

Corporate  
Social Responsibility  
Handbook



A portrait of Dawn Strobel, a woman with short, layered blonde hair, smiling. She is wearing a teal blazer over a light blue top. She has a silver chain necklace with a circular pendant, a beaded necklace, and a heart-shaped pin on her lapel. A tattoo is visible on her upper chest.

## Responsibility creates value.

Dawn Strobel, Senior AML Investigator,  
BMO Harris Bank, and proud military  
veteran, at work in Naperville, Illinois.

As a bank, we're asking the fundamental questions: what do our stakeholders – starting with our customers, and extending to our employees, communities, and society as a whole – expect? How do we address those expectations fully and responsibly?

This document is a high-level summary of the CSR-related activities of BMO. For a more complete discussion of our environmental, social and governance (ESG) program, as well as related performance and metrics including externally assured information, please refer to our 2018 ESG Report, which can be found at [https://corporate-responsibility.bmo.com/wp-content/uploads/2018/12/BMO\\_ESG\\_PAS2018en.pdf](https://corporate-responsibility.bmo.com/wp-content/uploads/2018/12/BMO_ESG_PAS2018en.pdf).

# No organization stands outside the currents of social, political and economic change.

While everyone plays a part in building a more just society where people can thrive, we acknowledge that corporations – and especially financial institutions – are given a unique role. It's more than a responsibility; it's an opportunity to act as change makers, and to contribute – not just through our financial resources, but also our knowledge, our passion, our influence and our values.

It's also good business. The health of our bank is inextricably linked to the long-term prosperity of our customers and communities, and to sustained – and sustainable – local and global economic growth.

It's that sustainability that lives at the heart of our strategic agenda at BMO, and it's integral to how we do business. When we celebrate diversity and the opportunity to learn from each other's differences, we create meaningful change. When we become a carbon neutral bank, and then push further to address climate change across our organization, we're part of a growing wave moving society toward the low-carbon economy of the future. When we finance the construction of infrastructure in inner-city Chicago, we're helping build healthy neighborhoods and create long-term economic vitality. The impact of all this work is undeniable – and it's measured in the rising standard of living today, and generational progress tomorrow.

Good corporate citizenship also means being a model for others. That's why we aim to set a standard and forge a path for our peers to follow. BMO has been recognized across a number of corporate responsibility categories for our diligence, innovation and overall performance. And while we appreciate awards,

that's not why we do it. We strive constantly to strengthen our position as a leader in the effort to build a more sustainable society and environment; as a peer who can bring others to the table to solve challenges together; and as a community partner. That means listening to stakeholders, seeking to understand what they care about, offering support in many forms, and above all, living the values that underpin our actions and are integrated into every touchpoint with customers and communities.

Underlying all of these actions are our four sustainability principles:

- 1. Social change:** Helping people adapt and thrive by embracing diversity and tailoring our products and services to meet changing expectations
- 2. Financial resilience:** Working with our customers to achieve their goals, and providing guidance and support to underserved communities
- 3. Community-building:** Fostering social and economic well-being in the places where we live, work and give back
- 4. Environmental impact:** Reducing our environmental footprint while considering the impacts of our business

These principles are deeply embedded in our corporate strategy, and they are reflected in the activities described in this handbook. Here, we can see the principles come to life.

# Corporate social responsibility at BMO

At BMO, corporate social responsibility is an opportunity to act as change makers, activating our values in an effort to create economic vitality and strengthen our communities, neighborhood by neighborhood.





## Business conduct

BMO is committed to doing what's right and operating with transparency and good governance. Our employees are empowered to live by our values – integrity, empathy, diversity and responsibility.

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## Responsible banking

BMO works to lift up communities in need by providing tools that help people develop financial resilience and fulfill their potential.

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## Responsible lending

BMO integrates environmental, social and governance (ESG) considerations into our financing and lending activities – mitigating risk while creating the conditions that drive a more sustainable future.

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## Responsible investing

BMO engages with the companies we invest in to promote their adoption of ESG best practices, and offers options that empower our customers to invest with ESG considerations in mind.

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## Diversity and inclusion

Through innovative talent practices and ambitious workforce representation goals, BMO is focused on achieving industry leadership by increasing diversity across all levels of the organization.

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## Environmental stewardship

Carbon neutral since 2010, BMO is dedicated to finding creative and data-driven ways to minimize the environmental impact of our operational activities.

