

Welcome to your CDP Climate Change Questionnaire 2022

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Established in 1817, BMO Financial Group (BMO, Bank of Montreal, the bank, we, our, us) is a highly diversified provider of financial products and services based in North America. We are the eighth largest bank in North America by assets, with total assets of \$988.2 billion. Our employees are engaged, our workforce is diverse, and our culture is award-winning. BMO provides a broad range of personal and commercial banking, wealth management, global markets and investment banking products and services, conducting business through three operating groups: Personal and Commercial Banking, BMO Wealth Management and BMO Capital Markets. We serve eight million customers across Canada through our Canadian personal and commercial banking segment, BMO Bank of Montreal. In the United States, we serve more than two million personal, business, and commercial banking customers nationally through BMO Harris Bank, based in the U.S. Midwest. We also serve customers through our wealth management businesses – BMO Private Wealth, BMO InvestorLine, BMO Wealth Management U.S., BMO Global Asset Management and BMO Insurance. BMO Capital Markets provides a full suite of financial products and services to North American and international corporate, institutional and government clients through its Investment and Corporate Banking and Global Markets divisions.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	August 1, 2020	July 31, 2021	No

C0.3

(C0.3) Select the countries/areas in which you operate.

- Australia
- Barbados
- Canada
- China
- France
- Germany
- India
- Ireland

Japan
Luxembourg
Netherlands
Portugal
Singapore
Switzerland
Taiwan, China
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

CAD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

	Does your organization undertake this activity?	Industry sectors your organization lends to, invests in, and/or insures
Banking (Bank)	Yes	Exposed to all broad market sectors
Investing (Asset manager)	Yes	Exposed to all broad market sectors
Investing (Asset owner)	No	
Insurance underwriting (Insurance company)	No	

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, a Ticker symbol	BMO.TO

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	<p>The Audit and Conduct Review Committee (ACRC) of BMO’s Board of Directors (Board) assesses the effectiveness of BMO’s governance of sustainability issues, including climate change. The ACRC meets seven times annually and more frequently as important matters arise. In fiscal 2021, BMO’s General Counsel and Chief Sustainability Officer (CSO) met with the ACRC to discuss climate-related issues three times. The ACRC reviews and approves BMO’s annual sustainability disclosures, including BMO’s Climate Report.</p> <p>The ACRC reviews and guides management in relation to sustainability governance and disclosure, discussing strategy, action plans, and performance objectives and targets related to BMO’s sustainability program, sustainable finance commitment and climate ambition, including operational and financed emissions and targets, and key risk metric lending to carbon-related assets, to oversee that management is adequately addressing opportunities associated with the transition to a lower-carbon economy.</p> <p>The Board’s Risk Review Committee (RRC) assists the Board in fulfilling its risk management oversight responsibilities regarding: identification, assessment, and management of BMO’s risks, including Environmental and Social (E&S) Risk and climate change risk; review and recommendation to the Board for approval of the Risk Appetite Framework (including on E&S Risk); adherence by operating groups to risk management corporate policies and standards; and compliance with risk-related regulatory requirements. The RRC also reviews key risk metrics quarterly (e.g., risk tolerance thresholds for lending to carbon-related assets established in 2021 and effective 2022). BMO’s CSO and Head of Risk Frameworks and Regulatory Capital Oversight met once with the RRC to discuss climate-related risk issues, and the full Board received two presentations on BMO’s climate strategy. In April 2022, the RRC approved a new E&S Risk Corporate Policy outlining the Board’s expectation that the Bank integrate E&S Risk considerations across the Enterprise-Wide Risk Management Framework, including with regard to Risk Governance, at all stages of the Risk Management Lifecycle (identification, assessment, management, monitoring, and reporting of E&S Risk), supported by the Bank’s three-lines-of-defence operating model, as underpinned by the Bank’s Risk Culture.</p>

C1.1b

(C1.1b) Provide further details on the board’s oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding business plans</p> <p>Setting performance objectives</p> <p>Monitoring implementation and performance of objectives</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>Climate-related risks and opportunities to our own operations</p> <p>Climate-related risks and opportunities to our banking activities</p> <p>Climate-related risks and opportunities to our investment activities</p> <p>The impact of our own operations on the climate</p> <p>The impact of our banking activities on the climate</p> <p>The impact of our investing activities on the climate</p>	<p>The Audit and Conduct Review Committee (ACRC) meets regularly with BMO’s Chief Sustainability Officer and General Counsel to review and discuss matters related to sustainability, including climate change risk and opportunity, and climate-related disclosures. The ACRC reviews and guides management in relation to sustainability governance and disclosure, discussing strategy, action plans, and performance objectives and targets related to BMO’s sustainability program, sustainable finance commitment and climate ambition, to oversee that management is adequately addressing opportunities associated with the transition to a lower-carbon economy.</p> <p>The Risk Review Committee of the Board of Directors (RRC) assists the Board in fulfilling its risk management oversight responsibilities. This involves overseeing the identification and management of BMO’s risks, including our risk culture, adherence by operating groups to risk management corporate policies and standards, and compliance with risk-related regulatory requirements. Our risk management framework is reviewed on a regular basis by the RRC in order to provide guidance for the governance of our risk-taking activities. The RRC also reviews revisions to the Risk Appetite Framework, including the addition of a qualitative statement referencing climate change in 2020 and a Risk Appetite Key Risk Metric regarding carbon-related assets beginning in F2021. The RRC meets eight times annually.</p>

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

Board member(s) have competence on climate-related issues	
Row 1	Yes

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Risks Officer (CRO)	CEO reporting line	Other, please specify Independent review and oversight of enterprise-wide risks and leadership on risk issues (incl E&S Risk, which includes climate change), developing and maintaining a risk management framework and fostering a strong risk culture across the organization	Risks and opportunities related to our banking Risks and opportunities related to our own operations	Annually
Other C-Suite Officer, please specify General Counsel	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking Risks and opportunities related to our own operations	As important matters arise
Chief Sustainability Officer (CSO)	Corporate Sustainability/CSR reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking Risks and opportunities related to our	Half-yearly

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
			investing activities Risks and opportunities related to our own operations	
Sustainability committee	Other, please specify ESG Executive Forum comprised of members of the Executive Committee	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking Risks and opportunities related to our own operations	As important matters arise
Other, please specify Special Advisor to the CEO on ESG	Other, please specify Strategy – Chief Strategy and Operations Officer reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking Risks and opportunities related to our investing activities Risks and opportunities related to our own operations	As important matters arise
Chief Executive Officer (CEO)	Reports to the board directly	Other, please specify Annual approval of BMO's portfolio climate targets.	Risks and opportunities related to our banking Risks and opportunities related to our own operations	Annually
Chief Financial Officer (CFO)	CEO reporting line	Other, please specify	Risks and opportunities	Annually

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
		Responsible for the Enterprise's Disclosure Controls and Procedures	related to our own operations	
Other C-Suite Officer, please specify Chief Strategy and Operations Officer	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking	As important matters arise
Other C-Suite Officer, please specify Head of Operating Groups	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking	As important matters arise
Sustainability committee	Other, please specify Sustainability Council comprised of senior leaders from the lines of business and Corporate Services across the organization	Assessing climate-related risks and opportunities	Risks and opportunities related to our banking Risks and opportunities related to our investing activities Risks and opportunities related to our own operations	As important matters arise
Risk manager	Other, please specify Risk Management Committee (RMC) chaired by the CRO	Managing climate-related risks and opportunities	Risks and opportunities related to our own operations	As important matters arise
Chief Investment Officer (CIO)	Investment - CIO reporting line	Assessing climate-related risks and opportunities	Risks and opportunities related to our	Not reported to the board

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
			investing activities	
Investment committee	Other, please specify Investment Committee oversees responsible investment activities and approves Responsible Investing-related policies and approaches	Assessing climate-related risks and opportunities	Risks and opportunities related to our investing activities	Not reported to the board

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Energy manager	Monetary reward	Energy reduction project	Energy reduction projects are part of energy managers' mandate and therefore influence decisions related to annual performance-based incentive pay.
Facilities manager	Monetary reward	Energy reduction project	Energy reduction projects are part of facilities managers' mandate and therefore influence decisions related to annual performance-based incentive pay.
Corporate executive team	Monetary reward	Efficiency target	<p>A substantial portion of executive compensation, including for the CEO, is variable pay in the form of short-term, mid-term and long-term incentives. The amount allocated to each incentive is fixed as a percentage of total variable pay depending on the executive's level.</p> <p>All variable pay – short-term incentives and mid-term and long-term incentives – is awarded based on achieving bank, operating group, and individual performance goals. Financial goals make up 75% of the variable pay funding for executives. We assess bank and operating group performance against challenging financial goals that include return on equity, earnings per share growth, and efficiency ratio.</p> <p>These metrics are influenced by business unit profitability which is enhanced through capturing business opportunities associated with the transition to a net-zero carbon economy, as well as energy and greenhouse gas emissions reduction measures.</p>
Business unit manager	Monetary reward	Efficiency target	Performance of Business Unit Managers is assessed on the profitability of their areas of accountability. Their contributions to

Entitled to incentive	Type of incentive	Activity incentivized	Comment
			enhancing BMO's productivity, and more specifically to reducing expenses, are also assessed. ESG contributions are also considered. Reduction in energy consumption is one area in which BMO's focus on reducing expenses has also contributed to achieving targeted reductions in greenhouse gas emissions.
Corporate executive team	Monetary reward	Other (please specify) BMO's Purpose and strategic objectives, including BMO's Net-Zero Ambition and related commitments, and our exposure to carbon-related assets	Sustainability is embedded in our strategy, fundamental to the bank's Purpose and integrated into our executive compensation design. 25% of executive variable pay funding is tied to the completion of our Purpose and strategic objectives, or to nonfinancial goals. Each year we include ESG in these Purpose and strategic objectives, as well as in the individual goals for executives, to capture opportunities and manage risks in areas such as sustainable finance, climate change, human rights and diversity, equity, and inclusion. This approach is central to delivering on our strategy, and bold commitments for a thriving economy, a sustainable future, and an inclusive society.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG criteria, including climate change?

