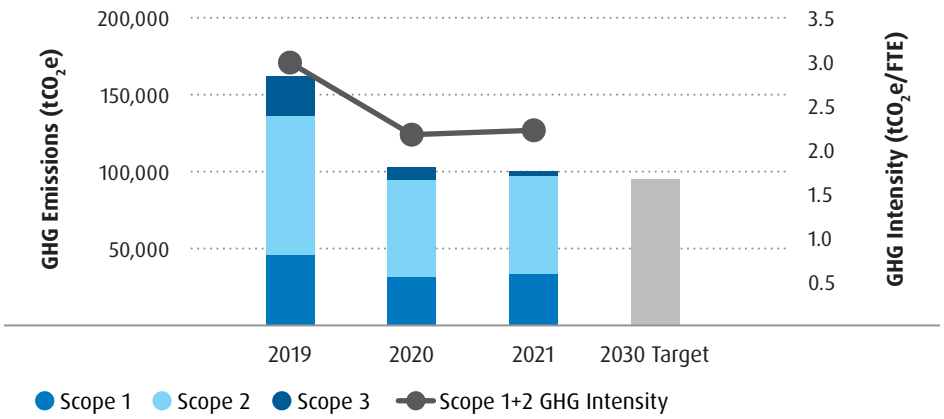
Energy and emissions management

We focus on reducing our own energy use and associated GHG emissions using an enterprise-wide energy management plan that includes operational efficiency improvements and capital upgrades to our buildings. Our operational environmental management system is aligned with the principles of ISO 14001, and is continuously being improved. The system includes setting objectives and targets that align our operations with our Environmental Policy, and reporting on our progress.

We track and analyze our Scope 1 and 2 GHG emissions, and our Scope 3 GHG emissions associated with waste generation and business travel. We have set and achieved four successive multi-year enterprise-wide, emission reduction targets since 2008. Our GHG emissions are verified every year by a certified third party, Morrison Hershfield. In 2021, we achieved our goal to reduce operational emissions by 15% from a 2016 baseline. We set a new target, using science-based approaches, to achieve a 30% reduction in our operational emissions by 2030 from a 2019 baseline. We are making progress toward this target by investing in energy-saving initiatives such as lighting retrofits, heating and cooling infrastructure upgrades, improvements in building envelopes and operational efficiency. In 2020 and 2021, we saw emissions reduction that reached or came close to the 2030 target, largely attributable to COVID-19 related remote working conditions. Return to office could increase emissions relative to 2020 and 2021 in future years but we will continue to target a 30% reduction from the 2019 baseline.

We first achieved carbon neutrality in our operations in 2010 and we have continued to maintain carbon neutrality every year. Our carbon neutral strategy is based on a three-pronged approach that includes promoting energy efficiency and limiting emissions, purchasing electricity from renewable sources and purchasing high-quality carbon offsets.

In 2020 and 2021, we reached our goal to match 100% of our global electricity use with electricity procured from renewable sources, which helps to clean the electrical grids where we operate while investing in the renewable energy market and creating demand to stimulate its growth. We achieved our goal through solar and low-impact hydro projects in the regions where we operate, in quantities that matched our 2019 and 2020 global electricity consumption – approximately 400,000 MWh in 2019 and 325,000 MWh in 2020. More details can be found in the 2021 Sustainability Report Data Pack and Glossary.



Building design and construction

Our sustainable design and construction guidelines include energy performance specifications for office and retail construction and renovation projects. We focus on using more sustainable materials in new construction and renovation projects for our facilities. We aim to purchase locally manufactured materials and/or materials comprised of recycled content to reduce our impact on the environment. We choose materials containing zero to low volatile organic compound (VOC) elements, to protect employee and customer health and comfort. And to minimize waste going to landfill, we select quality materials with a long lifespan.

Facility	Certification
BMO executive offices – First Canadian Place, Toronto, ON	LEED Gold – Existing buildings operation and maintenance
BMO branch – 9630 Macleod Trail SE, Calgary, AB	LEED Silver – New construction
BMO branch – 5111 New Street, Burlington, ON	LEED Certified – Core and shell
BMO branch – 105 Clair Road E, Guelph, ON	LEED Silver – New construction
BMO branch – 631–645 Commissioners Road E, London, ON	LEED Silver – New construction
BMO customer contact facility – Mississauga, ON	LEED Gold – Core and shell
BMO Harris branch – 12920 S Route 47, Huntley, IL	LEED Silver – New construction
BMO Harris branch – 15450 W National Avenue, New Berlin, WI	LEED Silver – New construction
BMO EMEA Offices – 100 Liverpool Street, London, UK	BREEAM Outstanding & WELL Gold – New Construction Base Building (Core and Shell)
BMO APAC Offices – 3 Pacific Place, Hong Kong	BEAM Platinum – Existing Building
BMO Capital Markets Office – 151 West 52nd Street, New York, USA	LEED Gold – Existing Building Operation and Maintenance
BMO Office and Retail – 1695 Grafton St, Halifax, NS (Nova Centre)	LEED Gold – Core and Shell
BMO Wealth Offices – 1600 Carling, Ottawa, ON	LEED Gold – Existing Building Operation and Maintenance
BMO Branch – 236 Front Street, Toronto, ON (351 King Street East)	LEED Gold – Core and Shell
BMO Branch – 345 King West, Kitchener, ON	LEED Gold – Core and Shell

Our guidelines are based on industry best practices developed by the U.S. and Canada Green Building Councils, the International WELL Building Institute and other organizations. By implementing elements of these standards, we have been improving the energy performance and health of our buildings.

We maintain ISO 14001 certification at two office buildings in Canada and have achieved Leadership in Energy and Environmental Design (LEED) certification at 13 locations globally.

Working toward zero waste and a circular economy

Circular economic principles are recognized as a business-forward way to achieve sustainability goals, reduce risk in operations, and drive environmental and social objectives. BMO partnered with the Circular Innovation Council to support our objective to deliver enterprise-wide solutions to reduce or eliminate waste-to-landfill, with a focus on plastics. We are leveraging internal procurement functions to identify specific carbon and waste reduction opportunities and are making good progress towards eliminating single-use plastics from our global operations. Our ultimate goal is to fully integrate circular economic practices into our operations and advance BMO's overall sustainability objectives. In addition, BMO is participating in the UNEP FI Principles for Responsible Banking Working Group on Resource Efficiency Target Setting. The work is focused on creating guidelines and setting targets related to financing the transition towards a resource efficient and circular economy.

In many cases, equipment that has reached the end of its useful life from a BMO perspective can be refurbished and reused by other organizations (schools, for example). This avoids the creation of harmful greenhouse gases from the manufacture of new equipment and defers the impact to the waste/recycling stream. We partner with preferred suppliers to facilitate these efforts, including:

- Compugen, an IT service provider, which facilitates the environmentally responsible recycling or refurbishment/resale of technology equipment. Compugen's CarbonBank™ program decommissions "end of first life" IT technology, including laptop and desktop computers, networking/storage and smartphones, and securely transports it to a Compugen configuration centre, where all equipment is checked and hard drives are wiped of data using National Institute of Standards and Technology (NIST) data-erasure standards. The equipment is then tested and refurbished for resale into new markets, such as educational districts, computer retail stores, or small businesses. Carbon credits are generated through avoidance of emissions associated with the traditional e-waste recycling process and the manufacture of new IT equipment, and are verified by an accredited third party. Last year, we avoided approximately 2,865 tonnes of GHG emissions by repurposing equipment and diverting technology from landfill.
- Teknion, a Canadian furniture supplier, which repurposes furniture, major appliances and office supplies. The Teknion Divert program donates these items to registered charities, disassembles and recycles, and resells. It also tracks and reports on the financial, social and environmental impact of repurposed equipment. To date, BMO has diverted more than 140 metric tonnes of furniture from landfills, avoiding more than 392 metric tonnes of CO_2e.

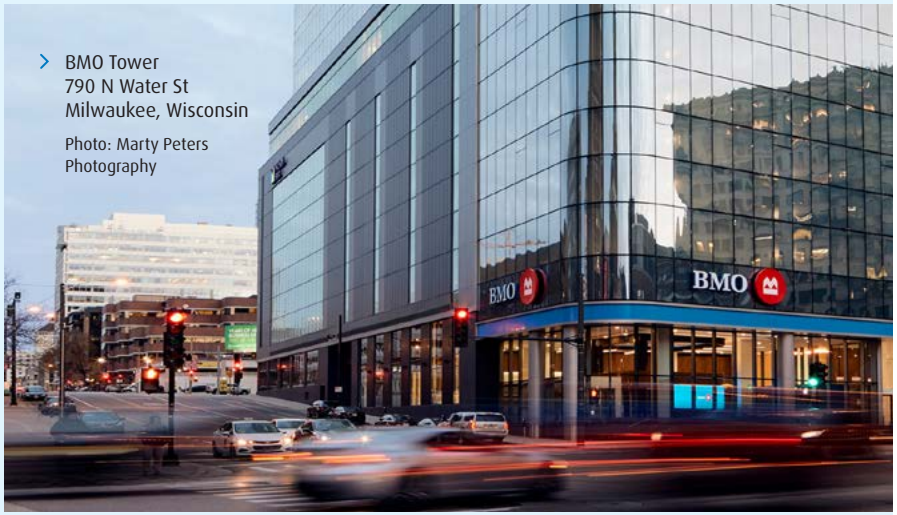
Building sustainability for the future

For projects like the BMO Urban Campus and the BMO Towers in Chicago and Milwaukee, we make sustainability a focus from the ground up. We source building materials that are largely recyclable, and for materials such as paint, adhesive and sealants, we choose options that emit zero to low volatile organic compounds.

Our new buildings will feature more efficient HVAC systems for heating and cooling, which will help reduce energy consumption and emissions. We'll be installing LED smart lights that power down meeting rooms and offices when they're not in use. And we'll further reduce energy consumption by finding new ways to bring natural light into our spaces (also known as daylighting). Once opened, the BMO Urban Campus will disperse natural light through two four-story atriums, as well as 12-foot high windows.

In our branches, we have implemented sustainable solutions to drive energy efficiency, which includes Smart Temperature Control Technologies, improving BMO's Standards for HVAC equipment to ultra high efficient Roof Top Units and switching fluorescent lighting to LED.

"With over 1,800 facilities globally, reducing energy consumption and improving our energy efficiency is the single biggest impact we can make to reduce our environmental footprint," says George Della Rocca, Global Head, Corporate Real Estate. "That's why BMO incorporates environmental best practices throughout every stage of our building life cycle. Our focus on sustainability – whether on energy, the materials used in buildings, or how we manage waste – guides us in making the best decisions to **Boldly Grow the Good**.



BMO Tower
790 N Water St
Milwaukee, Wisconsin

Photo: Marty Peters Photography

Sustainable procurement

We design our sustainable procurement program with a goal to help us enhance our positive environmental and social impacts in our supply chain and purchasing patterns, and minimize the negative impacts.

Who has responsibility

Chief Procurement Officer

Managing Director, Supplier Relationship Management

Chief Sustainability Officer

BMO's sustainable procurement practices are guided by our Supplier Code of Conduct, which outlines the principles that we expect our suppliers to uphold related to integrity, fair dealing and sustainability, including:

- **Responsible business practices** – compliance with laws and regulations, conflicts of interest, anti-corruption and anti-money laundering, and sustainable business practices
- **Responsible treatment of workers** – human rights and employment practices, diversity and inclusion practices, and workplace safety, security and health.

We have a rigorous supplier selection process which includes a set of sustainability questions about proponents' practices related to environmental and social responsibility. Procurement works with the Sustainability Office to identify environmental and social risk within BMO's supply chain, using environmental and social risk data tools to enhance our monitoring.

As part of the CDP Supply chain program, we will be able to track GHG emissions with key suppliers. This will allow us to better identify and take action to address carbon hot spots in our supply chain and advance our sustainable procurement program.

Supplier diversity

Integrating diverse suppliers into our supply chain aligns with the goals of our shareholders, customers and employees. Diverse suppliers are those that have been accredited based on being owned, managed and operated by individuals belonging to a diverse group including minority, women, veteran, disabled, lesbian, gay, bisexual, transgender and Indigenous businesses. We're committed to building long-term relationships with diverse suppliers and ensuring that qualified companies have equal opportunity to compete for business. We expect our suppliers to provide similar opportunities in their own supply bases.

Supplier diversity is embedded in our procurement practices in both Canada and the U.S. The BMO Procurement team focuses on inclusion through the following activities:

- **Sourcing** – identifying and including diverse suppliers in competitive events to purchase a new product or service
- **Reporting** – tracking inclusion efforts consistently and reporting results quarterly to BMO's Enterprise Supplier Diversity Council and the Leadership Committee for Diversity, Equity and Inclusion, ensuring senior-level visibility. These metrics include spend with certified diverse businesses and spend as a percentage of addressable procurement spend
- **Partnerships** – establishing corporate partnerships with supplier diversity advocacy councils, allowing BMO to build relationships with diverse supplier communities and continuously improve inclusion in the sourcing process
- **Education** – engaging with diverse business communities, conducting one-on-one meetings and encouraging registration in our supplier portal for consideration in future opportunities.

2021 highlights – Sustainable procurement

Improving our supplier engagement on climate-related risks and opportunities	• We participated in the Carbon Disclosure Project (CDP) Supply Chain program, engaging some of our top suppliers to complete the CDP questionnaire • Suppliers provided data about their greenhouse gas emissions and how they are managing climate risk and opportunity, to help us understand our own climate risk • This information will help us understand the impact of our supply chain, driving improved performance and climate action. Data collected will provide insight on the environmental impact of our procurement activities and provide a platform for engaging with strategic suppliers on climate-related risks and opportunities.
Winning awards for our purchasing practices	• Won "Leadership in Green Purchasing" award from Grand & Toy, which recognized BMO as a leader in the financial sector for purchasing products with environmental attributes and ecolabels. At 65.7% green spend across several categories (technology, ink and toner, paper, office supplies, etc.), BMO leads our competitors in promoting the purchase of products with greener attributes, including recycled, remanufactured, energy-efficient supplies, and ecolabels such as FSC, GREENGUARD and GreenSeal.
Focusing on supplier diversity	• Expanded our U.S. supplier diversity council to become the BMO Enterprise Supplier Diversity Council. Not only did this expansion include adding a Canadian supplier diversity focus, but the leadership on the council was enhanced to include executives from each line of business and several functional areas • Set supplier diversity goals at the line of business/function level, and introduced working committees to identify opportunities to grow diverse spend across BMO • Launched our first-ever diverse business development program, *BMO Elevate*, a 12-month program focusing on connecting, mentoring and educating a select group of diverse businesses in a variety of ways. There are 16 certified participants in the first cohort.

Environmental and social risk management

As a financial institution, we seek to understand the impact that environmental and social risks have on the business environment we operate in, on our clients, portfolios and operations. This information fosters informed strategic decisions.

Who has responsibility

General Counsel and Executive Committee Sponsor for Sustainability, working with the Chief Risk Officer, Chief Sustainability Officer, and Head of Risk Frameworks and Regulatory Capital Oversight

Overseen by the Board's Audit and Conduct Review Committee and Risk Review Committee

In addition, as described on page 75, the Human Resources Committee builds links between executive compensation and priority sustainability topics

Environmental and social risk (E&S risk) is the potential for loss or harm, directly or indirectly, resulting from environmental or social impacts or concerns, including climate change related to BMO, our customers, suppliers or clients, and our impact on the environment and society.

Environmental and social factors may give rise to the risk of both direct and indirect impacts over both the short and long term, including but not limited to:

- Climate change
- Pollution and waste
- Energy, water and other resource usage
- Biodiversity and land use
- Human rights
- Diversity, equity and inclusion
- Labour standards
- Community health, safety and security
- Land acquisition and involuntary resettlement
- Indigenous peoples' rights and consultation
- Cultural heritage.

We may indirectly be exposed to financial loss or reputational harm if our customers, suppliers or clients are affected by E&S risk. Our approach to managing environmental and social risk is part of our Enterprise-wide Risk Management Framework.

The Enterprise Risk and Portfolio Management and Sustainability teams work with the lines of business and Corporate Services to manage BMO's E&S risk and achieve our sustainability goals. This includes integrating E&S risk into our operational and business decision-making processes, including financing and lending activities, procurement of goods and services. We regularly report to various management committees, forums and Board committees on key developments in sustainability and climate change.

2021 highlights – Environmental and social risk management

Climate change scenario analysis	• Established an enterprise-wide working group to promote consistency in design and implementation of a repeatable climate scenario analysis program to analyze climate-related risks and opportunities facing the financial sector and key client industries • Conducted scenario analysis for our London lending portfolio, focusing on the metals and mining sector.
Defining our risk appetite for Environmental and Social Risk	• We have identified E&S risk as a transverse risk driver that has the potential to impact all of our other material risks • We have articulated our risk appetite for E&S Risk at the enterprise level, articulating that we will implement sustainable practices and strategies to reduce adverse environmental and social risks and impacts, including those arising from climate change, on BMO and our stakeholders • We have begun tracking a Key Risk Metric, "carbon-related assets", at the enterprise level that will help us understand whether we are staying within our risk appetite.
Collaborating with industry	• Participate in several industry committees and working groups including the Canadian Bankers Association Equator Principles Steering Committee and working groups of the Bank Policy Institute, Institute of International Bankers, International Institute of Finance and UNEP FI.
Increasing employee understanding	• Developed and deployed internal learning on Equator Principles and environmental and social risk due diligence tools • Developed and launched internal learning on climate change, risks and opportunities.

