

Principles for Responsible Banking

2023 Reporting and Self-Assessment



In February 2021, BMO became one of the first North American banks to sign the United Nations (UN) Principles for Responsible Banking (PRB).

The PRB provide a framework for a sustainable banking system. Signatories commit to embedding sustainability at the strategic, portfolio and transactional levels, across all business areas. The PRB enable financial institutions genuinely committed to sustainable and responsible banking to set targets and ambitions that accelerate progress toward achieving the UN Sustainable Development Goals (SDGs) and the objectives of the Paris Climate Agreement.

Our commitment to sustainability is embedded in our strategy and is fundamental to our Purpose. In implementing the PRB, we have identified the most significant environmental, social and economic impacts¹ of our business operations, products and services on our stakeholders and the communities in which we operate.

This report presents our second PRB Reporting and Self-Assessment Template. Our implementation of the Principles is ongoing, and we will provide an updated Reporting and Self-Assessment Template annually.

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, 2022

Data

Unless otherwise noted: as at October 31, 2022
may be rounded dollar amounts are in Canadian dollars

Our Disclosures

AR – [BMO Financial Group 2022 Annual Report to Shareholders](#)

CR – [2022 Climate Report](#)

GRI – [2022 GRI Content Index](#)

Proxy Circular – [2023 Management Proxy Circular](#)

SASB – [2022 SASB Disclosure](#)

SR – [2022 Sustainability Report and Public Accountability Statement](#)

¹ This report includes and refers to voluntary disclosures on sustainability and ESG topics, including impacts, 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.

PRINCIPLE 1: ALIGNMENT		
We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		
<p>1.1 Business model</p> <p>Describe your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio in terms of geographies, segments or by disclosing the number of customers and clients served.</p>	<p>Established in 1817, BMO Financial Group is the eighth largest bank in North America by assets, with total assets of \$1.14 trillion as at October 31, 2022. We are highly diversified, providing a broad range of personal and commercial banking, wealth management, global markets and investment banking products and services. We serve twelve million customers across Canada and the United States (as BMO Harris Bank), and in select markets globally, through three integrated operating groups: Personal and Commercial Banking, BMO Wealth Management and BMO Capital Markets. We provide financing for clients operating in a variety of sectors, as listed in page 126 of our 2022 Annual Report.</p> <p>At BMO, we continue to build a high-performing, digitally-enabled, future-ready bank with highly engaged employees and a winning culture. We are focused on helping our customers make real financial progress and financing our clients' growth and innovation while investing in our workforce. 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. We are committed to progress for a thriving economy, a sustainable future and a more inclusive society with zero barriers.</p>	<p>SR, Who we are, page 6</p> <p>AR, About BMO, page 18</p> <p>AR, Table 6: Net Loans and Acceptances – Segmented Information, page 126</p>
<p>1.2 Strategy alignment</p> <p>Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p> <p>Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?</p> <p><input checked="" type="checkbox"/> UN Guiding Principles on Business and Human Rights</p> <p><input checked="" type="checkbox"/> International Labour Organization fundamental conventions</p> <p><input type="checkbox"/> UN Global Compact</p> <p><input type="checkbox"/> UN Declaration on the Rights of Indigenous Peoples</p> <p><input type="checkbox"/> Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk – please specify which ones:</p> <p><input checked="" type="checkbox"/> Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery – please specify which ones: Annual Statement Against Modern Slavery and Human Trafficking</p> <p><input type="checkbox"/> None of the above</p>	<p>Our commitment to sustainability is embedded in our strategy and 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, while also considering the interests of our stakeholders. We apply a variety of environmental, social and governance (ESG) practices and benchmarks to capture opportunities and manage risks in key areas such as sustainable finance, climate change, human rights, and diversity, equity and inclusion.</p> <p>We believe the success of the SDGs hinges on the mobilization of private sector finance. We have identified nine SDGs that we think are most relevant to our business and where we believe we have the most impact. These SDGs and our related contributions are discussed on page 16 of our 2022 Sustainability Report.</p> <p>In support of the objectives of the Paris Climate Agreement, we established our Climate Ambition – to be our clients' lead partner in the transition to a net-zero world. BMO became a signatory to the UN-convened Net-Zero Banking Alliance (NZBA) in October 2021, and we recognize the important role we can play as a financial institution in catalyzing climate action, financing a just transition to a net-zero economy, and working with our clients to help them understand the risks and opportunities of this transformation. In our 2022 Climate Report, we discuss the ways we are incorporating our Climate Ambition into our strategic planning.</p>	<p>SR, Strategy, pages 9-18</p> <p>CR, Strategy, pages 16-26</p> <p>BMO's Statements on current issues</p>

