

BMO Financial Group

2021 Sustainable Bonds Impact Report

BMO's sustainable bond program is an important part of our commitment to building a sustainable future.

This report provides details about our sustainable bond program, and describes some of the ways we are supporting businesses to help create opportunities, lift communities and build a more sustainable future through banking. You can read more about sustainable finance at BMO in our Sustainability Report.

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In this report

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

Reporting period

Covers the year ended July 31, 2021.

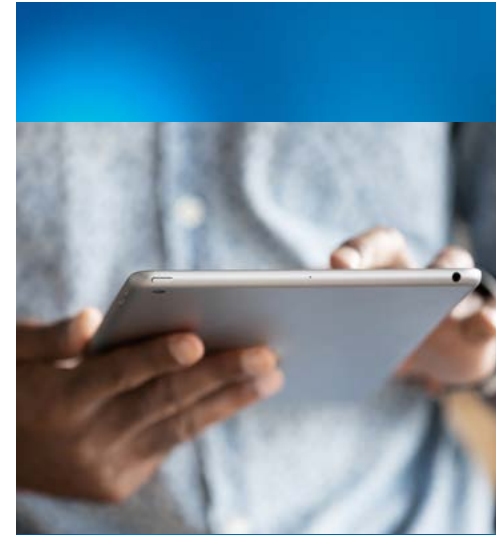
The most recent report was published in December 2020. Past reports are available on our website <https://our-impact.bmo.com/reports>

Data

May be rounded.

Dollar amounts are in Canadian dollars, unless otherwise noted.

◆ = Assured by KPMG.



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

Learn more here

- Annual Report to Shareholders
- Management Proxy Circular

Sustainability reporting suite

- Sustainability Report and Public Accountability Statement
- Climate Report
- GRI Index
- SASB Disclosure

About BMO

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

1817

Canada's first bank,
established in 1817

12+ million

customers globally

43,000+

employees

8th largest

bank in North America
by assets

\$988 billion

in total assets

Personal and Commercial (P&C) Banking

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

- Personal Banking
- Commercial Banking

BMO Capital Markets (CM)

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

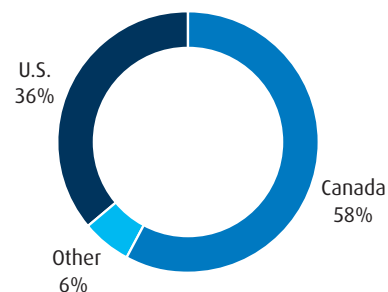
- Investment and Corporate Banking
- Global Markets

BMO Wealth Management (WM)

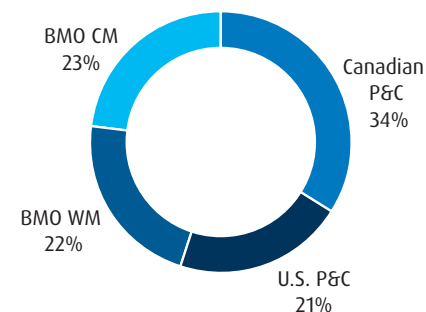
Provides a wide spectrum of wealth, asset management and insurance products and services to individuals and families, business owners and institutions.

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

Reported Net Revenue¹
by Geography



Reported Net Revenue¹
by Operating Group²



¹ Net revenue and all adjusted measures are non-GAAP measures. For further information, see the Non-GAAP and Other Financial Measures section of Management's Discussion and Analysis ("MD&A"). Regarding the composition of non-GAAP and other financial measures, including supplementary financial measures, refer to the Glossary of Financial Terms in the MD&A.

² Percentages determined excluding results in Corporate Services. Bank of Montreal brands the organization's member companies as BMO Financial Group.

About BMO's Sustainable Bond Program

In 2019, BMO established a sustainable bond program to support our Purpose and our bold commitments to help build a sustainable future, an inclusive society and a thriving economy.

Our [Sustainable Financing Framework](#) was established in September 2019, and is aligned with the 2018 Green Loan Principles issued by the Loan Market Association, as well as the 2018 Green Bond Principles, 2018 Social Bond Principles and 2018 Sustainability Bond Guidelines issued by the International Capital Markets Association. We engaged Sustainalytics, an independent provider of research, assessments and data, to assess this framework and provide a Second-Party Opinion. The framework sets out eligibility criteria for transactions financed by green bonds, social bonds and sustainability bonds. It also outlines our approach to asset selection and evaluation and the management of bond proceeds and affirms our commitment to report publicly on bond proceeds within one year of issuance and annually thereafter.