	Employment-based retirement scheme that incorporates ESG criteria, including climate change	Describe how funds within the retirement scheme are selected and how your organization ensures that ESG criteria are incorporated
Row 1	Yes, as an investment option	In Canada, employees who are participating in DC plans have the option to select a global equity option which is an actively-managed fund that focuses on Global Sustainability. EGS criteria are integrated by: i) avoiding companies with damaging or unsustainable business practices; ii) investing in companies that make a positive contribution to society and the environment; and iii) engaging with management to encourage best practice management of ESG issues. In the US, the plan' default investment option is lifecycle fund which does not have ESG focus at this

	Employment-based retirement scheme that incorporates ESG criteria, including climate change	Describe how funds within the retirement scheme are selected and how your organization ensures that ESG criteria are incorporated
		time. In the U.K., the default option is a mix of funds that have a minimum ESG component and employees have options to select funds that incorporate ESG criteria.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	1	
Medium-term	1	3	
Long-term	3	20	

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

BMO defines substantive financial impacts as those that would influence our ability to deliver on our strategic priorities and/or meet financial and sustainability performance objectives. Impacts will vary depending on the nature of the risk and whether it is related to our business activities with our clients or related to our own operations. For example, regarding client lending transactions, a substantive impact includes any negative impact on a company's operating leverage such that they would be unable to meet their financial commitments to us.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations

Risk management process

A specific climate-related risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Description of process

Climate Risk Assessment is part of BMO's comprehensive Property Risk Management Framework, as described below.

We assess the inherent and residual risks related to the adverse effects of climate change (e.g., extreme weather events) on our corporate real estate across global operations. Through these assessments, we have confirmed that sufficient internal controls are in place to manage any identified physical climate risk and that these controls would be effective in preventing or minimizing any potential impact to our business operations. Internal controls include Emergency Response and Preparedness Plans and Business Continuity Plans.

In 2021 BMO analyzed our entire Canadian footprint of approximately 900 branches for exposure to flooding, wildfire, damaging wind, and earthquake risk, and our US footprint of 500 branches for exposure to wildfire, damaging wind, and earthquake.

In addition, we understand that our exposure to operational risks related to our use of resources could be heightened by climate-related physical and transition risks. For example, changes in climate patterns and climate-related policies may result in increases in the operating and capital costs associated with the energy and equipment used to heat, cool and power our facilities. We manage energy consumption through energy savings projects such as lighting, HVAC, and controls upgrades. If the life-span of assets (e.g., HVAC equipment) are negatively impacted, we modify our capital forecasting. We monitor the regulatory landscape for new fuel or energy taxes and carbon pricing regulations that could affect our operating costs on an ongoing basis through our internal risk management group, feedback from third-party facilities management service providers and participation in industry associations.

BMO also has quarterly risk monitoring programs in place and climate-related risks are among the risks that are monitored.

Example – Physical Risk:

The BMO Climate Institute, BMO Enterprise Data Science and Artificial Intelligence (AI) team, and external partner Climate Engine, have developed a geospatial platform capable of analyzing over 80 climate-related risk drivers and outcomes including temperature, precipitation, flooding, wildfires, wind, drought, crop health, soil moisture and others. The platform quantifies historic changes and projects the physical impacts of climate change under different global temperature scenarios and time horizons. Using this platform, we have assessed flood risk for the bank's branches and are advancing analysis of risks and opportunities to priority lines of business. Emergency Response and Preparedness Plans and Business Continuity Plans are in place to respond to flooding event. In 2022, we are planning on conducting a climate stress test of our Canadian mortgage portfolio.

Value chain stage(s) covered

Upstream

Risk management process

A specific climate-related risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Description of process

Changing climate patterns and climate-related policies may also affect the operating and capital costs of our suppliers. Suppliers may choose to pass these costs on to their customers, which could result in higher purchasing costs for BMO. Consistent with our Supplier Code of Conduct, BMO's Sustainable Procurement program considers current and future suppliers' sustainability performance and risk management, including risks related to climate change. We utilize a rigorous supplier selection process to determine which risks could have a substantive financial or strategic impact on our organization. Requests for proposal (RFPs) include a comprehensive set of sustainability questions that seek to understand proponents' practices related to environmental and social responsibility.

We use environmental and social risk data tools such as RepRisk to enhance our monitoring of environmental and social risk issues affecting our supply chain.

Participation in the CDP Supply Chain program is helping us understand climate risk in our supply chain. In 2021, we engaged some of our top suppliers through the program. They provided GHG emissions data and information on how they are managing climate-related risk and opportunity. In 2022, we have doubled the number of suppliers engaged through the program.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>Current regulation, including carbon pricing in the jurisdictions where BMO and our clients operate, is considered in the assessment of climate-related risk facing our own operations and those of our clients. Borrowers may face losses or increases in their operating costs as a result of climate-related policies, such as carbon emissions pricing, sector-based targets or emissions caps. For risks resulting from our own operations, BMO monitors existing fuel or energy taxes and carbon pricing regulations and assesses how that could affect our operating costs based on analysis of our own energy use and emissions. For credit risk resulting from carbon pricing imposed on our clients, BMO's Enterprise-wide Risk Management Framework includes identifying and assessing our clients' climate change strategies, carbon-mitigation plans, quality of climate change disclosures, and readiness to respond to climate-related regulatory changes.</p> <p>In 2021, BMO conducted scenario analysis on our oil and gas and London-based metals and mining portfolios to explore climate vulnerabilities and enhance our resilience and understanding of climate-related risks, and to supplement learnings from previous scenario analysis exercises. The transition risks included were policy risk from carbon pricing, regulatory risk affecting energy efficient requirements, market risk from shifts in consumer preferences and shifts away from fossil fuels.</p> <p>Climate scenario analysis considers the potential impact of carbon pricing.</p>
Emerging regulation	Relevant, always included	<p>Emerging regulations have the potential to impact BMO's operating cost and those of our clients. BMO's Legal and Regulatory Compliance Group maintains enterprise-wide frameworks that identify, measure, manage, monitor, and report on legal and regulatory issues. In addition, as domestic and international regulators issue statements, release strategic plans and outlooks, and consult on proposed principles or guidelines for the effective management of climate-related financial risk, they provide early signals of future regulatory expectations from large banks. BMO's Enterprise Risk and Portfolio Management group monitors, disseminates, and addresses these regulatory developments and signals as appropriate.</p> <p>Through membership and active participation in multiple trade</p>

	Relevance & inclusion	Please explain
		<p>associations (e.g., Canadian Bankers Association, Bank Policy Institute, Institute of International Finance, Institute of International Bankers, U.S. Risk Management Association, United Nations Environment Programme – Finance Initiative, Partnership for Carbon Accounting Financials, etc.), BMO stays abreast of changes in policies and legislation in the jurisdictions in which we operate, and expresses its views on proposed regulatory expectations . BMO’s enterprise-wide risk management framework includes identifying and assessing our clients’ climate change strategies, carbon-mitigation plans, quality of climate change disclosures, and readiness to respond to climate-related regulatory changes.</p> <p>Climate scenario analysis considers the potential impact of carbon pricing.</p> <p>In 2021, BMO conducted scenario analysis on our oil and gas and London-based metals and mining portfolios to explore climate vulnerabilities and enhance our resilience and understanding of climate-related risks, and to supplement learnings from previous scenario analysis exercises. The transition risks included were policy risk from carbon pricing, regulatory risk affecting energy efficient requirements, market risk from shifts in consumer preferences and shifts away from fossil fuels.</p>
Technology	Relevant, always included	<p>Technology risk includes the risk that substitution of existing products with lower emissions options could affect credit risk associated with clients in carbon intensive sectors. Revenues may be affected by new and emerging technologies, which could disrupt the existing economic system and displace demand for certain commodities, products, and services.</p> <p>We have implemented financing guidelines to address environmental risks for specific lines of business, and we apply enhanced due diligence to transactions with customers operating in environmentally sensitive industries. This includes efforts to develop an understanding of borrowers’ climate change adaptation and mitigation strategies.</p> <p>Within climate scenario analysis, technology risk may be considered on a qualitative basis.</p> <p>In 2019, BMO conducted a scenario analysis pilot project to test the resilience of a selection of upstream oil and gas counterparties to the impacts of climate transition scenarios. The transition risks included in the scenarios analysis were: policy, technology, and market.</p>

