

BMO Financial Group

2021 SASB Disclosure

The **Sustainability Accounting Standards Board (SASB)** has developed a set of industry-specific standards to help businesses identify, manage and report sustainability information that could be financially material to their investors and other stakeholders.¹

BMO began publishing SASB disclosures in 2019. Our 2021 SASB disclosure cites metrics from the standards that are relevant to our operating groups and lending activities, including asset management and custody activities, consumer finance, commercial banks, investment banking and brokerage, and mortgage finance.

Legend

AR – [BMO Financial Group 2021 Annual Report to Shareholders](#)

Sustainability Report – [2021 Sustainability Report and Public Accountability Statement](#)

Supplementary Information – [Supplementary Financial Information for the Quarter Ended October 31, 2021](#)

Climate Report – [2021 Climate Report](#)



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

SASB code	SASB accounting metric	2021 disclosure
DISCLOSURES CROSSING MULTIPLE SECTOR STANDARDS, REPORTING AT A BMO FINANCIAL GROUP LEVEL		
Business ethics		
FN-AC-510a.1 FN-CB-510a.1 FN-IB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Page 204 of the AR (Note 24: Commitments, Guarantees, Pledged Assets, Provisions and Contingent Liabilities) provides information regarding BMO's provisions, contingent liabilities, and legal proceedings. BMO does not disclose any totals in respect of its legal proceedings or related losses, if any.
FN-AC-510a.2 FN-CB-510a.2 FN-IB-510a.2	Description of whistle-blower policies and procedures	See page 77 of the Sustainability Report (Business conduct – Committed to doing what's right).
Data security		
FN-CB-230a.1 FN-CF-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	See page 24 of the Sustainability Report (Tracking our progress – Substantiated complaints regarding breaches of customer privacy and losses of customer data).
FN-CB-230a.2 FN-CF-230a.3	Description of approach to identifying and addressing data security risks	<p>See page 72 of the Sustainability Report (Data security).</p> <p>Further information:</p> <p>BMO established a Financial Crimes Unit (FCU) in 2019. The FCU ensures a coordinated approach to security across all functions and lines of business, with intelligence-led horizontal collaboration and provisions for rapid recovery. The FCU strengthens our incident response capabilities and integrates multiple layers of protection to safeguard our customers, our partners and our organization from current and emerging security threats.</p> <p>Approach to identifying vulnerabilities in information systems that pose a data security risk</p> <ul style="list-style-type: none"> • BMO's vulnerability identification and remediation process is implemented in alignment with industry standards, including the requirements for information security certification under ISO 27001:2013, and is independently audited for compliance and operational effectiveness on an annual basis. BMO conducts periodic vulnerability scans utilizing an industry-leading software solution. An independent partner also carries out external penetration testing at least once a year. Identified vulnerabilities are verified, risk-rated, tracked, reported and monitored for timely remediation. • BMO continues to invest in its technological infrastructure including a state-of-the-art security hub and a "follow the sun" operating model, enabling teams to work globally across North America, Europe and Asia to detect, prevent, respond to and recover from security threats. In addition, we are enhancing processes and improving BMO's ability to prevent, detect and recover from cyber security threats, keeping customers and employees safe. • BMO also works with various security and software suppliers to bolster internal resources and technology capabilities, with a goal to respond to a rapidly evolving threat landscape. <p>Approach to addressing data security risks and vulnerabilities</p> <ul style="list-style-type: none"> • BMO is committed to keeping its customer information secure while also providing highly professional and reliable business services. We follow cyber security good practices and maintain an IT environment that integrates international standards and expectations. To address the rapidly changing security threat landscape, we utilize resilient, agile technologies and makes significant investments in the continuous improvement of BMO's information security position. <p>(continued on next page)</p>