Our sustainable bond program demonstrates BMO's commitment to sustainability and sustainable finance. It has enabled a better understanding and assessment of the impacts and opportunities related to sustainability across our organization and has helped build relationships that support BMO's enterprise-wide focus on sustainability.

Bonds in the program

BMO has issued two sustainable bonds to date. In October 2019, we issued our inaugural US\$500 million 3-year BMO Sustainability Bond, and on International Women's Day 2021, we issued our first social bond, the C\$750 million 5-year BMO Women in Business Bond.

	BMO Sustainability Bond profile	BMO Women in Business Bond profile
Date of issuance	October 21, 2019	March 8, 2021
Issued amount	US\$500 million	C\$750 million
Tenor	3 years	5 years
Use of proceeds	Proceeds are allocated to eligible green and social asset categories, including renewable energy, green buildings and infrastructure, pollution prevention and control, sustainable land use, women-owned businesses, and Indigenous peoples' businesses and communities	Proceeds are allocated to women-owned enterprises, including micro-, small- and medium-sized businesses

This report includes information on the use of the proceeds from the BMO Sustainability Bond and the BMO Women in Business Bond and, where feasible, the positive social and environmental outcomes associated with each issuance, for the year ended July 31, 2021.

How we use bond proceeds

An amount equivalent to the net proceeds from the BMO Sustainability Bond and the BMO Women in Business Bond is used to fund or otherwise support project finance loans, general corporate finance loans, and/or equity investments that advance the United Nations Sustainable Development Goals (SDGs) and the global transition to a net zero carbon economy.

Green and social asset categories linked to the SDGs are set out in our bond program. To date, proceeds from the two bonds have helped advance eight of the 17 SDGs. As at July 31, 2021, 100% of the bonds' proceeds have been allocated to the eligible asset categories.

In the event that less than 100% of a bond's proceeds have been allocated, BMO holds the excess amount in cash or liquid securities in accordance with its liquidity management policy, as outlined in the Sustainable Financing Framework. Please refer to our Sustainable Financing Framework for more detailed information on eligibility criteria.

The United Nations 2030 Agenda for Sustainable Development outlines 17 SDGs and 159 targets in areas of critical importance for humanity and the planet. <https://sdgs.un.org/2030agenda>






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

Positive Impacts

Our sustainable bond program is focused on driving positive changes that promote long-term economic stability, inclusion and sustainability for our customers and the economy. The 2021 impact metrics table provides a snapshot of the positive social and environmental outcomes associated with BMO's sustainable bonds. We have also included case studies that profile a customer that has received funding through our allocation of the bonds' proceeds. Additional impact indicators and descriptions of positive outcomes are included in the case studies.

2021 impact metrics

BMO has quantified the positive impacts of the two bonds' lending activities as follows.

		impact measurement 	
Asset category	Impact indicator	BMO Sustainability Bond	BMO Women in Business Bond
 Social asset categories			
Women-owned business lending	Women-owned businesses financed	89	595
	Women business owners supported	102	661
Indigenous peoples' business and community lending	Indigenous peoples' businesses financed	31	
 Green asset categories			
Sustainable land use	Greenhouse businesses financed	13	
Renewable energy ¹	Renewable energy projects financed	3	
	Installed capacity	34 megawatts	
	Annual GHG emissions avoided ²	104,488 tonnes CO ₂	
	Annual water conserved ³	245,558 cubic metres	
Green buildings and infrastructure projects ⁴	Buildings financed	2	
	Floor area financed	688,553 square feet	
Pollution prevention and control	Recycling projects financed	1	

¹ Impact measurement metrics reflect BMO's loan share of the project, except for the number of renewable energy projects financed.

² Emissions offset calculations are maximums that use estimated electricity production for a 100 MW wind project in comparison to emission rates from the now-decommissioned Nanticoke coal plant in Ontario, as indicated in the Ministry of the Environment's 2001 report, [Coal-Fired Electricity Generation in Ontario](#). Data is drawn from public sources for these projects; where data for a project was not available, other projects included in the same asset category were used as a proxy.