	Relevance & inclusion	Please explain
Legal	Relevant, always included	We may be exposed to an increasing legal and regulatory compliance risk as well as potential litigation and liability costs. Globally, financial services regulators and supervisors are in the process of introducing principles related to management of climate-related financial risk which we will consider as we continue to embed climate risk into our enterprise risk management framework. Legal and regulatory risks could arise from our actual or perceived actions, or inaction, and those of our clients in relation to climate change and other environmental and social risk issues, or our disclosures related to these issues.
Market	Relevant, always included	<p>Market risk could be affected by the impact of transition and physical risks on market conditions, including equity and commodity prices, which could increase the risk of losses in our trading and underwriting portfolios. Any adverse impacts would be captured and mitigated by the existing limit monitoring processes and risk management framework. BMO GAM considers climate change to be an investment risk within its approach to ESG integration.</p> <p>Market risk and the potential impact of rising input costs is considered in scenario analysis.</p> <p>In 2021, BMO conducted scenario analysis on our oil and gas and London-based metals and mining portfolios to explore climate vulnerabilities and enhance our resilience and understanding of climate-related risks, and to supplement learnings from previous scenario analysis exercises. The transition risks included were policy risk from carbon pricing, regulatory risk affecting energy efficient requirements, market risk from shifts in consumer preferences and shifts away from fossil fuels.</p>
Reputation	Relevant, always included	Increasingly, investors, customers and stakeholders are calling on financial institutions to play a key role in addressing climate-related risks and impacts. How we manage and report on climate-related risks and opportunities could result in new or heightened reputation risks for the bank. Indirectly, reputational risks may also manifest as stakeholders look to hold banks responsible for financing clients who are viewed as responsible for negative impacts of climate change.
Acute physical	Relevant, always included	<p>Physical risks include physical changes to the Earth that could affect our business, including severe weather, flooding, or other impacts of climate change. These potential risks exist for all financial institutions, including BMO, in relation to our own operations as well as through exposure to risks of our clients.</p> <p>We face risks arising from environmental events, such as drought, floods, wildfires, earthquakes, and hurricanes and other storms. These</p>

	Relevance & inclusion	Please explain
		<p>events could potentially disrupt our operations, impact our customers and counterparties, and result in lower earnings and higher losses. Factors contributing to heightened environmental risks include the impacts of climate change and the continued intensification of development in areas of greater environmental sensitivity. Our business continuity management preparations provide us with the capability to restore, maintain and manage critical operations and processes in the event of a business disruption.</p> <p>BMO's Climate Institute and BMO Enterprise Data Science and Artificial Intelligence (AI) team, with external partners, has built a climate analytics platform. Using this platform, we have assessed flood risk for the bank's branches.</p>
Chronic physical	Relevant, always included	<p>Physical risks include physical changes to the Earth that could affect our business, including severe weather, flooding, or other impacts of climate change. These potential risks exist for all financial institutions, including BMO, in relation to our own operations as well as through exposure to risks of our clients.</p> <p>2020 commercial real estate scenario analysis considered the impact of chronic flooding on property values. We also assessed the impact of temperature increases on agriculture yields.</p>

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure
Banking (Bank)	Yes
Investing (Asset manager)	Yes

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
Banking (Bank)	Integrated into multi-disciplinary company-wide risk management process	100	Qualitative and quantitative	Short-term Medium-term Long-term	Scenario analysis Other, please specify Key Risk Metrics, Financed emissions analysis and target-setting	<p>We have conducted a qualitative sector-specific analysis to assess our exposure to climate sensitive industries. It covers 100% of the lending portfolio and identifies sectors that are primarily exposed to physical risks, transitions risks, both , or no significant climate-related risks.</p> <p>We have also conducted three types of quantitative analysis on a selection of BMO's lending portfolios:</p> <p>1) Carbon-related assets We have determined that our lending to carbon-related assets in 2021 was approximately \$8.9 billion, representing approximately 1.9% of our total lending portfolio. Carbon-related assets measures the value of net loans and acceptances connected to the oil and gas and utilities sectors as a percentage of total net loans and acceptances, net of allowance for</p>

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
						<p>credit losses for impaired loans. It does not include water utilities, independent power producers, electricity transmission and distribution companies, renewable electricity producers, nuclear electricity producers and waste management companies. Our exposure to carbon-related assets has been declining since 2019, resulting from strategic decisions on capital allocation and prioritization of opportunities by the bank. We have implemented this process in response to TCFD recommendations and have embedded this as a key risk metric in our Risk Appetite Framework with risk tolerance thresholds.</p> <p>2) Financed emissions and target-setting We have analysed financed emissions and set net-zero-aligned portfolio decarbonization targets for our upstream oil and gas, power generation</p>

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
						<p>and personal vehicle lending portfolios. We have determined that the scope 1 and 2 carbon intensity of our upstream oil and gas portfolio is 5.3 tCO₂e/TJ and are targeting a 33% reduction in portfolio emissions intensity by 2030. The scope 3 carbon footprint of our upstream oil and gas portfolio is 38,914 ktCO₂ and we are targeting a 24% reduction in absolute scope 3 emissions by 2030. The scope 1 carbon intensity of our Canadian power generation portfolio is 0.11 tCO₂/MWh, and we are targeting an intensity of 0.06 tCO₂/MWh by 2030, equivalent to a 45% reduction, which is indicated by an 88% share of low-carbon power generation. The share of new loan originations to zero emissions vehicles (ZEVs) in our Canadian personal vehicle lending portfolio is 5.9% and we are targeting 100% of new loans for new light-duty cars and passenger trucks in</p>

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
						<p>Canada to be ZEV by 2035. We believe there is opportunity through product innovation to support our clients on their decarbonization journeys and it is our ambition to be our clients' lead partner in the transition to a net-zero world.</p> <p>3) Scenario analysis BMO has developed a climate scenario analysis framework to explore climate-specific vulnerabilities to enhance our resilience to and understanding of climate-related risks, in line with the TCFD recommendations. This program includes the evaluation of transitions risks and/or physical risks, where relevant and potentially significant, 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. Utilizing scenario analysis to gain a deeper understanding of</p>

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
						<p>climate-related risks is relatively new and rapidly evolving. As we enhance our knowledge of climate-related impacts, and continue to consider comprehensive climate-based scenarios, our approach to analysing these scenarios will evolve as data modelling techniques and data availability improve. This will help identify potential material financial risks and may inform our climate change business strategy going forward. We have conducted scenario analysis pilots on a selection of climate sensitive sectors in our lending portfolio, including upstream oil and gas, commercial real estate, residential real estate, agriculture and metals and mining. In 2021, we introduced a Climate Scenario Analysis Working Group to consider how scenario analysis can support our assessment of opportunities and risks. The working group includes representatives from</p>

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
						<p>ERPM, Sustainability, BMO Climate Institute, Technology and Operations, Economics, and Operating Groups. It aims to promote consistency in design and implement a repeatable climate scenario analysis program, leveraging existing stress testing capabilities and augmented with climate-specific expertise. The approach will generate quantitative assessments of transition and physical risks on selected industries, and over time, enterprise wide. Where quantitative analysis is challenging, we are working to incorporate qualitative overlays. Learnings from previous pilots and evolving industry practices are being used to inform this work and expand analysis to other sectors.</p>
Investing (Asset manager)	A specific climate-related risk	13	Qualitative and quantitative	Short-term	Internal tools/methods	Portfolio coverage is calculated as a total of RI branded or integrated funds,

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
	management process					<p>excluding funds of funds and ETFs of ETFs that are RI branded or integrated. As of April, 2022, this represented roughly 13% of our assets.</p> <p>Our approach varies by asset class. Listed equity and fixed income make up the majority of our total AUM. Different approaches apply to alternatives and multi-asset solutions.</p> <p>BMO GAM has built a proprietary ESG Integration Tool, which is available to fund managers invested in relevant asset classes (listed equities and credit). This Tool assesses and scores third-party ESG data weighted to reflect their materiality to different industries. The Tool provides an estimate of companies' carbon intensity versus industry peers, and may flag those that are significantly over the industry average.</p> <p>This data is combined with proprietary information, including</p>

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
						<p>our engagement and voting, to produce reports for fund managers. This Tool is available to all of our internal portfolio managers.</p> <p>Some investment teams also seek opportunities to invest in companies that can contribute to solutions, either as part of the low-carbon energy transition or in addressing the physical impacts of climate change. Examples in our fundamental equity strategies have included water solutions companies, electric vehicle suppliers and renewable energy developers.</p> <p>We have also built out climate analytics tools and metrics to support our ambition to transition all assets to net zero by 2050 or earlier.</p>

C-FS2.2d

(C-FS2.2d) Does your organization consider climate-related information about your clients/investees as part of your due diligence and/or risk assessment process?