SASB code	SASB accounting metric	2021 disclosure
DISCLOSURES CROSSING MULTIPLE SECTOR STANDARDS, REPORTING AT A BMO FINANCIAL GROUP LEVEL (continued)		
Data security (continued)		
FN-CB-230a.2 FN-CF-230a.3 (continued)	Description of approach to identifying and addressing data security risks (continued)	<p>Approach to addressing data security risks and vulnerabilities (continued)</p> <ul style="list-style-type: none"> • BMO is also committed to building and maintaining a sound foundation by providing appropriate management support and instilling a culture of security awareness across the organization. This involves: <ul style="list-style-type: none"> - A three-lines-of-defence model for effective risk management and compliance monitoring. - Appropriate segregation of duties, organizational structures, reporting lines, authorities and security responsibilities. - A dedicated security risk governance function that applies risk metrics to monitor the current state of our operations and risk profile. • BMO continuously monitors and mitigates information security risks. This includes implementation of the following: <ul style="list-style-type: none"> - Policies and standards for information security and privacy. - Secure processes for the classification, handling and storage of information. - End-point protection and network security. - An annual mandatory security awareness learning program for all employees. - Frequent reporting to our executives, external regulators, and internal and external auditors. - Self-assessment against recognized frameworks and process benchmarking. <p>Trends observed in type, frequency and origination of attacks on data security and information systems</p> <ul style="list-style-type: none"> • No single area is more vulnerable to attack than any other area. As BMO is a large enterprise with a significant technology and user footprint, our infrastructure and employees may be targeted frequently by opportunistic attacks, and less frequently by targeted attacks. Any such events are in line with the overall industry threat and risk profile. <p>Policies and procedures for disclosing incidents involving breaches of data security to customers</p> <ul style="list-style-type: none"> • Depending on the nature of the breach, incidents involving suspected or actual breaches of data security or information systems must be reported to either our Privacy Office or the Information Security team, which then manages the response to the incident, including notifying BMO's regulators and affected customers in accordance with all applicable regulatory requirements. <p>Data and system security efforts related to new and emerging cyber threats and attack vectors</p> <ul style="list-style-type: none"> • The BMO Financial Crimes Unit is responsible for managing all aspects of cyber security, information security, internal and external fraud, crisis and continuity management, and physical security. The unit combines existing capabilities from across the enterprise in an integrated central function, with a fusion centre model, which enhances both intelligence-gathering and response recovery. • A well-qualified Cyber Threat Intelligence and Analytics team is in place, which proactively monitors emerging threats that could impact BMO's employees, processes, technology and customers by gathering and analyzing threat information from various commercial, industry, government, internal and open sources. The team also conducts threat hunting on a regular basis to identify potential malicious activity. We continually enhance our cyber security controls in alignment with threat intelligence forecasts. • We continue to make additional investments in defensive technology, talent and processes in order to prevent, or detect and manage, cyber security threats within BMO. These measures include benchmarking and review of best practices across the banking and cyber security industries, evaluation of the effectiveness of our key controls and development of new controls as needed, with ongoing investments in both technology and human resources. • In addition, senior management reviews BMO's information security management system at regular intervals to ensure its ongoing suitability, adequacy and effectiveness, and makes timely decisions for continuous improvement. <p>Degree to which BMO's approach is aligned with external standards or frameworks and/or legal or regulatory frameworks for managing data security</p> <ul style="list-style-type: none"> • BMO is a highly regulated organization and undergoes many independent reviews on a periodic basis. BMO's cyber security capabilities are, based on our benchmarking, on par with our peers in the industry, align with the framework of the U.S. National Institute of Standards and Technology (NIST), and meet the requirements of ISO 27001:2013 certification for information security. We have achieved the target maturity level for all identified controls, and we continue to enhance our cyber security posture in alignment with cyber threat intelligence forecasts. BMO was the first Canadian bank to obtain ISO 27001 certification for information security, and we have also been certified (Tier IV) by Uptime Institute for our high-fault-tolerant data centre.