³ Water conservation estimates are maximums in comparison to the coal-fired generation assumption of 2,048 litres/MWh. Data is drawn from public sources for these projects; where data for a project was not available, other projects included in the same asset category were used as a proxy.

⁴ The number of buildings financed and floor area financed data is provided by the client's representative.



Women-owned business lending



BMO has been committed to advancing economic opportunities for women for decades, and we recognize the many barriers women continue to face.

We offer a diverse array of programs and financial services to women entrepreneurs to help them overcome systemic barriers, stereotypes and biases, and successfully build and scale their businesses. In June 2018, BMO committed to making \$3 billion in capital available over three years for women business owners in Canada. In 2019, in support of our Purpose, we made a bold commitment to double our support for women entrepreneurs by 2025. Our women-owned business lending portfolio supports women entrepreneurs in many sectors of the economy across Canada. More information on the BMO for Women program can be found in our Sustainability Report.

Breakdowns of the assets included in the portfolios of the BMO Sustainability Bond and the BMO Women in Business Bond are shown to the right.

5 Gender equality

8 Decent work and economic growth

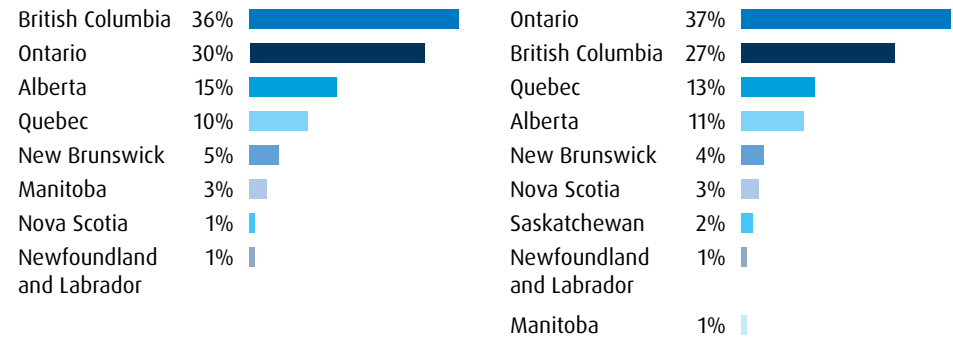
By supporting businesses owned in whole or in part by women, BMO is providing women with equal access to economic resources and opportunities and advancing **SDG 5**, to achieve gender equality and empower all women and girls. Loans to women entrepreneurs also advance **SDG 8**, to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Women-owned business lending portfolio

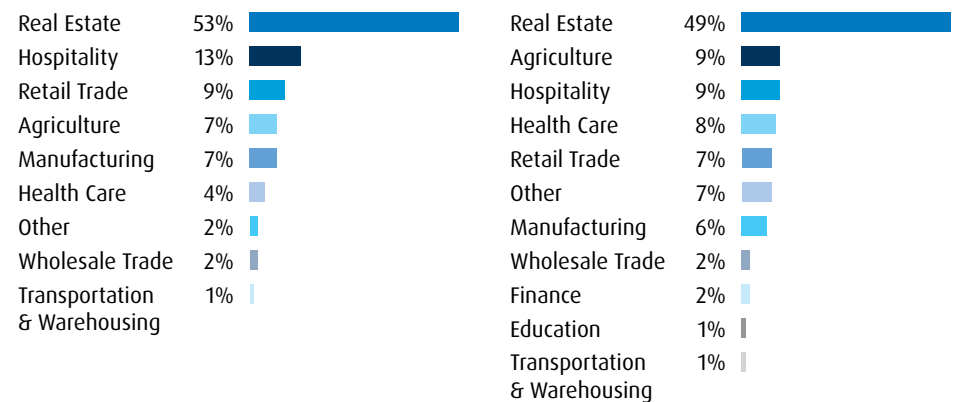
BMO Sustainability Bond

BMO Women in Business Bond

Geographic breakdown



Sector breakdown





> ORIGINS Pharmacy founders, Miranda and Sherri Tawfik.

