

# Statement on Human Rights

Since the beginning, BMO has had a purpose beyond profit to be a champion for progress and a catalyst for change. Our Purpose is to **Boldly Grow the Good in business and life**. We are a partner for our customers seeking to fulfill their dreams, an employer for the thousands of people who work together at BMO every day and are proud members of the communities where we live and work. Our commitment to driving positive change has spanned more than 200 years.

## Our Human Rights Commitment

BMO has made a commitment – to our customers, employees, communities, shareholders, and other stakeholders – to respect human rights everywhere we do business.

All individuals are entitled to human rights – without discrimination – regardless of race, sexual orientation, gender identity, nationality, ethnicity, language, religion, or any other status. Human rights includes 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.

BMO supports the ‘Protect, Respect and Remedy’ Framework of the United Nations Guiding Principles on Business and Human Rights as endorsed by the UN Human Rights Council (UNGP). The framework rests on three pillars:

1. State duty to protect human rights;
2. Corporate responsibility to respect human rights;
3. Greater access for victims to effective remedy of business-related abuse.

Our corporate responsibility to respect human rights means:

- Through our Code of Conduct, policies and procedures, and compliance with applicable laws and regulations, we adhere to the International Bill of Human Rights, Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, UN Declaration on the Rights of Indigenous Peoples and the principles of the eight International Labour Organisation Core conventions.
- We take responsibility to respect human rights across all our business activities, including our relationships with third parties, such as our suppliers and customers.
- We commit to implementing programs for robust ‘human rights due diligence’, including assessing actual and potential human rights impacts, and acting upon findings.
- We commit to engaging continuously with external stakeholders to strengthen capacity to improve.
- We commit to tracking progress and performance and providing best-in-class transparency and disclosure.
- We will develop mechanisms to remedy adverse human rights impacts and achieve the objectives of the third pillar of the UNGP framework, on our own and working with industry peers to enhance good practice.

## Responsibility

Responsibility for human rights is shared across BMO. BMO’s Chief Sustainability Officer leads the development of programs to embed the UNGPs into our policies and procedures, which are implemented by operating groups and corporate support areas.

## Our Human Rights Priorities

To uphold our commitment to respect fundamental human rights, BMO proactively identifies and assesses potential human rights impacts and risks. These are regularly reviewed through stakeholder engagement activities, and systematically through our sustainability materiality assessment process. We have identified the human rights areas most salient for each of our key stakeholder groups as follows:

		Stakeholder Group			
		Employees	Customers	Supply Chain	BMO GAM Investments
Human Rights Topics	Diversity & Inclusion	✓	✓	✓	✓
	Health & Safety	✓	✓	✓	✓
	Information Security & Privacy	✓	✓	✓	
	Anti-Human Trafficking & Anti-Modern Slavery		✓	✓	✓
	Anti-Bribery & Anti-Corruption		✓	✓	
	Indigenous Peoples	✓	✓	✓	✓
	Environmental & Social Risk		✓	✓	✓

BMO’s approach to managing each of these issues is outlined in our Code of Conduct and Supplier Code of Conduct, as well as in statements on our [website](#). In approaching key issues, we are guided by our values of integrity, empathy, diversity and responsibility.

## Our Approach

We strive to integrate the UNGPs’ approach to human rights into the enterprise-wide governance of our business practices and operations, allowing us to identify and mitigate potential or actual adverse impacts on human rights as we work to achieve positive outcomes in our business operations and our relationships with stakeholders.

In 2019, we added human rights to our enterprise risk taxonomy as a subset of environmental and social risk and developed a sustainable procurement program that includes consideration of human rights impacts. This builds on the extensive human rights considerations in our existing human resources and anti-money laundering programs. BMO also took leadership positions in global industry working groups to develop innovative approaches to the application of the UNGPs in the banking sector. This work will continue in 2020, to further embed the UNGPs’ spirit and approach into the way that we consider and address human rights impacts in our business and industry more broadly.