PRINCIPLE 2: IMPACT AND TARGET SETTING

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

<p>2.1 Impact Analysis Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):</p> <p>a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.</p>	<p>In 2021, we performed our initial impact analysis using the Portfolio Impact Analysis Tool version 2 (the Tool) provided by the United Nations Environment Programme – Finance Initiative (UNEP FI). The Tool helped analyze the potential impacts associated with our lending portfolio and helped identify the bank's most significant impacts. In 2022, we reviewed our 2021 analysis and noted that there were no significant changes and our results from 2021 are still relevant.</p> <p>The Tool captures BMO's exposures to specific industries and our primary countries of operation, Canada and the United States, as well as the scale of each exposure based on outstanding loan amounts. We evaluated the potential positive and negative impacts associated with our lending exposures (as at October 31, 2022). Our 2022 analysis covered our consumer banking activities (part of Personal and Commercial Banking), small business and commercial banking activities (part of Personal and Commercial Banking), and corporate banking activities (part of BMO Capital Markets).</p> <p>Currently, our analysis does not include our investment banking business or our non-lending activities. We expect to expand the scope of our analysis over time. BMO completed the acquisition of California-based Bank of the West on February 1, 2023. The acquisition brings nearly 1.8 million customers to BMO and will be captured in the next impact analysis.</p>	<p>CR, Metrics and targets – Financed emissions, pages 37-55</p>																																												
<p>b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope</p> <p>i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products & services and by types of customers for consumer and retail banking portfolios.</p> <p>If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.</p>	<p>We considered the composition of our portfolio in the analysis by assessing the sectors for which the scale of associated impact is high. We also considered the emissions intensity of sectors with higher levels of carbon emissions and leveraged our financed emissions analysis in our 2022 Climate Report.</p> <table border="1" data-bbox="657 836 1560 1359"> <tr> <th colspan="2">Consumer banking included nine leading products and services, by per cent of customers²:</th> <th colspan="2">Small business and commercial banking included top 30 North American Industry Classification System (NAICS) codes sector exposures, summarized in 10 sectors, by per cent of lending portfolio:</th> </tr> <tr> <td>Chequing account</td> <td>64%</td> <td>Commercial real estate</td> <td>17%</td> </tr> <tr> <td>Credit cards</td> <td>42%</td> <td>Financial</td> <td>16%</td> </tr> <tr> <td>Consumer loans and overdraft</td> <td>41%</td> <td>Service industries</td> <td>10%</td> </tr> <tr> <td>Savings account</td> <td>40%</td> <td>Retail trade</td> <td>7%</td> </tr> <tr> <td>Vehicle-related loans</td> <td>13%</td> <td>Agriculture</td> <td>4%</td> </tr> <tr> <td>Home loans/mortgages</td> <td>8%</td> <td>Transportation</td> <td>4%</td> </tr> <tr> <td>Certificates of deposit</td> <td>8%</td> <td>Wholesale trade</td> <td>3%</td> </tr> <tr> <td>Advisory services</td> <td>3%</td> <td>Manufacturing</td> <td>1%</td> </tr> <tr> <td>Education-related loans</td> <td>1%</td> <td>Government</td> <td><1%</td> </tr> <tr> <td></td> <td></td> <td>Construction</td> <td><1%</td> </tr> </table>	Consumer banking included nine leading products and services, by per cent of customers ² :		Small business and commercial banking included top 30 North American Industry Classification System (NAICS) codes sector exposures, summarized in 10 sectors, by per cent of lending portfolio:		Chequing account	64%	Commercial real estate	17%	Credit cards	42%	Financial	16%	Consumer loans and overdraft	41%	Service industries	10%	Savings account	40%	Retail trade	7%	Vehicle-related loans	13%	Agriculture	4%	Home loans/mortgages	8%	Transportation	4%	Certificates of deposit	8%	Wholesale trade	3%	Advisory services	3%	Manufacturing	1%	Education-related loans	1%	Government	<1%			Construction	<1%	
Consumer banking included nine leading products and services, by per cent of customers ² :		Small business and commercial banking included top 30 North American Industry Classification System (NAICS) codes sector exposures, summarized in 10 sectors, by per cent of lending portfolio:																																												
Chequing account	64%	Commercial real estate	17%																																											
Credit cards	42%	Financial	16%																																											
Consumer loans and overdraft	41%	Service industries	10%																																											
Savings account	40%	Retail trade	7%																																											
Vehicle-related loans	13%	Agriculture	4%																																											
Home loans/mortgages	8%	Transportation	4%																																											
Certificates of deposit	8%	Wholesale trade	3%																																											
Advisory services	3%	Manufacturing	1%																																											
Education-related loans	1%	Government	<1%																																											
		Construction	<1%																																											

² Total does not add up to 100% because customers may hold multiple products and services.

PRINCIPLE 2: IMPACT AND TARGET SETTING																						
<p>b) Portfolio composition (continued)</p>	<p>Corporate banking included top 30 NAICS codes sector exposures, summarized in 10 sectors by per cent of lending portfolio:</p> <table border="1"> <tr> <td>Financial</td> <td>28%</td> </tr> <tr> <td>Commercial real estate</td> <td>19%</td> </tr> <tr> <td>Utilities</td> <td>12%</td> </tr> <tr> <td>Service industries</td> <td>8%</td> </tr> <tr> <td>Oil and gas</td> <td>4%</td> </tr> <tr> <td>Manufacturing</td> <td>3%</td> </tr> <tr> <td>Mining</td> <td>1%</td> </tr> <tr> <td>Transportation</td> <td>1%</td> </tr> <tr> <td>Wholesale trade</td> <td><1%</td> </tr> <tr> <td>Construction</td> <td><1%</td> </tr> </table>	Financial	28%	Commercial real estate	19%	Utilities	12%	Service industries	8%	Oil and gas	4%	Manufacturing	3%	Mining	1%	Transportation	1%	Wholesale trade	<1%	Construction	<1%	
Financial	28%																					
Commercial real estate	19%																					
Utilities	12%																					
Service industries	8%																					
Oil and gas	4%																					
Manufacturing	3%																					
Mining	1%																					
Transportation	1%																					
Wholesale trade	<1%																					
Construction	<1%																					
<p>c) Context: What are the main challenges and priorities related to sustainable development in the main countries/ regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p>	<p>The Tool highlighted that the priority areas of environmental, social, and economic needs and challenges in Canada and the United States include climate stability and housing. These areas are also identified as priority sustainability topics in our 2022 materiality assessment under "Climate change" and "Financial inclusion". The materiality assessment process is detailed on page 20 of the 2022 Sustainability Report. See Principle 4.1 on stakeholders we engage.</p>	<p>SR, Convening and collaboration for sustainability, page 17 SR, Determining our priority sustainability topics, page 20 SR, Engaging our stakeholders, page 21 CR, Convening for climate action, pages 24-26</p>																				
<p>Based on these first three elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)? Please disclose.</p>	<p>Our analysis re-confirmed that the most significant impacts associated with our portfolio are potential negative impacts related to climate change (SDG 13 Climate Action) and potential positive impacts related to the availability, accessibility and affordability of housing (SDG 11 Sustainable Cities and Communities).</p>																					