Corporate Audit independently evaluates the quality and effectiveness of internal control, risk management and governance systems and processes within BMO using a dynamic, risk-based plan. Audit results are reported to management regularly. Each quarter the Chief Auditor reports results to the Audit and Conduct Review Committee together with key themes, trends and views of matters of high criticality to the bank.

We benchmark our practices against international standards such as the International Finance Corporation Performance Standards on Environmental and Social Sustainability and United Nations Guiding Principles on Business and Human Rights, as well as peer practices. We keep informed of emerging environmental and social risks. We continue to monitor and respond to the rapidly evolving rule-making activities of regulators and supervisory entities. We participate in programs and consultations related to E&S risk management and disclosure and climate-related litigation trends.

Responsible lending

Our Environmental and Social Risk Financing Guideline provides overall direction for identifying, assessing and managing E&S risk in the context of credit risk decision-making processes. Our Enterprise and Credit Risk Management Frameworks outline our governance and accountabilities, enhanced due diligence, escalations and exceptions processes. We have sector-specific financing guidelines to help us identify and manage E&S risks in higher risk sectors and determine how to factor these risks into our decision-making. Social and environmental requirements in transaction agreements are monitored by the lines of business as part of our overall monitoring process. Updates to our policies are distributed to all affected employees, and we inform key decision-makers case-by-case or issue-by-issue when necessary. Our internal audit function periodically conducts audits on all operating units, which include assessing compliance with applicable policies and procedures, including those relating to environmental and social risk management procedures.

Higher risk sectors and activities are subject to enhanced due diligence, escalations and exception processes. Transactions with significant environmental or social concerns may be escalated to BMO's Reputation Risk Management Committee for consideration. Restrictions are in place for lending to companies involved in the sale of firearms and ammunition or weapons banned by existing international arms control treaties or involving international transfer of military or civilian equipment for military or internal security purposes and business activity affecting UNESCO World Heritage Sites or High Conservation Value Forests. It is the bank's intention to avoid direct financing for any project or transaction that involves exploration or development in the Arctic National Wildlife Refuge (ANWR). In 2021, we introduced a Statement on Coal Lending that describes our approach to extending credit for transactions that involve thermal coal through BMO's Commercial Banking and Corporate Banking lines of business. BMO will not provide financing as a lender where the proceeds are known to be primarily used to develop a new greenfield coal-fired power plant, thermal coal mine or significant expansion of such plants or mines and will not lend to new clients that operate significant coal mining (>60% of revenue) or coal power generation assets (>60% of output, Megawatt hours (MWh)).

We track and report on our lending to carbon-related assets[1] and are implementing the processes for financed emissions quantification and target setting established by the Partnership for Carbon Accounting Financials (PCAF) and the Net-Zero Banking Alliance (NZBA), and also track and report on transactions within the scope of the Equator Principles.

About the Equator Principles

The Equator Principles are a voluntary risk management framework for identifying, assessing and managing environmental and social risk in relation to financial transactions within its scope.

2021 reporting	Category A	Category B	Category C
Project finance			
Total number reaching financial close	0	5	2

BMO has been a signatory to the Equator Principles since 2005, represents North America on the Equator Principles Association Steering Committee, chairs the Social Risk Working Group and sits on the Operations Working Group and the Biodiversity Working Group. As part of our commitment, we apply environmental and social screening procedures to categorize and assess projects based on the magnitude of their potential impacts and risks, and we track and report publicly on Equator Principles transactions every year. You can find more information about BMO's transactions in our 2021 Sustainability Report Data Pack and Glossary.

Biodiversity

Biodiversity is an emerging and important issue in financial services, and we look for ways to contribute to positive biodiversity outcomes. We are involved in the ongoing work of the Taskforce on Nature-related Financial Disclosures (TNFD), and we chaired the Global Cross-Sector Biodiversity Initiative (CSBI) in 2021, a partnership with industry and international finance institutions to develop and share good practice related to biodiversity and ecosystem services in the extractive industry. As a member of the UNPRB, we also participated in a UNEP FI working group and helped develop the UNPRB Guidance on Biodiversity Target Setting.

We are continuing to build our capabilities to identify biodiversity impacts, understand nature-based targets and look to draw on the new disclosure framework to help inform our approach to biodiversity risk management and disclosure

You can read more about BMO's approach to climate change in our 2021 Climate Report.

[1] The value of net loans and acceptances connected to the energy and utilities sectors, excluding water utilities, independent power producers, electricity transmission and distribution companies, renewable electricity producers, nuclear electricity producers, and waste management companies. The amount is reported as at the specified date, and is expressed as a percentage of total loans and acceptances, net of allowance for credit losses on impaired loans.

Inclusive society

We're playing our part in building a society with zero barriers to inclusion. We support equity, equality and inclusion for our colleagues, customers and communities, and are helping to foster a more just society – especially for groups facing systemic barriers.

What we focus on

55 **Diversity, equity and inclusion** – we strive to provide equitable opportunities for all employees, and foster an inclusive culture where everyone feels valued, respected and heard.

57 **Employee experience** – we aspire to have every employee's career at BMO – and every interaction they have at the bank – shaped by our values and culture.

63 **Community impact** – we can help build stronger communities through corporate giving, employee giving and volunteering and sponsorship programs.

Alignment with SDGs

- **4 Quality education** 4.4
- **5 Gender equality** 5.1, 5.5, 5.a
- **8 Decent work and economic growth** 8.3, 8.5, 8.7
- **10 Reduced inequalities** 10.2, 10.3
- **17 Partnerships for the goals** 17.16

See page 14

BMO volunteers Chhavi Malik and Matthew Arias
Riverside Bridge, Toronto, Ontario

Education for a more inclusive society

Indigenous communities have been integral to the development of Canada, and have endured long-standing systemic discrimination. Breaking down the barriers they face and fostering inclusion begins with education, a first step we can all take and a critical gateway towards achieving equity and racial justice.

In 2021, BMO continued its long-standing commitment to education around the history and experience of Indigenous peoples with the development of Nisitohtamowin ᓂᓯᑐᐦᒪᐧᐃᐣ, Understanding Indigenous Perspectives in Canada. Nisitohtamowin, which means "understanding" in Cree, is an e-learning module that was created in partnership with First Nations University of Canada and Reconciliation Education. Initially rolled out internally in 2020, it has been completed by approximately 87% of Canadian employees. To bring the learning to a wider audience, as part of National Indigenous History Month in June, BMO made the module available on its website at no cost for six weeks. More than 20,000 people accessed the course over that period.

"Nisitohtamowin provided a frank and unvarnished picture of the dark history of Crown-Indigenous relations in Canada, including the generations of abuse inflicted on Indigenous peoples by the Indian Residential School system," said Mike Bonner, BMO's Head, Canadian Business Banking and Co-Chair, Indigenous Advisory Council. "It acknowledged that the path to reconciliation with Indigenous peoples begins with the truth, and was part of BMO's response to the 94 Calls to Action of the Truth and Reconciliation Commission of Canada. With Nisitohtamowin, BMO is striving to promote a deeper understanding of Indigenous history and contemporary reality that our society requires."

We have taken many other steps on that path. Our approach to serving Indigenous communities has three pillars: education, employment and economic empowerment. We provide cultural awareness training for bank staff on Indigenous issues, especially in branches that serve Indigenous communities. We have made education a key element of our Indigenous corporate giving strategy, with more than a third of donations to Indigenous causes earmarked for educational awards and scholarships. And we have made inclusion of Indigenous peoples a priority in our employment policies, by developing the Miikana Career Pathways Program that provides mentorship, network development, and one-on-one career coaching and guidance for Indigenous employees. Thanks in part to Miikana, we increased the representation of Indigenous peoples in our workforce by over 20% in 2021. All of this and more was detailed in our first Indigenous Partnerships and Progress Report, called Wîcihitowin.

Through support for education, as well as vigorous measures in recruitment and retention, we are building a foundation for long-term partnerships with Indigenous peoples, communities and customers. These initiatives form part of our overall promise to remove barriers to social and economic inclusion wherever we find them. It's all part of our Purpose-driven bold commitment to helping build a more inclusive society with zero barriers.

Diversity, equity and inclusion

BMO's strategy is grounded in the strength of its people. We strive to provide equitable opportunities to employees regardless of gender, race, ethnicity, disability, sexual orientation, religion, marital status or age. We're committed to creating an inclusive culture where every employee feels valued, respected and heard, and can bring their best self to work.

Who has responsibility

Chief Human Resources Officer and Head of People and Culture, working with the Chief Talent Officer, Chief Inclusion Officer, the U.S. Chief Human Resources Officer and BMO's Leadership Committee for Diversity, Equity and Inclusion, an enterprise-wide committee of 25+ senior executives

Overseen by the Executive Committee and the Board's Human Resources Committee

Our commitment

BMO's CEO is a vocal champion of inclusivity. We're committed to accelerating initiatives that increase diversity, equity and inclusion (DEI) in our workforce, and create meaningful and sustainable change.

Our Leadership Committee for Diversity, Equity and Inclusion (LCDEI), consists of 25+ senior executives from across the organization, establishes strategic priorities and oversees progress toward our DEI goals. Their work is augmented by the grassroots efforts of the more than 8,000 members of our 16 Employee Resource Groups.

We've signed on to several industry commitments, including the Catalyst Accord 2022 in Canada, the UN Women's Empowerment Principles, the UN LGBTI Standards of Conduct for Business and the BlackNorth CEO Pledge.

2021 highlights – Diversity, equity and inclusion

Increasing learning opportunities	• Evolved our language on DEI and advanced learning on social justice through listening sessions across the organization, focusing on Asian, Black and Indigenous employees to create a safe space for open dialogue around identifying the barriers to inclusion • Continued the rollout of a new e-learning course, Nisitohtamowin (see Feature story) to promote healing, equity and respect of Indigenous cultures and values in Canada. Launched the course as a free public resource to advance truth and reconciliation through education in Canada in partnership with First Nations University of Canada. • Published Wîcihitowin, BMO's inaugural Indigenous Partnership and Progress Report, a special report acknowledging and celebrating the resilience, innovation and achievements of Indigenous peoples. The report was released prior to Canada's first National Day for Truth and Reconciliation on September 30, 2021 • Introduced a course to help employees be better allies to 2SLGBTQ+ colleagues (see Learning and development).
Reinforcing our commitment to gender equality in the workplace	• Marked our fourth year sponsoring Plan International Canada's Girls Belong Here program, which creates meaningful opportunities for youth to step up and see themselves in leadership positions in Canada and beyond. BMO's General Counsel participated in the annual seat share, offering up her role to a program participant passionate about social, environmental and economic justice. BMO also hosted seven young women in the Girls Belong Here Innovation Hub in September, with a half-day interactive ThinkTank showcasing young women's capacity to be leaders, demonstrating the power of their insights, solutions and leadership. The two-way learning opportunity provided BMO with the youths' unique perspectives on sustainability, climate change and the concept of a just transition.
Supporting new initiatives on diversity in senior leadership	• Partnered with the Prosperity Project™, a new not-for-profit organization focusing on creating and disseminating knowledge on gender diversity and intersectionality (women who also identify as women of colour, Indigenous, and/or are living with disabilities) in leadership and decision-making roles in Canada. The organization released its 2021 Annual Report Card and serves as a research base on diversity at senior levels in the Canadian workforce • Introduced Career Advancement Programs to provide equitable access and support the career development of Black and Latinx colleagues. Tailored for mid-level talent, the program focuses on the pipeline progression into senior leadership roles through three levels: Bridges, Blueprint and EXCELerate.

Employee representation

BMO's *Zero Barriers to Inclusion 2025* is a multi-year strategy that supports DEI across three pillars – colleagues, customers and communities, and further expands on the diversity strategy last set in 2017. We set ambitious workforce representation goals by identifying gaps, removing barriers and holding all leaders, managers and employees accountable for moving BMO forward. Diversity goals are included in the annual performance objectives of each Group Head. The Performance Committee, which is led by the CEO and includes most of our senior leaders, reviews workforce representation goals and key measures of progress towards Zero Barriers to Inclusion at their quarterly meetings.

Zero barriers to inclusion	2025 goals	2021 representation ◆
Gender equity in senior leadership roles – enterprise-wide	40%-60%	41.2%
People of Colour in senior leadership roles – Canada	31%	24.2%
People of Colour in senior leadership roles – United States *This is a BMO Bold Commitment – see page 8*	30%	24.5%
Indigenous peoples across our workforce – Canada *This is a BMO Bold Commitment – see page 8*	1.6%	1.3%
Persons with disabilities across our workforce – Canada and United States	5%-7%	4.5%
2SLGBTQ+ employees across our workforce	3%	2.2%

Diversity in senior leadership

Our objective is to develop a diverse leadership pipeline. Each year, as part of BMO's Leadership Planning program, we identify employees with the potential to take on more senior roles in the organization, and then design a comprehensive development plan for those leaders. This includes a specific focus on developing diverse leaders for more senior roles.

Fair pay

BMO's approach to compensation is based on a comprehensive framework that includes:

- Job evaluation systems that measure and compare jobs using objective, gender-neutral criteria
- Creating salary ranges and bonus targets for our employees using independent third-party compensation data
- Clear workplace policies and procedures on how to treat employees fairly.

We communicate regularly with leaders and managers about reinforcing the importance of applying performance and compensation decisions consistently and equitably.

In 2021, we retained an independent third party to conduct a statistical review of our compensation program and their outcomes for women at BMO. The goal is to assess the alignment of our pay decisions with our Purpose. The review found that, overall, all things being equal, women earned 99 cents for every dollar earned by men in base salary and total compensation.[1]

We regularly assess and adjust our compensation programs as appropriate to make sure we provide fair treatment and gender-neutral pay for all our employees.

Learning and education

Learn from Difference is our signature DEI learning program, a multi-year initiative focused on building a culture of belonging, and equipping leaders and employees with strategies to create a more inclusive environment for colleagues, customers and communities. The program has two components: one for BMO's people managers and a second for all employees – our aspiration is that all BMO colleagues complete this learning and over 80% have completed, to date. The Learn from Difference program is a key part of onboarding at BMO, ensuring new colleagues start out with a solid grounding in why it is so important for everyone to feel valued, respected and heard. Learning is ongoing and includes additional programs launched in 2021, such as Nishtotamowin and BMO's new Road to Allyship e-learning. Employee Resource Groups play an active role in education at BMO, for all employees, through planning and advising on important awareness-building activities across the organization.

Supplier diversity

Integrating diverse suppliers into our supply chain aligns with the goals of our shareholders, customers and employees. Diverse suppliers are those that have been accredited based on being owned, managed and operated by individuals belonging to a diverse group including minority, women, veteran, disabled, lesbian, gay, bisexual, transgender and Indigenous businesses. We expect our suppliers to provide similar opportunities in their own supply bases. Turn to page 50 to learn more.

[1] To ensure a like-for-like comparison, this analysis was based on total direct compensation, inclusive of base salaries and annual incentives, after adjusting for factors such as level, geography and role, excluding those participating in specialized incentive programs. This analysis was conducted using 2021 data, refreshed to account for compensation awards and increases granted as part of BMO's fiscal year end.

Employee experience

We aspire to have every employee's career at BMO – and every interaction they have at the bank – shaped by our values and culture. We consider every step of the employee experience – from recruiting, on-boarding, learning and development, inspiring, supporting and rewarding them as they grow.

Who has responsibility

Chief Human Resources Officer and Head of People and Culture, working with the Chief Talent Officer, Chief Learning Officer, Chief Inclusion Officer and BMO's senior leadership team

Overseen by the Board's Human Resources Committee

What it includes

- Talent attraction and retention
- Learning and development
- Employee engagement
- Health and wellbeing

Talent attraction and retention

BMO has built a reputation as an employer of choice – we welcome individuals from diverse communities and offer a wide range of meaningful career experiences and opportunities for internal mobility so people stay and grow with us. We prioritize and nurture our values across our workforce and want to attract, develop and retain people who have a shared sense of our Purpose and are passionate about helping us deliver on it.

Attraction

Our Employee Value Proposition articulates how we are different from the competition. Our simplified, integrated and digitalized talent acquisition practices help us find, hire and advance diverse talent to deliver business performance. Our talent acquisition technology platform makes our recruitment processes more transparent for candidates and provides a personalized, online experience.

All recruiters are responsible for finding a diverse group of candidates. Diversity hiring goals are integral for hiring managers, starting with the first intake session, and managers are equipped to assess the candidate's corporate culture fit. Our recruitment marketing team, recruiters and leaders promote BMO's purpose and culture-driven employee value proposition through social media, our careers website and other channels.

2021 highlights – Talent attraction and retention

Diversifying the workplace

- Developed targeted strategies to demonstrate our commitment to an inclusive workplace. For example, our focus on Women in Technology has resulted in improved networking within female technologists; resulting in increase in women placed in Senior Technology Officer roles. We are partnering with organizations (e.g., AWS, Elevate) to reskill diverse external talent and offer job placements to successful graduates of the program
- Doubled our hiring of Indigenous peoples and expanded the virtual Indigenous Technology Hub, creating remote and on-reserve employment opportunities nationwide. Year over year there is a 74% increase in people of colour hires in leadership roles. Our early talent strategies targeting diverse students have resulted in hiring 50% Black, Indigenous, Persons of Colour, co-ops and interns this year
- Strengthened development and retention of Indigenous employees through The Miikana (Ojibwe for "path") Career Pathways Program, offering career development support tailored for each individual Indigenous employee (new and established) at BMO. The program includes both professional and cultural membership, sponsorship, network development and one-on-one career coaching and guidance. More than one-third of our Indigenous employees have enrolled in the program.