SASB code	SASB accounting metric	2021 disclosure
DISCLOSURES CROSSING MULTIPLE SECTOR STANDARDS, REPORTING AT A BMO FINANCIAL GROUP LEVEL (continued)		
Employee diversity and inclusion		
FN-AC-330a.1 FN-IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	<p>See page 55 of the Sustainability Report (Tracking our progress – Diversity, equity and inclusion).</p> <p>Leadership accountability</p> <ul style="list-style-type: none"> Leadership accountability and advocacy are critical to success. At BMO, our leaders’ advocacy for diversity, equity and inclusion starts at the top with CEO Darryl White, who is a vocal champion of inclusivity. On his first day as our CEO in November 2017, Mr. White signed on as a Catalyst CEO Champion for Change and affirmed his commitment to “reviewing and improving the pipeline of women of diverse backgrounds for advancement and empowering them with a strong support system.” He also signed the Catalyst Accord 2022, pledging to work to increase the average percentage of women on boards and in executive positions in corporate Canada to 30% or higher by 2022. Mr. White is Vice-Chair, Catalyst Canada Advisory Board, and has been a member of Catalyst’s global Board of Directors since March 2021. In 2020, Mr. White signed the BlackNorth CEO Pledge on behalf of BMO. In 2012, we established the Leadership Committee for Diversity, Equity and Inclusion (LCDEI) an enterprise-wide committee of more than 25 senior executives representing diversity at BMO, which oversees our progress toward achieving our diversity, equity and inclusion (DEI) goals and advocates for inclusive practices for our colleagues, customers and communities. The committee is co-chaired by a member of BMO’s Executive Committee who is appointed by the CEO. LCDEI establishes the strategic priorities that define our direction, along with a number of specific action plans and ambitious workforce representation goals. A DEI update is presented to the Board of Directors on an annual basis. BMO’s DEI governance model is built on this leadership accountability and combines a leader-led approach with a grassroots approach, spearheaded by more than 8,000 members of our 16 Enterprise Resource Groups (ERGs). Each ERG is sponsored by at least one senior executive. <p>Representation goals</p> <ul style="list-style-type: none"> We set specific and ambitious goals across our organization by identifying gaps, removing barriers and then holding everyone – leaders and managers – accountable for moving BMO forward. We know that what gets measured gets done, so diversity representation goals are included in the annual performance objectives for the Group Head of each business. Since 2018, Diversity Dashboards have been included in the materials prepared for Performance Committee meetings. In these quarterly meetings, chaired by the CEO, approximately 40 of BMO’s most senior leaders discuss and report on critical business goals and results. The dashboard evolved in 2021 to incorporate an in-depth qualitative overview of our progress on Zero Barriers to Inclusion for colleagues, customers and communities, as well as a quarterly view of the representation of diverse employee groups in the workforce. The overview and assessment of the dashboard indicates how diverse employee segments are represented to ensure that diversity remains a top priority and clarify accountability for our senior leaders. In 2020, we announced new five-year diversity representation goals to address gaps affecting Black, Indigenous, People of Colour, Latinx and 2SLGBTQ+ employees, customers and communities, and in 2021, began tracking our progress against these goals. Our Zero Barriers to Inclusion 2025 representation goals involve an ambitious expansion of the multi-year diversity strategy we set out in 2017. New benchmarks and plans for 2021 include doubling enterprise-wide representation for Black senior leaders, accelerating Indigenous inclusion strategies, introducing a 2SLGBTQ+ representation goal, and maintaining a strong gender equity position. <p>Culture of inclusion</p> <ul style="list-style-type: none"> We make our leaders and employees aware of the value of inclusivity, and we share practical actions and behaviours for building an inclusive environment in the workplace. For example, in 2016, we launched Learn from Difference (LFD), a multi-year initiative focused on building inclusive leadership capabilities, equipping leaders with strategies to mitigate the effects of unconscious bias and establishing a more inclusive environment for our colleagues, customers and communities. Phase one was centred on an introductory e-learning course for managers on diversity and inclusion, and unconscious bias. Within three months, more than 80% of managers had completed the course, and 97% of those managers felt confident in their ability to apply what they had learned in making everyday business decisions. Building an inclusive workplace is a responsibility shared by everyone at BMO, so in 2019, we expanded the LFD program to all employees and launched phase two, Learn from Difference for All (LFDA). In 2020, more than 80% of employees completed the new LFDA program, and it is now included in all onboarding programs for new hires, helping to build a culture of inclusion and belonging for all. See page 55 of the Sustainability Report (Diversity, equity and inclusion).

SASB code	SASB accounting metric	2021 disclosure
DISCLOSURES CROSSING MULTIPLE SECTOR STANDARDS, REPORTING AT A BMO FINANCIAL GROUP LEVEL (continued)		
Employee diversity and inclusion (continued)		
<p>FN-AC-330a.1 FN-IB-330a.1 (continued)</p>	<p>Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees (continued)</p>	<p>Culture of inclusion (continued)</p> <ul style="list-style-type: none"> In 2021, approximately 87% of Canadian employees completed the newly launched Indigenous Perspectives course, Nisitohtamowin ᓇᑭᑦᓴᓄᓐᓂᓴᓂᓴᓄᓐ, expanding awareness and cultural competency for all employees. In partnership with First Nations University of Canada and Reconciliation Education, BMO made Nisitohtamowin available as a free public resource during National Indigenous History Month. With over 20,000 site visits, this online course helped share knowledge and expand awareness during a critical time in Canada’s history. The course is included in all onboarding programs for Canadian employees. To ensure BMO employees, and in particular Black employees, were feeling supported during the period of heightened protests against racial injustice in 2020, we launched a new internal website offering educational materials about racial injustice. It includes a guide that provides background for understanding recent issues of racial injustice in the Black community, followed by a guide to support conversations across BMO about race and what we can all do to make sure everyone is valued. In 2021, we launched a new internal website, focused on programs and practices to support Black and Latinx inclusion at BMO. We continue to build on these initiatives with the input of colleagues and ERG members enterprise-wide. In 2022, to expand awareness and inclusion, we plan to launch a newly designed and customized course for all BMO employees, focusing on the experience of Black colleagues, customers and communities. In 2021, BMO introduced guidance for managers to help them reduce unconscious bias in the year-end decision-making process, so that they would be able to make more equitable performance and compensation decisions. As we build virtual offerings in response to the COVID-19 pandemic, diversity, inclusion and inclusive leadership capability continues to be an important part of the leadership curriculum. In 2020, our Zero Barriers to Inclusion 2025 strategy for colleagues, customers and communities led to a series of branch huddles focused on cultural sensitivity. More than 8,000 branch employees and leaders participated across 900 branches in Canada. <p>Talent practices</p> <ul style="list-style-type: none"> Each year, as part of our Leadership Planning program, we identify employees with the potential to take on more senior roles in the organization and we also prepare succession slates for key roles. Ensuring that BMO’s senior leadership team and leadership pipeline both represent diversity is a focus of the Leadership Planning program.
Systemic risk management		
<p>FN-CB-550a.1 FN-IB-550a.1</p>	<p>Global Systemically Important Bank (G-SIB) score, by category. Include description of whether score is calculated by BMO or obtained from regulatory authority and whether BMO is required to report the underlying data to the regulators</p>	<ul style="list-style-type: none"> BMO is not currently on the Financial Stability Board list of global systemically important banks (G-SIBs). We have been identified as a domestic systemically important bank (D-SIB) by the Office of the Superintendent of Financial Institutions Canada (OSFI). We report the Canadian-dollar-denominated values of the 12 indicators utilized in the G-SIBs assessment methodology, as required. See page 27 of the 2021 Q1 Report to Shareholders.
<p>FN-CB-550a.2 FN-IB-550a.2</p>	<p>Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities</p>	<p>Stress testing is a key element of our risk and capital management frameworks. Further information: page 82 of the AR (Stress Testing).</p> <p>In addition, BMO provides stress testing disclosures for our U.S. subsidiaries, BMO Financial Corp. and BMO Harris Bank N.A., as outlined by the United States Government Office of the Comptroller of the Currency and Federal Reserve Board in relation to the Dodd-Frank Wall Street Reform and Consumer Protection Act. These disclosures are available on our website.</p> <p>BMO is developing a climate scenario analysis program to explore climate-specific vulnerabilities in order to enhance our resilience to climate-related risks, in line with the recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD). This program includes the evaluation of both physical and transition risks across a selection of climate-sensitive portfolios and we will continue expanding analyses across sectors and risk types, in line with internal policies and any applicable regulatory requirements. Further information: page 83 of the AR (Climate-Related Scenario Analysis); page 111 of the AR (Environmental and Social Risk) and page 25 of the Climate Report (Climate-related scenario analysis).</p>

