

## Carbon Neutrality - Achieving our Goal

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### BMO's commitment

Since 2010, BMO has publicly committed to being carbon neutral, with respect to portfolio-wide energy consumption (electricity, natural gas, diesel, heating oil, and propane) and emissions associated with transportation (air and ground travel for business purposes) and solid waste to landfill for major facilities.

### BMO's pathways to carbon neutrality

- Step 1: promoting energy efficiency as the “first-fuel” and limiting emissions from transportation and waste.
- Step 2: purchasing electricity from renewable energy sources through Renewable Energy Certificates (RECs).
- Step 3: purchasing high-quality carbon offsets to neutralize remaining emissions.

### Energy efficiency

We manage about 1,800 facilities with approximately 1.7 million square meters of retail, office, and special purpose spaces in North America and international locations. Energy use from property operations accounts for about 86 percent of BMO's carbon footprint or greenhouse gas (GHG) emissions. To improve energy efficiency, we adhere to the ISO principles for continual improvement in environmental and energy management. Annually, we continue to upgrade the lighting, heating, ventilation and air conditioning (HVAC), controls, building envelope (roofs and windows), and other energy-consuming equipment and systems in our facilities.

### Renewable energy

By purchasing electricity from renewable sources, BMO is supporting the development of renewable energy. Renewable energy sources include solar, wind, hydro, geothermal, biomass (including biogas), and other renewable sources. These sources are cleaner than non-renewable fossil fuel-based sources such as coal or oil as they are naturally replenished. We have set an indicative target to offset at least 90% of Scope 2 location-based emissions through the purchase of Green-e or EcoLogo certified RECs in North America. The renewable energy procurement is also part of a complementary initiative, i.e. EPA's Green Power Partnership Program, for BMO's facilities in the United States.

### Carbon offsets

BMO purchases high quality-carbon offsets to neutralize the remaining emissions for Scopes 1, 2 and 3 (as per Greenhouse Gas Protocol classification of emission sources). The sources for carbon offsets include landfill gas-to-energy projects, methane avoidance, and diverse source activities such as energy efficiency for buildings, redirection of waste from landfills, and improvement of industrial and commercial processing practices. The carbon credits are certified to applicable Verified Carbon Standard (VCS) or ISO 14064-2 standards.

### Emissions verification

As a respondent to the Carbon Disclosure Project (CDP), Dow Jones Sustainability Index (DJSI), and other sustainability reporting frameworks, BMO engages an accredited third party, to provide reasonable assurance as to the completeness and accuracy of BMO's stated GHG emissions.