Enhancing our attraction and retention strategy

- We've been proactively developing talent strategies that are relevant for today's labour market and are informed by talent data and insights:
  - Building strong talent pipelines for proactive recruitment of global talent. For example, by launching on-reserve Technology Employment Hub for Indigenous talent we are able to bring remote work opportunities to reserves outside major urban centres
  - Transforming the way we work through adoption of hybrid work models. BMO was an early adopter of flexible workplace policies and we are focused on inclusive and enhanced employee experiences for remote and in-office colleagues
  - Amplification of BMO's purpose and culture in the marketplace through strong partnerships with our Corporate Communications, Marketing and Social Media and Sustainability teams to highlight for candidates and employees how BMO is a Purpose-driven organization.

Sharing best practices and awards

- Participated in the Ivey Leadership Series and the Toronto Finance International events including the Financial Services Industry Summit, and the Talent Talks podcast series
- We have been recognized as an Employer of Choice for our early talent strategies including being an honouree in RippleMatch's 2021 Campus Forward Award, highlighting outstanding achievements with BMO's summer internship program in an unprecedented year.

Retention

Creating flexible and inclusive experiences for our employees

BMO has adopted a hybrid work approach with more employees dividing time between working in the office and remotely. We were an early adopter of flexible work policies that offer many employees enhanced flexibility. Across our current work-from-home population, more than 85% will transition to a hybrid model. Our approach requires inclusive and flexible design in how we define productivity more broadly, and in how we support collaboration, learning, and wellbeing in order to attract and retain talent and drive career advancement. An inclusive and enhanced employee experience will be aligned with our talent attraction and retention strategies.

Career development and growth

Candidates look to engage directly with an organization's culture and leadership to inform their decision on career opportunities. We proactively amplify our culture, including our Purpose, our commitment to Zero Barriers to Inclusion and our ESG practices. Internally, we focus on talent strategies to empower employees to easily find and access a range of career experiences across BMO (e.g., full-time roles, networking, mentoring). We encourage internal movement with internal first recruitment options and also provide tools and support to managers so they can have career conversations with employees.

Communication: Strong communication is an essential ingredient of our workplace culture. We use a wide range of multimedia channels to communicate with our employees, including leader town halls, *On Point*, an enterprise-wide social media channel where BMO's senior leaders engage in two-way dialogue with employees, and *BMO Jams*, an online ideation and innovation platform where leaders and employees can candidly exchange ideas.

Compensation: In addition to their pay, full-time and part-time employees have access to a wide range of benefits, including health and wellness programs (medical and dental coverage, access to a virtual healthcare app, employee assistance and wellness resources), life insurance, income protection in case of disability, vacation time and leaves such as time off for new parents. BMO's retirement savings and share purchase plans help employees plan and save for retirement.

53%

of open positions filled
by internal candidates

BMO's performance management and recognition practices are designed to help employees reach their full potential and drive business results. Individual performance management is one of the most powerful ways for creating a winning culture and achieving our strategic goals. Internal employee surveys and listening sessions reinforce an opportunity for change in executing our performance management and rewards and recognition practices.

We use information on the labour market, external trends, industry data and insights to inform our attraction and retention strategies. Senior leadership reviews key metrics such as aged vacancies, time to fill positions, 90-day retention and turnover metrics. Internal employee surveys and listening sessions reinforce an opportunity for change in executing our hiring, performance management and rewards and recognition practices. Our employee listening programs create actionable insights from employee inputs, measure progress and alignment, and support decision-making to enable targeted improvements for our hiring, performance management, and rewards and recognition practices.

Turnover

We track total and voluntary turnover rates. More details can be found in the 2021 Sustainability Report Data Pack and Glossary.

	2021 ◆
Total turnover	
Enterprise-wide	18.8%
Canada	18.0%
United States	20.5%
Voluntary turnover	
Enterprise-wide	14.8%
Canada	14.9%
United States	15.2%

Learning and development

Providing continuous learning and development encourages employees to stay and grow with us. It also levels the playing field, helping to eliminate barriers to inclusion.

We're accelerating skill development to help employees build the skills they need for their job, career, personal interests and the future of work. *BMO Forward*, our 'future of work' learning program helps employees build the technical skills they need for a digital future. The program offers sessions on robotics, data science, cybersecurity digital acumen and other topics, as well as human skills such as empathy, resilience, judgment and cultural intelligence.

We balance BMO Forward with our continued focus on deepening employee knowledge and skills regarding risk, ethics, and legal and regulatory expectations.

Learning and development at BMO take many forms. BMO U, our mobile learning platform, offers a wide range of videos, articles, courses, podcasts, and e-books and opportunities for social collaboration. BMO Institute for Learning (BMO IFL) – our learning and development facility – delivers formal, cohort-based learning programs and informal self-study experiences – many of which have been offered in virtual formats in 2020 and 2021. Every year thousands of our leaders and employees participate in BMO courses, conferences, design and strategy sessions, hackathons and more.

The BMO Learning team collaborates regularly with senior leaders to understand the talent required to support business strategies, strengthen 'talent intelligence' and develop talent pools to meet business needs.

We continue to advance our technology, data and the way we integrate the two to drive clear insights to inform business and people decisions. We're also strengthening our approach to measurement, including how we assess the efficiency of learning operations, the effectiveness of learning programs, the depth and breadth of learned skills, and how learning supports BMO's overall strategic priorities and key people metrics.

2021 highlights – Learning and development

Offering employee learning on virtual and digital channels for easy access	• Invested over $60.2 million in learning and developing in 2021. We have pivoted all face-to-face learning to virtual and digital channels since the start of the pandemic in March 2020.
Introducing new learning to support Zero Barriers to Inclusion	• Offered Nisitohtamowin ᓂᓯᑐᐦᑕᒧᐃᐧᐣ, An Introduction to Understanding Indigenous Perspectives in Canada, our e-learning course developed in partnership with First Nations University of Canada and Reconciliation Education. Over 80% of Canadian employees and 85% of senior leaders completed the course in 2021. The e-learning course was also launched externally and available as a free, public resource for all Canadians to support education and reconciliation in recognition of National Indigenous History Month • Launched *Road to Allyship*, a BMO U learning skill plan designed to help employees be better allies to those on their 2SLGBTQ+ journey. The course covers the importance of allyship, how to make a difference by standing up for people with underheard voices, and how to turn good intentions into meaningful action.
Accelerating skill development to help employees meet the new business imperative: digital first and future ready	• Introduced four new educational streams to BMO Forward: artificial intelligence (AI), digital, cloud, risk and allyship • Became a founding partner of the World Economic Forum SkillsLink Alliance.
Driving new ways of working across BMO	• Developed talent pools to meet short-term needs • Explored new hybrid work models that capture the spark of working in an office while taking advantage of the benefits of working from home.

2021 learning statistics

1,168,984

hours of learning in 2021

$60.2 million

investment in learning

7.6 thousand

employees have participated in the BMO Forward "future of work" learning program to date

This is a BMO Bold Commitment – *see page 8*

89.6%

employees have completed "Learn from Difference for All" training to date

This is a BMO Bold Commitment – *see page 8*

Employee engagement

Activating a high-performing winning culture where employees are highly engaged and mobilized to perform is a strategic priority at BMO.

Listening to our people is a key part of that effort. It helps us better understand our employees, develop their skills, act on their ideas and input, and inspire bolder decision-making at every stage of the employee life cycle (hiring, learning and exit).

Listening also helps us to intervene when necessary and ensure we maintain the employee experience we strive for. We have processes in place for employees to escalate a concern and provide details through annual employee learning, so employees are aware of the process. Employee feedback is scanned for comments that may indicate an issue requiring further investigation, and any flagged comments are forwarded to our Employee Relations group for review and follow-up.

We regularly survey employees to help us identify the most effective approaches to fostering engagement and high performance. More details can be found in the 2021 Sustainability Report Data Pack and Glossary.

The pandemic highlighted the need for us to connect with employees faster and more frequently and, in response, we went through a major renewal of our employee listening strategy in 2020, and continued to make improvements in 2021. The senior leadership team, HR leadership team and HR Business Partners are all involved in designing and building out the new strategy.

Our external survey provider benchmarks a subset of our listening responses to other global companies and banking and institutional investor groups in their client base to provide additional insights. We also engage third-party vendors to assess our pulse check surveys and provide updates on best practices related to the employee life cycle.

80%

employee engagement index

2021 highlights – Employee engagement

Improving how we engage with our employees	• Launched a new digitized listening platform to improve survey user experience with self-serve dashboards • Introduced shorter and more frequent pulse checks to help us connect with employees faster, understand their needs sooner, analyze feedback on key issues as they develop, and provide the necessary support as people adapted to new ways of working • Designed new annual Winning Culture checkup survey on employee engagement, winning culture and other strategic priorities, employee experience, and ethics and conduct.
Receiving employee input on critical initiatives	• BMO employees responded to regular pulse checks during the year, which helped guide the development of critical initiatives, including our work-from-home and return-to-office strategies.
Expanding our learning about the employee life cycle	• Redesigned the employee exit survey to enhance our data and analytics capability, simplify the survey administration process, and improve the user experience.

Highlights from the 2021 Winning Culture checkup survey

84%

are proud to work for BMO

87%

agree that BMO values diversity of thought and inclusion of all people, backgrounds and employee experiences

88%

feel their experience working at BMO meets their expectations

83%

would recommend BMO's products and services to people they know

Health and wellbeing

BMO is committed to empowering our people to take an active role in their overall health and wellness to help them be at their best – productive and engaged colleagues that have the tools and resources they need to thrive both at work and home. We recognize that wellness needs may be different for everyone, and can change over time, which is why we provide digitized solutions to help employees meet their goals when and where they want.

We take a holistic approach to wellness at BMO, focusing on four key areas to support employee wellbeing:

- Mental wellness – achieving emotional balance to function effectively through life's challenges and stressors
- Physical wellness – balancing healthy nutrition, physical activity, preventive care and enough rest for optimal health and functioning
- Social wellness – fostering positive relationships and interactions with others to enhance quality of life
- Financial wellness – managing short-term finances and long-term savings to live comfortably and reach financial goals.

Our Purpose commitments include a focus on building a sustainable future and zero barriers to inclusion – and employee wellness and benefits is part of that work. Our benefit offerings are guided by three key principles: market competitiveness, shared responsibility and managing affordability and risk. Each year, we review our benefit claims, anticipated inflation, competitive practices, government funding, and legislative changes to determine plan costs. We're also always looking for ways to improve our benefits package to better meet evolving needs while ensuring long-term financial sustainability of the program.

2021 highlights – Health and wellbeing

Expanding our benefits offerings	• Enhanced our flexible benefits plan in Canada by adding a Wellness Account, giving employees the option of allocating excess flex dollars to the new account to claim expenses that support their mental, physical and financial wellbeing, or to their Health Spending Account • Added a weight management program to the U.S. health plan, providing employees a virtual multi-week program for weight management for better health and wellness.
Championing mental health to increase awareness and acceptance	• Actively participated in forums on women's mental health: BMO for Women | Breaking the Stigma: A conversation on Women's Mental Health and the CAMH Business Leaders Summit panel. Cameron Fowler, BMO's Chief Strategy and Operations Officer, attended the events and posted about them on social media • Developed a Wellness Champions network of employees from across the enterprise to further integrate wellness activities and awareness at every level of the business • Offered mental health e-learning for all employees and managers to help expand their awareness of mental health and support available through BMO's Employee Assistance Program to take an active role in preserving and enhancing workplace wellbeing.
Extending our support to businesses	• Extended our resources for overall wellbeing to Canadian business clients through LifeWorks, providing 24/7 access to work-life support by phone, online or mobile app from July to December 2021 • Participated in a best practices seminar *Organizational response to wellbeing* through The Ivey Academy.

Health and wellness during COVID-19

Our response to the COVID-19 pandemic has been driven by our commitment to the health and safety of our people. We focused on the following key areas to help employees stay healthy, balance work and family needs and adjust to new ways of working:

- Offered wellness sessions on meditation, yoga and stretching to help employees take time in their days to recharge
- Enhanced leadership and enterprise messaging to encourage the use of existing flexible scheduling and vacation benefits to support employees needs for work/life balance
- Embraced new ways of working with technology being a key enabler, providing tools to collaborate for greater team productivity in a remote environment
- Through our Wellness at BMO Hub site, provided employees and teams with a variety of mental health and wellness resources and activities to help meet diverse employee needs through the pandemic
- Brought in experts including BMO's Medical Advisor and health practitioners to provide additional information and resources to employees during the pandemic on various topics such as parenting, children's mental health, vaccines, health and safety and returning to the office
- Offered access to parenting resources, including piloting a new virtual tutoring offering to help our employees navigate new challenges faced during the pandemic
- For employees in BMO locations, particularly throughout our branch network, we implemented enhanced health and safety protocols, such as wearing masks, physical distancing and introducing plexiglass.

Healthcare support

Comprehensive medical and dental coverage and 24/7 access to high-quality virtual healthcare support

Wellness hub

Central resource for wellness content, resources, tools and education

Mental health care

- Coverage for psychological services in Canada up to $3000/year
- Employee Assistance Program for 24/7 short-term confidential counselling

New ways of working

Wide range of resources to help employees return to the office safely and productively

Community impact

We can help build stronger communities through corporate giving, employee giving and volunteering and sponsorship programs, which can create value for our customers, our business and society at large.

Who has responsibility

Chief Communications and Social Impact Officer

Overseen by the Chief Strategy and Operations Officer, working with the Community Giving Committees and, in the U.S., BMO's Social Impact Committee

What it includes

- Community giving
- Employee volunteering
- Sponsorships

Community giving

BMO's community giving strategy is built on three pillars – collaboration, learning and innovation – that are supported by over 200 years of commitment to helping improve the quality of life in the communities where we live and work.

Our pillars guide how we select and work with our community partners, and measure performance.

We believe that progress on important social issues can be made through continuous learning and knowledge sharing – from setbacks as well as successes – and the timely use of insights to inform and adapt strategy. We look to capture the right data, at the right time, which enables us to make smarter decisions and affect more meaningful and sustainable social change. We seek out opportunities to collaborate with partners across sectors and disciplines throughout our footprint, looking for those who share our passion for delivering new and sustainable solutions to ever-evolving challenges, and for seeding transformational change. Our community giving strategy aligns with BMO's Purpose to **Boldly Grow the Good *in business and life*** and our Bold Commitments to a more sustainable future, an inclusive society and a thriving economy.

In 2021, $66.3 million◆ in donations were made to registered charities and non-profit organizations in Canada and the United States. BMO's corporate donation dollars are assured by KPMG and we undergo an internal audit every three years.

Our Community Giving Operating Procedures are reviewed annually and updated as needed.

2021 community giving at a glance	% of total
Health and social services (includes hospitals and federated appeals)	41.0%
Arts and culture	20.9%
Education	20.1%
Civic/Community services and economic development	13.6%
Other	4.4%

2021 highlights – Community giving

Health and social services

- Pledged $10 million to help create the new Rush BMO Institute for Health Equity with the Rush University Medical Center in Chicago
- Pledged a $1 million capital grant to fund BUILD Chicago's new youth and community hub center in the city's Austin neighborhood. The transformed campus will become a hub for the South Austin community, and for BUILD's core programs of Violence Intervention, Violence Prevention, Education, Creative Enrichment, Clinical Wellness and Community Outreach. BMO will have a named space in the new building – the BMO Learning Lab.

Arts and culture

- Donated $250,000 to support the United Performing Arts Fund in Milwaukee to ensure the stability of the performing arts community as it provides a diverse, vibrant and sustainable cultural life for all
- Presenting sponsor of Naadohbi: To Draw Water, the first Indigenous Triennial at the Winnipeg Art Gallery. The exhibition features works from Indigenous artists from around the world revolving around the central theme of water in a time of ecological crisis.

Education

- Pledged $1 million to Hope Chicago – a two-generation scholarship program for Chicago Public School graduates and families. BMO is recognized as a founding corporate supporter of Hope Chicago
- Donated $115,000 to Junior Achievement (JA) of Wisconsin to help launch the JA Technical Scholars program, an initiative to prepare students for apprenticeships and create a pipeline for manufacturing jobs
- Established the BMO Sustainable and Transition Finance Professorship at the Haskayne School of Business at the University of Calgary
- Launched a new introductory e-learning course in partnership with First Nations University of Canada and Reconciliation Education
- Supported the establishment of the Permafrost Institute at the YukonU Research Centre
- BMO Capital Markets donated $1.6 million (100% of one day's institutional equity trading commissions in North America and U.K.) for BMO's Equity Through Education trading day initiative. The funds were donated to charities in North America and the U.K. to provide scholarships, bursaries, mentoring and development opportunities.

Civic/Community services and economic development

- Pledged $1 million to the Obama Foundation for the Obama Presidential Center Construction Workforce Initiative, which is designed to create an inclusive construction workforce trained with skills to build the OPC and create an ongoing diverse talent pipeline for construction projects across Chicago.

In-kind

- Partnered with Inuit Tapiriit Kanatami to provide nearly 150,000 face masks, 750,000 wipes and 2,000 litres of sanitizer to vulnerable communities mainly across Inuit Nunangat
- Worked with Indigenous community leaders and organizations across the country to deliver supplies of PPE to vulnerable First Nations and Métis communities
- Donated more than 1,250 refurbished and new laptops and tablets to young students across the country, many in northern and remote Indigenous communities.