SASB Disclosure

SASB code	SASB accounting metric	2021 disclosure
ASSET MANAGEMENT AND CUSTODY ACTIVITIES		
Activity metrics		
FN-AC-000.A	(1) Total registered and (2) total unregistered assets under management	BMO reports assets under administration and assets under management (AUM). See page 50 of the AR (BMO Wealth Management – Key Performance Metrics and Drivers). BMO does not disclose a breakdown of registered and unregistered AUM.
FN-AC-000.B	Total assets under custody and supervision	The Office of the Superintendent of Financial Institutions Canada (OSFI) requires that BMO, as a domestic systemically important bank (D-SIB), disclose on an annual basis information related to the 12 indicators utilized in the global systemically important bank (G-SIB) assessment methodology, including assets under custody. See page 27 of the 2021 Q1 Report to Shareholders .
Transparent information & fair advice for customers		
FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers. Include a description of the nature, context, and any corrective actions taken as a result of the monetary losses	Page 204 of the AR (Note 24: Commitments, Guarantees, Pledged Assets, Provisions and Contingent Liabilities) provides information regarding BMO's provisions, contingent liabilities, and legal proceedings. BMO does not disclose any totals in respect of its legal proceedings or related losses, if any.
Incorporation of ESG Factors in Investment Management & Advisory		
FN-AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of ESG issues, (2) sustainability themed investing, and (3) screening	BMO reports this information in our annual reporting on the Principles for Responsible Investment. Our most recent report is available on our website .
FN-AC-410a.2	Description of approach to incorporation of ESG factors in investment and/or wealth management processes and strategies	See page 42 of the Sustainability Report (Sustainable finance – Responsible investing). Further information: Page 13 of the Climate Report (Strategy). BMO Global Asset Management Responsible Investing Approach . The following information pertains to BMO Global Asset Management (BMO GAM). Approach to incorporation of ESG factors in investment processes and strategies <ul style="list-style-type: none"> ESG integration is the consideration of financially material ESG issues in the course of investment analysis and decision-making in order to gain a more comprehensive understanding of risk and long-term opportunity. In integrating a consideration of ESG factors, BMO GAM tailors its approach for each specific investment strategy and asset class in order to ensure that the resulting analyses are relevant and meaningful for each investment process. Elements of this approach include: <ul style="list-style-type: none"> Screening: BMO GAM offers a range of screened funds for clients who wish to link investment performance to a clear set of ethical and sustainability principles. To determine the eligibility of companies for investment under these strategies, we have developed stringent criteria that are published on our website. We review the criteria and indicators on a regular basis to ensure they reflect evolving responses to critical issues, emerging issues, changes in regulation and other developments. Sustainability funds must meet a set of common criteria regarding minimum sustainability performance and each fund publishes a separate investment policy outlining its specifications. Thematic: BMO GAM offers a number of thematic investment solutions which seek to generate returns by investing in companies that are working to meet specific sustainability challenges. These include the Women in Leadership Fund and the Sustainable Opportunities Canadian Equity Fund.