Our Risk Governance Framework consists of the following functional components and includes the assessment of environmental and social risks, including human rights:

- Board and Senior Management Oversight
- Risk Culture
- Three Lines of Defence Operating Model
- Policy Framework
- Risk Appetite Framework and Strategic Plan
- Internal Controls
- Risk Identification, Monitoring and Reporting, including Risk Data Aggregation

The Framework applies the principles of sound corporate governance to assessing and managing risks to ensure that activities are aligned with BMO’s risk appetite, capacity to absorb losses, and long-term viability. Key to the Framework are the roles of the Board, senior management, operating groups, and risk management control functions, as well as the processes by which risk information is identified, collected, analysed and communicated to provide a sound basis for management decisions.

Our Corporate Policies and Standards apply enterprise-wide (including all subsidiaries) and are supported by documents applicable to human rights such as our Statement on Modern Slavery and Human Trafficking, BMO's Code of Conduct, and Supplier Code of Conduct. It also includes our human resources policies, how we respect human rights by building a diverse and inclusive work environment, and by working to mitigate adverse impacts on human rights that are caused by, or linked to, our business operations.

Our approach to managing environmental and social risk, including human rights risk, is discussed in the Enterprise-Wide Risk Management section of our [Annual Report and Management's Discussion & Analysis](#).

### Employees

We comply with employment standards and human rights legislation everywhere we do business. Our recruitment and promotion procedures are developed to ensure a fair and equitable approach to hiring. We regularly monitor our practices to ensure employees are treated fairly and high-risk areas are identified, and concerns are addressed.

The bank's operations must be consistent with BMO's Code of Conduct and BMO human resources policies and standards. We continue to develop our human rights program and incorporate emerging best practices as the UNGPs are adopted by companies around the world. These principles set out the duties of companies to respect human rights, and to conduct due diligence to identify and mitigate adverse impacts that their operations may have on human rights.

We are committed to respecting and promoting diversity, equality and human rights across our workforce, while recognizing that some groups face higher risk of discrimination such as: women, Black, Indigenous and People of Colour (BIPOC), persons with disabilities, and LGBTQ2+ individuals. We recognize gender equality as a fundamental human right; support the right to freedom of association and collective bargaining (see BMO Statement on Freedom of Association and Collective Bargaining); stand against forced, compulsory and/or child labour; and have a zero-tolerance policy for harassment and discrimination of all kinds. We pledged support for the UN LGBTI Standards, and signed the Women's Empowerment Principles, in addition to the Catalyst Accord 2022. We are undertaking efforts to educate employees about the Truth & Reconciliation Call to Corporate Canada Action #92 with respect to Indigenous Peoples.

We are committed to diversity and inclusion, which is one of our core corporate values. We strive to create an environment where all of our people can succeed, for example by:

- ensuring strong executive leadership for inclusion programs by closely monitoring progress of publicly stated goals and annual priorities through bi-monthly meetings, annual planning and quarterly updates to all employees (e.g., quarterly reporting tracker);
- providing employees with disabilities with workplace accommodations, technical devices and/or additional support to succeed at work; and
- providing employees with a respectful workplace that is free from violence, harassment and discrimination of any kind.

To support our commitment to equality, diversity and inclusion, BMO's operating procedures aim to ensure a safe and inclusive workplace for all. These include programs about health and safety, anti-harassment (including sexual and non-sexual harassment and discrimination), bullying and victimisation at work, workplace violence, resolution programs – which include defined escalation processes for reporting incidents of harassment, violence, and discrimination, employee protection plans, drug and alcohol guidelines, and flexible work arrangements.

### Customers

As a global financial services provider, we recognise that we may be exposed to human rights risks and opportunities through engagement with our customers.