Employee giving and volunteering

Employee giving and volunteering are a core part of our culture, reinforcing our shared values and building our reputation as proactive community builders who champion progress and create positive and sustainable change.

We offer unique opportunities for our people to support causes they care about. Employees are involved in fundraising for Kids Help Phone, United Way and other important organizations. They also volunteer in community programs throughout the year, sharing their time and talent with non-profits across North America. Our new online tracking tool makes it easier for employees to track their volunteer time and reinforces the volunteer impact of Team BMO.

Our pro bono program works in our communities and through local organizations to offer free legal services to low-income and vulnerable people in need. We consider this a vitally important community service that aligns with our commitment to Boldly Grow the Good. We've changed how we deliver services and now meet with people and organizations virtually so we can continue to meet the needs of our communities during the pandemic.

2021 highlights – Employee giving and volunteering

Maintaining employee giving during the pandemic	• Our campaign efforts are focused on catalyzing change to address inequality of opportunity, close the fairness gap and eliminate barriers to full economic inclusion for all • Achieved 90% participation by BMO employees in the BMO Employee Giving Campaign • Employees pledged over $23 million to local United Way organizations and other charities across North America • We mobilized for Kids Help Phone to support zero barriers to inclusion so that every young person has full and equitable access to wellbeing support • 6,000 employees participated in our second Kids Help Phone Dance + More for Tomorrow virtual fundraising campaign and raised $1.3 million, but the impact goes far beyond the dollars to the awareness we bring to the issues.
Reinforcing our social impact with a new employee tool	• Launched a new online tracking tool for volunteer hours • Canadian employees can track their time both during and outside working hours. Hours can be associated with a BMO volunteer program, approved activity performed as a BMO employee, individual volunteer activity that can be connected to a registered charity or a more informal activity that supports the community.
Continuing our commitment to pro bono work	• Offered pro bono work in Canada, the U.S. and U.K. • Provided support to a wide range of groups and individuals including low-income individuals, children with disabilities, Black nurses, immigration clinics, asylum cases and individuals whose lives have been impacted by past criminal records • In 2021, we supported 3 new agencies or projects through our pro bono legal program.

2021 employee giving and volunteering

31,000+
employee volunteer hours in 2021

$23 million
total pledged through
BMO Employee Giving Campaign

2021 pro bono legal program

65
employee volunteers

732
pro bono volunteer hours

Sponsorship

BMO is proud to support a wide-ranging portfolio of marquee sports properties and community impact programs throughout North America. By utilizing best-in-class customer experiences, these partnerships increase brand awareness, grow BMO's reputation, and strengthen our connections with the communities we serve.

Our sports sponsorship portfolio spans a range of professional, collegiate and grassroots initiatives, the latter of which gives youth and families an opportunity to experience the positive impact of sport. BMO's marquee sport sponsorships include the Chicago Blackhawks and Minnesota Wild in the National Hockey League, and the Milwaukee Bucks and Chicago Bulls in the National Basketball Association. BMO is also a proud partner of the three Canadian Major League Soccer teams – CF Montréal, Vancouver Whitecaps and Toronto FC, as well as the Toronto Argonauts in the Canadian Football League.

BMO actively supports a number of cultural and community-driven initiatives in Canada and the United States. Our premiere partnerships with the Calgary Stampede, Vancouver Marathon and Summerfest – the World's Largest Music Festival in Milwaukee, provide presence and visibility in prime BMO markets. These are just a few of the many organizations we sponsor to enrich the communities we serve and ignite the passion we share with our employees and customers.

2021 highlights – Sponsorship

Supporting underprivileged kids through the BMO Soccer Program and CF Montréal	• Our first ever #FanFini GearUp program that launched this past summer had a clear goal – to help make soccer more accessible to young people through equipment donations. More than 2,500 soccer players from the general public across Greater Montréal were supported. • 10,000+ items of soccer equipment were collected through drop-off locations at 20 participating BMO branches, the CF Montréal store and through a special tournament event at Saputo Stadium • The BMO team used the CF Montréal equipment refurbishment process as a model to clean up the collected items. The soccer equipment was sorted to ensure quality, and cleaned to make each item as close to new as possible. The equipment was then donated to youth in need through various channels.
Collaborating with professional basketball to support Black-owned businesses	• As the official bank of the Chicago Bulls, BMO collaborated with the team to spotlight Chicago Black-owned businesses and owners who are making a positive difference in the community • The Bulls recognized one local business each month on their website and launched video features on digital and social platforms and BMO donated a portion of their promotional assets such as interior and exterior signage for added in-arena and broadcast exposure • Both BMO and the Chicago Bulls purchased items from each business for donation back to the community or as gifts for season ticket holders or corporate partners.
Supporting artists and minority-owned businesses in a single festival	• The inaugural BMO EMpower Grant Program with Summerfest provided grants totalling $26,000 to 11 local area minority-owned businesses to support their first year as marketplace vendors during the September music festival in Milwaukee • The grants were used for various needs such as enhanced displays/booths, inventory supplies, and vending fees • Additional benefits to the grant recipients included networking opportunities with BMO banking executives and educational events for small business owners and meetings with bankers to discuss their business needs.
Celebrating the 2SLGBTQ+ community	• Celebrated and sponsored Pride Month events in communities across North America including the 25th annual *pride & remembrance run* in Canada, Blackhawks Pride Night, Chicago Bulls Pride Night, CANFAR, Maison du Parc and The 519 • Our *pride & remembrance run* was enhanced through the 'Stream Queens' initiative in which BMO teamed up with Toronto's favourite drag queens to create Spotify playlists of their favourite songs for runners to train or run to • BMO has been a proud supporter of Pride for more than two decades.
Building on our partnership with the Orchestre symphonique de Montréal (OSM)	• In light of the pandemic, BMO became the official sponsor of the OSM digital shift, providing the orchestra with increased visibility on its new platforms, including more than 33 new digital concerts • Each year, as the holiday season approaches, BMO invites clients to a private Christmas concert with the OSM. Due to the pandemic, we changed this to a special virtual gift: access to the first augmented reality app developed by BMO, allowing clients to enjoy an OSM concert from their homes • The Christmas Concert shift won BMO a 2021 IDEA Award and 2021 Gold Sponsorship Marketing Council Canada Award in Arts & Culture.

Foundation of trust

We must earn the trust of stakeholders to achieve our goals and deliver on our Purpose. An aligned culture, sound corporate governance practices, ethical business behaviour and data security all contribute to a strong foundation, and help create long-term value for our stakeholders.

What we focus on

68 **Customer experience** – We aim to put the customer at the centre of everything we do. We want to deliver world-class customer experiences as a digitally enabled bank, providing solutions for customers that deepen our relationships and drive customer loyalty.

70 **Consumer protection and transparency** – Our consumer protection and transparency practices are designed to support our customers' confidence in the financial decisions they make – and in BMO as their bank.

71 **Innovation and digitalization** – Innovation and digitalization are key to transforming our customer experience and making it simpler, personalized and empowering.

72 **Data security** – Our shareholders, customers, partners, regulators and colleagues rely on us to safeguard bank, employee and customer data and processes.

74 **Corporate governance** – Sound corporate governance strengthens our foundation of trust and supports sustainable performance.

76 **Business conduct** – Our commitment to ethical business practices is integral to our reputation in the financial sector and the global economy, and helps us cultivate strong relationships with employees, customers and communities.

78 **Human rights** – BMO strives to respect fundamental human rights everywhere we do business.

Alignment with SDGs

- 7 **Affordable and clean energy** 7.2, 7.3, 7.a
- 10 **Reduced inequalities** 10.2, 10.3
- 11 **Sustainable cities and communities** 11.6
- 13 **Climate action** 13.1, 13.3
- 16 **Peace, justice and strong institutions** 16.4, 16.5
- 17 **Partnerships for the goals** 17.16

See page 14

Trishna Jeyawan
BMO Customer Service Representative
2183 Queen St. E, Toronto, Ontario

BMO partners with The STEPS initiative, a Toronto-based organization that works with local organizers and artists, to create murals that are inspired by the communities we serve

Photo: David Graham White

Business built on a foundation of trust

Ula Ubani
Ombudsperson and Chief Ethics & Conduct Officer
Toronto, Ontario

Photo: Peter Phoa

Founded in 1817, BMO is now entering our third century as a bank. The significance of this milestone is not lost on Ula Ubani, BMO's Ombudsperson and Chief Ethics & Conduct Officer – especially as it relates to her role. "You don't get to where we are today, doing business for more than two hundred years, unless you are able to develop and maintain the trust of our customers and stakeholders. Trust is the foundation of our success. And trust rests on an ongoing commitment to ethical behaviour always."

Even in the best of times, it would be impossible for BMO to deliver on its Purpose, to **Boldly Grow the Good *in business and life***, without the trust of those that we work and do business with. But when the COVID-19 pandemic arrived, the critical importance of that trust was thrown into relief. Stakeholders – from customers and businesses to employees and governments – turned to us as a steady hand, and we delivered. We transitioned our workforce rapidly in response to new public health guidelines; ramped up our online banking capacity; delivered emergency funding and benefits to customers on both sides of the border; and enhanced our security initiatives to match the new volume of online transactions. In the face of a major crisis, we helped our customers, communities and societies navigate uncertainty and respond to changes. We endeavour to earn our stakeholders' trust every day – but these past two years have shown us again how foundational it is.

The trust that stakeholders place in us is not limited to confidence in BMO's operational excellence in exceptional circumstances. It extends to our wider social impact. In the area of the environment, for example, we set our ambition for a net-zero future by 2050. We have shown our commitment to advancing Truth and Reconciliation through educational initiatives such as Nisitohtamowin ᓂᓯᑐᐦᒪᐧᐃᐣ, our e-learning course in Indigenous history. And we have committed to a more just economy through BMO EMpower, a US$5 billion initiative to help close the racial wealth gap in the United States, which we expanded to Canada in 2022.

Initiatives like these demonstrate the core values at the heart of our organization: integrity, empathy, diversity and responsibility. These values, which inform every action we take, underpin our Code of Conduct. Every employee is required to read and understand the Code, which rests on five pillars: honest and respectful behaviour; speaking up about violations of the Code; following the letter and spirit of the law; dedication to information security; and proper management of conflicts of interest. We reinforce the Code with a culture of accountability that is embedded in every level of our organization, and supported by robust oversight and governance.

At BMO, our employees know that we are handling other people's money – and with it, their business, their retirement, their children's education, their dreams. We take that responsibility seriously. It drives our belief in ethics, security and privacy, and reinforces our commitment to trust as the foundation of our bank.

Customer experience

We aim to put the customer at the centre of everything we do. We want to deliver world-class customer experiences as a digitally enabled bank, providing solutions for customers that deepen our relationships and drive customer loyalty.

Who has responsibility

Employees – we expect every employee to focus on putting the customers' needs at the centre of everything we do

Business Heads and Head of Loyalty and Sponsorship

The Board's Human Resources Committee approves Net Promoter Score (NPS) targets

We are working to embed a bank-wide customer-centric focus in everything we do, across all roles and as a strategic priority of the bank to achieve: *world class client loyalty and growth*.

We aim to operate as One Bank, providing a seamless experience for our customers across all channels. This includes pairing advanced digital, self-serve customer experiences with our industry-leading advice capabilities and removing all barriers to inclusion.

We strive to embed responsibility for customer outcomes as deeply as possible in the organization, recognizing that all employees have an impact on the customer in one way or another. We promote customer experience awareness through initiatives such as our customer immersion program *Think Like the Customer*, learning programs for all employees, and workshops that demonstrate how internal processes effect the customer.

Measuring customer experience

We welcome customer feedback using customer loyalty surveys, digital listening and customer complaints. We integrate feedback into our practices, to build solutions for our customers to create value at every stage of their journey.

2021 highlights – Customer experience

World class customer experience	• Enterprise NPS has improved from 36 in fiscal 2017 to 55 in fiscal 2021, translating loyalty into growth • Industry-leading Canada and U.S. loyalty scores supporting Commercial momentum – among North America's Top 10 lenders.
Digital first	• Continued to invest in responsible AI solutions: – Launched BMO CashTrack Insight, an AI-driven capability to help customers improve their financial wellness, that's fully integrated with BMO Insights, our wider personal financial management solution.
Innovation	• Implemented digital listening to capture customer feedback in real time, allowing for more effective and timely solutions • Launched SMS texting capabilities to capture quick and timely feedback from customers from their smartphone, email or phone.
Rewards and recognition	• Best Private Bank in Canada – World Finance Magazine • Best Commercial Bank in Canada – World Finance Magazine

55

2021 enterprise-wide Net Promoter Score

1,041,742

customer loyalty surveys

Ranked World's Best Banks 2021

BMO Harris Bank recognized by Forbes

NPS is the primary metric we use to track and measure customer experience. We have NPS programs across our operating groups and channels, including branches and customer contact centres. We regularly report our NPS results to the executive leadership team and the Board, and use NPS as a measure for client loyalty – one of the strategic objectives that determine variable pay funding for executive compensation. We also participate in industry studies to help us assess how well we perform against our competitors.

We encourage customers with concerns to speak to a representative at the branch or office where the complaint originated. If the complaint remains unresolved, customers in Canada are invited to contact a senior officer and, if still not satisfied, BMO's Office of the Ombudsperson. In the United States, customers can contact our toll-free number or complete an online form. We outline the steps customers can take if they have a complaint on our websites and in our branches.

BMO's Office of the Ombudsperson

The Office of the Ombudsperson is an important part of our Canadian internal dispute resolution process. It conducts impartial reviews of unresolved customer complaints to try to facilitate a resolution. Complaints are carefully considered and reviews are grounded in fairness, integrity and respect. The process considers the interests of all parties, as well as applicable BMO policies and standard industry practices. The Office of the Ombudsperson continually looks for ways to improve internal processes and ensure that customers are receiving assistance in a timely manner.

Customers can also take their concerns to one of BMO's external dispute resolution providers – the Ombudsman for Banking Services and Investments or the OmbudService for Life & Health Insurance – for a further impartial, informal and confidential review.

2021 escalated complaints

The past year saw a continuation of the global pandemic and the ensuing challenges for Canadians, including BMO customers. While many parts of our economy transitioned to new operating models and practices, social and economic difficulties persisted. It is in part due to these difficult circumstances that the number of escalated customer complaints increased.

In Canada, the number of escalated complaints increased by 45% compared to 2020 reflecting higher number of concerns expressed by our customers in the areas outlined below.

In the U.S., the number of escalated complaints increased by 51% compared to 2020, primarily driven by transitional issues related to the transfer of servicing of mortgage and home equity loans to a third party. In 2022, we are seeing these complaint volumes return to normal levels. As in Canada, COVID-19 and social unrest also impacted our customers in the U.S., contributing to the increase in the number of escalated customer complaints in 2021.

Canada

Fraud	10%
Fees and interest	10%
Quality of service	10%
Loan set-up, renewal and approval process	8%
Marketing campaigns and rewards	7%
Payment issues	5%
Debit/credit card issues	5%
Merchant dispute	4%
Digital banking issues	3%
Other	38%

United States

Lending and mortgage-servicing and collection	37%
Fraud	14%
Deposit accounting servicing	9%
Promotional offers on deposit accounts	5%
Digital banking issues	4%
Maintenance and overdraft/NSF fees	3%
Other	28%

An escalated complaint is any expression of dissatisfaction by a customer, in relation to a product or service offered, sold or provided, that is escalated to the business group senior officer listed in the BMO Financial Group complaint resolution process, as outlined in the *We're here to help* brochure.

An escalated complaint is a complaint that cannot be resolved immediately by the employee initially contacted and requires further review by the manager of the channel, Customer Advocacy Support and Escalation Team, Compliance or Legal. This includes all complaints directed to executives, Board members and external agencies, among others.

Consumer protection and transparency

Our consumer protection and transparency practices support our customers' confidence in the financial decisions they make – and in BMO as their bank. As more people switch to digital self-service options, having the right controls and procedures in place has become increasingly important in enabling customers to bank safely and confidently, and in managing risks to our business.

Who has responsibility

BMO's General Counsel

Overseen by the Board's Risk Review Committee and Audit and Conduct Review Committee

The Office of the Ombudsperson provides independent oversight of business activity

All of BMO's banking and investment offerings comply with consumer protection laws, regulations, voluntary codes of conduct and public commitments to the fair design and sale of financial products and services (see Business conduct).

BMO's Code of Conduct (see Business conduct) provides guidance to employees about consumer protection and transparency. Employees are expected to:

- Understand BMO products and services and the rules that apply when selling them, including the need to provide disclosure and obtain customer consent.
- Get to know their customers and offer products and services that are appropriate for them.
- Never take advantage of, coerce, impose excessive or persistent pressure on, or provide false or misleading information to a customer.

Sales force training reinforces these expectations. In our compensation and incentive plans, employees are compensated based on sales revenue generated. Sales revenue is generally recognized when a customer uses a product, and it may be reversed if a customer cancels or does not use a product. Regular monitoring of our sales force, along with audits and reviews of our policies and procedures, ensures the continued integrity of our practices and processes.

Our marketing materials, website content and product documentation use clear and simple language to explain product features to customers, while also providing details about costs, fees, risks, limitations and exclusions.

We use customer metrics such as customer experience survey results (NPS scores), customer complaints and customer retention rates to help us assess the effectiveness of our consumer protection and transparency practices.