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## Giving

Through Community Giving, Sponsorships and Employee Giving, BMO and our employees improve lives every day, helping build stronger communities with a shared passion that's at the core of our values.

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# Business conduct

Ambition does not mean cutting corners. Every action we take is guided by our values – integrity, empathy, diversity and responsibility. Upholding those values without compromise is our most fundamental promise to our customers, shareholders, communities, and all of our stakeholders.

It starts with a commitment to transparency. We strive to lead our industry and demonstrate how deeply transparency and good governance matter – for our business conduct, economic contribution to society, privacy and information security, and fairness in our dealings with customers and employees.

BMO's success and reputation are built on the trust we've earned from the people we work with and the customers we serve. We are sensitive to the impact our business decisions have on stakeholders and communities, and we are committed to doing the right thing – always. Our commitment to corporate citizenship and long-term sustainability is part of who we are, and it's just as important to our brand as the products and services we offer.

Our values – integrity, empathy, diversity and responsibility – are reflected in BMO's Code of Conduct. The approach outlined in the Code is not something we aspire to, but rather the performance standard we commit to every day. The Code is our enduring ethical guide – and its principles are not negotiable.

To stay current with the expectations of our stakeholders, engagement is embedded in all areas of the bank. We seek feedback through all our customer-facing channels, make it simple for shareholders to raise concerns, and provide opportunities for employees to give feedback. We engage with stakeholders through social media, participate in roundtables with our peers, and are active members of a variety of industry and community associations. Quite simply – we listen and learn. The feedback we receive guides the decisions we make for our business and helps us clarify the issues that matter.

We expect to see our values reflected in the vendors we work with up and down our supply chain. We strive to source responsibly and through our Supplier Code of Conduct, we hold our suppliers to the highest standards of sustainable practices and good governance – and expect them to replicate those practices down their own value chain.





Named one of the **World's Most Ethical Companies** in 2018 by the Ethisphere® Institute.

93%

**93% of our employees** are confident that BMO is ethical in its business dealings.

#2

**Ranked the second most reputable U.S. bank** by customers, according to *American Banker* and the Reputation Institute.

Loretta Minor, BMO Harris Bank, works with community partners to help improve financial literacy.



# Responsible banking

Across North America, BMO is working to level the playing field in underserved communities, creating the conditions for social sustainability and economic vitality. Using our financial resources and expertise, we work to lift up communities by providing the tools people need to develop financial resilience and establish the foundations for prosperity.


Social sustainability is about helping communities to be vibrant, growth-oriented places where everyone can fulfill their potential. By providing financial education and access to banking and credit for individuals who have too often been denied them, we lay the foundation for individual stability – home ownership, financial security, and thriving small businesses that help communities sustain themselves and create jobs. And because social supports are so crucial, we also provide funding to community partners through grants and sponsorships.

BMO Harris uses programs like I-Refi to help members of at-risk communities in Illinois keep their homes, and provides mortgages to thousands of qualified low-income home buyers every year. We also make available millions of dollars in credit for small businesses, which are an essential part of a community's economic vitality. As well, our dedicated team members leverage their expertise in both accessing government funding and structuring financing to advance community projects in low- and moderate-income areas. Working with private industry and government and community partners, we have helped to build libraries and community centers that offer places to gather, learn and grow.

In recognition of this work, BMO Harris Bank earned an "Outstanding" CRA rating in 2014-2016 from the Office of the Comptroller of the Currency (OCC). All U.S. banks are assigned a CRA performance rating that measures their impact in the communities where they do business. The "Outstanding" designation – the OCC's highest – is rare and hard-earned; less than 10% of U.S. banks attain it. This recognition is an indication that we are doing good work, and it is paving the way for us as we continue to grow.

It's not only in underserved neighborhoods that social inequities create barriers to economic success. Historically, gender has been a barrier in every community. For decades, BMO has been deeply committed to supporting women entrepreneurs with capital allocated specifically for financing businesses owned by women. We are proud to act as change makers, investing in research, creating innovative educational platforms and sponsoring business-related conferences and seminars with a focus on women entrepreneurs. BMO has created a community program, BMO Celebrating Women, that has recognized and honored more than 100 extraordinary women for their impact in community and philanthropic giving, business growth, and innovation and leadership. Additionally, our involvement with organizations like GroYourBiz™ and the Women Presidents' Organization provides a tangible way for BMO to connect our experience and knowledge with women business leaders and innovators. We also partner with Plan International for their International Day of the Girl initiative, to mark our commitment to supporting female leaders of the future. Seven of our senior leaders hosted exceptional young women for a day in 2018 through Plan International's Girls' Takeover program, including BMO CEO Darryl White and Darrel Hackett, Head, U.S. Wealth Management.