ORIGINS Pharmacy

ORIGINS Pharmacy is co-owned by two sisters who are experienced and passionate about providing clinical and collaborative care. They have three locations in Ontario that offer custom medication compounding, home health care equipment and nutritional supplements. Their compounding labs customize medications for thousands of patients, treating every patient's individual system as unique, including medications for children and pets, who require smaller doses and unique forms. ORIGINS Pharmacy also specializes in hormone issues. The sisters identified a gap in hormonal support for women, which they are addressing with functional medicine to treat root causes. They also provide counselling to help women restore their hormonal balance, which can improve their personal and professional lives. ORIGINS Pharmacy believes that taking care of women benefits both the women's households and the community as a whole. The company used its BMO loan to build infrastructure for community outreach and education, including engaging with medical doctors, naturopaths, optometrists, nurse practitioners, midwives and other health care providers. ORIGINS Pharmacy continues to expand its business, creating new jobs, helping thousands of women, and supporting the health care community.

3 Good health and well-being

By providing financial services to businesses like ORIGINS Pharmacy, BMO helps ensure access to essential health care services, reproductive health counselling and medications.

5 Gender equality

This advances **SDG 3**, to ensure healthy lives and promote well-being for all at all ages; and **SDG 5**, to achieve gender equality and empower all women and girls.

Alexandra Bake

BMO provides loans to Alexandra Bake, an entrepreneur and business mentor active in Prince Edward County, Ontario. Her most recent loan was used to repurpose a property as a site for safe and affordable housing, as well as a commercial opportunity for a small woman-owned business. Bake's mandate is to build support for community partners who may not have access to conventional resources. She has been recognized for her conservation efforts in downtown Picton, where she has restored several buildings, including Books & Company, Rose Haven Yarn Store (formerly the Public Utilities Commission) and the Gilbert and Lighthall building. For this work, she received a Conservation of Built Heritage Award from the municipality. In addition to acting as a landlord through her real estate company, Bake is a well-respected business mentor and has helped kick-start several businesses. She is a member of the Picton Business Improvement Area Board and the PARO Centre for Women's Enterprise. In recognition of her contributions to Prince Edward County and her "service before self" business approach, she received the Paul Harris Award from the Rotary Club.

4 Quality education

By providing financial services to support Bake's community-building work, BMO advances **SDG 4**, to increase the number of youth and adults who have relevant skills for employment, decent jobs and entrepreneurship; **SDG 5**, to achieve gender equality and empower all women and girls; and **SDG 11**, to ensure access for all to adequate, safe and affordable housing.

5 Gender equality

11 Sustainable cities and communities

DunnEnzies Pizza

DunnEnzies Pizza is a family-run pizzeria with LGBTQ2+ ownership in Kelowna, British Columbia. This local business is inspired by its community to serve great pizza while also making a big impact. Community action has always been a major part of the DunnEnzies mandate – the business supports the local women's shelter, the food bank, LGBTQ youth programs, youth sports teams, art programs and musical events. During the pandemic, the DunnEnzies team made use of any surplus produce and ingredients to prepare soups and take-home meals for those in need, with community members nominating the people who would receive these free meals and volunteering to deliver them.

5 Gender equality

By providing financial services to DunnEnzies, which is committed to community action, BMO advances **SDG 5**, to achieve gender equality and empower all women and girls.



> Kristina Boudaeva,
founder of WAFF
with a WAFF journal.

WAFF World Gifts Inc.

BMO provided WAFF World Gifts with a loan that its female President and CEO used to expand the toy and stationery business she founded in Montreal, Quebec. She has created a tactile and colourful brand that employs design to enhance cognitive development, relieve stress and inspire creativity. Beyond their play function, WAFF products introduce children to math, spelling, art and other subjects. The WAFF brand suggests that every adult has an inner child, so the company also offers products for adults, such as its line of recycled leather items.

WAFF recently donated funds and products to terminally ill children in Mexico through Coloreando el mundo (Colouring the World), where clowns go to hospitals to entertain children and give them gifts. WAFF hopes to continue these initiatives after the COVID-19 pandemic subsides. During the pandemic, WAFF diversified its business by offering warehouse services to other toy and stationery companies to meet their order-picking and packing needs.

4 Quality education

By providing financial services to WAFF, which is committed to inspiring creativity and stimulating learning, BMO advances **SDG 4**, to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; and **SDG 5**, to achieve gender equality and empower all women and girls.

5 Gender equality

MegaMindful Living and MegaMindful Café

BMO provided a loan to mother and daughter entrepreneurs to help support a new business in Midland, Ontario, that promotes healthy lifestyles and food options. At first, MegaMindful Living was a blog that offered easy at-home workouts and recipes. Then, when the opportunity arose to purchase a building in the centre of town, the two were able to transform MegaMindful Living into a fitness studio and community centre that promotes health, wellness and mindfulness, and offers workshops on yoga, tai chi, Pilates, MegaFit, Kids Fit and meditation.