PRINCIPLE 2: IMPACT AND TARGET SETTING		
<p>d) Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in 2.2a.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p>	<p>Climate change In alignment with our Climate Ambition, in 2021, we began to quantify the GHG emissions associated with our lending activities in accordance with the Partnership for Carbon Accounting Financials (PCAF) standard for those sectors in our portfolio where climate impacts are concentrated, where we have significant lending exposure, where sufficient data was available, and where we are seeing stakeholder interest. By the end of 2023, we expect to have quantified sectoral emissions representing a significant majority of financed emissions of high carbon-intensive sectors under the NZBA framework. Our annual financed emissions and progress against the targets we set in 2021 are disclosed in our 2022 Climate Report.</p> <p>Housing BMO continues to look for opportunities to accelerate positive change through lending, investing, giving and engagement in our local communities, striving to remove barriers to inclusion in the financial services industry. In November 2020, BMO launched its BMO EMpower program, a US\$5 billion commitment over five years to address key barriers confronting minority businesses, communities and families in the United States. BMO EMpower has several pillars, including a commitment to support community reinvestment in affordable housing and neighbourhood revitalization and a commitment to low-to-moderate income home mortgage lending.</p> <p>In 2021, BMO committed to support financing affordable and accessible housing in Canada. Our progress on reaching these targets are discussed in our 2022 Sustainability Report.</p>	<p>CR, Metrics and targets – Financed emissions, pages 37-55 SR, Sustainable finance, pages 40-41 SR, Financial inclusion – BMO EMpower, pages 32-33</p>
<p>Self-assessment summary</p> <p>Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?</p> <p>Scope: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> <p>Portfolio composition: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> <p>Context: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> <p>Performance measurement: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> <p>Which most significant impact areas have you identified for your bank, as a result of the impact analysis?</p> <p>Our two significant impact areas are climate and affordable housing, which correlate with PRB impact areas climate change mitigation and financial health & inclusion.</p> <p>How recent is the data used for and disclosed in the impact analysis?</p> <p><input type="checkbox"/> Up to 6 months prior to publication <input checked="" type="checkbox"/> Up to 12 months prior to publication <input type="checkbox"/> Up to 18 months prior to publication <input type="checkbox"/> Longer than 18 months prior to publication</p>		

PRINCIPLE 2: IMPACT AND TARGET SETTING																						
<p>2.2 Target Setting Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.</p> <p>The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:</p> <p>a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.</p>	<p>Climate change In 2021, in-line with our NZBA commitment, we began to model decarbonization pathways for select sectors in our portfolio and developed an approach to target-setting that is aligned with the UNEP FI Guidelines for Climate Target Setting for Banks. We set intermediate targets for reducing our financed emissions by 2030 that will be achieved in partnership with our clients, with the objectives of SDG 13 Climate Action and Canadian and U.S. public policy.</p> <p>Housing In the U.S., federally insured depository institutions have an obligation to support the credit needs of the communities they are located in, including low-to-moderate income communities. Our BMO EMpower program³ aims to address key barriers confronting minority businesses, communities and families in the United States. Many of the BMO EMpower initiatives contribute to BMO's Community Reinvestment Act (CRA) obligations.</p> <p>BMO's \$12 billion commitment to support affordable and accessible housing for Canadians by 2030 was developed in collaboration with Canada Mortgage Housing Corporation (CMHC), Canada's federal crown corporation responsible for administering the National Housing Act. Our housing-related targets are in line with SDG 11 Sustainable Cities and Communities.</p>	<p>CR, Metrics and targets – Financed emissions, pages 37-55 SR, Sustainable finance, pages 40-41 SR, Financial inclusion – BMO EMpower, pages 32-33</p>																				
<p>b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.</p> <p>If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like the one on the right including the impact area, all relevant indicators and the corresponding indicator codes.</p> <p>In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.</p>	<table border="1"> <thead> <tr> <th colspan="2">Climate change</th> </tr> <tr> <th colspan="2">Our financed emissions reduction targets have a baseline of 2019.</th> </tr> <tr> <th>Annex Indicator</th> <th>Response</th> </tr> </thead> <tbody> <tr> <td>A.1.1 Climate strategy: Does your bank have a climate strategy in place?</td> <td>Yes, our Climate Ambition.</td> </tr> <tr> <td>A.1.2 Paris alignment target: Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?</td> <td>Yes, our Climate Ambition is to be our clients' lead partner in the transition to a net-zero world – targeting net-zero financed emissions in our lending by 2050.</td> </tr> <tr> <td>A.1.4 Portfolio analysis: Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?</td> <td>Yes, BMO has analyzed parts of its lending portfolio in terms of financed emissions. More information is found on pages 37-55 of our 2022 Climate Report.</td> </tr> <tr> <td>A.1.5 Business opportunities and financial products: Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?</td> <td>Yes, we mobilize capital to clients pursuing sustainable outcomes, through green, social and sustainable lending, underwriting, advisory services and investment. More information is found on pages 22-23 of our 2022 Climate Report.</td> </tr> <tr> <td>A.4.1 Reduction of GHG emissions: how much have the GHG emissions financed been reduced?</td> <td>Progress against the financed emissions targets we set in 2021 (baseline of 2019) is disclosed in the Appendix of our 2022 Climate Report.</td> </tr> <tr> <th colspan="2">Housing</th> </tr> <tr> <td colspan="2">Our BMO EMpower capital commitments related to affordable housing have a baseline of 2020 and our affordable and accessible housing finance commitment in Canada has a baseline of 2021.</td> </tr> </tbody> </table>	Climate change		Our financed emissions reduction targets have a baseline of 2019.		Annex Indicator	Response	A.1.1 Climate strategy: Does your bank have a climate strategy in place?	Yes, our Climate Ambition.	A.1.2 Paris alignment target: Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes, our Climate Ambition is to be our clients' lead partner in the transition to a net-zero world – targeting net-zero financed emissions in our lending by 2050.	A.1.4 Portfolio analysis: Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	Yes, BMO has analyzed parts of its lending portfolio in terms of financed emissions. More information is found on pages 37-55 of our 2022 Climate Report.	A.1.5 Business opportunities and financial products: Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?	Yes, we mobilize capital to clients pursuing sustainable outcomes, through green, social and sustainable lending, underwriting, advisory services and investment. More information is found on pages 22-23 of our 2022 Climate Report.	A.4.1 Reduction of GHG emissions: how much have the GHG emissions financed been reduced?	Progress against the financed emissions targets we set in 2021 (baseline of 2019) is disclosed in the Appendix of our 2022 Climate Report.	Housing		Our BMO EMpower capital commitments related to affordable housing have a baseline of 2020 and our affordable and accessible housing finance commitment in Canada has a baseline of 2021.		<p>CR, Strategy, pages 16-26 CR, Metrics and targets – Financed emissions, pages 51-55 SR, Sustainable finance, pages 40-41 SR, Financial inclusion – BMO EMpower, pages 32-33</p>
Climate change																						
Our financed emissions reduction targets have a baseline of 2019.																						
Annex Indicator	Response																					
A.1.1 Climate strategy: Does your bank have a climate strategy in place?	Yes, our Climate Ambition.																					
A.1.2 Paris alignment target: Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes, our Climate Ambition is to be our clients' lead partner in the transition to a net-zero world – targeting net-zero financed emissions in our lending by 2050.																					
A.1.4 Portfolio analysis: Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	Yes, BMO has analyzed parts of its lending portfolio in terms of financed emissions. More information is found on pages 37-55 of our 2022 Climate Report.																					
A.1.5 Business opportunities and financial products: Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?	Yes, we mobilize capital to clients pursuing sustainable outcomes, through green, social and sustainable lending, underwriting, advisory services and investment. More information is found on pages 22-23 of our 2022 Climate Report.																					
A.4.1 Reduction of GHG emissions: how much have the GHG emissions financed been reduced?	Progress against the financed emissions targets we set in 2021 (baseline of 2019) is disclosed in the Appendix of our 2022 Climate Report.																					
Housing																						
Our BMO EMpower capital commitments related to affordable housing have a baseline of 2020 and our affordable and accessible housing finance commitment in Canada has a baseline of 2021.																						