A woman with dark, wavy hair, wearing a blue blazer, a patterned top, a long necklace, and black pants, stands on a wooden walkway of a bridge. The bridge has a large, reddish-brown steel truss structure. In the background, there are green trees and a building.

### Community Reinvestment Act

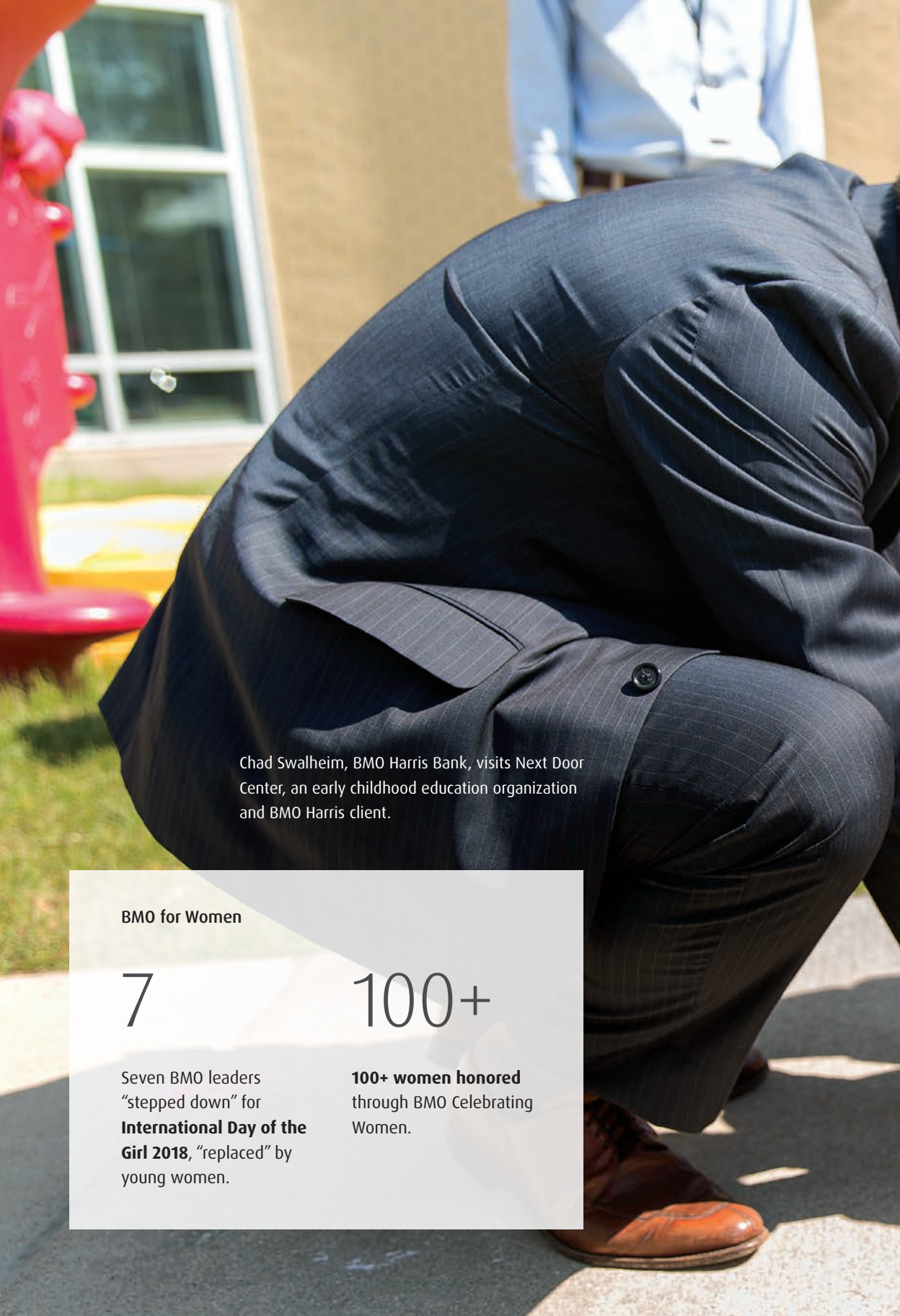
\$593.7<sup>M</sup> > 11,400

BMO Harris Bank  
provided \$593.7 million in  
**community development  
loans** in 2018.