When the COVID-19 pandemic struck, the mother-daughter duo decided to use half of the building's floorspace to open MegaMindful Café, a plant-based café that prioritizes using locally sourced ingredients. The new café is bringing people back to downtown Midland – and still has the only totally plant-based menu in town.

3 Good health and well-being

By providing financial services to a fitness studio and plant-based café, BMO advances **SDG 3**, to ensure healthy lives and promote well-being for all at all ages; and **SDG 12**, to ensure sustainable consumption and production patterns.

12 Responsible consumption and production



Indigenous peoples' business and community lending



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

BMO's Indigenous Banking Unit supports the economic growth of Indigenous communities across Canada. Through our network of branches serving Indigenous customers, both on and off reserves, we make financial products and services more accessible for approximately 250 Indigenous communities across Canada.

We are committed to progress for Indigenous communities, building on the three pillars that support BMO's response to the Truth and Reconciliation Commission and its Calls to Action for corporate Canada: employment, education and economic empowerment. An Indigenous Advisory Council comprised of First Nations, Métis and Inuit leaders from across the country guides and advises BMO in these three areas.

The breakdown of assets included in the portfolio of the BMO Sustainability Bond is shown to the right. More information on our Indigenous Banking Unit can be found in our Sustainability Report.

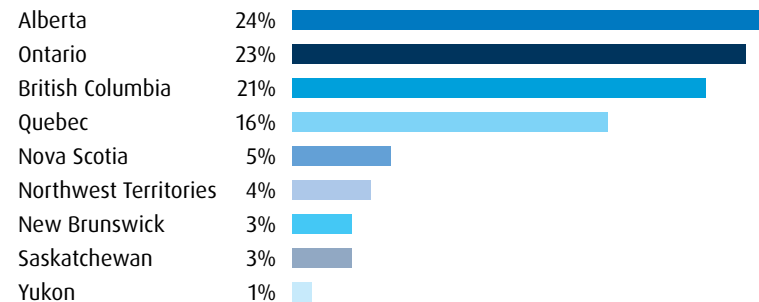
10 Reduced inequalities

By supporting Indigenous peoples' businesses and communities, BMO promotes economic inclusion and equal opportunity, as well as outcomes that help build greater inclusion and equality. This advances **SDG 10**, to reduce inequality within and among countries.

Indigenous peoples' business and community lending portfolio

BMO Sustainability Bond

Geographic breakdown





> Elder Isabelle Meawasige
NWAC Nookamis, Resiliency Lodge
Gatineau, QC.

Native Women's Association of Canada

The Native Women's Association of Canada (NWAC) is a national Indigenous organization with a mandate to enhance, promote and foster the social, economic, cultural and political well-being of First Nations, Métis and Inuit women, as well as gender-diverse people. BMO's Indigenous Banking Unit provided NWAC with a loan to support the purchase of its new Resiliency Lodge in Chelsea, Quebec.

The Resiliency Lodge was developed in response to the Calls for Justice of the National Inquiry into Missing and Murdered Indigenous Women and Girls. The Lodge provides culturally centred healing for women who have experienced trauma and loss, and features ceremony and guidance from Indigenous Elders, as well as a program of healing through art expression.

- 5 Gender equality**
- 8 Decent work and economic growth**
- 16 Peace, justice and strong institutions**

Partnering with NWAC on its Resiliency Lodge advances **SDG 5**, to achieve gender equality and empower all women and girls; **SDG 8**, to promote sustained, inclusive and sustainable economic growth; and **SDG 16**, to promote peaceful and inclusive societies for sustainable development and build effective, accountable and inclusive institutions.

Ontario Aboriginal Housing Services

BMO provides loans to the Ontario Aboriginal Housing Services (OAHS), which supplies safe, affordable housing for over 10,600 First Nations, Inuit and Métis peoples living in urban and rural areas of Ontario.