2021 highlights – Consumer protection and transparency

Providing help during COVID-19	• Administered government programs such as the Canada Emergency Response Benefit (CERB) in 2020 and 2021 to help customers weather economic disruption and hardship during the pandemic.
Increasing our use of digitalization	• Accelerated our digitalization initiative across the enterprise to deliver financial services in a transparent and environmentally sustainable way, while ensuring customer protection and safeguarding of client information. We introduced digital solutions, ranging from digital payments, credit card, lending, deposit and Wealth Management services to BMO Give & Go, a new digital solution in Canada that helps simplify charitable giving (see page 71) • Expanded oneSpan across the enterprise – optimizing processes and technologies to provide services to customers in a transparent way and protect their information.
Supporting seniors	• Continued to make improvements to better serve our senior customers in Canada (see below).

Supporting seniors

The Code of Conduct for the Delivery of Banking Services to Seniors (the Seniors Code) went into effect in Canada on January 1, 2021. "BMO's Adherence to the Code of Conduct for the Delivery of Banking Services to Seniors" outlines BMO's commitment and can be found on our website.

While our practices already reflected the principles outlined in the Seniors Code, we've continued to make improvements to better serve our senior customers. These enhancements include launching a dedicated website for seniors with valuable information and resources, delivering employee training on issues affecting our senior customers, and improving our ability to track incidents of suspected financial abuse or fraud against senior customers.

Innovation and digitalization

BMO is continuing to build a digitally enabled, future-ready bank aiming to put customer needs at the heart of everything we do. Innovation and digitalization are key to transforming the customer experience and making it simpler, personalized and empowering.

Who has responsibility

Chief Digital Officer, North American Personal and Business Banking and Wealth Management

People have embraced technology in most aspects of their lives, and they expect their bank to do the same by offering simple and digital experiences that give them more control over their financial lives and help them make real financial progress.

Our strategy is to try to harness the transformative power of a digital approach across our business model and customer experience:

- Developing products and services that align to clear customer needs
- Transforming how customers form and extend relationships with us
- Making both self-service and assisted service easier, faster and more convenient for customers and our teams
- Improving the ways we work to quickly and efficiently transform our experience, at scale.

The shift to digital services accelerated during the pandemic as remote banking capabilities became more important to keeping our employees and customers safe by providing the ability to bank at home or on the go.

Our investments in the digital customer experience and technology continue to be focused on meeting the evolving needs of our customers – and they continue to respond positively with strong and rising adoption and engagement. More details can be found in the 2021 Sustainability Report Data Pack and Glossary.

Selfie ID verification

Building on the launch of our Automated Digital Enrolment solution, we added Selfie ID verification to our suite of digital solutions in 2021. As part of the account opening process, customers can have their identity verified by submitting a photo of a Canadian government-issued photo identification (a driver's licence, passport or permanent resident card) along with an in-the-moment selfie. The authenticity of both items will automatically be verified and enable a decision on customer applications in real time, without having to visit a branch.

This new feature provides a convenient way for Canadian Bank of Montreal customers to apply for and open personal bank accounts and credit cards from their personal devices as part of our continued journey to improve the digital, remote onboarding experience and meet customers wherever they are.

2021 highlights – Innovation and digitalization

Adding to our digital solutions	• Enhanced and launched new digital features and capabilities. Some examples include: – BMO Insights & CashTrack Insight, an artificial intelligence (AI) driven capability that predicts potential cash shortfalls and recommends solutions to help customers manage the shortfall – BMO's Automated Digital Enrolment feature that allows customers to automatically enable commonly used digital banking features to simplify the digital banking set-up process – Digital Welcome Kits which provide Canadian credit card customers the option to receive a welcome kit electronically instead of a physical mailed package – BMO InvestorLine's new adviceDirect Preview enhances the digital trading experience by providing free access to investing resources and features.
Forming digital partnerships to enhance services and systems	• BMO Harris partnered with Hope Trust, a technology-based planning service and trust administration platform for clients with special needs and their families • Selected Amazon Web Services, Inc. as our preferred, strategic cloud provider, to modernize our banking platforms, build digital financial services applications, as well as develop and scale digital platforms and services for global customers • Formed partnership with Lively to provide a digital-first Health Spending Account to our customers in the U.S.
Expanding education on innovation and digitalization	• Launched *Think Digital: Digital Habits for a Changing World* learning to help employees future-proof their technology skills and make digital an effective habit • Completed the launch of *BMO Insights: Making Real Financial Progress Takes Insight*, a Canadian marketing campaign aimed at educating and engaging with customers and reminding them that the BMO Insights feature will help them not only get ahead, but stay ahead.
Receiving recognition	• Celent Model Bank Award for BMO CashTrack, an artificial intelligence (AI) driven capability that identifies and helps customers avoid potential cash shortfalls • Ranked #1 Canadian financial institutions by Insider Intelligence for digital money management, security and card controls, and mobile banking alerts • 2nd place in Forrester review of the six Canadian banks' ability to meet expectations when opening a chequing account on a mobile device [1] • 2nd place in Forrester review of the six Canadian banks' mobile functionality and user experience [1]

[1] The Forrester Digital Experience Review™: Canadian Banking Sales Mobile Sites, Q4 2021

Data security

Our shareholders, customers, partners, regulators and colleagues rely on us to safeguard bank, employee and customer data and processes. Their continued confidence in BMO depends on knowing that we prioritize data security and that we have the people, policies, programs and technologies that enable us to adhere to industry standards and maintain an internationally compliant information security framework.

Who has responsibility

Chief Information Security Officer (reporting to the head of the Financial Crimes Unit), Chief Privacy Officer

Overseen by the Board's Risk Review Committee and the Audit and Conduct Review Committee

What it includes

- Information and cybersecurity
- Privacy

Information and cybersecurity

At BMO, we strive to take precautions that protect our business information, respect and safeguard customers' personal information, prevent fraud and ensure cyber security. We also provide information to customers about how they can protect themselves.

BMO's Financial Crimes Unit is responsible for managing all aspects of cyber security, information security, internal and external fraud, and physical security. The unit brings together teams from across the enterprise in an integrated central function, and employs a fusion centre model to enhance both intelligence gathering and response recovery.

Our technological infrastructure is designed to help teams work globally across North America, Europe and Asia to detect, prevent, respond to and recover from cyber security threats. The Cyber Threat Intelligence and Analytics team proactively monitors emerging threats by gathering and analyzing threat information from various commercial, industry, government, internal and open sources. The team conducts threat hunting on a regular basis to identify potential malicious activity. We also work with security and software suppliers to bolster our internal resources and technology capabilities, to respond to a rapidly evolving threat landscape.

We continue to invest in defensive technology, talent and processes. These measures include benchmarking and reviewing best practices across the banking and cyber security industries, and evaluating the effectiveness of our key controls and developing new controls, as needed, with ongoing investments in both technology and human resources.

Our information security management framework and governance processes align with industry standards, including ISO 27001 and the National Institute of Standards and Technology (NIST) framework. Our information security management system is ISO 27001:2013 certified.

As part of our framework, we've developed and implemented various policies, standards, procedures and guidelines, which are reviewed and updated periodically to ensure that they remain relevant and address all current and emerging risks while meeting any applicable regulatory requirements for information security. We have achieved target maturity level for all identified controls, and we continue to enhance our cyber security posture in alignment with cyber threat intelligence forecasts.

BMO's information security management program and related processes undergo an annual internal audit and periodic external audits by third-party auditors and regulators. We also have a cyber security metrics monitoring program that leverages ISO, NIST and Center for Internet Security (CIS) practices.

2021 highlights – Information and cybersecurity

Enhancing our information security	• Upgraded Endpoint Malware protection capability to meet future challenges • Enhanced the management of privileged identities to mitigate emerging risks • Strengthened our email filtering and print controls to further minimize potential for any enterprise data loss and unwanted exposure.
Strengthening supplier risk assessment	• Enhanced our third-party supplier risk assessment process to meet future demands • Worked with security and software suppliers to bolster internal resources and technology capabilities to respond to the rapidly evolving threat landscape.
Increasing cyber security awareness	• Increased employee awareness of internal and external cyber security issues through leadership town halls, steering committees and team meetings • Increased public awareness of security threats through podcasts describing how to protect yourself against cyberattacks.
Receiving recognition	• Ranked #1 in Canada for digital money management, security and card controls, Canada Mobile Banking Emerging Features Benchmark 2021 – Insider Intelligence • Awarded the 2019 BSI Canada Award of Excellence for its implementation of ISO 27001 standard.

Privacy

We respect and protect the privacy and confidentiality of our clients' personal information.

Our employees are trained to understand the importance of safeguarding data. To build a better understanding of privacy requirements, every employee participates in annual privacy training, and specific sessions on topics such as new privacy legislation and incident reporting.

BMO's Privacy Office oversees our privacy risk governance program, which sets out policies and procedures for identifying, measuring, managing, mitigating and reporting privacy risk. Incidents involving suspected or actual breaches of privacy must be reported to the Privacy Office, which manages BMO's response to these incidents. The Privacy Office also monitors key privacy risk indicators, such as the total number of privacy-related incidents and the number of complaints referred to the regulator, and reports on these indicators quarterly to senior management and annually to the Board.

We participate in industry organizations and working groups related to privacy, including privacy groups within the Canadian Bankers Association and the Bank Policy Institute.

We take the necessary steps to comply with relevant legal and regulatory requirements in the jurisdictions where we operate. We adopted global privacy principles and have privacy codes for countries and regions where we operate. We are committed to maintaining the trust of our customers.

Privacy at BMO

Our Global Privacy Principles apply to all our dealings with our customers. These principles include accountability, identifying purposes, safeguards, consent, openness and limiting use, collection and disclosure of personal information.

We also have Privacy Codes for our locations that describe in further detail how we handle personal information, and how to make and or escalate a privacy complaint:

- BMO Privacy Code – Canada (includes our Digital Privacy Policy)
- Privacy at BMO Harris – US (includes our Digital Privacy Policy and our CCPA Policy)
- BMO Privacy Code – European Union and United Kingdom
- BMO Privacy Code – Hong Kong and Singapore
- BMO Privacy Code – Mainland China

Our Global Privacy Principles and Privacy Codes are posted on our website.

1

substantiated complaint regarding breaches of customer privacy and losses of customer data

99%

of employees completed Information Security and Privacy Matters training

Information Security and Privacy Matters are part of our Ethics, Legal & Compliance Training program, which is conducted annually. The program is mandatory for all employees.

Corporate governance

Sound corporate governance strengthens our foundation of trust and supports sustainable performance by helping us balance the interests of our many stakeholders, comply with the laws and standards that apply to us, and foster a culture of ethical and responsible conduct.

Who has responsibility

BMO's Board of Directors

What it includes

- About the Board of Directors
- Sustainability governance

About the Board of Directors

Sound corporate governance is the foundation for responsible business behaviour and integral to our performance and long-term sustainability.

The board's role is to provide stewardship on behalf of the bank's stakeholders, set general direction and bring an independent perspective and broad experience to the oversight of the bank and its activities. The board has four committees that help it carry out its responsibilities: Audit and Conduct Review Committee, Governance and Nominating Committee, Human Resources Committee and Risk Review Committee. The committees are led by an independent chair and made up entirely of independent directors.

Building an effective Board

Good governance starts with the Board of Directors. We get the Board composition and structure right by having well-informed people with diverse backgrounds, relevant experience, and independence from management. This leads to better decision-making and more effective oversight to ensure the bank's success.

BMO's Board is currently made up of 13 qualified and experienced directors. All of our directors except Darryl White, because he is our Chief Executive Officer (CEO), are independent and three of the Board's four standing committees are chaired by women. Under the *Bank Act* (Canada), BMO's CEO must be a member of the board. Following the retirement of one long-standing director in 2021, shareholders elected two new directors at our 2021 annual meeting, adding skills and expertise in financial leadership, technology, private equity, capital allocation, strategic planning and finance to the Board.

Our Board Diversity Policy includes diversity criteria such as gender, age, ethnicity and geographic background, with particular focus on potential candidates from the Black, Indigenous, People of Colour, LGBTQ2+ and disability communities. Under the policy, the Board aspires to have each gender comprise at least one-third of the independent directors.

All directors are provided with tools and information to help them improve their knowledge to support the complex and evolving role of director at a major bank. New directors learn about BMO's business through our director orientation program. The 2021 program included sessions on client loyalty, winning culture, digital first and simplify work, risk, regulatory, governance and the economic environment. Directors also received quarterly and ad hoc briefings on regulatory developments.

Every BMO director is evaluated using a skills matrix that includes understanding and experience with sustainability, and receives training on sustainability topics. Nine of our 13 current directors have sustainability experience.

Our 2022 Management Proxy Circular provides details about the directors, the skills matrix and director education.

Good governance practices

Our high corporate governance standards reflect emerging best practices and meet or exceed the legal and regulatory requirements of the Toronto Stock Exchange (TSX), New York Stock Exchange (NYSE) and the National Association of Securities Dealers Automatic Quotation System (NASDAQ) that apply to us. We monitor regulatory changes and emerging best practices in corporate governance to make sure we're at the forefront.

BMO governance snapshot

Leading governance practices

- Code of conduct rooted in our values
- Separate chair and CEO positions
- Board and committee chair term limits
- Policy on interlocking directors
- Board Diversity Policy
- No hedging of BMO securities
- Director and executive share ownership guidelines
- Annual 'say on pay'
- Non-executive directors cannot participate in BMO stock option plan
- Leading subsidiary governance practices

Board expertise

- Independent
- Elected annually
- Elected individually (not slate)
- Majority voting policy
- Orientation, continuing education and assessment
- Tenure policy
- Conflict of interest policy
- Proxy access policy

Sustainability governance

Our commitments to promote our sustainability strategy are embedded in our governance structure. Responsibility for sustainability issues falls within the mandates of the Board of Directors and its committees.

The CEO has appointed BMO's General Counsel as Executive Committee sponsor for sustainability. BMO's General Counsel reports directly to the CEO and has accountability for areas such as legal and regulatory risk, reputation risk, business conduct and ethics and sustainability.

BMO's Chief Sustainability Officer (CSO) reports to the General Counsel. The CSO oversees sustainability strategy and leads bank-wide initiatives on environmental and social risk, climate change strategy, Environment, Social and Governance (ESG)-focused investor relations, sustainability-related disclosure, operational sustainability and the bank's own approach to sustainable finance with Treasury and our Sustainable Finance team.

BMO's Special Advisor to the CEO on ESG, advises on the development and application of the bank's sustainability strategy and approaches to climate change. He chairs the BMO Sustainability Council, which was established in 2008 and is comprised of senior leaders from the lines of business and Corporate Services across the organization.

An ESG Executive Forum was established in 2021, chaired by the General Counsel. It is comprised of members of the Executive Committee, including the Chief Risk Officer, Chief Financial Officer, Chief Strategy and Operations Officer, CEO BMO Capital Markets, as well as the Special Advisor to the CEO on ESG, and the Chief Sustainability Officer. Other members of the Executive Committee are invited as appropriate. The ESG Executive Forum discusses new developments, strategy, risk management, policy and resourcing on ESG matters and provides coordination on enterprise-wide ESG initiatives and proposals.

Reinforced by executive compensation

At BMO, sustainability is embedded in our strategy, fundamental to the bank's Purpose and integrated into our executive compensation design. 25% of executive variable pay funding is tied to the completion of our Purpose and strategic objectives or to non-financial goals. Each year we include ESG in these Purpose and strategic objectives, as well as in the individual goals for our executives, to capture opportunities and manage risks in areas such as sustainable finance, climate change, human rights and diversity, equity and inclusion. This approach is central to delivering on our strategy, and bold commitments for a thriving economy, a sustainable future and an inclusive society.
See page 41 of our 2022 Management Proxy Circular to learn more.

How the Board oversees sustainability issues

Board of Directors	Audit and Conduct Review Committee	Governance and Nominating Committee	Human Resources Committee	Risk Review Committee
Board mandate	Committee charter	Committee charter	Committee charter	Committee charter
• Promotes a culture of integrity and oversees compliance with our Code of Conduct and Purpose • Develops our approach to corporate governance, including policies that define specific authorities • Oversees the strategic planning process and its implementation • Oversees risk management, internal controls and organizational structure • Oversees communications and public disclosure, including the reporting process • Oversees key leadership succession planning.	Oversees issues related to: • Integrity of financial reporting • Effectiveness of internal controls • Qualifications, independence and performance of the independent auditors • Transactions involving related parties, conflicts of interest and confidential information • Standards of ethical business conduct • Sustainability governance and disclosure, including as related to climate change • Compliance with legal and regulatory requirements.	Oversees issues related to: • Governance principles and guidelines • Board composition, including performing public searches and retaining independent recruitment firms to identify qualified diverse candidates • Director development, assessment and succession planning • Director compensation • Subsidiary oversight • Coordination of effective committee oversight.	Oversees issues related to: • Human resources strategies • Talent development, retention and succession planning • Employee diversity, equity and inclusion and health and wellbeing • Compensation oversight and governance • CEO and senior executive appointment and compensation • Builds links between executive pay, BMO's strategic priorities and priority sustainability topics.	Oversees issues related to: • Risk appetite framework and governance • Management of the Bank's environmental and social risks, including climate change • Identification and management of risk • Adherence to risk management corporate policies • Compliance with risk-related regulatory requirements.

Business conduct

BMO strives to meet the highest ethical standards. Our commitment to ethical business practices is integral to our reputation in the financial sector and the global economy, and helps us cultivate strong relationships with employees, customers and communities.