BMO Harris employees  
provided financial  
education **outreach to  
more than 11,400 people.**

Cynthia Mufarreh, Chief Community Reinvestment Act Officer, works  
to create economic vitality in Chicago – and across the country.



A man in a dark pinstripe suit is crouching outdoors on a paved surface. In the background, there is a yellow building with a window and a red sculpture of a person's head. The man is wearing brown leather shoes.

Chad Swalheim, BMO Harris Bank, visits Next Door Center, an early childhood education organization and BMO Harris client.

BMO for Women

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Seven BMO leaders  
"stepped down" for  
**International Day of the  
Girl 2018**, "replaced" by  
young women.

100+

**100+ women honored**  
through BMO Celebrating  
Women.







# Responsible lending

Finance is a powerful tool that can support not only economic vitality, but also social change. Our commitment to responsible lending is about mitigating risk while creating the conditions that drive a more sustainable future.

As part of our enterprise risk and credit risk management frameworks, we evaluate the environmental and social risks that affect our clients. And we have internal policies for our Commercial Banking and Capital Markets businesses that provide guidance on how to identify, manage and mitigate those risks in financing transactions.

BMO is committed to integrating environmental, social and governance considerations into decision-making and activities relating to financing and lending. A higher level of environmental due diligence is applied in our assessments of clients active in environmentally sensitive industries. In evaluating social risks, we look at how well a client manages regulatory and other issues related to stakeholder engagement and consultation with Native American communities. BMO is a signatory to the Equator Principles, a risk management framework for identifying, assessing and managing environmental and social risk in project finance transactions.

Evaluating risk in lending is an important issue for BMO, especially as we consider how we can best assist the transition to a lower-carbon economy while supporting our clients in the energy sector. That means acknowledging their ongoing importance to our economy, as well as the economic development of a significant number of our communities. And environmental risk is only part of the picture. Through our lending practices, we can encourage borrowers to make socially responsible choices in their operations. We apply rigorous screening for social risks like human trafficking, unfair labor practices, international transfer of equipment for military or internal security purposes, and the manufacturing of weapons banned by international arms control treaties.

A rendering of Milwaukee's new BMO Tower, a 25-story building with an environmentally sustainable design, which will be completed in 2019.

\$28<sup>B\*</sup>

BMO's lending to the natural resources sector was \$28 billion\* in 2018 – 7% of total lending.

\$3.9<sup>B\*</sup>

In renewable energy commitments in 2018.

\$6.3<sup>B+</sup>

Value of sustainable finance underwritten by BMO.





# Responsible investing

Around the world, there's a growing recognition of the critical role investors can play in taking a responsible approach to ethics and sustainability.

Considering environmental, social and governance (ESG) factors in our investment and ownership activities supports the long-term financial performance our clients want, and helps us promote positive change across a range of issues. It's what our customers and regulators – as well as society – expect of us.

We believe that by considering factors such as climate change, labor standards, environmental management and corporate governance, we can gain a better understanding of the companies we invest in and the risks they face – helping us to make better investment decisions, and underpinning the delivery of long-term returns to our clients.

We also believe that acting responsibly is part of our duty as investment managers. Asset managers have a privileged and trusted position as stewards of capital. By using our influence wisely, we can contribute to meeting the world's sustainability needs, as set out in the United Nations' Sustainable Development Goals.

BMO has a heritage of more than three decades in responsible investing. Our Global Asset Management business includes a team of ESG specialists who support the integration of ESG factors into investment processes throughout the entire group.

In addition to integrating material ESG issues into our investment decision-making, we also take an active approach to ownership. We have a comprehensive global program of engagement with the companies we invest in, encouraging them to adopt best practices on a wide range of ESG issues. Examples of our dialogue include discussing water management with food and beverage companies, pressing emerging market companies to improve their disclosure of sustainability issues, and calling on firms to improve board-level diversity.