	We consider climate-related information
Banking (Bank)	Yes
Investing (Asset manager)	Yes

C-FS2.2e

(C-FS2.2e) Indicate the climate-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision-making.

Portfolio

Banking (Bank)

Type of climate-related information considered

Emissions data
 Emissions reduction targets
 Climate transition plans
 TCFD disclosures

Process through which information is obtained

Directly from the client/investee
 Data provider
 Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

Energy
 Utilities
 Other, please specify
 Mining, Others defined as environmentally sensitive

State how this climate-related information influences your decision-making

Our new Board-approved E&S Risk Corporate Policy outlines the Board's expectation that the Bank integrate E&S Risk considerations across the Enterprise-wide Risk Management Framework, including with regard to Risk Governance, at all stages of the Risk Management Lifecycle, supported by the Bank's three-lines-of-defence operating model, as underpinned by the Bank's Risk Culture. Applicable to all employees of BMO and its subsidiaries, globally, the Policy is foundational to the Bank's E&S Risk work.

To assess and manage climate-related risks arising from customer relationships, we follow internal guidelines that outline the scope of E&S Risk, and establish procedures,

including enhanced due diligence with customers operating in environmentally sensitive industries, to determine the extent of our exposure to any such risk. Our E&S Risk Financing Guideline includes direction on how to develop an understanding of specific climate change impacts on the borrower and its operations, including regulatory and/or legislative changes. This includes efforts to develop an understanding of borrowers' climate change adaptation and mitigation strategies. We have launched E&S Risk Rating (ESRR) Assessment Tools for the petroleum, utilities and power generation, and mining sectors. These tools include developing an understanding of client's' climate-related reporting, GHG quantification and assessment of physical and/or transition risks.

BMO has been a signatory to the Equator Principles since 2005 and applies its credit risk management framework to identify, assess, and manage the E&S Risk of transactions within scope.

In calculating our key risk metric on lending to carbon-related assets (CRA), borrower-level information is obtained for power generation clients to determine the proportion of their businesses related to fossil-fuel power generation activities. Borrowers are assessed in the context of both CRA risk tolerance thresholds, and BMO's financed emissions target for power generation in Canada which is for a Canadian portfolio carbon intensity of 0.06 tCO₂/MWh by 2030, indicated by an 88% share of low-carbon power generation.

In calculating the Bank's financed emissions, emissions data is obtained through data providers and public data sources. Financed emissions baselines and annual calculations help BMO determine appropriate portfolio decarbonization targets and inform development of strategies and actions to progress toward those targets .

Portfolio

Investing (asset manager)

Type of climate-related information considered

Emissions data
Emissions reduction targets
Climate transition plans

Process through which information is obtained

Directly from the client/investee
Data provider
Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

Other, please specify
All industries

State how this climate-related information influences your decision-making

BMO GAM is committed to the Net Zero Asset Manager's Initiative, seeking net zero across all assets under management by 2050.

We request information on climate change from investee companies both through direct engagement and through CDP, other disclosure initiatives including CA100+, TPI, and SBTI, and data providers such as MSCI.

BMO GAM has developed a proprietary Net Zero alignment tool which leverages these data sources to evaluate an investee company's carbon targets, performance (progress, relative intensity), scope of disclosures, climate strategy, governance, and risk management.

This tool, based on the PAII Net Zero Investment Framework, is used to inform our carbon exposure, progress towards net zero, and to identify opportunities for increased engagement.

Use of the tool is currently focussed on select actively-managed funds, and applies a consistent approach to all asset classes. We decided to focus on actively managed portfolios first, as listed equity has the most complete carbon disclosures and accepted benchmarking methodologies. We expect to integrate additional industry-specific considerations and expand our analytic capabilities as industry-guidance develops.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Banking portfolio

Risk type & Primary climate-related risk driver

Emerging regulation
Carbon pricing mechanisms

Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

Climate-related risks could affect our exposure to credit and counterparty risk by impacting our customers' revenues, costs, or access to capital such that they may become unable to meet their financial commitments to BMO. Borrowers may face losses or increases in their operating costs as a result of acute or chronic changes in climate conditions and/or climate-related policies, such as carbon emissions pricing. Revenues may be affected by new and emerging technologies, which could disrupt the existing economic system and displace demand for certain commodities, products and services.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Explanation of financial impact figure

The impact has not been quantified financially.

Cost of response to risk**Description of response and explanation of cost calculation**

BMO has been developing a E&S Risk Framework by weaving E&S Risk considerations (including climate change) into existing policies and procedures as they arise. In 2020, we updated several financing guidelines to address environmental risks, such as climate change. Our E&S Risk Financing Guideline includes direction on understanding specific climate change impacts on borrowers and their operations, climate change adaptation and mitigation strategies. We apply enhanced due diligence to transactions with customers operating in environmentally sensitive industries and have launched E&S Risk Rating Assessment Tools for the petroleum, utilities and power generation, and mining sectors. These tools allow us to understand clients' climate-related reporting, GHG quantification, and assessment of physical and/or transition risks.

To avoid over-exposure to any sector or geographic region that might be exposed to climate-related risks, we maintain a diversified lending portfolio and continue to conduct sector-specific reviews. The analysis covers 100% of the lending portfolio and identifies sectors that are primarily exposed to physical risks, transitions risks, both, or no significant climate-related risks.

BMO has a Board-reported KRM on lending in support of carbon-related assets (CRA)—which in 2021 amounted to approximately \$8.9 billion and 1.9% of our total lending portfolio, relative to 3.3% in 2019. Our exposure to CRA has been declining since 2019, resulting from strategic decisions on capital allocation and prioritization of opportunities.

In 2021, BMO introduced a Climate Scenario Analysis (CSA) Working Group with representation from across the Bank to design and implement a repeatable CSA program. The CSA program will explore climate-specific vulnerabilities and enhance our resilience and understanding of both transition and physical risks, in line with the TCFD recommendations. It will help identify potential material financial risks and inform our business strategy on climate change going forward. We have conducted CSA pilots on certain climate sensitive sectors in our lending portfolio and will continue to expand analyses.

In May 2022 our Board approved an E&S Risk Corporate Policy outlining its expectation that the Bank will integrate E&S Risk considerations (including on climate change) across the Enterprise-Wide Risk Management Framework. The Policy is applicable to all employees and its subsidiaries, globally. Policy implementation is in progress.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Move to more efficient buildings

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

Changes in consumer preferences and emerging regulation (e.g. more efficient building codes, mandatory energy reporting) are likely to result in improved energy efficiency in the real estate sector over time. This presents BMO with an opportunity to reduce its operating costs and achieve its emission reduction targets to reduce Scope 1 and Scope 2 location-based greenhouse gas emissions by 30% by 2030 compared to the fiscal 2019 baseline. This target was set in 2021 using a science-based target methodology.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure – minimum (currency)

1,450,000

Potential financial impact figure – maximum (currency)

1,550,000

Explanation of financial impact figure

We have estimated the financial impact of more efficient buildings based on our 2021 energy costs of \$54.75 million and the reduction in energy consumption required to meet our Scope 1 and Scope 2 location-based emissions reduction target (30% by 2030 vs. a 2019 baseline). An annual emissions reduction of approximately 2.73% is required to meet our target. For this exercise, we are assuming that the percentage of emissions reduction results in the same percentage reduction in energy costs. The total estimated energy cost savings from 2019 to 2030 are \$ 16.43 million. This equates to an annual energy-related cost savings of between \$ 1.45 million and \$ 1.55 million.

Cost to realize opportunity

13,608,095

Strategy to realize opportunity and explanation of cost calculation

BMO has developed sustainable design and construction guidelines that include energy intensity performance specifications for office and retail construction and renovation projects (for example, 1 watt per square foot for lighting). These guidelines reflect industry best practices developed by the U.S. and Canada Green Building Councils, the International WELL Building Institute and other organizations. By implementing elements of the LEED and WELL standards, we increase the energy efficiency of our buildings. We also maintain ISO 14001 certification and LEED certification at select facilities. These measures are expected to contribute to our current and future absolute emissions reduction goals.

Total costs associated with our ISO 14001 EMS certifications and third-party verification of our carbon emissions are minimal, totalling less than \$30K annually.

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Banking portfolio

Opportunity type

Markets

Primary climate-related opportunity driver

Access to new markets

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company-specific description

As a global bank, we aim to help drive the transition to a net-zero global economy by 2050 by partnering with our clients to accelerate the low-carbon transition, including identifying and advancing climate solutions that meet net-zero objectives and social justice goals. Our ambition is to be our clients' lead partner in the transition to a net-zero world. Our client partnership strategy focuses on supporting the decarbonization efforts of our clients. We are doing this by integrating climate opportunities into our business strategy, leveraging our expertise, platforms and finances to support our clients and drive economy-wide solutions to achieve a net-zero future. In 2021, BMO established a new BMO Climate Institute— a centre of excellence that bridges climate policy and science with business strategy and finance to unlock solutions for both clients and the bank.