³ These commitments were set in 2020 for the launch of BMO EMpower, and have not been updated for the Community Benefits Plan. Following the announcement of the acquisition of the Bank of the West, in November 2022, BMO announced a Community Benefits Plan that outlines a more than US\$40 billion commitment to local communities in the United States. For more information, please visit www.bmo.com/EMpower

PRINCIPLE 2: IMPACT AND TARGET SETTING		
<p>c) SMART targets: Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which key performance indicators (KPIs) are you using to monitor progress towards reaching the target? Please disclose.</p>	<p>Climate change These targets are discussed in our 2022 Climate Report and include:</p> <ul style="list-style-type: none"> Upstream oil and gas lending portfolio Scope 1 and 2 emissions: Targeting a 33% reduction in portfolio emissions intensity by 2030 from a 2019 baseline, consistent with the Oil Sands Pathway to Net Zero Initiative and the Global Methane Pledge adopted by the Government of Canada. Upstream oil and gas lending portfolio Scope 3 emissions: Targeting a 24% reduction in absolute Scope 3 emissions by 2030 from a 2019 baseline. This could be the result of a reduction in global oil and gas demand, the use of carbon capture and storage technology across the economy, increasing alternative uses for oil and gas products, and BMO's decision to wind-down its non-Canadian investment and corporate banking energy business which was announced in 2020. Power generation lending portfolio Scope 1 emissions: Targeting a carbon intensity of 0.06 tCO₂/MWh for our Canadian portfolio by 2030, from a 2019 baseline, indicated by an 88% share of low-carbon power generation. This target is consistent with regulatory requirements for the phase-out of conventional coal-fired electricity generation by 2030, as well as the Government of Canada's plans to invest in a clean energy grid by supporting growth in renewable power generation capacity and the deployment of grid modernization technologies such as energy storage. Canadian personal motor vehicle lending portfolio Scope 1 and 2 emissions: Targeting 100% of new loans for light-duty cars and passenger trucks in Canada to finance purchases of zero-emission vehicles (ZEVs) by 2035, consistent with the Government of Canada mandatory target that all such vehicles sold must be ZEVs by 2035, as well as similar commitments by many major vehicle manufacturers to electrify their product offering. <p>In 2021, we also completed a target-setting analysis for our Canadian mortgage portfolio, but there are significant barriers to decarbonizing residential real estate. Given the challenges, interdependencies and opportunities for the decarbonization of the real estate sector (discussed in our paper Decarbonizing Canada's housing market), we did not set a financed emissions reduction target for this sector.</p> <p>In 2022, we expanded the scope of our sectoral financed emissions and decarbonization pathway modelling (building on what had been done in 2021) to include additional carbon-intensive sectors as identified in the UNEP FI Guidelines for Target Setting for Banks. These include: iron and steel production, aluminum production, cement manufacturing, and agriculture. As we are unable to accurately track emission reductions for these portfolios, we have not set reduction targets. Evolving data quality and availability, methodologies and scenarios may allow us to update our analysis and approach in the future. In the meantime, we remain committed to actions that can help the sector reduce GHG emissions in-line with a net-zero pathway.</p> <p>Housing We include targets related to the availability, accessibility and affordability of housing in our BMO EMpower program in the United States and our sustainable finance strategy in Canada:</p> <ul style="list-style-type: none"> US\$500 million committed to home mortgage lending in low- to moderate-income communities and to people in the United States by 2025⁴ US\$3 billion committed to community investment in affordable housing and neighbourhood revitalization in the United States by 2025⁴ \$12 billion committed to financing affordable and accessible housing over a ten-year period in Canada by 2030. 	<p>CR, Metrics and targets – Financed emissions, pages 37-55</p> <p>SR, Sustainable finance, pages 40-41</p> <p>SR, Financial inclusion – BMO EMpower, pages 32-33</p>