Many of our customers share our passion for sustainability, and through our specialist ESG investment options, we can empower them to build portfolios that have a measurable, beneficial social or environmental impact – alongside a financial return. Our award-winning Responsible Strategies range combines the exclusion of companies in controversial sectors with positive investment in sustainability solution providers.

# Creating economic vitality



**Signatory** to the UN  
Principles for Responsible  
Investment.

30+ years

30+ years of  
**responsible investing.**

\$2.9<sup>B</sup>

\$2.9 billion of assets held  
in the BMO Global Asset  
Management range of  
**Responsible Funds** as  
at September 30, 2018.

An employee participating in the  
annual BMO Volunteer Day in 2017.



# Diversity and inclusion

Diversity and inclusion are core BMO values that guide our thinking and actions, and help define who we are as an organization.

For us, it's about encouraging our employees to bring their whole selves to work – for the benefit of their co-workers, their communities and themselves. It's also good for business. It's been shown that teams that are both diverse and inclusive attain higher levels of engagement, loyalty and growth, and that diversity of thought leads to innovation and better decision-making. And as a company that is founded on strong relationships, we know that diversity and inclusion help us better reflect different communities' needs, goals and perspectives, so we are well-positioned to serve them.

Across our operations – in our boardrooms, meeting rooms, branches, contact centers, and everywhere in between – our commitment to diversity and inclusion helps ensure that everyone at BMO feels valued, respected and heard. Our Leadership Committee for Inclusion and Diversity has developed a bold, multi-year strategy to drive performance by excelling at diversity and inclusion. We are focused on achieving industry leadership by increasing diversity across all levels of the organization, through innovative talent practices and ambitious workforce representation goals.

Our 14 Enterprise Resource Groups (ERGs) support the recruitment, engagement and retention of employees from a variety of self-identifying communities. These groups help foster an inclusive workplace by bringing together people with similar interests, values or affinities to act as change makers. From BMO Pride and BMO without Barriers to the Latino Alliance and the Veterans Advisory Council, ERGs help ensure that everyone at BMO feels supported. These groups empower our employees to learn from difference, and also provide a consistent example of the standards of inclusion we present to our customers, communities and stakeholders.

Diversity extends beyond conventional categories and transcends the boundaries between our stakeholder groups. We are strong supporters of the military community and their families in the United States and Canada, working on increasing the hiring of our military veteran talent, providing sponsorships for military veterans' organizations, and working closely with our military veteran customers to offer products and services that fit their needs throughout their careers.

We support customers and communities through a range of initiatives, such as making banking more accessible to customers with disabilities and contributing to enterprise-wide and branch-level celebrations of cultural expression. BMO is proud to foster inclusion in the communities where we do business, and to support the diversity of all our employees' and customers' needs, ideas and interests.



 19<sup>th</sup>

**Ranked one of the most diverse and inclusive workplaces** in the world on the 2017 Thomson Reuters Diversity & Inclusion Index.

4 years  
in a row

In 2019, BMO was named to the Bloomberg Gender-Equality Index – **one of 230 companies globally** to be recognized.\*

\*For 2017 performance

40<sup>%</sup>

**We have 40% female representation** in our senior leadership roles.

## Acting as a change maker

Darrel Hackett, Head, U.S. Wealth Management, at Leadership Council in 2017.





# Environmental stewardship

The clear connection between a healthy planet, healthy neighborhoods and economic security is well-established. That's why we continue to challenge ourselves to reduce our environmental impact in meaningful ways.

Climate change is more than just a threat to our fundamental environment; it jeopardizes our ability to achieve social progress and financial resilience. That's why we are committed to minimizing the environmental impact of our operational activities by integrating environmental considerations into how we do business. We focus on innovations that enhance responsible consumption as we work toward the future low-carbon economy. Achieving carbon neutrality in 2010 was a key milestone on our journey, but it was also just the beginning. We continue to find new, creative and data-driven ways to reduce our operational environmental footprint, both on an enterprise-wide level and through incremental changes driven by our employees. Everyone at BMO should strive to be a steward of the environment, because it is only through the collective impact of our efforts that we can create change – locally and globally.