BMO is committed to keeping customer information secure. Our information technology environment complies with applicable regulatory requirements. Our information security management framework and governance processes align with industry best practices, including ISO 27001:2013, and the frameworks of the Control Objectives for Information and Related Technologies, National Institute of Standards and Technology and the Information Technology Infrastructure Library. In building and maintaining a robust cyber security framework, we implemented a number of policies, standards, procedures and guidelines, which are updated regularly to ensure they continue to address current risks.

In Canada, BMO's Privacy Code outlines our commitment to customers. It also outlines the channels through which our customers can raise privacy complaints. In other jurisdictions, we comply with local requirements to enable privacy concerns to be raised. We offer customers information about how they can protect themselves.

To address the risks presented by those who engage in human trafficking and modern slavery, BMO has a robust Anti-Money Laundering (AML) program that fully satisfies all legal and regulatory obligations. This Program includes compliance with sanctions measures restrict dealings with prohibited individuals, groups or entities associated with human rights violations.

BMO's AML program conducts assessments to identify higher-risk areas that may impact our business. Enhanced measures are applied to these areas, which includes review of products, services or delivery channels, transactions and geographies to ensure no activity implicates human trafficking. Our AML program also identifies adverse media or adverse information from law enforcement or regulatory authorities related to our customers.

Our AML program seeks to identify unusual activity and report suspicious activity to regulators in an effort to identify criminal activities, such as human trafficking, that may be linked to money laundering, terrorist financing, or sanctions avoidance. Our Program includes a list of red flags to help detect potential human trafficking related activity and provide guidance for our front-line employees on servicing human trafficking survivors with compassion and empowerment.

BMO is the lead Bank for Project Protect, which represents the first Public Private partnership that targets human trafficking by focusing on the money laundering aspects of the crime. In 2019, BMO joined a coalition of leading banks and survivor organizations to launch Finance Against Slavery and Trafficking (FAST) at the United Nations General Assembly. FAST aims to provide financial institutions, service providers, regulators, government agencies and other stakeholders around the world with a framework to match survivors with basic financial services. BMO also works closely with service providers, that support trafficking survivors to gain access to basic financial services, easing their return to society and aims to support survivors of human trafficking in addressing the financial fraud and debt burden arising from their exploitation.

AML program details can be found in BMO's Statement on Anti-Money Laundering, Anti-Terrorist Financing and Sanctions Measures.

In applying our enterprise risk and credit risk management frameworks, we evaluate the environmental and social risks to which our clients may be exposed, including human rights impacts. Our Commercial Banking and Capital Markets businesses have regularly reviewed policies in place to help identify, manage and mitigate these types of risk in financing transactions. Our lines of business submit environmental and social risk due diligence findings as part of their transaction approval processes. In assessing social risks, we review the performance of a current or potential client in managing regulatory issues and other concerns related to stakeholder engagement, including Indigenous consultation.

Free, prior and informed consent (FPIC) is defined in various international standards and frameworks, including the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). In 2021, the Canadian parliament passed Bill C-15, An Act respecting the United Nations Declaration on the Rights of Indigenous Peoples, committing governments to make Canadian law consistent with UNDRIP over a number of years, through consultation and collaboration with Indigenous peoples.

BMO recognizes the importance of free, prior and informed consent, along with the rights of Indigenous peoples to participate in decision-making. Recognizing the risks associated with a failure to adequately address Indigenous rights, we have integrated this topic into our risk management policies and processes, including expressly referencing Indigenous rights in our Environmental and Social Risk Corporate Policy, requiring enhanced due diligence for heightened risk sectors where Indigenous rights impacts are identified, and establishing escalation processes for reputation risk associated with Indigenous rights issues. We also integrate the expectations of the Equator Principles framework which expressly incorporates FPIC, for financings within its scope.

We have consulted with our Indigenous Advisory Council regarding FPIC, inviting them to share their thoughts and feedback with us. Based on recommendations received, BMO is currently planning further education to help deepen the understanding of FPIC and Indigenous Rights for BMO personnel, in the context of our commitments to human rights and Indigenous partnerships, and further embed an understanding of these important issues in our risk management approach. This builds on existing training on FPIC delivered in the context of environmental and social risk management and implementation of our commitments under the Equator Principles framework (which itself directly incorporates the concept of FPIC for financings within its scope).