Sustainable finance is an important tool we can use to drive the transition to a lower carbon economy. We see a significant opportunity to differentiate ourselves leveraging our sustainable finance strategy to be our clients' lead partner in the transition to a net-zero world. That includes developing innovative and tailored new products and business services related to climate change, and accessing new markets with financial solutions that can assist customers during their transition to a net-zero carbon economy. We are developing strategies to capture this opportunity across each of our lines of business.

BMO's Purpose to "Boldly Grow the Good in Business and Life" includes a commitment to deploying \$300 billion in capital to clients pursuing sustainable outcomes through green, social and sustainable lending, underwriting, advisory services, and investment by 2025.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Explanation of financial impact figure

The opportunity has not been quantified financially.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

To better capture opportunities associated with sustainable finance, we established a Sustainable Finance team in 2019 that is supported by BMO's Sustainability Office. BMO's sustainable finance team offers individuals, businesses and governments innovative ways to align financial priorities with broader sustainability goals. Our Sustainable Finance Steering Committee composed of BMO Executives, which is responsible for reviewing, validating & monitoring BMO's sustainable finance strategy. In 2021, BMO Capital Markets created the Energy Transition Group. The group helps clients achieve decarbonization strategies by evaluating energy technologies and pairing core products and services with specialty products, such as the BMO Impact Fund and themed loans to advance financing for opportunities that are not yet bankable on their own. Since fiscal 2019, BMO has mobilized \$71 billion in green finance, including capital mobilized in support of clean transportation, low-carbon energy, green buildings, waste management, sustainable agriculture and other general green purposes including deals with multiple benefits.

To highlight a number of recent sustainable finance transactions, in October 2021, BMO acted as sole sustainability structuring agent for Sandstorm Gold Ltd., making it the first precious metals royalty company and one of the first metals and mining companies in North America to have a Sustainability Linked Loan ("SLL") structured with internal and customized key performance indicators. BMO also helped structure a SLL for Teck Resources Ltd, Canada's largest diversified mining company, making it one of the first North American mining producers to have a SLL structured with customized Key Performance Indicators related to Climate Action, Gender Diversity and Inclusion, and Health and Safety. Under the leadership of our General Counsel and Executive Committee sponsor for sustainability, and the Chief Strategy and Operations Officer, BMO established a Climate Leads Working Group in 2021 to advance a climate growth strategy that aims to accelerate initiatives across the bank and develop emerging businesses.

There is no additional cost required to realize this opportunity as it is part of BMO enterprise-wide strategy. At FY2021 year end, the operating costs of the Sustainability Office, including the BMO Climate Institute, were the equivalent of 10 full-time equivalents (FTE) & the operating costs of the Sustainable Finance team were the equivalent of 8 FTE.

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Investing (Asset manager) portfolio

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

We recognize an opportunity to differentiate ourselves by developing innovative new products and business services that are related to climate change and by offering financial solutions that can assist our customers during their transition to a low-carbon economy. These opportunities are being captured through innovative approaches to responsible investing taken by BMO Global Asset Management.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Explanation of financial impact figure

As at December 31, 2021, BMO GAM had C\$3.7B in assets under management in sustainable products and solutions.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

Responsible investment is core to the strategy of BMO GAM. The overall approach encompasses a wide range of ESG factors, but climate change has a particularly high profile in our integration, stewardship and public policy work. The strategy includes:

- Integrating financially material ESG risks, including climate change, into the investment analysis process
- Considering adverse impacts on ESG factors, including climate change, as part of the investment analysis process for mandates that accommodate this approach
- Offering investment products that allow investors to direct capital towards climate solutions and/or avoid carbon-intensive investments. This includes 25 sustainable products and solutions, which adhere to strict RI criteria relative to the rest of our offerings. Some sustainable products and solutions include exclusion policies, such as on industries with a large carbon footprint, such as Energy and Pipelines. These span the equity and fixed income asset classes
- Implementing a comprehensive engagement and proxy voting approach aimed at encouraging investee companies to address climate risks
- Supporting public policy statements on climate change, and participating in various industry initiatives aimed at advancing climate action, such as Climate Action 100+, Net Zero Asset Managers Initiative and Climate Engagement Canada
- Taking a transparent approach, including the publication of portfolio-weighted carbon intensity data for select fund strategies

There is no additional cost required to realize this opportunity because it is already part of BMO Global Asset Management's mandate.

Comment

C3. Business Strategy

C3.1

(C3.1) Does your organization’s strategy include a transition plan that aligns with a 1.5°C world?

Row 1

Transition plan

No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a transition plan within two years

Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future

BMO became a signatory to the Net-Zero Banking Alliance (NZBA) in October 2021. This includes a commitment to, within 12 months of signing the NZBA, publish targets, and progress against a Board-level reviewed transition plan setting out actions and climate-related sectoral policies. BMO has begun to deliver on these commitments by publishing an initial set of interim portfolio net-zero aligned targets in our 2021 Climate Report. Our Board-level reviewed transition plan will be included in future disclosures.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy
Row 1	Yes, quantitative

C3.2a

(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
<p>Transition scenarios NGFS scenarios Framework</p>	<p>Other, please specify 1. Oil & Gas 2. Metals & Mining wholesale loans 3. Commercial Real Estate loans 4. Agriculture loans</p>		<p>BMO is establishing a climate change scenario analysis framework, in line with the TCFD recommendations. In 2020, we tested an approach to climate risk stress-testing that is consistent with our broader risk management approach, evaluating the potential impact on credit losses on our commercial real estate, agriculture, and metals and mining portfolios.</p> <p>For our metals and mining portfolio we applied the REMIND (Regional Model of Investment and Development) coupled with the MAgPIE (Model of Agriculture Production and Its Impacts on the Environment) integrated assessment framework. We evaluated two immediate action scenarios – a 2C scenario in which collective action is taken now to reduce emissions towards a 2C target, and a 1.5C scenario in which immediate action is taken now to reduction emissions towards a 1.5C target. Our metals and mining portfolio represents \$2.4 billion in lending, or 0.5% of our total lending portfolio.</p> <p>The time horizons considered in the scenario analysis were short-term (immediate), medium-term (2030) and long-term (2040+). The short-term time horizon was selected because it provided an analysis of the highest area of risk in the portfolio given the tenor of our loans. The long-term scenario was selected because the longer-term climate impacts expected within this period could inform our current business planning.</p> <p>We continue to build our internal capacity to conduct climate change scenario analysis. Scenario analysis is led by ERPM, in collaboration with the Operating Groups, the</p>

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
			<p>Sustainability team and Technology & Operations. In 2021, we introduced a Climate Scenario Analysis Working Group to consider how scenario analysis can support our assessment of opportunities and risks and to design and implement a repeatable climate scenario analysis program.</p>
<p>Physical climate scenarios RCP 8.5</p>	<p>Other, please specify Commercial Real Estate loans and Agriculture loans</p>		<p>BMO is establishing a climate change scenario analysis program, in line with the TCFD recommendations. In 2020, we tested an approach to climate risk stress-testing that is consistent with our broader risk management approach, evaluating the potential impact on credit losses on our commercial real estate, agriculture, and metals and mining portfolios.</p> <p>For our commercial real estate and agriculture portfolios, we evaluated three reference scenarios – an orderly transition (2C, RCP 8.5 up to 2040) in which climate policies are introduced early and become gradually more stringent, net zero carbon emissions is achieved before 2070, and we have 67% chance of limiting global warming to 2C; a disorderly transition (2C, RCP 8.5 up to 2040) in which climate policies are introduced beginning in 2030, sharper emission reductions are needed to reach net zero carbon emissions by 2070; and a hothouse world scenario (3C+, RCP8.5 up to 2040) in which currently implemented policies are preserved, emissions grow until 2080 leading to global warming of 3C or more, and irreversible climate changes occur. Our commercial real estate portfolio represents \$40.0 billion in lending, or 8.7% of our total lending portfolio; and our agriculture portfolio represents \$13.5 billion in lending, or 2.9% of our total lending portfolio.</p> <p>The time horizons considered in the scenario analysis were short-term (immediate), medium-term (2030) and long-term (2040+). The short-</p>

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
			<p>term time horizon was selected because it provided an analysis of the highest area of risk in the portfolio given the tenor of our loans. The long-term scenario was selected because the longer-term climate impacts expected within this period could inform our current business planning.</p> <p>We continue to build our internal capacity to conduct climate change scenario analysis. Scenario analysis is led by ERPM, in collaboration with the Operating Groups, the Sustainability team and Technology & Operations. In 2021, we introduced a Climate Scenario Analysis Working Group to consider how scenario analysis can support our assessment of opportunities and risks and to design and implement a repeatable climate scenario analysis program.</p>

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

The potential impact of climate risk on oil & gas (transition risk), metals and mining (transition risk), commercial real estate (physical and transition risk), and agriculture lending portfolios (physical and transition risks).