BMO's environmental sustainability strategy, known as ECO<sup>5</sup>, guides how we reduce the environmental impact of our business operations through best practices management of five key areas:

- Energy consumption
- Transportation
- Material consumption
- Waste management
- Procurement

This strategy also provides a framework to measure success so we can chart our progress, promote transparency, discover where further opportunities lie, and encourage our suppliers, peers and global partners to be innovative in their efforts to find new ways to protect our collective future.

Our operational activities are continually reviewed and revised to achieve improved environmental performance. But our commitment doesn't stop there. Through our support of external groups via grants and sponsorships, we seek to champion environmental initiatives in our communities. We pursue opportunities to develop new products and services that help us achieve environmental sustainability objectives. We empower our employees to find new ways of enhancing and implementing our environmental policies, guidelines, programs and initiatives. And most fundamentally, we listen. We maintain open lines of communication with our stakeholders, and we ensure that in our financing decisions, environmental risks are identified, analyzed, managed and mitigated. All of this is essential to helping BMO play our part in continuing society's journey toward a low-carbon economy.





8 years

BMO has been **carbon neutral**, enterprise-wide, for 8 years.

100%

**100% of the electricity** used in the facilities we own in the United States **comes from renewable sources**.

>\$40<sup>M\*</sup>

**BMO saved over \$40 million\*** in the past five years as a result of our environmental initiatives.

BMO Harris Bank's Sherman Park branch has an award-winning design, and is the first Wisconsin location to feature BMO's Smart Branch concept.



BMO's culture was founded on our commitment to giving back to our communities and to the causes that matter to them. Our Community Giving, Sponsorships and Employee Giving groups work to improve lives every day, driven by a passion for helping and a desire to build a better future together.

BMO's employees share our belief in creating positive, sustainable change. They have a keen desire to contribute through their own engagement in campaigns and volunteer opportunities. Remarkably, more than 90% of BMO's employees consistently donate to our annual Employee Giving Campaign, joining together across North America to lend financial support to United Way partners and other charitable organizations.

Volunteering is at the heart of our culture; our employees enthusiastically share their time and energy to help build healthy, sustainable communities. Every June, we hold our annual BMO Volunteer Day, when employees deepen our community roots by working in teams on a variety of initiatives at hundreds of charitable organizations. In the fall, in partnership with United Way agencies, BMO's Days of Caring activities provide employees with a unique opportunity to interact with each other while learning about the needs of people in the communities we serve across North America.

We give back in other ways, too; through our Equity Through Education program, BMO Capital Markets donates all institutional equity trading commissions from one day every year to organizations dedicated to providing greater access to education for less advantaged students.

BMO Harris employees have supported United Performing Arts Fund (UPAF), which uses the performing arts to positively affect the lives of thousands of people in Southern Wisconsin through an annual spring workplace campaign.

As an organization, our community giving strategy is built on three pillars – collaboration, learning and innovation – that are supported by our 200-year commitment to helping improve the quality of life in the communities where we live and work. We are proud of our long tradition of giving to a wide range of charities and not-for-profit organizations in the fields of health, education, arts and culture, community and civic engagement and through federated appeals, in hundreds of towns and cities across North America. We believe strongly that we can bring the most value to our community partners by seeking out opportunities to work alongside them – all in the service of achieving sustainable solutions and shaping the future together.

Similarly, our community sponsorship strategy is focused on organizations that support our priority of helping to strengthen communities. Events like NBA G League Education Day support the student-teacher connection. Partnerships with the Chicago Blackhawks, the City of Chicago and Chicago Public Schools are aimed at recognizing and fostering youth achievement. Across our portfolio, sponsorships provide valuable opportunities for BMO to demonstrate our values by associating our brand – and our passionate employees – with organizations that work to drive social change.





Employees giving back to their community during our annual BMO Volunteer Day.

#### Community Giving

\$18<sup>M</sup>


**\$18 million in donations** to registered charities and not-for-profit organizations in the United States in 2017.

900

**BMO gave grants to more than 900 non-profits** across the United States. (2017)

90%+

**More than 90% of our employees donate every year** to their local United Way organizations and other charities across North America.



## Building healthy neighborhoods

A BMO employee volunteering with children in her community.







Chad M. King and Juanita Hardin are BMO Harris employees and proud military veterans based in Chicago.

Juanita chairs the BMO Veterans Advisory Council.



Need help?  
Email us at: [sustainability@bmo.com](mailto:sustainability@bmo.com)