(continued on next page)

SASB code	SASB accounting metric	2021 disclosure
ASSET MANAGEMENT AND CUSTODY ACTIVITIES (continued)		
Incorporation of ESG Factors in Investment Management & Advisory (continued)		
FN-AC-410a.2 (continued)	Description of approach to incorporation of ESG factors in investment and/or wealth management processes and strategies (continued)	<p>Approach to incorporation of ESG factors in investment processes and strategies (continued)</p> <ul style="list-style-type: none"> - Engagement: Our SDG Engagement Global Equity Fund has a mandate based on intensive engagement to improve the long-term performance of investee companies and their contribution to achieving the Sustainable Development Goals. - Integration: As a long-term investor, we seek to understand the fundamental factors shaping the risks and opportunities facing the entities that issue the equity or debt we invest in. We believe that ESG factors can have a material impact on the performance of those entities – and on the economy as a whole – and that a firm commitment to identifying and assessing the risks and opportunities arising from ESG factors is an integral part of sound risk management. A consideration of ESG factors is incorporated into our investment analyses across asset classes, and our tailored approach addresses each specific factor appropriately. <p>Approach to implementing ESG incorporation practices</p> <ul style="list-style-type: none"> • Each of our investment teams identifies and integrates material ESG factors in its standard investment process, with the support of the specialist Responsible Investment team. Fund managers and analysts have access to a wide range of ESG data and research – both third-party and proprietary – which they use to systematically flag potentially material concerns that are then further analyzed to determine their relevance to the investment case. • We continuously seek to strengthen the feedback loop that brings together the ESG information and experience our Responsible Investment team has gained through active ownership activities (i.e., engagement and voting) with our main ESG databases and decision-making processes. The Responsible Investment team conducts regular cross-team meetings and presentations on relevant ESG issues, including thematic webinars; sharing active ownership data across platforms that are accessible to our investment teams; encouraging analysts and portfolio managers to address ESG issues in their meetings with investee companies, or conducting meetings jointly; and closely involving investment teams when exercising the right to vote at shareholders’ meetings and designing engagement programs.
FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures	<p>See page 42 of the Sustainability Report (Sustainable finance – Responsible investing).</p> <p>The following information pertains to BMO GAM.</p> <p>Policies and procedures</p> <ul style="list-style-type: none"> • See BMO GAM Responsible Investing Approach • See also Corporate Governance Guidelines • See also Expectations of Social Practices Statement • See also Expectations of Environmental Practices Statement • See also BMO GAM Climate Change Approach <p>Proxy voting approach</p> <ul style="list-style-type: none"> • See Policies and procedures (above). • BMO GAM publishes all vote reports on our website, including the rationale for our voting decisions. We also regularly communicate with investee companies on resolutions where our in-house team decided to vote against one or more of them, in order to alert those companies to our decision and the rationale. <p>Investee engagement approach</p> <ul style="list-style-type: none"> • Engagement is carried out by our Responsible Investment team, working in close partnership with our fund investment teams. Our process is based on the following principles: <ul style="list-style-type: none"> - Prioritization: In order to identify targets or areas for engagement, the Responsible Investment team regularly monitors the performance of investee companies in managing the ESG issues that present the greatest risks or opportunities in relation to long-term investor value, as well as emerging governance and sustainability trends that could affect groups of companies within a sector or across sectors. This monitoring and research activity significantly overlaps with the proprietary ESG monitoring systems we have developed to support our ESG integration practices. <p>(continued on next page)</p>