Who has responsibility

Shared by everyone across BMO – directors, officers and employees

BMO's Chief Ethics & Conduct Officer ensures BMO's expectations around ethical conduct are clear and well understood by employees globally. Aggregated reporting to senior leadership and the Board provides a holistic view of culture and conduct management activities across the bank

The Board's Audit and Conduct Review Committee oversees the effectiveness of the bank's governance framework and, every two years or as needed, reviews and recommends BMO's Code of Conduct to the Board for approval

BMO's success and reputation are built on the trust we've earned from the people we work with and the customers we serve. Our reputation is one of our greatest assets and everyone associated with our company has a role in its protection. We consider the impact our business decisions have on our stakeholders and the communities where we do business, and we are committed to doing the right thing – always.

BMO's Code of Conduct (the Code) is the performance standard we commit to every day. It is our enduring ethical guide and its principles are not negotiable.

Our Code of Conduct has five principles:

1. **Be honest and respectful**
2. **Be alert to behaviour contrary to the Code**
3. **Be true to the letter and spirit of the law**
4. **Be conscientious about security**
5. **Manage conflicts of interest**

Everyone at BMO – directors, officers and employees – is expected to follow the Code. All BMO employees are required to complete BMO's Annual Ethics, Legal and Compliance Training program. We supplement this training program with targeted internal communications throughout the year and educational resources on our intranet site. Every year employees must confirm that they have read, understood, complied with, and will continue to comply with, the Code.

Our Supplier Code of Conduct outlines the principles BMO expects our suppliers to support – our standards for integrity, fair dealing and sustainability. It's updated every two years to address evolving trends, issues and legislative requirements. BMO's Code of Conduct and Supplier Code of Conduct are available on our website.

2021 highlights – Business conduct

Increasing learning opportunities	• Launched enterprise-wide learning series, *Working at home with Actions Matterly*, a special weekly series from home, addressed the ethical dilemmas and risks employees face while working remotely • CEO communications included a discussion of the role of ethics in achieving our strategy, and the importance of ethics in developing a winning culture.
Using AI responsibly	• Integrated BMO's Trustworthy AI Framework into our overall Technology Governance Framework • Continued to enhance the Framework to embed AI principles – implementing fair, accountable, transparent and trusted AI technology – through the AI technology life cycle.
Sharing best practices and industry knowledge	• Associations (IFCA) International Compliance Congress • Participated in The Osgoode Certificate in Regulatory Compliance and Legal Risk Management for Financial Institutions • Participated in the 2021 Global Ethics Summit • Participated in the Ethics Compliance Initiative (ECI) 2021 conference: Align Compliance Program Priorities with Organization Strategy • Co-authored a 2021 ECI whitepaper: *Challenges of Ethics & Compliance in a Multinational Organization*.
Receiving recognition	• Canada's Most Admired Corporate Cultures – Waterstone Human Capital • Named to the World's Most Ethical Companies® 2021 for the fourth consecutive year – Ethisphere® – the only bank in Canada and only one of five banks worldwide • 2021 Gold Telly Winner (Actions Matterly: Working at home) – The Telly Awards • BMO's Chief Ethics & Conduct Officer recognized by Women's Executive Network as one of Canada's Most Powerful Women: Top 100 Awards for her advocacy for workforce diversity, ethics and inspiring tomorrow's leaders.

Fostering an ethical culture

Tone from the top, accountability, training and effective communication, and performance management all support a culture of ethical conduct. Several frameworks address specific risks or business practices:

- Risk and reputation management
- Fraud governance
- Sales practices
- Jurisdiction-specific
- Compliance management
- Incentive management
- Supplier risk assessment

We define *misconduct* as any behaviour that falls short of legal, professional, internal conduct and/or ethical standards.

Our commitment to ethical business conduct includes maintaining zero tolerance of bribery and corruption involving BMO employees and third-party partners. Our Anti-Corruption team manages the Anti-Bribery and Anti-Corruption program to ensure that employees comply with anti-bribery and anti-corruption laws, identify and avoid corrupt activities, and report suspected illegalities.

We evaluate the potential for misconduct in our risk assessments and approval activity for new initiatives. And we have centralized the processes to supervise conflicts of interest to manage the risk of misconduct related to personal trading in securities and outside business activities.

99%

of employees completed ethics training

99%

of employees completed Anti-Bribery and Anti-Corruption training

Promoting ethical practices in our industry

We're committed to maintaining the integrity of the markets in which we operate. BMO's Legal & Regulatory Compliance team provides guidance and resources to ensure that our business practices are consistent with competition and anti-trust legislation. Some of our operating groups have also made additional voluntary commitments that apply to conduct in their areas of operation. These voluntary codes of conduct and public commitments are posted on our website.

Regularly assessing our practices

We regularly evaluate the effectiveness of our approach, and we then adapt and evolve as needed. Our processes include self-assessments, benchmarking against industry-leading practices and an annual external audit of BMO's Sarbanes-Oxley (SOX) controls related to the Code, along with internal audits and employee surveys.

Committed to doing what's right

Creating and sustaining an ethical culture requires a principled approach and vigilance from all of us. BMO's Code of Conduct requires employees to speak up and do the right thing.

Employees are:

- **Expected to be alert.** They should be alert to possible violations of the Code, including the legal and regulatory requirements that apply to BMO.
- **Encouraged to speak up.** They can discuss a concern with their manager first, or with their manager's manager. They can also use the reporting channels outlined in the Code, including BMO's Speak Up! service where they can report concerns anonymously and confidentially.
- **Protected from retaliation.** They can be candid without fear of retaliation.

Internal tools such as procedural documents and job aids set out the process, accountabilities and contact details for the various reporting channels, as well as BMO's commitment to protecting employees against retaliation.

Human rights

BMO strives to respect fundamental human rights everywhere we do business.

Who has responsibility

Responsibility for human rights is shared across BMO. The Chief Sustainability Officer, Head of Risk Frameworks and Regulatory Capital Oversight, and Chief Diversity and Inclusion Officer lead work to embed human rights and the United Nations Guiding Principles on Business and Human Rights (UNGP) in our approach

Overseen by the Board's Audit and Conduct Review Committee as part of broader sustainability governance, Risk Review Committee, and Human Resources Committee as part of our DEI work

BMO takes steps to respect human rights across our business, including in relation to our employees, customers, supply chain and responsible investing. Our Statement on Human Rights describes this intention.

Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to education and employment, and many more. Human rights expectations are codified in the International Bill of Human Rights, the United Nations Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the principles of the eight International Labour Organization core conventions.

We support the UNGP approach to human rights and strive to integrate that approach into the enterprise-wide governance of our business practices and operations. The UNGP is endorsed by the UN Human Rights Council.

The UNGP's Protect, Respect and Remedy framework has three pillars: state duty to protect human rights, corporate responsibility to respect human rights, and greater access for victims to effective remedy of business-related abuse.

We apply due diligence processes to identify, assess and mitigate actual and potential adverse human rights impacts and, as required, act upon findings and engage with external stakeholders to improve our own and industry practices. Our stakeholders can seek access to remedy for perceived human rights violations through multiple channels including the Ethics and Conduct Office, Office of the Ombudsperson and the Office of the Chief Sustainability Officer.

Our approach to managing this topic is outlined in our Code of Conduct, Supplier Code of Conduct, Statement Against Modern Slavery and Human Trafficking, and Statement on Human Rights.

2021 highlights – Human rights

Supporting diversity, equity and inclusion through education	• Continued to roll out a new e-learning course to promote healing, equity and respect of Indigenous cultures and values in Canada (see Feature story). • Created a course, Road to Allyship, to help employees be better allies to those on their 2SLGBTQ+ journey (see page 59).
Championing mental health	• Actively participated in forums on women's mental health. Cameron Fowler, BMO's Chief Strategy and Operations Officer, attended the events and posted about them on social media (see page 61).
Improving digital accessibility	• Continued to improve the accessibility of our digital tools and services to people with disabilities of all kinds, in line with Web Content Accessibility Guidelines 2.1 (see page 33).
Enhancing our sustainable procurement	• Enhanced our sustainable procurement program including the expansion of supplier diversity enterprise-wide and the launch of our diverse business development program, *BMO Elevate* (see page 50).
Helping to improve the lives and livelihoods of refugees	• Joined the Tent Partnership for Refugees with a commitment to mentor 50 2SLGBTQ+ newcomers to Canada and the U.S. over the next three years.

Our human rights priorities

	Employees	Customers	Supply chain	Responsible investing
Diversity and inclusion (see page 55)	●	●	●	●
Health and safety (see page 61)	●	●	●	●
Information security and privacy (see page 72)	●	●	●	
Anti-human trafficking and anti-modern slavery (see our Statement Against Modern Slavery and Human Trafficking)		●	●	●
Anti-bribery and anti-corruption (see our Statement on Anti-Bribery and Anti-Corruption)		●	●	
Indigenous peoples (see page 29)	●	●	●	●
Environmental and social risk (see page 51)		●	●	●

Advancing supply chain human rights

In 2021, BMO implemented enhanced due diligence approaches relating to our sustainable procurement work, including the topic of human rights. We are developing and implementing due diligence tools and developing processes to integrate identification, management and mitigation of supply chain-related environmental, social and governance risks into our procurement program. BMO's sustainability and procurement teams are collaborating to spearhead these efforts. Our work to enhance sustainable procurement at BMO is ongoing.

Glossary

2SLGBTQ+
2SLGBTQ+ refers to individuals who identify as two-spirit, lesbian, gay, bisexual, transgender, queer, intersex, asexual or other.

2SLGBTQ+ representation across our workforce
The number of BMO employees who identify as 2SLGBTQ+ as a percentage of BMO's total workforce. Includes all permanent employees as well as all active employees and employees on paid leave at BMO Financial Group. The number is reported as at the specified date and is reported for Canada and the United States.

Active mobile users
The number of deposit customers (Canada) or retail deposit customers (United States) who logged into mobile banking in the last 90 days.

Age
Some employee-related data is categorized by generational age bands based on year of birth:

- Gen Z: 1996 or after
- Millennial: 1980 to 1995
- Gen X: 1966 to 1979
- Boomers: 1946 to 1965

Anti-Bribery and Anti-Corruption training
The percentage of employees who completed the Anti-Bribery and Anti-Corruption course of the annual Ethics, Legal & Compliance Training (ELCT) program. Reported for all BMO employees with an "active" status, as well as covered contingent talent.

Assets under advice/management through BMO GAM aligned with sustainable objectives
The total monetary value of assets for which BMO GAM provided advisory or management services under the Responsible Engagement Overlay (reo®) service,[1] which gives institutional investors access to engagement and voting expertise as well as assets held in BMO GAM's ESG specialist strategies funds, including the range of Responsible Funds and other ESG products. The amount is reported as at the specified date.

Average learning hours per full-time equivalent employee
The total enterprise hours of learning (refer to Hours of learning definition) divided by the average number of full-time equivalent BMO employees (refer to Full-time equivalent employees definition) during the reporting period.

Black and Latinx interns and entry-level employees
Student interns and entry-level employees in the United States whose employment through campus recruitment channels started in fiscal 2021, and who identified as Black or African American, or Hispanic or Latinx, as a percentage of all student interns and entry-level employees in the United States whose employment through campus recruitment channels started in fiscal year 2021.

Black and Latinx-owned commercial lending (BMO EMpower)
The total monetary value of lending authorized to minority-owned commercial middle market businesses with customers over $10 million in revenue across the United States.

BMO Forward "future of work" learning program
BMO Forward is a learning program that targets cutting-edge topics like data science, artificial intelligence (AI), cybersecurity, digi-tech and process excellence. This program is designed for everyone – with unique content customized for three main streams – all employees, domain experts and leaders. The goal is to have all employees across the enterprise, go deep with experts to help them stay at the top of their game, and equip leaders to lead in a new context.

Canadian defence community customers
The number of customers who are members of Canada's defence community and their families, and who receive exclusive offers through the Canadian Defence Community Banking program. The number is reported as at the specified date, and for Canada only.

Community development lending and investing (BMO EMpower)
Activities that support small business growth, greater availability of quality, affordable housing and targeted community-based commercial real estate, all of which are intended to create opportunities for low-income communities across the United States. Includes Community Reinvestment Act-qualified community development investments and loans.

Customer loyalty surveys
The mechanism used to collect feedback from BMO customers to measure their experience involving transactions or relationships with BMO. These surveys include quantitative loyalty ratings and may include qualitative commentary. Surveys may also leverage closed-loop feedback to enable additional touchpoints for further engagement with customers, in order to identify opportunities for improvement.

Digital adoption
The percent of deposit customers (Canada) or retail deposit customers (United States) who logged on in the last 90 days.

Digital listening
Technology and tools used to capture and analyze customer feedback on digital channels (e.g., online). Data is gathered in order to identify pain points for BMO customers and improve our processes.

Diversity
The mix of demographics, skills, experiences and work styles of all BMO employees. Diversity categories include, but are not limited to:

- Gender equity in senior leadership roles – enterprise-wide
- People of Colour – Canada and United States
- Indigenous employees – Canada
- Persons with disabilities – Canada and United States
- 2SLBGTQ+ persons – Canada and United States

All active BMO employees and employees on paid leave are included in the Diversity representation metrics. Data is reported as at the end of the fiscal year.

Donations
Cash-based donations to registered charities and not-for-profit organizations in Canada and the United States. Excludes in-kind donations, commercial sponsorships and BMO Employee Giving amounts. The amount is reported for the specified period.

Employee engagement index (EEI)
The degree of employee engagement as indicated in the annual BMO employee survey. EEI results are an average of the agreement scores on three survey questions that measure employees' overall feelings about BMO, the level of their pride and satisfaction with BMO, and their advocacy for the organization. The EEI score is an aggregate of the survey results for all active BMO employees.

[1] BMO Global Asset Management's (BMO GAM) reo® service was included in the sale of BMO GAM's Europe, Middle East and Africa (EMEA) Asset Management business, completed in fiscal 2022.

Employee volunteer hours
The total amount of tracked time (in hours) that BMO employees dedicated to volunteering. Includes time volunteered both during and outside working hours in volunteer roles associated with a BMO volunteer program, such as BMO Community Impact Days, supporting the Community Reinvestment Act, pro bono legal support, a formal role within an Employee Resource Group, or when employees give their time to contribute to their communities.

Employees who received annual performance reviews
The number of BMO employees who participated in annual performance reviews as defined in this report, as a percentage of the total number of eligible BMO employees. Data is gathered for all BMO employees enterprise-wide, and is reported as at the end of the fiscal year.

Ethics training
The percentage of employees who completed the Code of Conduct course of the annual Ethics, Legal & Compliance Training (ELCT) program. Reported for all BMO employees with an "active" status, as well as covered contingent talent.

Executive officer
The Chief Executive Officer (CEO) and executives who report directly to the CEO.

Financed emissions
A financial institution's Scope 3 category 15 emissions as defined by the Corporate Value Chain Accounting Reporting Standard of the GHG Protocol and the PCAF's Global GHG Accounting & Reporting Standard for the Financial Industry. Includes the Scope 1, 2 and 3 emissions of BMO clients, as relevant, that are attributable to BMO.

First Nations participating in BMO's On-Reserve Housing Loan Program
The number of First Nations in Canada that have been approved for the On-Reserve Housing Loan Program, which provides financing for eligible individuals wishing to build or purchase a personal residence located on a reserve. This program does not include renovation loans. The number is reported for the specified period, and for Canada only.

Full-time equivalent (FTE) employees
The total number of full- and part-time employees in the organization, expressed as a 'full-time equivalent', based on the hours in a standard work week and adjusted for overtime hours. This metric is used to calculate the composition and headcount of the BMO workforce by group and region.

Gender equity in senior leadership roles
The representation of women in senior leadership roles. Data is reported as at the specified date.

Hours of learning
The total amount of time (in hours) that BMO employees spend building skills through formal, informal and on-the-job learning.

Human Rights learning hours
The total amount of time (in hours) BMO employees spent completing the core courses in the Ethics, Legal & Compliance Training (ELCT) program (Code of Conduct, Anti-Corruption and Anti-Bribery, Information Security and Privacy Matters, Information Security and Privacy Matters for Managers, Accessibility and our Customers, Anti-Money Laundering, and Health and Safety), as well as two courses related to Human Rights: Nisitohtamowin (Understanding Indigenous Perspectives in Canada), and Learn from Difference for All. Learning hours are reported for all BMO employees over the fiscal year.

Indigenous banking business
The total outstanding amount of all loans, deposits and term investments originated or administered by BMO for Canadian Indigenous communities and businesses through Canadian Commercial Banking, Canadian Business Banking and the On-Reserve Housing Loan Program.

Indigenous communities with which BMO has a relationship
The number of First Nations, Inuit, Métis and other Indigenous communities with which BMO has a financial relationship. The number is reported as at the specified date, and for Canada only.

Indigenous peoples across our workforce
The total number of BMO employees who identify themselves as First Nations, Inuit or Métis. Employees who are Indigenous may or may not live on a reserve, and may or may not have status under Canadian legislation. The number is reported for Canada only.

Information Security and Privacy Matters training
The percentage of employees who completed the Information Security and Privacy Matters course of the annual Ethics, Legal & Compliance Training (ELCT) program. Reported for all BMO employees with an "active" status, as well as covered contingent talent.

Investment in learning
The total enterprise cost of learning, including design, development and delivery of formal and informal learning programs and resources, participation in external programs and certifications (including tuition, travel and materials), and the management of learning technologies and BMO Institute For Learning (IFL), our corporate university.