BMO's lending helped OAHS establish the Sioux Lookout Pre- and Post-Natal Development program, which provides support to Indigenous mothers, infants and their families, and was launched in summer 2020. In this region of the province, 32 First Nations don't have access to hospitals, so pregnant women who want to give birth at a hospital must fly to Sioux Lookout and live in short-term housing. Due to the lack of affordable housing, the women have generally stayed at hostels, emergency shelters or hotels. The Development program has changed that by providing apartment units and a variety of other services through First Step Women's Shelter and Nishnawbe-Gamik Friendship Centre. Women and their families are provided with transportation to and from the Sioux Lookout Meno Ya Win Health Centre, as well as cultural and medical support, including traditional healing services and Elders who are available for naming ceremonies. The Development program also offers medical care, lactation counselling, and educational and employment services.

- 1 No poverty**
- 3 Good health and well-being**
- 10 Reduced inequalities**
- 11 Sustainable cities and communities**

By supporting this program, BMO advances **SDG 3**, to ensure healthy lives and promote well-being for all at all ages. BMO has also provided a loan to OAHS to build 30 townhouses in Red Lake, Ontario – a new supply of safe and affordable housing. In addition, OAHS has committed to providing rent supplements that will make the townhouses more affordable. By supporting affordable housing development, BMO is helping to provide Indigenous peoples and communities with equal access to economic resources, housing and basic services, and enabling them to further their education and pursue employment opportunities. This advances **SDG 11**, to make cities and human settlements inclusive, safe, resilient and sustainable; **SDG 10**, to reduce inequality within and among countries; and **SDG 1**, to end poverty in all its forms.



Sustainable land use

BMO has a deep institutional commitment to the food and agribusiness sector and has supported Canadian agriculture since 1817. As of 2021, we had the largest portfolio of agricultural loans of all chartered banks in Canada, and we were the second-largest non-government lender to the agriculture and agri-food industry sectors in North America.

2 Zero hunger

3 Good health and well-being

4 Quality education

6 Clean water and sanitization

12 Responsible consumption and production

13 Climate action

15 Life on land

BMO customers Pomas Farms and Nature Fresh Farms help to ensure a sustainable food production system by implementing agricultural practices that help maintain ecosystems, improve carbon pools and enhance soil quality. This advances **SDG 2**, to end hunger and promote sustainable agriculture; **SDG 6**, to ensure sustainable management of water; **SDG 13**, to reduce climate change impacts; and **SDG 15**, to protect terrestrial ecosystems. By integrating circular-economy packaging solutions or identifying potential waste and diverting it efficiently, both Pomas Farms and Nature Fresh Farms advance **SDG 12**, to ensure sustainable consumption and production patterns. Pomas Farms' focus on the safety and mental health of its employees also advances **SDG 3**, to ensure healthy lives and promote well-being for all at all ages. Nature Fresh Farms' support for its temporary foreign workers' education advances **SDG 4**, to ensure inclusive and equitable quality education and promote lifelong learning opportunities.



> Pomas Farms in Leamington, Ontario.

Pomas Farms

BMO provided loans to Pomas Farms to expand its greenhouse in Leamington, Ontario, from 77 acres to 142 acres. Pomas Farms is a family-owned greenhouse farm for bell peppers that is committed to farming sustainably and producing high-quality foods while protecting the environment, focusing on the mental health of its employees and constantly innovating to reduce waste. The farm's initiatives include:

- Installing two energy-efficient co-generation units that can deliver almost two megawatts of power to its greenhouse, which has lowered its annual consumption of natural gas by nearly 15%.
- In every growing season, recycling 100% of its water in a closed-loop system. At the end of the season, the water is used to irrigate field crops outside the greenhouse.
- Minimizing waste by installing an innovative camera system that scans the inside of every pepper to check for defects before they are delivered to grocery stores. Pomas can now identify any harmless defects in its peppers and has been able to divert approximately 40% of those peppers from compost or landfill to nearby restaurants and other customers who can make use of them.
- Focusing on mental health and well-being, especially during the COVID-19 pandemic. Pomas prepared a brochure for its temporary foreign workers detailing the resources available to protect them against COVID-19 and is also providing access to an internal help telephone line. The company hosted meetings to ensure that everyone was aware of COVID-19 protocols.
- Leading the way as one of the first farms in North America to implement autonomous cultivation for bell peppers, which involves computerized machine learning that can factor in changes in temperature and other variables to prevent crop loss.



> Nature Fresh Farms in Leamington, Ontario.

Nature Fresh Farms Inc.