SASB code	SASB accounting metric	2021 disclosure
ASSET MANAGEMENT AND CUSTODY ACTIVITIES (continued)		
Incorporation of ESG Factors in Investment Management & Advisory (continued)		
FN-AC-410a.3 (continued)	Description of proxy voting and investee engagement policies and procedures (continued)	<p>Investee engagement approach (continued)</p> <ul style="list-style-type: none"> - Setting objectives: Setting specific engagement objectives and tracking results are both necessary in order to assess progress and determine the next steps. Our Responsible Investment team takes the lead in developing objectives, but works in close consultation and collaboration with our investment teams in order to ensure that our messages to investee companies are robust and consistent. We strive to clearly communicate to those companies our engagement objectives and expectations, including an outline of what we would consider to be a successful outcome. - Tracking results: We log and report activity in real time in an online engagement database. This information includes engagement activity, method of engagement, company response and instances of change. We track the progress of our engagements (at issue level for each company), and we itemize successful engagements and related milestones. Our engagement and milestone entries aim to capture the context and materiality of our objectives and the impact of the progress made by the company. - Escalation: If we deem initial engagement efforts to be unsuccessful, we will consider escalation strategies, such as contacting a company's board, using proxy voting, filing a resolution, reducing our exposure or divesting our holdings. - Reporting: We report publicly on our active ownership activities on an annual basis in our Responsible Investment Review. <ul style="list-style-type: none"> • Our internal systems track the level at which engagement takes place. This may be at the board or senior executive level, or with operational or investor relations specialists, depending on the nature of the engagement. We seek board-level engagement where possible. • BMO GAM publishes a detailed report on engagement annually, as well as research on individual engagement topics on our website. We also publish reports on the ESG impact of some of the funds we offer, including our Responsible Global Equity Fund and our Women in Leadership Fund. For clients, we frequently include data and case studies of engagement in our regular reporting.
Systemic Risk Management		
FN-AC-550a.2	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management	Our liquidity risk management programs are summarized in each relevant fund's annual report, available on our website .
Description of approach to informing customers		
FN-AC-270a.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Due to the highly regulated nature of its business and its size and longevity in the marketplace, BMO covered employees are involved in the ordinary course of business in investment-related investigations, consumer-initiated complaints, private civil litigation or other regulatory proceedings pursued against either the bank, one of its subsidiaries, or directly against one of its employees. BMO provides disclosure regarding material legal proceedings to which its subsidiaries are a party in its AR.
FN-AC-270a.3	Description of approach to informing customers about products and services	<p>The fair design and sale of financial products and services is addressed in BMO's Code of Conduct. BMO has also participated in the development of, and is committed to, voluntary commitments and codes of conduct that are intended to protect customers, which are listed on our website.</p> <p>BMO complies with all regulations that are intended to protect the interests of customers. Regulators to which our retail banking business is subject include the Financial Consumer Agency of Canada for our Canadian operations, and the Consumer Financial Protection Bureau and Office of the Comptroller of the Currency for our U.S. operations. Regulators to which our wealth management business is subject include the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association (under the umbrella of the Canadian Securities Administrators) for our Canadian operations, and the Financial Industry Regulatory Authority, the Securities and Exchange Commission, the Office of the Comptroller of the Currency, and the Department of Labor for our U.S. operations.</p> <p>(continued on next page)</p>

SASB Disclosure

SASB code	SASB accounting metric	2021 disclosure
ASSET MANAGEMENT AND CUSTODY ACTIVITIES (continued)		
Description of approach to informing customers (continued)		
FN-AC-270a.3 (continued)	Description of approach to informing customers about products and services (continued)	BMO's compensation and incentive plans are designed to encourage and reward performance aligned with appropriate behaviours. BMO's performance management process balances what our employees achieve with how they demonstrate our values. Sales force training reinforces these expectations. In our compensation and incentive plans, employees are compensated based on sales revenue generated. Sales revenue is generally recognized when a customer uses a product and may be reversed if a customer cancels or does not use a product. Customers can raise and escalate concerns through defined processes. Regular monitoring of our sales force, along with audits and reviews of our policies and procedures, ensures the continued integrity of our practices and processes. In 2018, the Human Resources Committee of BMO's Board of Directors reviewed retail incentive compensation plans in conjunction with the joint review of retail sales practices at six Canadian banks conducted by the Financial Consumer Agency of Canada and OSFI.
COMMERCIAL BANKS		
Activity metrics		
FN-CB-000.A	(1) Number and (2) value of chequing and savings accounts by segment: (a) personal and (b) small business	BMO reports the average value of Personal Banking and Commercial Banking deposits. See page 42 of the AR (Canadian P&C) and page 46 of the AR (U.S. P&C). BMO does not disclose the number of accounts or a breakdown of chequing and savings accounts.
FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	BMO reports the value of loans by product within Personal Banking and by industry within Commercial Banking. See page 128 of the AR (Table 7: Net Loans and Acceptances – Segmented Information) and page 129 of the AR (Table 9: Net Loans and Acceptances – Segmented Information, Net Business and Government Loans by Industry). BMO also reports, by province, the amount of money authorized to be made available as debt financing to firms in Canada and the number of firms to which debt financing was made available. See page 89 of the Sustainability Report (Business debt financing).
Financial Inclusion & Capacity Building		
FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	See page 21 of the Sustainability Report (Tracking our progress – Women-owned businesses supported; Indigenous communities with which BMO has a relationship); page 38 of the Sustainability Report (Sustainable finance – Loans for sustainable clients and projects); and page 27 of the Sustainability Report (Financial inclusion).
FN-CB-240a.3	Number of no-cost retail chequing accounts provided to previously unbanked or underbanked customers	See page 33 of the Sustainability Report (Financial inclusion – Free or discounted services).
FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers and description of financial literacy initiatives	See page 34 of the Sustainability Report (Financial literacy).
Incorporation of ESG Factors in Credit Analysis		
FN-CB-410a.1	Commercial and industrial credit exposure, by industry	See page 129 of the AR (Table 9: Net Loans and Acceptances – Segmented Information). Further information: page 23 of the Climate Report (Identifying, assessing and managing climate-related risks).
FN-CB-410a.2	Description of approach to incorporation of ESG factors in credit analysis	See page 51 of the Sustainability Report (Environmental and social risk management). Further information: page 84 of the AR (Credit and Counterparty Risk) and page 111 of the AR (Environmental and Social Risk).