⁴ BMO exceeded our BMO EMpower program targets, meeting our five-year goal within two years and deploying US\$5.5 billion in capital. In 2022, we held community consultations for our US\$40 billion Community Benefits Plan that was announced in November 2022, to support organizations in communities across the United States. Under the banner of BMO EMPower 2.0, this plan will go beyond providing a financial commitment. It includes strategic partnerships and fosters deep community engagement in markets across our expanded footprint in the United States. For more information, please visit www.bmo.com/EMpower

PRINCIPLE 2: IMPACT AND TARGET SETTING		
<p>d) Action plan: Which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	<p>Climate change The NZBA requires that signatories publish a high-level transition plan with an overview of the categories of actions expected to be undertaken to meet their targets and an approximate timeline. In accordance with our commitment to the NZBA, our 2022 Climate Report details our high-level transition plans with implementation (products, services, policies, activities, or decision-making) and engagement (efforts to educate, advise, and/or collaborate with clients, industries, and governments on the transition) strategies. These strategies and actions have been documented in a board-level reviewed transition plan, and a summary for each of the sectors for which we have established targets are in the 2022 Climate Report.</p> <p>Housing Our BMO EMpower commitment is our bank’s prioritization of affordable housing in the U.S. through its CRA funding that includes community development investments, community development loans and mortgage loans. For instance, we launched the Welcome Home Grant (Special Purpose Credit Program) down payment program in Chicago and Phoenix, U.S., to help improve access to home ownership for minority communities. Other highlights from the programs are described in the 2022 Sustainability report. This is aligned with the commitment to enhance housing accessibility in Canada through eligible projects such as continuing to provide innovative financing options for First Nations to build, buy or renovate a house on-reserve through our On-Reserve Housing Loan Program.</p> <p>We recognize the interconnectedness of the SDGs and the objectives of the Paris Climate Agreement, as well as the potential negative impacts of pursuing our targets related to climate change and housing. We are taking action to mitigate these impacts so that the net benefit of these initiatives will be positive. For instance, since real estate is a major contributor to global GHG emissions, any growth in the housing stock and financing for new housing may have negative climate-related impacts. The financial sector can support mortgage and commercial real estate customers by providing products and services intended to make their properties greener. As we note in Decarbonizing Canada’s housing market, decarbonization of the real estate sector will primarily be achieved through electrification, with a concurrent increase in the supply of clean energy.</p>	<p>CR, Metrics and targets – Financed emissions, pages 51-55</p> <p>SR, Sustainable finance, pages 40-41</p> <p>SR, Financial inclusion – BMO EMpower, pages 32-33</p>

Self-assessment summary
 Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing?

	Climate change	Housing
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

PRINCIPLE 2: IMPACT AND TARGET SETTING		
<p>2.3 Target implementation and monitoring For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target. Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.</p>	<p>Climate change For each of the sectors we set decarbonization targets for, we continue to disclose financed emissions in line with the PCAF Standard and other widely accepted metrics, such as emissions intensity – in order to monitor our progress. Some actions from 2022 include our announcement of acquiring Radicle Group Inc. to develop carbon credit generation and trading capabilities. In 2022, we also began planning and designing an enterprise data and analytics solution that will provide timely data to inform ongoing, decision-useful analysis and to track our progress on energy transition financing. This improves insights across the enterprise and informs internal data-driven decisions related to decarbonization efforts.</p> <p>Housing As of September 30, 2022, BMO exceeded our EMpower five-year program goal and deployed US\$5.5 billion in capital. We deployed US\$390.9 million (78%) of our US\$500 million commitment to low- to moderate-income home mortgage lending. We exceeded our US\$3 billion commitment to community reinvestment in affordable housing and neighbourhood revitalization in the U.S. with US\$3.1 billion capital deployed. Progress on BMO EMpower is tracked quarterly and shared with the CRA Oversight Committee. Measures contributing to this progress are discussed in our 2022 Sustainability Report. In November 2022, we announced plans to go further through strategic partnerships and community involvement.</p> <p>We implemented an internal data collection process to measure and monitor progress on our \$12 billion commitment to finance affordable housing in Canada in support of the CMHC aspiration that all Canadians have a home that they can afford and that meets their needs by 2030. As of fiscal year-end 2022, 22% or \$2.6 billion has been used to help finance affordable mortgages in multi-unit residential spaces that align with CMHC’s definition of affordable housing.</p>	<p>CR, Metrics and targets – Financed emissions, pages 51-55 SR, Sustainable finance, pages 40-41 SR, Financial inclusion – BMO EMpower, pages 32-33 SR, Financial inclusion – Indigenous communities in Canada, page 30</p>