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>We see a significant opportunity to differentiate ourselves leveraging our sustainable finance strategy to be our clients' lead partner in the transition to a net-zero world. That includes developing innovative and tailored new products and business services related to climate change and accessing new markets with financial solutions that can assist customers during their transition to a net-zero carbon economy. We are developing strategies to capture this opportunity across each of our lines of business. Capturing these opportunities has the potential to facilitate net zero-aligned decarbonization, but a successful transition will also require effective government policies aligned to the net-zero goal in the jurisdictions in which we operate.</p> <p>In 2021, BMO established a new BMO Climate Institute— a centre of excellence that bridges climate policy and science with business strategy and finance to unlock solutions for both clients and the bank. Our Sustainable Finance team is engaging with our customers to identify market opportunities for sustainable finance products/services across BMO. Leveraging BMO's existing capabilities in sustainable finance & insights from the BMO Climate Institute , BMO will support our clients to advance sustainability objectives, including the transition to a net zero world, by mobilizing sustainable finance. BMO Capital Markets has underwritten significant amounts of sustainable debt & created a dedicated advisory capability to support our clients' sustainability work.</p> <p>BMO's Purpose to "Boldly Grow the Good in Business and Life" includes a commitment to deploying \$300 billion in capital to clients pursuing sustainable outcomes through green, social & sustainable lending, underwriting, advisory services, and investment by 2025. The time horizon is short-term because it's happening currently, and long-term because we expect the activities to continue into the foreseeable future.</p> <p>Case Study: A strategic decision was the creation of a BMO Energy Transition Group. The group helps clients achieve decarbonization strategies by evaluating energy technologies and pairing core products and services with specialty products, such as the BMO Impact Fund and themed loans</p>

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
		to advance financing for opportunities that are not yet bankable on their own.
Supply chain and/or value chain	Yes	<p>The transition to a net-zero carbon economy may pose policy, technology and reputational risks to BMO's downstream value chain such as clients in carbon-intensive industries. BMO is establishing a climate scenario analysis program to explore climate-specific vulnerabilities in order to enhance our resilience to climate-related risks, in line with the TCFD recommendations to evaluate this risk. In 2021, we also began to quantify the GHG emissions associated with our lending activities and modelling decarbonization pathways to inform sector-specific decarbonization targets for our portfolio.</p> <p>Climate-related risks are relevant to BMO's supply chain, which is why BMO's Procurement group has established a Sustainable Procurement program. Being a newer program, it is continuing to evolve to consider current and future suppliers' sustainability performance and risk management, including risks related to climate change. Processes are being enhanced; including increasing participation in the CDP Supply Chain program and using environmental and social risk data tools to enhance our monitoring of environmental and social risk issues affecting our supply chain.</p> <p>The time horizon is short-term because it's happening currently, and long-term because we expect the activities to continue into the foreseeable future.</p> <p>Case Study: A strategic decision was our decision to join the UN-convened Net-Zero Banking Alliance (NZBA) in October 2021 and the development of an approach to portfolio target setting that is consistent with the commitments we have made as a signatory. We developed decarbonization targets for sectors in our portfolio where climate impacts are concentrated, where we have significant lending exposure, where sufficient data was available, and where we are seeing stakeholder interest. This included in F21 lending related to upstream oil and gas, lending related to power</p>

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
		<p>generation in Canada, and lending for the purchase of personal vehicles in Canada. We believe it is important to chart decarbonization pathways that are sector-specific, align with the latest climate science, and demonstrate strategic action to support the economy in achieving net-zero outcomes. This modelling and our sectoral targets will facilitate our strategic planning and risk management and inform our partnership with clients in the transition to a net-zero world.</p>
Investment in R&D	Yes	<p>BMO is committed to playing a role as a convener and catalyst in mobilizing action that can effectively address the challenges posed by climate change. We are actively participating in numerous initiatives, working groups and multi-stakeholder partnerships. These collaborations support the development of climate change knowledge and expertise, including a better understanding of the risks and opportunities related to climate change and the transition to a lower-carbon economy. As a global leader, and through the BMO Climate Institute, BMO leverages this knowledge and expertise to benefit our clients. We provide thought leadership at the intersection of climate change and finance, allowing us to be the premier advisor to clients and partners on climate risk and opportunity. BMO is driving insights and bringing together industry, government, researchers and investors to catalyze the climate conversation, collaborate on solutions and accelerate a socially and economically just net-zero transition</p> <p>The time horizon is short-term because it's happening currently, and long-term because we expect the activities to continue into the foreseeable future.</p> <p>Case Study: A strategic decision made in this area was developing BMO's climate analytics platform, which is capable of providing a high-resolution assessment of physical climate risk. In collaboration with BMO Artificial Intelligence (AI) Labs and external partner Climate Engine, the BMO Climate Institute has developed a geospatial platform capable of analyzing over 80 climate-related risk drivers and outcomes including temperature, precipitation, flooding, wildfires, wind, drought, crop health, soil moisture and others. The platform quantifies</p>

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
		<p>historic changes and projects the physical impacts of climate change under different global temperature scenarios and time horizons. The BMO Climate Institute is advancing experimentation within the bank on the use of this advanced technology for analyzing climate risk and identifying cost-effective strategies to increase resilience for clients.</p>
Operations	Yes	<p>Changes in consumer preferences and emerging regulations related to energy efficiency and reporting are likely to improve energy efficiency. This presents BMO with an opportunity to reduce its operating costs and achieve its emission reduction targets. BMO has developed sustainable design and construction guidelines that include energy intensity performance specifications for office and retail construction and renovation projects (for example, 1 watt per square foot for lighting). These guidelines reflect industry best practices developed by the U.S. and Canada Green Building Councils, the International WELL Building Institute and other organizations. By implementing elements of the LEED and WELL standards, we increase the energy efficiency of our buildings. We also maintain ISO 14001 certification and LEED certification at select facilities. In 2021, BMO set a new target to reduce operational greenhouse gas emissions by 30% by 2030 versus a 2019 baseline using science-based approaches. This builds on BMO's carbon neutral operations, which we have maintained each year since 2010, and matching 100% of global electricity use with renewable energy purchases, which we first achieved in 2020.</p> <p>The time horizon is short-term because it's happening currently, and long-term because we expect the activities to continue into the foreseeable future.</p> <p>Case Study: A strategic decision made in this area was becoming the first bank in the world to publicly announce the pre-purchase of Direct Air Capture (DAC) carbon removals using Carbon Engineering technology. DAC is one of the few technologies that removes CO₂ from the atmosphere and is expected to be key in the global transition to net zero. BMO pre-purchased 1,000 tonnes of carbon removal units. As an early adopter, BMO is supporting Canadian innovation to</p>

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
		accelerate the development, commercialization and deployment of carbon removal technologies at scale.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Indirect costs Capital expenditures Access to capital Assets Liabilities	<p>Revenues</p> <p>BMO offers products and financing solutions to assist customers during the transition to a net -zero carbon economy. This includes underwriting sustainable finance transactions (e.g. green bonds, social bonds and sustainability bonds), offering advisory services, providing capital, and offering a range of responsible investing funds at BMO Global Asset Management. In 2021, we increased our commitment to sustainable financing to \$300 billion in capital to companies pursuing sustainable outcomes by 2025 and had achieved 59% of that goal by end of fiscal 2021. Since fiscal 2019, BMO has mobilized \$71 billion in green finance, including capital mobilized in support of clean transportation, low-carbon energy, green buildings, waste management, sustainable agriculture and other general green purposes including deals with multiple benefits. The growth of products in this segment and potential increase in revenues is factored into the financial planning process. The time horizon covered in the financial planning process is long-term.</p> <p>Indirect costs</p> <p>Climate-related physical and transition risks could increase our indirect costs. For example, changes in climate patterns and climate-related policies may result in increases in the operating and capital costs associated with the energy and equipment used to heat, cool and power our facilities. These costs are factored into the financial planning process</p> <p>Capital expenditures</p> <p>The costs related to investment in energy efficiency initiatives for our operations are factored into the financial planning process. For example, in 2021 about \$13.61MM was invested in energy efficiency projects at BMO. Physical changes to the climate and weather patterns can also affect the useful life of equipment such as HVAC. If the life-span of HVAC</p>

Financial planning elements that have been influenced	Description of influence
	<p>equipment is negatively impacted, we modify our capital forecasting.</p> <p>Access to capital Our activity in the green and sustainable bond markets provide access to capital for projects that are sustainable. In 2019, BMO established a Sustainable Bond Program to support our Purpose and our sustainable finance commitment. This program confirms BMO’s commitments to sustainability and sustainable finance, building on our ability to direct capital toward our strategic sustainability objectives and aligning those objectives with our fundraising and investor relations program. We have issued two sustainable bonds to date: (1) Our inaugural US\$500 million 3-year BMO Sustainability Bond, issued in October 2019. (2) Our first social bond, the C\$750 million 5-year BMO Women in Business Bond, issued in March 2021, on International Women’s Day.</p> <p>Assets Climate-related risks can have an impact on our lending portfolio. We have conducted a sector-specific analysis across our lending portfolio to assess our exposure to climate sensitive industries. We have determined that our lending in support of carbon-related assets in 2021 was approximately \$8.9 billion, representing approximately 1.9% of our total lending portfolio. Carbon-related assets measures the value of net loans and acceptances connected to the oil and gas and utilities sectors as a percentage of total net loans and acceptances, net of allowance for credit losses for impaired loans. It does not include water utilities, independent power producers, electricity transmission and distribution companies, renewable electricity producers, nuclear electricity producers and waste management companies. Our exposure to carbon-related assets has been declining since 2019, resulting from strategic decisions on capital allocation and prioritization of opportunities by the bank.</p> <p>Liabilities Climate-related risks could affect our exposure to credit and counterparty risk by impacting our customers’ revenues, costs, or access to capital such that they may become unable to meet their financial commitments to BMO. Borrowers may face losses or increases in their operating costs as a result of acute or chronic changes in climate conditions and/or climate-related policies, such as carbon emissions pricing, sector-based targets or emissions caps. Revenues may be affected by new and emerging technologies, which could disrupt the existing economic system and displace demand for certain commodities, products and services.</p> <p>We are documenting our Environmental and Social Risk (ESR) Framework, including Climate Change risks, by integrating</p>