SASB Disclosure

SASB code	SASB accounting metric	2021 disclosure
CONSUMER FINANCE		
Activity metrics		
FN-CF-000.A	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account	As at the end of fiscal 2021, BMO had 3.9 million unique customers with an active credit card account across personal, single-serve and wealth customers.
FN-CF-000.B	Number of (1) credit card accounts and (2) pre-paid debit card accounts	As at the end of fiscal 2021, BMO had 3.6 million active credit card accounts across personal, single-serve and wealth customers.
Customer privacy		
FN-CF-220a.1	Number of account holders whose information is used for secondary purposes	<p>BMO does not disclose the number of account holders whose information is used for secondary purposes.</p> <p>Further information:</p> <p>Manner in which account holder consent is received with respect to use of information for secondary purposes We require meaningful consent for any use of personal information for a secondary purpose. Customers can manage their direct marketing preferences to opt out of some or all of our direct marketing communications. BMO does not sell personal information.</p> <p>Extent to which information is disclosed to account holders regarding use of information for secondary purposes Our Privacy Code describes: the purposes for collection of personal information; who may have access to such personal information; the manner in which we use personal information, including for secondary purposes; and to whom we may disclose the personal information.</p> <p>Regulatory environment related to account holder privacy in which BMO operates BMO complies with applicable privacy laws and regulations in the jurisdictions in which it operates. BMO follows its Global Privacy Principles (bmo.com/privacy) in handling any personal information, and has adopted customer privacy policies, codes and procedures in each of its locations. See in particular the following Privacy Codes:</p> <p>BMO website – Privacy Code – Canada and Digital Privacy Policy</p> <p>BMO Harris website – U.S. Privacy Code, Privacy Notice, Digital Privacy Policy and CCPA Policy</p> <p>BMO Privacy Code – European Union and United Kingdom</p> <p>BMO Privacy Code – Hong Kong and Singapore</p> <p>BMO Privacy Code – Mainland China</p>
FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Page 204 of the AR (Note 24: Commitments, Guarantees, Pledged Assets, Provisions and Contingent Liabilities) provides information regarding BMO's provisions, contingent liabilities, and legal proceedings. BMO does not disclose any totals in respect of its legal proceedings or related losses, if any.
FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	Page 204 of the AR (Note 24: Commitments, Guarantees, Pledged Assets, Provisions and Contingent Liabilities) provides information regarding BMO's provisions, contingent liabilities, and legal proceedings. BMO does not disclose any totals in respect of its legal proceedings or related losses, if any.
INVESTMENT BANKING AND BROKERAGE		
Activity metrics		
FN-IB-000.A	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions	BMO reports the underwriting and advisory fees earned in Capital Markets from securities offerings in which we act as an underwriter or agent, fees earned from structuring and administering loan syndications, and fees earned from providing merger-and-acquisition services and structuring advice. See page 32 of the AR (Non-Interest Revenue). BMO does not report the number and value of transactions.