Nature Fresh Farms Inc. is one of the largest independent greenhouse produce growers in Canada and the largest grower of lit-cultivation tomatoes in North America. With loans provided by BMO, Nature Fresh Farms has invested extensively in sustainable infrastructure, as well as in enhancing the lives of its employees. Given its mandate to inspire farm operators and other companies in the produce-growing sector to grow a healthier, more equitable and sustainable future, Nature Fresh Farms recognizes that ensuring the health of our planet and our communities is essential to doing business.

Nature Fresh Farms has implemented several initiatives to improve the environmental sustainability of its operations:

- Water conservation is a priority, and the company funds innovative ways of reducing its water consumption, reusing, and returning water to its crops through a closed-loop system. This past fall, Nature Fresh Farms introduced desalination technology to purify and reuse even more water. By recycling water and growing vertically, greenhouse agriculture produces significantly higher yields than field-based agriculture, while utilizing fewer resources.
- Once crops have been picked, preventing edible food loss and plastic waste is a major concern. In 2020, Nature Fresh Farms added two new staff members to focus on reducing food waste and redirecting produce that is unfit for grocery-store shelves. The team has introduced a clamshell that is 100% recyclable, as well as a bio-polymer cucumber wrap and pulp trays that are 100% compostable. This sustainable packaging helps divert more than 62,000 pounds of Styrofoam from landfill annually. In addition, Nature Fresh Farms ensures that as little food as possible is wasted – in 2020 alone, the company was able to redirect and donate 618,000 pounds of produce.

- Nature Fresh Farms is committed to reducing its fuel use and transportation-related emissions through a partnership with SmartWay Transport. The partnership enables it to measure the environmental impact of its freight operations and apply SmartWay's recommendations to improve its transportation strategies. By 2023, 80% of Nature Fresh Farms trucks will be certified by SmartWay, which will significantly reduce the overall distances involved in distributing its product offerings. In addition, Nature Fresh Farms has joined the University of Windsor in a long-haul vehicle transportation sustainability project to make further progress in energy-efficient shipping.
- By diverting waste wood from landfill and using it to fuel its biomass boilers, Nature Fresh Farms has reduced its consumption of natural gas during the winter months by approximately 30%.

A social sustainability goal for Nature Fresh Farms is to empower its team of dedicated and engaged temporary foreign workers with the resources and support they need to thrive. The company has invested in recreational and educational opportunities for its temporary foreign workers, so they can enjoy life outside of work and also earn a General Education Development (GED) certificate on-site by studying with a licensed teacher.



Renewable energy



Proceeds from the BMO Sustainability Bond have funded three loans that are financing wind power generation projects in Ontario. These projects have added a total of 233 MW of renewable energy capacity to Ontario's electricity grid, resulting in the prevention of approximately 713,000 tonnes of carbon dioxide emissions annually, as well as the conservation of 1.6 million cubic metres of water¹. BMO's share of these impacts is reported in the [2021 impact metrics table on page 7](#).

7 Affordable and clean energy

11 Sustainable cities and communities

13 Climate action

These projects advance **SDG 7**, to ensure access to affordable, reliable, sustainable and modern energy for all, by increasing the share of renewable energy in the energy mix; **SDG 11**, to make cities and human settlements inclusive, safe, resilient and sustainable, by decreasing the per capita environmental impact associated with electricity consumption; and **SDG 13**, to combat climate change and its impacts.

¹ Data is drawn from public sources for these projects; where data for a project was not available, other projects included in the same asset category were used as a proxy.

Three

loans that are financing wind power generation projects in Ontario.

233^{MW}

of renewable energy capacity to Ontario's electricity grid

713,000 tonnes

of carbon dioxide emissions prevented annually

1.6 million

cubic metres of water conserved



Green buildings and infrastructure projects

Building on BMO's experience financing LEED certified buildings, proceeds from the BMO Sustainability Bond funded a loan to a construction project that has achieved LEED certification.



Paragon Building, LEED Gold certified

BMO helped finance the Paragon Building, a three-storey, 21,200-square-foot Class A building in Victoria, British Columbia. The Paragon has transformed a suburban strip mall into a mixed-use plaza, bringing retail storefronts to the street, with office space on the floors above. It has been awarded LEED Gold certification for delivering these environmental benefits:

- The building uses a closed-loop geoechange heating and cooling system, which transfers renewable energy from just below the earth's surface to heat and cool the building. This system has significantly reduced the building's energy consumption.
- Secure bike storage and showers are available to encourage staff to choose sustainable transportation modes for commuting. The sidewalks adjacent to the building have been widened to enhance the pedestrian experience.
- Native species of grasses, perennials and shrubs cover 95% of its roof to help manage stormwater.
- During construction, 98% of the waste from the job site was recycled.