	Financial planning elements that have been influenced	Description of influence
		<p>considerations of climate-related risks into existing policies & procedures. In 2020 we updated several financing guidelines to address environmental risks, including climate change, including enhanced due diligence for transactions with customers operating in environmentally sensitive industries. Our ESR Financing Guideline includes direction to support the identification of specific climate change impacts on the borrower and its operations, including regulatory and/or legislative changes. This includes identifying & assessing our customers' climate change strategies, carbon mitigation plans, and if available, the quality of their disclosures and readiness to respond to climate-related regulatory changes or reputation risk.</p> <p>BMO has been a signatory to the Equator Principles since 2005 and applies its credit risk management framework to transactions within its scope.</p>

C-FS3.6

(C-FS3.6) Does the policy framework for your portfolio activities include climate-related requirements for clients/investees, and/or exclusion policies?

Yes, our framework includes both policies with client/investee requirements and exclusion policies

C-FS3.6a

(C-FS3.6a) Provide details of the policies which include climate-related requirements that clients/investees need to meet.

Portfolio

Banking (Bank)

Type of policy

Risk policy

Portfolio coverage of policy

100%

Policy availability

Not publicly available

Attach documents relevant to your policy

Criteria required of clients/investees

No criteria required

Value chain stages of client/investee covered by criteria

Direct operations only

Timeframe for compliance with policy criteria

No timeframe

Industry sectors covered by the policy

Energy
Materials
Capital Goods
Commercial & Professional Services
Transportation
Automobiles & Components
Consumer Durables & Apparel
Consumer Services
Retailing
Food & Staples Retailing
Food, Beverage & Tobacco
Household & Personal Products
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Software & Services
Technology Hardware & Equipment
Semiconductors & Semiconductor Equipment
Telecommunication Services
Media & Entertainment
Utilities
Real Estate

Explain how criteria coverage and/or exceptions have been determined

BMO's Environmental & Social (E&S) Risk Corporate Policy outlines the Board's expectation that the Bank integrate E&S Risk considerations across the Enterprise-Wide Risk Management Framework including with regard to Risk Governance, at all stages of the Risk Management Lifecycle (identification, assessment, management, monitoring, and reporting of E&S Risk), supported by the Bank's three-lines-of-defence operating model, as underpinned by the Bank's Risk Culture. In the context of credit risk, our E&S Risk Financing Guideline includes direction on how to develop an understanding of specific climate change impacts on the borrower and its operations, including regulatory and/or legislative changes and we apply enhanced due diligence to transactions with customers operating in environmentally sensitive sectors. This includes efforts to develop an understanding of borrowers' climate change adaptation and mitigation strategies. E&S Risk Rating Assessments are required and embedded in sectoral financing guidelines for petroleum, mining, and utilities and power generation.

Portfolio

Investing (Asset manager)

Type of policy

Sustainable/Responsible Investment Policy

Proxy voting

Active ownership policy

Other, please specify

BMO GAM RI Policy is aligned with TCFD and posted on our website.


Portfolio coverage of policy

100


Policy availability

Publicly available

Attach documents relevant to your policy

 corporate_governance_guidelines_en.pdf

 our_expectations_for_environmental_practices_en (1).pdf

 climate_change_approach_policy_en.pdf

Criteria required of clients/investees

Disclosure of Scope 1 emissions

Disclosure of Scope 2 emissions

Disclosure of Scope 3 emissions

Set an emissions reduction target

Other, please specify

Our requirements for net zero alignment evaluation includes scope 1, 2, material Scope 3, and emissions targets subject to data availability. We engage with investees to support these requirements. Net zero objectives are managed at a portfolio level

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

No timeframe

Industry sectors covered by the policy

Energy

Materials

Capital Goods

Commercial & Professional Services

Transportation

Automobiles & Components

Consumer Durables & Apparel

Consumer Services
Retailing
Food & Staples Retailing
Food, Beverage & Tobacco
Household & Personal Products
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Software & Services
Technology Hardware & Equipment
Semiconductors & Semiconductor Equipment
Telecommunication Services
Media & Entertainment
Utilities
Real Estate

Explain how criteria coverage and/or exceptions have been determined

Our Corporate Governance Guidelines, Stewardship Policy, Climate Action Approach and Environmental Expectations Statements all cover 100% of our AUM. In addition, we are a founding signatory to the Net Zero Asset Manager’s Initiative, with the goal of having all (100%) assets under management net zero aligning/aligned by 2040, as required by NZAM.

We prioritize the achievement of real economy emissions reductions within the sectors and companies in which we invest. Investees are evaluated against the NZIF, and high emitting companies are prioritized for engagement.

We have implemented a stewardship and engagement strategy consistent with our ambition for all assets under management to achieve net zero emissions by 2050 or sooner. Short-term and medium-term portfolio-level requirements are in development.

C-FS3.6b

(C-FS3.6b) Provide details of your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Portfolio

Banking (Bank)

Type of exclusion policy

Thermal coal

Year of exclusion implementation

2021

Timeframe for complete phase-out

Other, please explain

BMO will not provide financing where the proceeds are primarily used to develop a new greenfield coal-fired power plant, thermal coal mine or significant expansion of such plants or mines. Plants with CCUS will be considered on a case-by-case basis

Application

New business/investment for new projects

Country/Region the exclusion policy applies to

Canada

United States of America

Description

Our Statement on Coal Lending excludes new lending relationships where for new coal-fired power plants, thermal coal mines or significant expansion of such. It restricts lending to new clients that operate thermal coal mining (>60% revenue) or coal power generation assets (>60% output, MWh). BMO may lend to clients below such thresholds if they provide evidence of reducing reliance on coal or are lowering GHG emissions. BMO will support existing clients in their transition to lower carbon emissions.

Portfolio

Banking (Bank)

Type of exclusion policy

Arctic oil and gas

Year of exclusion implementation

2020

Timeframe for complete phase-out

Other, please explain

It is our intention to avoid direct financing for any project or transaction that involves exploration or development in the ANWR

Application

New business/investment for new projects

Country/Region the exclusion policy applies to

United States of America

Description

It is our intention to avoid direct financing for any project or transaction that involves exploration or development in the Arctic National Wildlife Refuge (ANWR). Region covered is the United States only as that is the location of the ANWR.

Portfolio

Investing (Asset manager)

Type of exclusion policy

- Thermal coal
- Oil from tar sands
- Oil from shale
- Gas from shale
- Arctic oil and gas
- Fracked oil and gas

Year of exclusion implementation

2021

Timeframe for complete phase-out

Other, please explain

No phase-out timeline as these are exclusionary policies applied to our sustainable products and solutions.

Application

Existing business/investment for existing projects

Country/Region the exclusion policy applies to

Other, please specify

All regions applicable within sustainable products & solutions covered by exclusion policy

Description

These are included in our internal framework for exclusions applied only to our sustainable products & solutions. These exclusions are limited to certain thresholds, such as % of revenue or energy generation.

C-FS3.7

(C-FS3.7) Does your organization include climate-related requirements in your selection process and engagement with external asset managers?

Climate-related requirements included in selection process and engagement with external asset managers	
Row 1	Yes

C-FS3.7a

(C-FS3.7a) Provide details of the climate-related requirements included in your selection process and engagement with external asset managers.

Coverage

All assets managed externally

Mechanisms used to include climate-related requirements in external asset manager selection

Other, please specify

Qualitative approach to assessing external asset managers

Describe how you monitor and engage with asset managers to ensure investment activities are consistent with your climate strategy

We take a qualitative approach when assessing external asset managers, that can include, but is not limited to, any combination of the listed mechanisms.

Our approach can involve:

- Asking the third-party manager about their approach to climate and considerations when managing the investment fund
- Reviewing the investment fund’s holdings to ensure it does not hold any laggards
- Engaging the Responsible Investment team to perform an assessment, that includes:
 - Whether the fund manager is a signatory of the UN Principles for Responsible Investing (UN PRI)
 - The climate issues the fund claims to address and whether the fund has a defensible strategy in place to indicate it can make progress towards addressing those issues; and
 - Whether there are egregious practices/behaviors by the fund manager or the constituents of the fund that would impede progress

C-FS3.8

(C-FS3.8) Does your organization include covenants in financing agreements to reflect and enforce your climate-related policies?