PRINCIPLE 3: CLIENTS AND CUSTOMERS		
We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.		
<p>3.1 Client engagement</p> <p>Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> <p>Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> <p>Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.</p>	<p>We have policies and programs in place that promote sustainable practices, as discussed in disclosures related to our priority sustainability topics, which include:</p> <ul style="list-style-type: none"> • BMO's Purpose to Boldly Grow the Good in business and life – see pages 8-13 of our 2022 Annual Report, and pages 12-15 of our 2022 Sustainability Report • Financial inclusion – see pages 29-37 of our 2022 Sustainability Report • Sustainable finance – see pages 40-47 of our 2022 Sustainability Report • Climate change – see our 2022 Climate Report (with specific reference to pages 20-23) • Environmental and social risk management – see pages 110-113 of our 2022 Annual Report, pages 54-56 of our 2022 Sustainability Report, and pages 27-33 of our 2022 Climate Report • Business conduct – see pages 83-84 of our 2022 Sustainability Report, and also BMO's Code of Conduct on our website • Human rights – see pages 85-86 of our 2022 Sustainability Report, and our Statement on Human Rights. 	<p>As listed to the left.</p>
<p>3.2 Business opportunities</p> <p>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on.</p>	<p>BMO aims to foster a more sustainable world with our banking practices, by mobilizing financial resources to support sustainability and by advancing our Climate Ambition. Examples include:</p> <ul style="list-style-type: none"> • The BMO Climate Institute is a centre of expertise, bridging policy, science and finance to help shape the market for climate change solutions. It is a key venue for internal and external engagement on climate change topics, including decarbonization, physical climate resilience and climate justice. The BMO Climate Institute monitors and reports on external developments, such as new government policies and technological advancements, to BMO's banking teams to inform and drive internal climate decision-making. • BMO's Energy Transition and Sustainable Finance groups, supported by the BMO Climate Institute, provide thought leadership at the intersection of climate change and finance, allowing us to be the premier advisor to clients and partner on climate risk and opportunity. BMO has made an enterprise-wide commitment to mobilize \$300 billion in capital to support companies pursuing sustainable outcomes by 2025, such as clean transportation, low-carbon energy, green buildings, waste management and sustainable agriculture as well as societal benefits to ensure a just transition for stakeholders with different vulnerabilities to climate change. The Energy Transition Group provides knowledge, tools and support to BMO's industry groups as they engage with clients on their energy transition endeavours. • The BMO Impact Investment Fund aims to find and scale impactful solutions that facilitate the achievement of our corporate clients' sustainability goals across three themes: decarbonization, circular economy and sustainable food and agriculture. • The Responsible Investment team at BMO Global Asset Management (BMO GAM) helps our clients meet their investment objectives and general long-term value, while also building a future that is more sustainable, inclusive and secure for everyone. As both an institutional investor and a steward of capital, BMO GAM advances the principles of responsible investing and prioritizes two key systemic risks: climate action and social equality. • The acquisition of Radicle Group Inc. in 2022 will make BMO a market leader in emissions measurement capabilities, carbon credit origination and in environmental commodity trading. Our acquisition of Radicle enhances BMO's commitment to help our clients understand and manage the risks and opportunities of the energy transition. 	<p>CR, Capabilities, page 20</p> <p>CR, Client partnerships and commercialization, page 22</p> <p>SR, Sustainable finance, pages 40-47</p> <p>Responsible Investment 2022 Annual Report</p>

PRINCIPLE 4: STAKEHOLDERS		
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.		
<p>4.1 Stakeholder identification and consultation Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders you have identified as relevant in relation to the impact analysis and target setting process?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> <p>Please describe which stakeholders you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.</p>	<p>We engage our stakeholders through regular, open and meaningful communication. A snapshot of how we engaged on topics of climate change and financial inclusion are noted on page 21 of the 2022 Sustainability Report. We also work with industry, government, academia and investors to try and understand and address the issues that affect our business and the world around us. These groups are listed on page 17 of the 2022 Sustainability Report, as well as pages 24-26 of the 2022 Climate Report.</p> <p>A key pillar of our Climate Ambition is to convene stakeholders for climate action. For example, in 2022, BMO had leadership responsibilities on the Sustainable Finance Action Council (SFAC) Net-Zero Capital Allocation Working Group's Steering Committee and Secretariat, established by the federal government to develop a series of recommendations for a net-zero investment strategy.</p> <p>BMO's Community Reinvestment team launched a series of Community Roundtable meetings in partnership with housing advocates, non-profit partners, local officials and community leaders aimed at increasing minority homeownership in the U.S. During these meetings, partners have a chance to highlight needs in the community which are then incorporated into potential future BMO product development. The implementation of BMO's Welcome Home Grant (Special Purpose Credit Program) was an example of a program where we engaged partners through the Community Roundtable to share their thoughts. In turn, they also help share the program externally throughout their networks to help increase minority homeownership.</p> <p>BMO has also taken a leadership role in support of the U.S. Office of Comptroller of the Currency's Project REACH initiative, which brings together leaders from banking, business, technology, and national civil rights organizations to reduce specific barriers that prevent full, equal, and fair participation in the nation's economy. BMO currently participates in local chapters in Milwaukee and Los Angeles along with other chapters driving Minority Homeownership and Entrepreneurship, addressing Appraisal Bias and increasing Native Homeownership.</p>	<p>SR, Engaging our stakeholders, page 21</p> <p>SR, Convening and collaboration for sustainability, page 17</p> <p>CR, Convening for climate action, pages 24-26</p>