As a signatory to the Equator Principles, BMO commits to assessing and managing the environmental and social risks of our lending transactions that are within the scope of those principles. Meeting this commitment involves considering human rights matters, such as the health and safety of communities, workers' rights and the rights of Indigenous peoples, including FPIC where applicable. More information can be found in the Responsible Lending section of BMO's [Sustainability Report](#).

BMO is committed to meeting the needs of underserved groups and creating specialized products and services that make our offerings more accessible. This includes tailored offerings for small business and entrepreneurs, with a focus on advancing economic opportunities for women and Indigenous communities. More information can be found in BMO's Sustainability Report. We have also developed direction on human rights considerations to ensure that our personal lending practices are not discriminatory.

At our branches, we aim to remove barriers to inclusion by implementing standards as outlined in [BMO's Accessibility Plan](#). We also focus on ensuring that our customers feel comfortable in their interactions with branch staff. For example, we implemented gender pronoun training across select branches in North America so employees can better communicate with our transgender and gender non-binary customers.

BMO is committed to maintaining public trust by complying with anti-bribery and anti-corruption legislation and taking a zero-tolerance approach to unethical business practices. All employees must comply with BMO's Anti-Bribery and Anti-Corruption Operating Directive and receive training to interpret and apply the directive as well as understand and identify bribery and corruption risks in their daily work. For more information, see our Statement on Anti-Bribery and Anti-Corruption.

### Supply Chain

BMO expects its suppliers to act fairly and with integrity towards their stakeholders, including the persons, organisations and legal entities that are involved in, have an interest in, or are affected by their activities. BMO's Supplier Code of Conduct is part of our legal agreements with our suppliers. It sets out the standards we expect our suppliers to meet in respecting human rights, as well as upholding ethical business practices and complying with the law. We encourage our suppliers to adopt policies and codes of conduct similar to our own, and to convey their expectations to their own suppliers. BMO screens suppliers and expects them to respect our standards for integrity, fair dealing and sustainability.

BMO's Outsourcing and Supplier Risk Management Framework (OSRMF) governs risk assessment and management associated with our suppliers. The OSRMF proactively identifies, assesses, monitors, and mitigates risks associated with our third-party suppliers, including the risk of us not complying with regulatory requirements. We identify risks associated with outsourcing by developing an understanding of material business strategies, products and services, processes, systems, activities, and characteristics of the business environment. All supplier arrangements must comply with OSRMF requirements.

We conduct due diligence where required by the terms of the OSRMF before entering into any agreement with a new supplier, as well as ongoing due diligence with existing suppliers to ensure they comply with BMO's policies. If a supplier recognizes a potential gap in their capacity to identify or manage certain risks, we work with them to find a solution. This collaborative approach includes helping suppliers develop policies of their own that address best practices, leadership, sustainability and innovation.

Our supplier due diligence process validates a supplier's ability to provide services while identifying and assessing any related risks. We have also incorporated requirements for supplier diversity into BMO's procurement practices to open up more opportunities for diverse suppliers.

In F2018, we began to leverage existing supplier risk management programs to address the risk of slavery and human trafficking in our supply chain. This resulted in the launch of a pilot program in F2019 to address broader supply chain sustainability, including due diligence on human rights matters. This pilot will be expanded in 2020 as we incorporate lessons learned and continue to identify effective tools and processes to integrate identification, management and mitigation of supply chain-related environmental, social and governance risks into our procurement program. We are also employing these tools to conduct a human rights risk assessment for our strategic suppliers.