SASB Disclosure

SASB code	SASB accounting metric	2021 disclosure
INVESTMENT BANKING AND BROKERAGE (continued)		
Incorporation of ESG Factors in Investment Banking & Brokerage Activities		
FN-IB-410a.1	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of ESG factors, by industry	BMO tracks and reports on the value of sustainable finance activity. See page 22 of the Sustainability Report (Tracking our progress – Sustainable finance); and page 38 of the Sustainability Report (Sustainable finance – Sustainable financing by transaction).
FN-IB-410a.2	(1) Number and (2) total value of investments and loans incorporating integration of ESG factors, by industry	BMO tracks and reports on the value of sustainable finance activity. See page 22 of the Sustainability Report (Tracking our progress – Sustainable finance); and page 38 of the Sustainability Report (Sustainable finance – Sustainable financing by transaction type and Sustainable financing by outcome).
FN-IB-410a.3	Description of approach to incorporation of ESG factors in investment banking and brokerage activities	See page 37 of the Sustainability Report (Sustainable finance); page 42 of the Sustainability Report (Responsible investing); and page 42 of the Sustainability Report (Environmental and social risk management). Further information: page 111 of the AR (Environmental and Social Risk).
Professional integrity		
FN-IB-510b.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Due to the highly regulated nature of its business and its size and longevity in the marketplace, BMO Nesbitt Burns Inc. (BMO NB) is involved in disciplinary actions and regulatory investigations in the ordinary course of business. In some instances, notices of hearings are issued. BMO NB is also subject to legal proceedings and enters into settlement agreements in the ordinary course of business. Page 204 of the AR (Note 24: Commitments, Guarantees, Pledged Assets, Provisions and Contingent Liabilities) provides information regarding BMO's provisions, contingent liabilities and legal proceedings.
FN-IB-510b.2	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	See FN-IB-510b.1 (above).
FN-IB-510b.3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care. Describe the nature, context and any corrective actions taken as a result of the monetary losses	Page 204 of the AR (Note 24: Commitments, Guarantees, Pledged Assets, Provisions and Contingent Liabilities) provides information regarding BMO's provisions, contingent liabilities and legal proceedings. BMO does not disclose any totals in respect of its legal proceedings or related losses, if any.
FN-IB-510b.4	Description of approach to ensuring professional integrity, including duty of care	BMO's Code of Conduct sets out BMO's non-negotiable expectations of behaviour. It is a guide for ethical and responsible decision-making. The Code of Conduct applies to BMO's Board of Directors, to the directors of the boards of BMO's subsidiaries and to all employees of BMO Financial Group.
MORTGAGE FINANCE		
Activity metrics		
FN-MF-000.A	(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial	BMO reports the value of residential and non-residential mortgages. See page 18 of the Supplementary Information (Balance Sheet). In addition, BMO reports the following information related to residential mortgages. See page 35 of the Supplementary Information: <ul style="list-style-type: none"> • Value of residential mortgages past due but not impaired • Value of residential mortgages insured and uninsured, and average loan to value (LTV) uninsured • Value of home equity lines of credit (HELOC) • Residential mortgages by remaining term of amortization BMO does not report the number and value of mortgages originated.

SASB Disclosure

SASB code	SASB accounting metric	2021 disclosure
MORTGAGE FINANCE (continued)		
Lending practices		
FN-MF-270a.3	Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators. Include a description of the nature, context, and any corrective actions taken as a result of the monetary losses	Page 204 of the AR (Note 24: Commitments, Guarantees, Pledged Assets, Provisions and Contingent Liabilities) provides information regarding BMO's provisions, contingent liabilities and legal proceedings. BMO does not disclose any totals in respect of its legal proceedings or related losses, if any.
Discriminatory lending		
FN-MF-270b.1	(1) Number, (2) value, and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minority and (b) all borrowers, by FICO scores above and below 660	BMO reports the value of insured and uninsured mortgages, home equity line of credits HELOCs, and the average LTV uninsured residential mortgages and HELOCs. See page 35 of the Supplementary Information. BMO does not report the value of mortgages issued to minority borrowers or by credit score.
FN-MF-270b.2	Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending. Include a description of the nature, context, and any corrective actions taken as a result of the monetary losses	Page 204 of the AR (Note 24: Commitments, Guarantees, Pledged Assets, Provisions and Contingent Liabilities) provides information regarding BMO's provisions, contingent liabilities and legal proceedings. BMO does not disclose any totals in respect of its legal proceedings or related losses, if any.
FN-MF-270b.3	Description of policies and procedures for ensuring nondiscriminatory mortgage origination	<p>BMO's Code of Conduct and our values of integrity, empathy, diversity and responsibility define how we work, including how we treat our customers.</p> <p>Discrimination is a violation of BMO's Code of Conduct and the commitments made as part of the BMO Statement on Human Rights.</p> <p>Further information: page 78 of the Sustainability Report (Human rights).</p> <p>In addition, BMO's credit risk management framework incorporates governing principles that are defined in a series of corporate policies and standards and apply to specific operating procedures. These are reviewed on a regular basis and modified when necessary to keep them current and consistent with BMO's risk appetite. The structure, limits (both notional and capital-based), collateral requirements, monitoring, reporting and ongoing management of our credit exposures are all governed by these credit risk management principles.</p> <p>Lending officers in the operating groups are responsible for recommending credit decisions based on the completion of appropriate due diligence, and they assume accountability for the risks. With limited exceptions, credit officers in Enterprise Risk and Portfolio Management approve all credit transactions and are accountable for providing an objective independent assessment of the lending recommendations and risks assumed by the lending officers. All of these skilled and experienced individuals in the first and second lines of defence are subject to a rigorous lending qualification process and operate in a disciplined environment with clear delegation of decision-making authority, including individually-set lending limits, which are reviewed annually.</p> <p>Further information: page 84 of the AR (Credit and Counterparty Risk).</p>

Need help?

Email us at: sustainability@bmo.com



BMO's Sustainability Leaders Podcast

BMO's Sustainability Leaders podcast series introduces you to the innovative minds and diverse perspectives that are pushing the boundaries in sustainability good practice.

<https://sustainabilityleaders.bmo.com/en/home/sustainability-leaders-podcast/>



BMO Roundel is a trademark of Bank of Montreal.

All other trademarks are owned by their respective owners.