PRINCIPLE 5: GOVERNANCE & CULTURE		
We will implement our commitment to these Principles through effective governance and a culture of responsible banking		
<p>5.1 Governance Structure for Implementation of the Principles</p> <p>Does your bank have a governance system in place that incorporates the PRB?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> <p>Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about</p> <ul style="list-style-type: none"> • which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to), • details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as remuneration practices linked to sustainability targets. 	<p>At the Board of Directors level, each Board committee has responsibility for sustainability and climate change risks that fall within its existing purview. For instance, the Audit and Conduct Review Committee (ACRC) assesses the effectiveness of our governance of sustainability issues and reviews and approves our Sustainability Report and Public Accountability Statement and Climate Report. Further details on Board oversight of climate change-related topics and frequency of meetings can be found in our 2022 Climate Report.</p> <p>BMO’s General Counsel is the Executive Committee sponsor for sustainability and reports directly to the CEO. Reporting to the General Counsel is BMO’s Chief Sustainability Officer who manages the sustainability team and BMO Climate Institute, and oversees our sustainability strategy and leads bank-wide initiatives on environmental and social risk, climate change strategy, operational sustainability and the bank’s own approach to sustainable finance with Treasury and our Sustainable Finance team.</p> <p>The ESG Executive Committee, BMO Sustainability Council and other management committees, forums and working groups – support sustainability and climate governance across the bank, as discussed in our 2022 Sustainability Report and our 2022 Climate Report. The ESG Executive Committee meets quarterly and oversees ESG matters including sustainability and climate change topics, including the Climate Ambition and financed emissions targets. The BMO Sustainability Council is comprised of senior leaders from the lines of business and corporate services across the organization, who meet quarterly and review the PRB Reporting and Self-Assessment Template annually.</p> <p>BMO’s CRA Oversight Committee meets quarterly to discuss key strategic, operational and governance matters related to the performance of BMO Harris Bank on CRA-related metrics, such as BMO EMpower. Finally, the Sustainable Finance team is responsible for BMO’s affordable housing commitment in Canada.</p> <p>Sustainability is integrated into our executive compensation design. 25% of executive variable pay funding is tied to the achievement of our Purpose and strategic objectives, which are non-financial goals. Each year we include ESG in our 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, and diversity, equity and inclusion.</p>	<p>SR, Sustainability governance, page 82</p> <p>CR, Governance, page 10</p> <p>Proxy Circular, Executive compensation, pages 41, 64-65</p>

PRINCIPLE 5: GOVERNANCE & CULTURE		
<p>5.2 Promoting a culture of responsible banking Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</p>	<p>BMO fosters a culture of responsible banking in the following ways.</p> <p>Sustainability risks and opportunities In 2022, BMO introduced and implemented a new Environmental & Social Risk Corporate Policy (E&SR CP). The E&SR CP provides the foundation for BMO to more fully integrate environmental and social risk considerations into and across our existing Enterprise-wide Risk Management Framework (ERMF), as well as increase our ability to identify, assess, manage, monitor, and report on environmental and social risk. The E&SR CP further cements the importance the Bank places on the management of E&S risks, including by: outlining the board’s expectation regarding integration of environmental and social risk considerations across the ERMF and noting how E&S risks will be articulated in existing policy documents.</p> <p>Employee and leadership communications The Sustainability Office prepares and distributes a quarterly sustainability newsletter to internal BMO teams and individuals, including the Board of Directors, with information about the sustainability initiatives across the bank, news about climate change and sustainable finance, and any related industry updates, and regulatory developments. Regular communications on sustainability topics are also distributed by the Capital Markets Institutional Research Group, Sustainable Finance team, BMO GAM Responsible Investing team, and Enterprise Risk team.</p> <p>Building capabilities In 2021, the BMO Climate Institute developed and delivered a Climate Change Essentials training course for BMO employees and the board of directors. Other modules are planned for 2023.</p> <p>In 2022, we established an enterprise plan and governance structure to build technology solutions that can enhance climate and sustainability data and analytics by optimizing the acquisition, identification and utilization of relevant data across the bank. This work on data and analytics is aimed, in part, to remove obstacles towards our Climate Ambition, across the dimensions of strategy, risk management, governance and metrics and targets.</p> <p>We convene topic-specific working groups, along with internal partners across BMO’s lines of business and corporate functions, to advance our sustainability strategy and approach, and to promote consistency and alignment across the enterprise. Working groups active in 2022 include:</p> <ul style="list-style-type: none"> • BMO Climate CoLab • BMO Circularity Strategy Working Group • Climate Finance Enterprise Coordination Group • Climate Scenario Analysis Working Group • Environmental & Social Risk Working Group • Sustainable Bonds Working Group • Sustainability and Climate Disclosure Working Group • CRA & Minority Market Steering Committee • CRA Oversight Committee • Consumer Practices Committee 	<p>SR, Environmental and social risk management, pages 54-56</p> <p>CR, Capabilities, page 20</p>

PRINCIPLE 5: GOVERNANCE & CULTURE**5.3 Policies and due diligence processes**

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Environmental and social risk management

BMO's 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. Our Enterprise and Credit Risk Management Frameworks outline our governance and accountabilities, including sectoral issues and activities that require enhanced due diligence, escalations and exceptions. 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.

We regularly benchmark our practices against international standards such as the International Finance Corporation Performance Standards on Environmental and Social Sustainability and the United Nations Guiding Principles on Business and Human Rights. We keep informed of emerging environmental and social risks, monitoring and responding 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.

Human rights

Our approach to managing human rights is outlined in BMO's [Statement on Human Rights](#), [Code of Conduct](#), [Supplier Code of Conduct](#), and [Statement Against Modern Slavery and Human Trafficking](#). Through these codes, policies and practices, we affirm BMO's support for 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 conduct due diligence in various contexts to identify, assess and mitigate actual and potential adverse human rights impacts, and we are prepared to act on our findings. We engage with external stakeholders to improve human rights practices across the financial services industry, including our own practices. Our stakeholders can seek access to remedies for perceived human rights violations through multiple channels, including BMO's Ethics and Conduct Office, our Customer Complaint Appeal Office and the Office of the Chief Sustainability Officer. Our Whistleblower Channel enables anyone inside or outside BMO to report suspected misconduct that involves BMO or one of our service providers. Concerns can be shared through the Speak Up! whistleblower reporting service, which is operated by an independent company and enables secure, confidential and anonymous reporting, 24 hours a day, seven days a week, in multiple languages.