11 Sustainable cities and communities

13 Climate action

These environmental benefits advance **SDG 11**, to make cities and human settlements inclusive, safe, resilient and sustainable, by reducing the per capita environmental impacts of cities through improved air quality and waste management. Energy efficiency and the associated reductions in greenhouse gas emissions also advance **SDG 13**, to take urgent action to combat climate change and its impacts.



Pollution prevention and control



Proceeds from the BMO Sustainability Bond have also funded loans to companies that reclaim, sort and recycle scrap metal in Canada. The companies have used these loans to expand their capacity and improve their operational efficiency.

12 Responsible consumption and production

13 Climate action

By providing support for the reclamation of larger quantities of recycled materials, BMO advances **SDG 12**, to ensure sustainable consumption and production patterns, by supporting sustainable management and efficient use of natural resources, and by reducing waste generation through reduction, recycling and reuse. Recycling materials by diverting them from landfill helps reduce greenhouse gas emissions, and also advances **SDG 13**, to take urgent action to combat climate change and its impacts.

Independent Practitioners' Limited Assurance Report

To the Board and management of BMO Financial Group (BMO)

We have undertaken a limited assurance engagement of the following selected indicators for BMO's Sustainability Bond and Social bond (collectively, the "Sustainable Bonds"):

- Full allocation of proceeds (as presented on page 6)
- Allocation of proceeds to eligible categories (as presented on page 6)
- Impact indicators (as presented on page 7)

collectively, the "subject matter information" as denoted by the symbol ♦ in BMO's 2021 Sustainable Bonds Impact Report (the Report) as at July 31, 2021.

We have not performed any procedures with respect to other information included in the Report and, therefore, no conclusion on the Report, as a whole, is expressed.

Management's responsibilities

Management is responsible for the preparation and presentation of the subject matter information in accordance with BMO's Sustainable Financing Framework¹ (the "applicable criteria"). Management is responsible for determining the appropriateness of the use of the applicable criteria. Management is also responsible for such internal control as management determines necessary to enable the preparation and presentation of the subject matter information that is free from material misstatement, whether due to fraud or error.

Practitioners' responsibilities

Our responsibility is to express a limited assurance conclusion on the subject matter information based on procedures performed and evidence obtained. We conducted our limited assurance engagement in accordance with Canadian Standards on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform our engagement to conclude that no matter(s) have come to our attention that cause us to believe that the subject matter information is not prepared, in all material respects, in accordance with the applicable criteria.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report.

The nature, timing and extent of procedures performed depends on our professional judgment, including an assessment of the risks of material misstatement, whether due to fraud or error, and involves obtaining evidence about the subject matter information, including but not limited to:

- Making inquiries of BMO's management, relevant staff at the corporate and business unit level, including those with responsibility for Sustainable Bonds governance, management and reporting;
- Evaluating the design of key structures, systems, processes and controls for managing, recording and reporting the subject matter information;

- Obtaining internal listing of assets allocated to the Sustainable Bonds and confirming this was consistent with the disclosure in the Report; and
- Considering disclosure and presentation of the Subject Matter Information in the Report.

The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, it is not a guarantee that a limited assurance engagement conducted in accordance with this standard will always detect a matter that causes the practitioner to believe that the subject matter information is materially misstated. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report.

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

Practitioners' Independence and Quality Control

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

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

Specific Purpose of Subject Matter Information and Applicable Criteria

The subject matter information has been prepared in accordance with the applicable criteria. As a result, the subject matter information may not be suitable for another purpose.

Conclusion

Based on the procedures performed and evidence obtained, no matters have come to our attention to cause us to believe that the subject matter information of BMO is materially misstated as at July 31, 2021.



Chartered Professional Accountants

Toronto, Canada
December 7, 2021

¹ Version September 2019 available at <https://www.bmo.com/ir/files/F19%20Files/BMOSustainableFinancingFramework.pdf>

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The Bank cautions that the preceding list of risk factors is not exhaustive. For more information, please see the Bank’s most recent Annual Report and quarterly reports. Readers should carefully consider these factors and risks, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. The Bank 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.

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