### Responsible Investing

BMO Global Asset Management (BMO GAM) is committed to respecting human and labour rights through its investment practices, corporate engagement, proxy voting and reporting activities. BMO GAM's Expectations for Social Practices statement outlines expectations for investee companies to manage the social aspects of their operations and supply chains, and covers each human rights topic described in this statement. BMO GAM's Responsible Investment team carries out an extensive program of investor engagement intended to encourage the companies in which we invest to adopt Environmental, Social and Governance (ESG) best practices. In 2019, the team identified gender equality and protecting vulnerable workers as two of its top engagement priorities.

The Responsible Investment team's initiatives include engaging with companies operating in high-risk sectors on topics such as protecting migrant worker rights, collective bargaining, and health and safety standards. The team also monitors companies alleged to be in contravention of the United Nations Global Compact Principles and engages with those companies if there is a significant issue. In addition,

BMO GAM offers a range of funds with investment portfolios in which every investee company has been screened for ethical, social and environmental standards.

### Access to Remedy

Our stakeholders can seek access to remedy for perceived human rights violations through multiple channels.

BMO is committed to creating an environment where employees can speak up without fear of retaliation. Employees can raise concerns confidentially by contacting Employee Relations, the Ethics and Conduct Office and, if preferred, raise concerns anonymously by contacting the Office of the Ombudsman through, Speak Up! the external whistleblower service. Speak Up! is available to employees and BMO stakeholders (e.g. customers and suppliers) 24 hours per day, every day of the year. All concerns are reviewed or investigated and responded to and there are a number of resolution options available to employees including early resolution, conciliation and investigation. Outcomes depend on whether allegations are substantiated and range from no required action, coaching and training, to disciplinary action, which may include termination. Privacy legislation prohibits sharing investigation outcomes.

For customer complaints, BMO's Office of the Ombudsman conducts a confidential and impartial review of Canadian customer complaints – grounded in fairness, integrity and respect – that considers the interests of all parties, as well as applicable laws, policies and standard industry practices. Customers can also take their concerns to an external dispute resolution provider – the Ombudsman for Banking Services and Investments or the Ombuds Service for Life & Health Insurance – for a further impartial and confidential review.

BMO regularly engages with stakeholders including non-governmental organizations and community groups on various sustainability topics, including potential human rights matters. External stakeholders may also engage with BMO through the Office of the Chief Sustainability Officer. This office can be contacted at [sustainability@bmo.com](mailto:sustainability@bmo.com).

### Training and Awareness

All BMO employees must complete an annual Ethics, Legal and Compliance Training program. This training includes courses on our Code of Conduct and human rights risks in the areas of Anti-Money Laundering, Information Security & Privacy Matters, Health & Safety, Accessibility & Our Customers, and Anti-Corruption. The Health & Safety training includes information on BMO's anti-harassment and workplace violence operating procedures, which includes BMO's zero tolerance for discrimination, targeted training on harassment, discrimination and violence in the workplace, and our process for raising concerns. The AML training includes information on predicate offences for money laundering, including human trafficking, and associated red flags.

On Diversity & Inclusion, BMO launched Learn from Difference in 2016 to build inclusive leadership capabilities, raise awareness of unconscious bias and create a more inclusive environment for colleagues, customers and the community. BMO views inclusion as an enterprise-wide responsibility and in 2019 we expanded the program to all employees.

The rates of completion and hours of training are reported in BMO's Sustainability Report. Additional and specialized training is provided to employees, agents, suppliers and other persons who may be responsible for control activities, outcomes or oversight, as appropriate.

A holistic review and internal engagement and training on the UNGPs are being developed to advance our integration of these commitments and policies to align with the Protect, Respect and Remedy Framework. To make this process as dynamic as possible, employees from across BMO, including Procurement, Human Resources, Legal & Regulatory Compliance and lines of business are involved to raise awareness about human rights. This work will further hone BMO's approach to human rights with the goal of developing a clearer and more consistent framework that connects our human rights impact with mitigation and remedial actions across the enterprise.

We will report at least annually on progress and review our engagement on this topic to continuously improve.

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