SR, Environmental and social risk management, pages 54-56

SR, Business conduct, pages 83-84

SR, Human rights, pages 85-86

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY			
We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.			
<p>6.1 Assurance Has this publicly disclosed information on your PRB commitments been assured by an independent assurer? <input type="checkbox"/> Yes <input type="checkbox"/> Partially <input checked="" type="checkbox"/> No</p>			
<p>6.2 Reporting on other frameworks Does your bank disclose sustainability information in any of the listed below standards and frameworks? <input checked="" type="checkbox"/> GRI (See 2022 GRI Content Index) <input checked="" type="checkbox"/> SASB (See 2022 SASB Disclosure) <input checked="" type="checkbox"/> CDP (See 2022 CDP Response) <input type="checkbox"/> IFRS Sustainability Disclosure Standards (to be published) <input checked="" type="checkbox"/> TCFD (See 2022 Climate Report) <input type="checkbox"/> Other</p>			
<p>6.3 Outlook What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.</p>	<p>We will continue to engage, support and implement the principles of PRB, further develop our impact analysis capabilities and consider new and emerging areas.</p>		
<p>6.4 Challenges Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks. What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months.</p>	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Embedding PRB oversight into governance <input type="checkbox"/> Gaining or maintaining momentum in the bank <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning <input type="checkbox"/> Conducting an impact analysis <input type="checkbox"/> Assessing negative environmental and social impacts <input type="checkbox"/> Choosing the right performance measurement methodology/ies <input type="checkbox"/> Setting targets <input type="checkbox"/> Other </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Customer engagement <input type="checkbox"/> Stakeholder engagement <input checked="" type="checkbox"/> Data availability <input checked="" type="checkbox"/> Data quality <input type="checkbox"/> Access to resources <input type="checkbox"/> Reporting <input checked="" type="checkbox"/> Assurance <input type="checkbox"/> Prioritizing actions internally </td> </tr> </table>	<input type="checkbox"/> Embedding PRB oversight into governance <input type="checkbox"/> Gaining or maintaining momentum in the bank <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning <input type="checkbox"/> Conducting an impact analysis <input type="checkbox"/> Assessing negative environmental and social impacts <input type="checkbox"/> Choosing the right performance measurement methodology/ies <input type="checkbox"/> Setting targets <input type="checkbox"/> Other	<input type="checkbox"/> Customer engagement <input type="checkbox"/> Stakeholder engagement <input checked="" type="checkbox"/> Data availability <input checked="" type="checkbox"/> Data quality <input type="checkbox"/> Access to resources <input type="checkbox"/> Reporting <input checked="" type="checkbox"/> Assurance <input type="checkbox"/> Prioritizing actions internally
<input type="checkbox"/> Embedding PRB oversight into governance <input type="checkbox"/> Gaining or maintaining momentum in the bank <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning <input type="checkbox"/> Conducting an impact analysis <input type="checkbox"/> Assessing negative environmental and social impacts <input type="checkbox"/> Choosing the right performance measurement methodology/ies <input type="checkbox"/> Setting targets <input type="checkbox"/> Other	<input type="checkbox"/> Customer engagement <input type="checkbox"/> Stakeholder engagement <input checked="" type="checkbox"/> Data availability <input checked="" type="checkbox"/> Data quality <input type="checkbox"/> Access to resources <input type="checkbox"/> Reporting <input checked="" type="checkbox"/> Assurance <input type="checkbox"/> Prioritizing actions internally		

Important Notice regarding this report

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, sustainable investment targets, BMO's Climate Ambition, net zero financed emissions targets, reducing operational GHG emissions, inclusivity, diversity and development. 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 in the Enterprise-Wide Risk Management section of BMO's 2022 Annual Report and the Risk Management section of BMO's subsequent interim reports that may affect our future results and our ability to anticipate and effectively manage risks arising from all of the foregoing factors. 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.

Other Disclaimers

This report includes voluntary disclosures on customer growth and support, sustainable lending and underwriting targets, sustainable investment targets, operational GHG emissions and targets, climate related opportunities and risks, governance, strategy, risk management and metrics and targets that may not be, and are not required to be, incorporated into our mandatory 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.

Any third-party information contained in this report or otherwise used to derive information in this report is believed to be reasonable and reliable, but no representation or warranty is made by us as to the quality, completeness, accuracy, fitness for a particular purpose or non-infringement of such information. Specifically, the methodologies utilized to measure operational GHG emissions and financed emissions, set targets and track future progress against these targets use emissions information and estimates that have been derived from third-party sources, which Bank of Montreal believes to be reasonable. Further, in the absence of counter party specific emissions data, some financed emissions will be estimated using the best information available, including that provided by third-party sources. In no event shall Bank of Montreal be liable (whether in contract, tort, equity or otherwise) for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, such information contained herein. Certain third-party information, such as Scope 3 emissions and emissions factors, may change over time as methodologies evolve and are refined. These inherent weaknesses with current methodologies, and other factors could cause results to differ materially from those expressed in the estimates and beliefs made by third parties and by Bank of Montreal. While we are not aware of any misstatements regarding the industry, company or market data presented in this report, such data and estimates involve important uncertainties, risks, and assumptions and are subject to change based on various factors, including those discussed under the heading "Cautionary statement regarding forward-looking information" above.

Nothing in this report shall constitute, or form part of, an offer to sell or a solicitation of an offer to buy or subscribe for any security or other instrument of the Bank or any of its affiliates, or as an invitation, recommendation or inducement to enter into any investment activity, and no part of this document shall form the basis of, or be relied upon in connection with, any contract, commitment or investment decision. Offers to sell, sales, solicitations of offers to buy or purchases of securities issued by the Bank or any of its affiliates may only be made or entered into pursuant to appropriate offering materials prepared and distributed in accordance with the laws, regulations, rules and market practices of the jurisdictions in which such offers, solicitations or sales may be made. Professional advice should be sought prior to any decision to invest in securities.

Third-party references and website references and/or links throughout this report are provided for convenience only, and the content on the referenced websites is not incorporated by reference into this report. Such third-party references and website references and/or links do not imply an affiliation, sponsorship or endorsement.