Learn from Difference for All training
Learn from Difference For All is BMO's signature learning program that provides all colleagues with awareness and tangible action to help us create an environment with zero barriers to inclusion, where everyone feels valued, respected and heard.

Lending to carbon-related assets
The value of net loans and acceptances connected to the energy and utilities sectors, excluding water utilities, independent power producers, electricity transmission and distribution companies, renewable electricity producers, nuclear electricity producers, and waste management companies. The amount is expressed as a percentage of total loans and acceptances, net of allowance for credit losses on impaired loans, and is reported as at the specified date.

Loans for sustainable clients and projects
The total monetary value of lending authorized through labelled green or social loans, and sustainability-linked loans, and lending or guarantees authorized to clients operating in sustainable sectors, clients advancing social sustainability outcomes (e.g., women-owned businesses and Indigenous communities and individuals), or clients using the funds for sustainable purposes (e.g., electric and hybrid vehicle loans and loans recognized under the terms of the Community Reinvestment Act (U.S.)).

Loans made available under BMO's On-Reserve Housing Loan Program
The total monetary value of loans authorized to Indigenous customers under BMO's On-Reserve Housing Loan Program. The amount is reported for the specified period, and for Canada only.

Loans to women-owned businesses
The total monetary value of loans outstanding to women-owned businesses. The amount is reported as at the specified date, and for Canada only.

Low- to moderate-income home mortgage lending (BMO EMpower)
Mortgage lending including flexible homebuying and down payment assistance programs offering up to $10,000 for homebuyers in low- to moderate-income communities.

Municipal and non-profit lending (BMO EMpower)
Lending to municipal and non-profit clients, such as health care, higher education, and government entities and traditional not-for-profits, and including the issuance of municipal bonds across the United States.

Net Promoter Score (NPS)
The percentage of customers who would recommend BMO to a friend or colleague. Data is gathered in a survey that uses a 0–10 point scale. "Detractors" are defined as those who provide a rating of 0–6, "Passives" are defined as those who provide a rating of 7 or 8, and "Promoters" are defined as those who provide a rating of 9 or 10. The NPS score is calculated by subtracting the percentage of "Detractors" from the percentage of "Promoters".

New hires
The number of external hires to fill permanent BMO full-time or part-time roles.

New women employees
The number of external hires who identify as women as a percentage of total BMO external hires.

Number of locations serving Indigenous communities
The number of BMO branches located on Indigenous lands or Inuit territories, as defined by the Government of Canada. The number is reported for Canada only.

Open positions filled by internal candidates
The number of open positions filled by current employees as a percentage of the total number of open positions adjusted for entry-level roles and campus internship positions, which by their nature are filled by external candidates. Data is gathered for Canada and the United States and covers permanent and temporary positions, including full-time and part-time positions.

People of Colour in senior leadership roles – Canada
The total number of BMO employees in senior leadership roles (see definition) who identify as non-white or ethnically non-Caucasian, other than Indigenous peoples. Being a member of a visible minority is unrelated to citizenship, place of birth or religion. The number is reported for Canada only.

People of Colour in senior leadership roles – United States
The total number of BMO employees in senior leadership roles (see definition) comprising of the following groups: American Indian or Alaska Native, Asian, Black or African American, Hispanic or Latinx, Native Hawaiian or Other Pacific Islander, and Two or More Races. The number is reported for United States only.

People of Colour in our workforce
The number of BMO employees who identify as People of Colour as a percentage of BMO's total workforce. Includes all permanent employees as well as all active employees and employees on paid leave at BMO Financial Group. The number is reported as at the specified date and is reported for Canada and the United States.

Persons with disabilities across our workforce
The total number of BMO employees who have a long-term or recurring physical, mental, sensory, psychiatric or learning disability and who:

- due to their disability have been accommodated in their current job or workplace; or
- consider themselves to be disadvantaged in employment by reason of their disability due to workplace barriers; or
- believe that an employer or potential employer is likely to consider them to be disadvantaged in employment by reason of their disability.

Disabilities may be visible and/or non-visible. The number is reported for Canada and the United States.

Philanthropic giving, community engagement, supplier/business diversity initiatives and diverse talent programs targeted at systemic change (BMO EMpower)
The total monetary value of donations to charitable organizations as well as spending commitments and programs to integrate diverse suppliers into BMO's supply chain and to accelerate the recruitment, development and advancement of talent in underrepresented segments across the United States.

Race
Some employee-related data is categorized by race, based on employees' self-identification as members of visible minorities in Canada or as People of Colour in the United States.

Scope 1 emissions
A reporting organization's direct greenhouse gas (GHG) emissions. Direct GHG emissions occur from sources that are owned or controlled by the company; for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.; and emissions from the chemical production in owned or controlled process equipment.

Scope 2 emissions
A reporting organization's emissions associated with the generation of electricity, heating and cooling, or steam, purchased for the company's own consumption.

Scope 3 emissions
A reporting organization's indirect emissions other than those covered in Scope 2. Examples of a company's Scope 3 activities are extraction and production of purchased materials, transportation of purchased fuels, use of sold products and services, and financed emissions.

Self-serve transactions
Self-serve transactions includes deposits, bill payments, internal funds transfers, withdrawals and e-transfers sent across ATM and digital channels (Canada), or deposits, bill payments, internal transfers, withdrawals and Zelle (P2P) transactions sent across ATM and digital channels (United States).

Senior leadership roles
The total number of BMO employees in senior leadership roles in Canada and the United States. Senior leadership roles include Managing Director, Vice-President, Senior Vice-President, Executive Vice-President, Group Head and CEO.

Seniority
Some employee-related data is categorized by level of seniority based on four compensation grade bands:

- Senior leadership (refer to Senior leadership roles definition)
- Senior management
- Mid-career
- Early career

Small business cards and lending customers – United States
The number of small business customers who have a credit or credit card relationship (or both) with BMO. The number is reported as at the specified date, and for United States only.

Small business lending – Canada
The total monetary value of loans to business customers with annual revenues of $10 million or less and/or lending needs under $1 million across Canada. The number is reported as at the specified date and is reported for Canada.

Student opportunities for Black, Indigenous, People of Colour youth
Student interns in Canada that started in Fiscal 2021 that identified as a Minority or Indigenous peoples during their application process, as a percentage of all student interns in Canada that started in fiscal 2021.

Substantiated complaints regarding breaches of customer privacy and losses of customer data

All complaints escalated to a privacy regulator and determined to be well-founded, involving a substantiated breach of customer privacy or loss of customer data.

Sustainable bond underwriting

The total monetary value of financing that BMO has participated in and raised for bonds that are labelled green, social, sustainable, impact, sustainability-linked, or transition. We account for the total deal value where BMO played a lead role, and we account for our proportionate share of the deal value where BMO played a non-lead role.

Sustainable equity and debt financing

The monetary value of financing that BMO has participated in and raised through the public or private issuance of equity, equity-linked or debt securities for clients that are sustainable, or where the use of proceeds is sustainable. We account for the total deal value where BMO played a lead role and our proportionate share of the deal value where BMO played a non-lead role.

Sustainable finance advisory

The monetary value of advisory deals, such as initial public offerings and special purpose acquisition companies, that BMO participated in for clients operating in sustainable sectors or pursuing sustainable outcomes. We account for our proportionate share of the deal value where BMO played a lead or non-lead role.

Sustainable investments

The total amount of funds that BMO deployed for the BMO Impact Investment Fund, for recognition under the terms of the Community Reinvestment Act (U.S.), and for operational efficiency improvements to our corporate real estate portfolio.

Sustainable sectors and outcomes

For the purpose of tracking progress toward our sustainable finance commitment, sustainable sectors and outcomes include activities within the scope of our Sustainable Financing Framework and activities related to but not limited to:

- Clean transportation: electric and hybrid vehicles, vehicular and mechanical efficiency, vehicle battery technology.
- Education: secondary and post-secondary institutions, special purpose institutions, educational support services.
- Employment services: employment agencies, professional employer organizations.
- General green: green labelled transactions or transactions that involve multiple green outcomes (as defined here).
- General social: social labelled transactions or transactions that involve multiple social outcomes (as defined here).
- General sustainable: sustainable labelled transactions or transactions that involve multiple green and social outcomes (as defined here).
- Green buildings: energy efficiency, properties with a LEED certification or other certification of sustainability, real estate companies with proceeds directed to green outcomes.
- Health care: ambulatory health care services, hospitals, nursing and residential care facilities, health and welfare funds.
- Indigenous peoples: Indigenous communities and individuals.
- Low-carbon energy: low-carbon energy generation, energy storage.
- Public administration.
- Social assistance: social, religious and civic organizations.
- Sustainable agriculture: organic food production or distribution, food quality enhancement, agricultural companies with use of proceeds directed to sustainable outcomes, greenhouse operations.
- Waste management: recycling and hazardous waste treatment and disposal.
- Women and/or racial equality: women- or minority-owned businesses.

Total pledged through BMO Employee Giving Campaign

The total amount of money pledged for local United Way organizations and other charities across North America during BMO's Employee Giving Campaign.

Total turnover rate

The number of permanent BMO employees who voluntarily resigned or were involuntarily terminated during the reporting period as a proportion of the average total number of permanent BMO employees at the start and the end of the reporting period.

Voluntary turnover rate

The number of permanent BMO employees who voluntarily resigned (including retirement) during the reporting period as a proportion of the average total number of permanent BMO employees at the start and the end of the reporting period.

Women, Black and Latinx-owned small business lending (BMO EMpower)

Lending to businesses with annual revenues of $10 million or less and total combined credit exposure at BMO of $50 thousand or less, that are at least 51% owned and controlled by individuals who self-identify as Black, Latinx, and/or woman. Each eligible business must have a physical business presence (or if no physical location, a mailing address for its headquarters) in at least one of the following states: Arizona, Florida, Illinois, Indiana, Kansas, Minnesota, Missouri or Wisconsin. In addition to access to capital, BMO's Black and Latinx Business program and its Women in Business program both provide customers with educational resources, planning tools, and access to partnership opportunities to help them make their businesses more resilient and scalable.

Women in executive officer roles

The percentage of executive officers who identify as women. Data is reported as at the specified date.

Women in our workforce

The number of BMO employees who identify as women as a percentage of BMO's total workforce. Includes all permanent employees as well as all active employees and employees on paid leave at BMO Financial Group in Canada and the United States. Data is reported as at the specified date.

Women-owned businesses

Businesses where at least one of the owners is a woman.

Women-owned businesses supported

The total number of women-owned businesses with which BMO has a financial relationship. The amount if reported as at the specified date, and for Canada only.

Independent Practitioners' Limited Assurance Report

To the management of Bank of Montreal (BMO)

We have undertaken a limited assurance engagement of the following selected indicators:

Priority Topic	Metric
Financial inclusion	• First Nations participating in BMO's on-reserve housing loan program – Canada (total #)
Sustainable finance	• Capital to companies pursuing sustainable outcomes ($ billions)
Climate change	• Lending to carbon-related assets (%)
Diversity, equity and inclusion	• Gender equity in senior leadership roles – enterprise-wide (%) • People of Colour in senior leadership roles – Canada (%) • People of Colour in senior leadership roles – United States (%) • Indigenous peoples across our workforce – Canada (%) • Persons with disabilities across our workforce – Canada & United States (%) • 2SLGBTQ+ representation across our workforce – Canada & United States (%)
Employee experience	• Total turnover rate – enterprise-wide (%) • Total turnover rate – Canada (%) • Total turnover rate – United States (%) • Voluntary turnover rate - enterprise-wide (%) • Voluntary turnover rate – Canada (%) • Voluntary turnover rate – United States (%) • Investment in learning ($ millions)
Community impact	• Donations – Canada and United States ($ millions)
Data security	• Substantiated complaints regarding breaches of customer privacy and losses of customer data (#)

Collectively, the "subject matter information" and denoted by the symbol ◆ in the accompanying BMO 2021 Sustainability Report (the Report) as at and for the year-ended, October 31, 2021.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Management's Responsibilities

There are no mandatory requirements for the preparation, publication, or review of sustainability information. As such, BMO applies internally-developed measurement methods ("the applicable criteria") to calculate the subject matter information. These measurement methods are described in the Glossary of Terms on pages 80-83 of the Report. Management is responsible for the preparation and presentation of the subject matter information in accordance with the applicable criteria. Management is responsible for determining the appropriateness of the use of the applicable criteria. Management is also responsible for such internal control as management determines necessary to enable the preparation and presentation of the subject matter information that is free from material misstatement, whether due to fraud or error.

Practitioners' Responsibilities

Our responsibility is to express a limited assurance conclusion on the subject matter information based on evidence we have obtained. We conducted our limited assurance engagement in accordance with Canadian Standards on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform our engagement to conclude whether a matter(s) has come to our attention that causes us to believe that the subject matter information is materially misstated.

The nature, timing and extent of procedures performed depends on our professional judgment, including an assessment of the risks of material misstatement, whether due to fraud or error, and involves obtaining evidence about the subject matter information. Our engagement included, amongst others, the following procedures performed:

- Making inquiries of BMO's management, relevant staff at the corporate and business unit level, including those with responsibility for sustainability reporting governance, management and reporting;
- Gaining an understanding of the design of key structures, systems, processes and controls for managing, recording and reporting the subject matter information;
- Comparing the reported data for the subject matter information to underlying data sources;
- Reviewing subject matter information presented in the Report to determine whether they are consistent with other information included in the Report and our overall knowledge of, and experience with, the sustainability performance of BMO.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our conclusion.

Independent Practitioners' Limited Assurance Report

Practitioner's Independence and Quality Control

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Control (CSQC) 1, *Quality Control for Firms that Perform Audits and Review of Financial Statements, and Other Assurance Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Significant Inherent Limitations

Non-financial information, such as that contained in the Report, is subject to more inherent limitations than financial information, given the qualitative characteristics of the underlying subject matter and methods used for determining this information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable evaluation techniques, which can result in materially different measurements and can impact comparability.

Specific Purpose of Subject Matter Information

The subject matter information has been prepared and presented based on the applicable criteria As a result, the subject matter information may not be suitable for another purpose.

Conclusion

Based on the procedures performed and evidence obtained, no matters have come to our attention to cause us to believe that the subject matter information of BMO is materially misstated.

Chartered Professional Accountants, Licensed Public Accountants
February 28, 2022

Forward-looking statements and non-GAAP measures

Cautionary statement regarding forward-looking information

Certain statements in this report are forward-looking statements under the United States Private Securities Litigation Reform Act of 1995 (and are made pursuant to the 'safe harbour' provisions of such Act) and applicable Canadian securities legislation. These forward-looking statements include, but are not limited to, statements with respect to customer growth and support, sustainable lending and underwriting targets, net zero financed emissions targets, reducing operational GHG emissions and inclusivity and diversity. Forward-looking statements are typically identified by words such as "targeting", "committed", "commitment", "ambition", "goal", "expect", "plan", "will", "may", "aim to" and other similar expressions.

By their nature, forward-looking statements are based on various assumptions and are subject to inherent risks and uncertainties. Certain statements made in this report use a greater number and level of assumptions and estimates and are over longer time frames than many of our required disclosures. These assumptions and estimates are highly likely to change over time. Certain statements in this report are based on hypothetical or severely adverse scenarios and assumptions, and these statements should not necessarily be viewed as being representative of current or actual risk or forecasts of expected risk. While future events discussed in this report may be significant, any significance should not be read as necessarily rising to the level of materiality of the disclosures required under Canadian or U.S. federal securities laws. In addition, our climate risk analysis and net zero strategy remain under development, and the data underlying our analysis and strategy remain subject to evolution over time. As a result, we expect that certain disclosures made in this report are likely to be amended, updated or restated in the future as the quality and completeness of our data and methodologies continue to improve.

We caution readers of this report not to place undue reliance on our forward-looking statements as the assumptions underlying such statements may not turn out to be correct and a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, commitments, ambitions, plans or goals expressed in the forward-looking statements. Such factors include, but are not limited to: the availability of comprehensive and high-quality GHG emissions data, the evolution of our lending portfolios over time, the need for active and continued participation of stakeholders (including enterprises, financial institutions and governmental and non-governmental organizations), the development and deployment of new technologies and industry-specific solutions, international cooperation, the development of regulations internationally, our ability to successfully implement various initiatives under expected time frames, the compliance of various third parties with our policies and procedures and legal requirements and those other factors set out on page 19 of BMO's 2021 Annual Report. We caution that the foregoing list is not exhaustive of all possible factors. These factors should be considered in addition to other uncertainties and potential events, and the inherent uncertainty of forward-looking statements.

BMO does not undertake to update any forward-looking statement, whether written or oral, that may be made, from time to time, by the organization or on its behalf, except as required by law.

Non-GAAP and Other Financial Measures

Results and measures in BMO's Management's Discussion and Analysis dated December 3, 2021 for the fiscal year ended October 31, 2021 ("2021 Annual MD&A") and this document are presented on an IFRS basis. We use the terms IFRS and Generally Accepted Accounting Principles (GAAP) interchangeably. Reported net revenue by geography and by operating group and reported net efficiency ratio are non-GAAP ratios and net revenue is a non-GAAP measure. Readers are cautioned that non-GAAP ratios and measures do not have standardized meanings. They are unlikely to be comparable to similar ratios and measures presented by other companies and should not be viewed in isolation from, or as a substitute for, GAAP results. For information about how BMO calculates total shareholder return, return on equity, earnings per share, and revenue and efficiency ratio, net of CCPB, and a definition of CCPB, see the definitions in the Glossary of Financial Terms starting on page 136 of the 2021 Annual MD&A and for a reconciliation of reported revenue and efficiency ratio net of CCPB, see Non-GAAP and Other Financial Measures starting on page 25 of the 2021 Annual MD&A. This information and the reconciliation are incorporated by reference. The 2021 Annual MD&A is available on SEDAR at www.sedar.com and on BMO's website at www.bmo.com/investorrelations.

Public Accountability Statements

This section describes some of the contributions we made to the Canadian economy and society in fiscal 2021.

BMO 2021 Public Accountability Statement

Fulfils the requirements of the Canadian federal government's Public Accountability Statements Regulations (section 459.3(1) of the *Bank Act*).

This document describes the activities of BMO and our prescribed affiliates with operations in Canada.

Our prescribed affiliates include the following BMO subsidiaries. All of them (except for our securities broker, BMO Nesbitt Burns Inc., and our mutual fund manager and trustee, BMO Investments Inc.) have less than $1 billion in equity:

- BMO Asset Management Inc.
- BMO Capital Markets Corp.
- BMO Investments Inc.
- BMO InvestorLine Inc.
- BMO Mortgage Corp.
- BMO Nesbitt Burns Inc.
- BMO Private Equity (Canada) Inc.
- BMO Private Investment Counsel Inc.
- BMO Trust Company

Contributions to the community

Access to banking services – see page 27
Small business financing – see page 30
Community development and philanthropic activities – see page 63
Charitable donations – see page 63
Employee giving and volunteering – see page 64
Business debt financing – see page 89

Employees and locations

Number of employees – see page 90
Branches opened, closed and relocated – see page 90
ATMs opened and closed – see page 91

Taxes

Taxes paid and payable in Canada – see page 92

Contributions to the community

Business debt financing

As at October 31, 2021
Authorized amount in $ millions

Province or territory		$0–$24,999	$25,000–$99,999	$100,000–$249,999	$250,000–$499,999	$500,000–$999,999	$1,000,000–$4,999,999	$5,000,000 and greater	Total
Alberta	Authorized amount	$195	$257	$281	$521	$766	$3,233	$33,944	**$39,198**
	Number of firms	16,636	6,601	1,829	1,521	1,108	1,468	811	**29,974**
British Columbia	Authorized amount	$228	$303	$335	$600	$1,120	$5,507	$31,735	**$39,828**
	Number of firms	19,388	7,623	2,183	1,731	1,612	2,462	1,366	**36,365**
Manitoba	Authorized amount	$25	$46	$47	$77	$118	$547	$4,751	**$5,611**
	Number of firms	2,375	1,148	302	220	170	255	173	**4,643**
New Brunswick	Authorized amount	$20	$42	$63	$90	$163	$663	$2,035	**$3,076**
	Number of firms	1,856	977	417	260	231	290	106	**4,137**
Newfoundland and Labrador	Authorized amount	$15	$36	$51	$89	$118	$446	$1,119	**$1,873**
	Number of firms	1,308	825	335	252	175	215	57	**3,167**
Northwest Territories/Nunavut	Authorized amount	$1	$2	$3	$7	$15	$28	$37	**$94**
	Number of firms	109	52	18	20	21	12	4	**236**
Nova Scotia	Authorized amount	$26	$48	$75	$146	$283	$1,051	$4,926	**$6,557**
	Number of firms	2,283	1,166	479	411	400	499	196	**5,434**
Ontario	Authorized amount	$664	$780	$1,038	$1,855	$3,039	$11,133	$74,889	**$93,399**
	Number of firms	78,069	19,722	6,696	5,344	4,365	5,156	2,298	**121,650**
Prince Edward Island	Authorized amount	$5	$13	$20	$33	$83	$340	$309	**$804**
	Number of firms	473	287	127	92	114	149	34	**1,276**
Quebec	Authorized amount	$266	$338	$447	$724	$1,223	$4,605	$30,038	**$37,642**
	Number of firms	23,101	8,512	2,826	2,090	1,775	2,137	955	**41,396**
Saskatchewan	Authorized amount	$39	$85	$85	$149	$234	$1,082	$5,055	**$6,728**
	Number of firms	3,493	2,031	540	430	346	473	167	**7,480**
Yukon	Authorized amount	$2	$4	$3	$6	$11	$39	$46	**$110**
	Number of firms	182	103	17	16	14	20	5	**357**
Total	**Authorized amount**	**$1,487**	**$1,954**	**$2,449**	**$4,297**	**$7,173**	**$28,674**	**$188,885**	**$234,919**
	Number of firms	**149,273**	**49,047**	**15,769**	**12,387**	**10,331**	**13,136**	**6,172**	**256,115**

Employees and locations

Number of employees

Permanent, temporary and intern full-time and part-time employees, including active, paid employees, and employees on unpaid leave

As at October 31, 2021	Full time	Part time	Total
Canada			
Alberta	1,662	391	**2,053**
British Columbia	2,269	558	**2,827**
Manitoba	276	83	**359**
New Brunswick	184	65	**249**
Newfoundland and Labrador	160	59	**219**
Northwest Territories	9	5	**14**
Nova Scotia	409	76	**485**
Ontario	19,887	1,586	**21,473**
Prince Edward Island	41	11	**52**
Quebec	4,143	861	**5,004**
Saskatchewan	261	116	**377**
Yukon	9	4	**13**
Total [1]	**29,310**	**3,815**	**33,125**
United States	11,413	934	**12,347**
International	1,443	80	**1,523**
Total employees	**42,166**	**4,829**	**46,995**

[1] Refers to the number of individuals employed full-time and part-time with a work location of Canada, in each province

Branches opened, closed and relocated

We opened, closed and relocated the following BMO Bank of Montreal branches in fiscal 2021 (Canada)

Branches opened	Address	City/Province
Mississauga Road & Financial Drive	45 Montpelier Street	Brampton, ON
King Edward & Rideau	303 Rideau Street	Ottawa, ON
No. 3 & Capstan	3331 No. 3 Road	Richmond, BC

Branches closed	Address	City/Province
Queenston & Parkdale	290 Queenston Road	Hamilton, ON
Finchdale Plaza	2546 Finch Avenue W	North York, ON
Queen & Hambly	2072 Queen Street E	Toronto, ON

Branches relocated	From	To	City/Province
Legacy	19369 Sheriff King Street SW, Unit 120	20 Longview Common SE, Unit 410	Calgary, AB
Centre on Barton	886 Barton Street E	1191 Barton Street E, Unit T01	Hamilton, ON
Parc & Laurier	5060, boulevard Saint-Laurent	5059, avenue du Parc	Montreal, QC
Griffintown	180 Peel Street, Suite 100	170 Peel Street	Montreal, QC
Port Alberni	3100 3rd Avenue	3550 Johnston Road, Unit 130	Port Alberni, BC
Yonge & Roselawn	2210 Yonge Street	2454 Yonge Street	Toronto, ON
The Beach	1775 Queen Street E	2183 Queen Street E	Toronto, ON
Dunbar (temporary)	4395 Dunbar Street	4445 Dunbar Street	Vancouver, BC
Arbutus Shopping Centre	4255 Arbutus Street, Unit 108	2104 Lahb Avenue, Unit 120	Vancouver, BC

ATMs opened and closed

We opened and closed the following automated teller machines (ATMs) in fiscal 2021 (Canada)

ATMs opened

Site	Address	City	Province
Shell	3337, boulevard Taschereau	Greenfield Park	QC
Griffintown	170 Peel Street	Montreal	QC
Parc & Laurier	5059, avenue du Parc	Montreal	QC
Mississauga Road & Financial Drive	45 Montpelier Street	Brampton	ON
Food Basics	3049 Jefferson Drive	Brockville	ON
Curve Lake First Nation	22 Winookeeda Road	Curve Lake	ON
Centre on Barton	1191 Barton Street E	Hamilton	ON
Shell	473 Terry Fox Drive	Kanata	ON
Honda Markham	180 Honda Boulevard	Markham	ON
King Edward & Rideau	303 Rideau Street	Ottawa	ON
Metro	15 Ellesmere Road	Scarborough	ON
The Beach	2183 Queen Street E	Toronto	ON
Yonge & Roselawn	2454 Yonge Street	Toronto	ON
Hasty Market	801 Dundas Street	Woodstock	ON
Shell	11 Davis Way	Stoney Mountain	MB
Shell	3694 2 Avenue W	Prince Albert	SK
Shell	1218 Baltzan Boulevard	Saskatoon	SK
Legacy	20 Longview Common SE	Calgary	AB
Shell	5309 Rundlehorn Drive NE	Calgary	AB
Safeway	10930 82 Avenue	Edmonton	AB
Shell	21410 98 Avenue NW	Edmonton	AB
Shell	6601 178 Avenue NW	Edmonton	AB
Shell	6385 Vedder Road	Chilliwack	BC
Port Alberni	3550 Johnston Road	Port Alberni	BC
No. 3 & Capstan	3331 No. 3 Road	Richmond	BC
Arbutus Shopping Centre	2104 Lahb Avenue	Vancouver	BC
Dunbar (temporary)	4445 Dunbar Street	Vancouver	BC
Shell	8655 Boundary Road	Vancouver	BC

ATMs closed

Site	Address	City	Province
Medical Arts Building	5880 Spring Garden Road	Halifax	NS
Mail Champlain	2151, boulevard Lapinière	Brossard	QC
Couche-Tard	1051, boulevard Lorrain	Gatineau	QC
Pharmaprix	3646, boulevard Taschereau	Greenfield Park	QC
Griffintown	180 Peel Street	Montreal	QC
Laurier & Saint-Laurent	5060, boulevard Saint-Laurent	Montreal	QC
Couche-Tard	355, avenue Léonidas S	Rimouski	QC
Cornwall Square	1 Water Street E	Cornwall	ON
Food Basics	135 Barton Street E	Hamilton	ON
Queenston & Parkdale	290 Queenston Road	Hamilton	ON
Gage & Barton	886 Barton Street E	Hamilton	ON
Kingston Main	297 King Street E	Kingston	ON
Food Basics	2900 Steeles Avenue E	Markham	ON
Metro	2225 Erin Mills Parkway	Mississauga	ON
Queen Street	4365 Queen Street	Niagara Falls	ON
Finchdale Plaza	2546 Finch Avenue W	North York	ON
Bayside Mall	150 Christina Street N	Sarnia	ON
Markham & Ellesmere	2100 Ellesmere Road	Scarborough	ON
Queen & Woodbine	1775 Queen Street E	Toronto	ON
Queen & Hambly	2072 Queen Street E	Toronto	ON
Yonge & Eglinton	2210 Yonge Street	Toronto	ON
Portage & Hargrave	330 Portage Avenue	Winnipeg	MB
Silverado	19369 Sheriff King Street SW	Calgary	AB
Calgary Main	340 7 Avenue SW	Calgary	AB
Marlborough Town Centre	3800 Memorial Drive NE	Calgary	AB
Keyano College	8115 Franklin Avenue	Fort McMurray	AB
Red Deer Main Office	4903 Gaetz Avenue	Red Deer	AB
Safeway	2 Hebert Road	St. Albert	AB
Lonsdale & 15 Avenue	1505 Lonsdale Avenue	North Vancouver	BC
Port Alberni	3100 3rd Avenue	Port Alberni	BC
Shell	9507 Main Street	Summerland	BC
Arbutus Shopping Centre	4255 Arbutus Street	Vancouver	BC
28th & Dunbar	4395 Dunbar Street	Vancouver	BC

Taxes

Taxes paid and payable in Canada

$ millions	Income taxes	Capital taxes	Other taxes
Federal	$ 881.8	$ –	$ 127.0
Province or territory			
Alberta	$ 23.6	$ 0.0	$ 0.8
British Columbia	$ 51.8	$ –	$ 8.6
Manitoba	$ 4.1	$ 6.2	$ 1.1
New Brunswick	$ 2.9	$ 1.5	$ 1.3
Newfoundland and Labrador	$ 2.8	$ 3.4	$ 2.2
Northwest Territories	$ 0.2	$ –	$ –
Nova Scotia	$ 5.1	$ 2.7	$ 2.0
Nunavut	$ –	$ –	$ –
Ontario	$ 329.6	$ 0.0	$ 375.3
Prince Edward Island	$ 0.7	$ 0.4	$ 0.3
Quebec	$ 83.1	$ 15.3	$ 55.6
Saskatchewan	$ 4.2	$ 6.1	$ 0.1
Yukon	$ 0.2	$ –	$ –
Total provincial and territorial taxes	$ 508.3	$ 35.6	$ 447.3
Total	$ 1,390.1	$ 35.6	$ 574.3
Total income and capital taxes	$ 1,425.7		
Total taxes	$ 2,000.0		

Bank of Montreal, along with its Canadian subsidiaries, is a major Canadian taxpayer. In fiscal 2021, our overall tax contribution was $2 billion.

This amount included $1,390 million in income taxes, $36 million in provincial capital taxes and $574 million in other taxes. Other taxes included $354 million in goods and services tax/harmonized sales tax and other sales taxes, $209 million in payroll taxes (employer portion), $9 million in property taxes and $2 million in business taxes and other sundry taxes.

BMO Mortgage Corporation 2021 Public Accountability Statement[1]

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-type instruments (such as GICs) through Bank of Montreal's retail branch network and other proprietary channels, where Bank of Montreal acts for BMMC, as well as through third-party channels. BMMC does not operate branches that are open to the public or other facilities at which deposits are accepted or cash is distributed to customers. BMMC employs 12 full-time employees.

The income and capital taxes paid in Canada by BMO Financial Group, of which BMMC is a member, are listed on page 92 of BMO Financial Group's 2021 Sustainability Report and Public Accountability Statement.

BMMC shares BMO's commitment to community development and philanthropic activity as described in BMO Financial Group's 2021 Sustainability 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 2021 Sustainability Report and Public Accountability Statement on page 63.

As detailed in BMO Financial Group's 2021 Sustainability 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.

[1] As stipulated by the *Trust and Loan Companies Act*, Bank of Montreal Mortgage Corporation, wholly owned by Bank of Montreal, is required to publish a separate Public Accountability Statement.

BMO Life Assurance Company Public Accountability Statement[1]

Due to the specific nature of its activities, BMO Life Assurance Company (BMOLA) provides the following information in response to the requirements set out in section 489.1(1) of the *Insurance Companies Act* and in the applicable regulations.

BMOLA is a wholly owned indirect subsidiary of BMO Life Insurance Company, which in turn is a wholly owned subsidiary of Bank of Montreal. BMOLA is a federally regulated life and health insurance company and is licensed to underwrite life, accident and sickness insurance in all provinces and territories of Canada. BMOLA offers individual life, accident and sickness insurance and individual and group annuities through independent insurance agents and directly to consumers. BMOLA has no employees of its own. All of its activities are conducted by employees of Bank of Montreal and BMO Nesbitt Burns Inc.

The income and capital taxes paid in Canada by BMO Financial Group, of which BMOLA is a member, are listed on page 92 of BMO Financial Group's 2021 Sustainability Report and Public Accountability Statement.

BMOLA shares BMO's commitment to community development and philanthropic activity, as described in BMO Financial Group's 2021 Sustainability Report and Public Accountability Statement. The community development activities of BMOLA are integrated with those of BMO Financial Group and its employees, as described in BMO Financial Group's 2021 Sustainability Report and Public Accountability Statement on page 63.

As detailed in BMO Financial Group's 2021 Sustainability Report and Public Accountability Statement, business debt financing and programs to improve access to financial services are engaged in by Bank of Montreal for BMO Financial Group. BMOLA has no other affiliates in respect of which this Public Accountability Statement is published.

[1] As stipulated by the *Insurance Companies Act*, BMOLA, wholly owned by Bank of Montreal, is required to publish a separate Public Accountability Statement.

BMO Life Insurance Company Public Accountability Statement[1]

Due to the specific nature of its activities, BMO Life Insurance Company (BMOLI) provides the following information in response to the requirements set out in section 489.1(1) of the *Insurance Companies Act* and in the applicable regulations.

BMOLI is a wholly owned subsidiary of Bank of Montreal. BMOLI is a federally regulated life and health insurance company and is licensed to underwrite life, accident and sickness insurance in all provinces and territories of Canada. BMOLI has no employees of its own. All of its activities are conducted by employees of Bank of Montreal and BMO Nesbitt Burns Inc.

The income and capital taxes paid in Canada by BMO Financial Group, of which BMOLI is a member, are listed on page 92 of BMO Financial Group's 2021 Sustainability Report and Public Accountability Statement.

BMOLI shares BMO's commitment to community development and philanthropic activity, as described in BMO Financial Group's 2021 Sustainability Report and Public Accountability Statement. The community development activities of BMOLI are integrated with those of BMO Financial Group and its employees, as described in BMO Financial Group's 2021 Sustainability Report and Public Accountability Statementon page 63.

As detailed in BMO Financial Group's 2021 Sustainability Report and Public Accountability Statement, business debt financing and programs to improve access to financial services are engaged in by Bank of Montreal for BMO Financial Group. BMOLI has no other affiliates in respect of which this Public Accountability Statement is published.

[1] As stipulated by the *Insurance Companies Act*, BMOLI, wholly owned by Bank of Montreal, is required to publish a separate Public Accountability Statement.

Need help?
Email us at: sustainability@bmo.com

BMO's Sustainability Leaders Podcast

BMO's Sustainability Leaders podcast series introduces you to the innovative minds and diverse perspectives that are pushing the boundaries in sustainability good practice.

https://sustainabilityleaders.bmo.com/en/home/sustainability-leaders-podcast/

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