Climate-related covenants in financing agreements	
Row 1	Yes

C-FS3.8a

(C-FS3.8a) Provide details of the covenants included in your organization’s financing agreements to reflect and enforce your climate-related policies.

Types of covenants used	Asset class/product types	Please explain
<p>Purpose or use of proceeds clause refers to sustainable project</p> <p>Margin or pricing depends on sustainability criteria</p> <p>Minimum level of green assets mandated</p> <p>Legal mandate to obtain third party verification</p> <p>Covenants related to compliance with your policies</p>	<p>Corporate loans</p> <p>Retail loans</p> <p>Corporate real estate</p> <p>Retail mortgages</p> <p>Trade finance</p> <p>Asset finance</p> <p>Project finance</p> <p>Debt and equity underwriting</p>	<p>BMO integrates environmental, social and governance (ESG) considerations into decision-making and activities relating to financing and lending. We have sector-specific financing guidelines to help us identify environmental and social issues in higher risk sectors, which require enhanced due diligence, escalations and exception processes.</p> <p>Our Environmental and Social Risk Financing Guideline provides overall direction for identifying, assessing and managing E&S risk in the context of credit risk decision-making processes. Our Enterprise and Credit Risk Management Frameworks outline our governance and accountabilities, enhanced due diligence, escalations and exceptions processes. We have sector-specific financing guidelines to help us identify and manage E&S risks in higher risk sectors and determine how to factor these risks into our decision-making. Social and environmental requirements in transaction agreements are monitored by the lines of business as part of our overall monitoring process.</p> <p>Transactions with significant environmental or social concerns may be escalated to BMO's Reputation Risk Management Committee for consideration. Restrictions are in place for lending to companies involved in the sale of firearms and ammunition or weapons banned by existing international arms control treaties or involving international transfer of military or civilian equipment for military or internal security purposes and business activity affecting UNESCO World Heritage Sites or High Conservation Value Forests. It is the bank's intention to avoid direct financing for any project or transaction that involves exploration or development in the Arctic National Wildlife Refuge (ANWR). In 2021, we introduced a Statement on Coal Lending that describes our approach to extending credit for transactions that involve thermal coal through BMO's Commercial Banking and Corporate Banking lines of business.</p> <p>For use of proceeds products (e.g., Green Bonds, Social Bonds and Sustainability Bonds) and sustainability-linked products (e.g., Sustainability-Linked Loans and Bonds), we align with market-led principles such as the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines or the Sustainability-Linked Bond Principles published by the International Capital Markets Association (ICMA) or the Sustainability-Linked Loan Principles, Green Loan Principles or Social Loan Principles published by the Loan Market Association (LMA).</p>

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

Portfolio target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2021

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Location-based

Base year

2019

Base year Scope 1 emissions covered by target (metric tons CO₂e)

45,672

Base year Scope 2 emissions covered by target (metric tons CO₂e)

90,457

Total base year emissions covered by target in all selected Scopes (metric tons CO₂e)

136,129

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2030

Targeted reduction from base year (%)

30

Total emissions in target year covered by target in all selected Scopes (metric tons CO₂e) [auto-calculated]

95,290.3

Scope 1 emissions in reporting year covered by target (metric tons CO₂e)

33,661

Scope 2 emissions in reporting year covered by target (metric tons CO₂e)

63,634

Total emissions in reporting year covered by target in all selected scopes (metric tons CO₂e)

100

% of target achieved relative to base year [auto-calculated]

333.0884675565

Target status in reporting year

Underway

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain target coverage and identify any exclusions

In 2021, we set a new target to reduce operational greenhouse gas emissions by 30% by 2030 versus a 2019 baseline using science-based approaches (Absolute Contraction), building on BMO's Carbon Neutral operations (since 2010) and matching 100% of global electricity use with renewable energy purchases (since 2020).

Plan for achieving target, and progress made to the end of the reporting year

Although "% of target achieved" is over 100, we have marked target status as "underway" because we have not yet reached target year end of 2030. In 2020 and 2021, we saw emissions reduction that reached the 2030 target, largely attributable to COVID-19 related remote working conditions. Return to office could increase emissions relative to 2020 and 2021 in future years but the overall emissions reduction target from the 2019 baseline will continue to be pursued.

C-FS4.1d

(C-FS4.1d) Provide details of the climate-related targets for your portfolio.

Target reference number

Por1

Year target was set

2021

Portfolio

Banking (Bank)

Product type/Asset class/Line of business

Corporate loans

Sectors covered by the target

Energy

Portfolio coverage of target

100

Target type

Sector Decarbonization Approach (SDA)

Target type: Absolute or intensity

Intensity

Metric (or target numerator if intensity)

Metric tons CO₂e

Target denominator

Other, please specify
TJ of primary energy produced

Base year

2019

Figure in base year

5.3

Percentage of portfolio emissions covered by the target

100

Interim target year

2,030

Figure in interim target year

3.6

Target year

2030

Figure in target year

3.6

Figure in reporting year

5.3

% of target achieved relative to base year [auto-calculated]

0

Proportion of portfolio emissions calculated in the reporting year based on asset level data

34

Target status in reporting year

New

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain target coverage and identify any exclusions

The target described here reflects BMO's target in relation to our upstream oil and gas borrowers' Scope 1 and Scope 2 emissions. We are targeting a 33% reduction in portfolio emissions intensity by 2030 relative to a 2019 baseline. We measure portfolio emissions intensity as tCO₂e/TJ of primary energy produced. Our baseline intensity for Canada is 5.3 tCO₂e/TJ and for the Rest of the world is 3.4 tCO₂e/TJ. This target is part of BMO's Net-Zero Ambition commitment to target net-zero financed emissions in our lending by 2050 with intermediate targets for financed emissions that will be achieved in partnership with our clients. This target would be achievable with a 30% reduction in CO₂ emissions consistent with industry led initiatives and CH₄ emissions reductions consistent with the Global Methane Pledge as adopted by the Government of Canada. This target is somewhat lower than the IEA's global combined CO₂ and CH₄ pathway to 2030 but represents a material emissions reduction goal that is based on scientific insights, existing and proposed government policy aligned with net zero, and credible industry initiatives that will lead to net-zero emissions from operations by 2050. It is expected that industry decarbonization efforts from 2030 to 2050 will accelerate and may exceed global decarbonization trajectories which is how net zero 2050 will be achieved.

Target reference number

Por2

Year target was set

2021

Portfolio

Banking (Bank)

Product type/Asset class/Line of business

Corporate loans

Sectors covered by the target

Energy

Portfolio coverage of target

100

Target type

Portfolio emissions

Target type: Absolute or intensity

Absolute

Metric (or target numerator if intensity)

tCO₂e

Base year

2019

Figure in base year

38,914,000

Percentage of portfolio emissions covered by the target

100

Interim target year

2030

Figure in interim target year

29,574,000

Target year

2030

Figure in target year

29,574,000

Figure in reporting year

38,914,000

% of target achieved relative to base year [auto-calculated]

0

Proportion of portfolio emissions calculated in the reporting year based on asset level data

67

Target status in reporting year

New

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain target coverage and identify any exclusions

The target described here reflects BMO's target in relation to our upstream oil and gas borrowers' Scope 3 emissions only. We are targeting a 24% reduction in absolute Scope 3 emissions by 2030 relative to a 2019 baseline. We use the granular data on global and Canadian future primary energy mix in the GCAM NZE scenario to model emissions pathways for primary energy combustion, and to understand the associated technology shifts. GCAM NZE pathways show a 24% reduction in emissions from primary energy combustion by 2030 for both Canada and globally. This target is part of BMO's Net-Zero Ambition commitment to target net-zero financed emissions in our lending by 2050 with intermediate targets for financed emissions that will be achieved in partnership with our clients. This target could be the result of a reduction in global oil and gas demand, the use of carbon capture and storage technology across the economy, increasing alternate uses for oil and gas products and BMO's own strategic exit from non-Canadian oil and gas announced in 2019.

Target reference number

Por3

Year target was set

2021

Portfolio

Banking (Bank)

Product type/Asset class/Line of business

Corporate loans

Sectors covered by the target

Utilities

Portfolio coverage of target

100

Target type

Sector Decarbonization Approach (SDA)

Target type: Absolute or intensity

Intensity

Metric (or target numerator if intensity)Metric tons CO₂e

Target denominator

Other, please specify
MWh of electricity generated

Base year

2019

Figure in base year

0.11

Percentage of portfolio emissions covered by the target

100

Interim target year

2030

Figure in interim target year

0.06

Target year

2030

Figure in target year

0.06

Figure in reporting year

0.11

% of target achieved relative to base year [auto-calculated]

0

Proportion of portfolio emissions calculated in the reporting year based on asset level data

36

Target status in reporting year

New

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain target coverage and identify any exclusions

The target described here reflects BMO's target in relation to our Canadian portfolio of pure-play power generators and the power generation share of businesses operating in the electric power distribution and natural gas distribution sectors. We are targeting a Canadian portfolio carbon intensity of 0.06 tCO₂ /MWh by 2030, equivalent to a 45% reduction, which is indicated by an 88% share of low-carbon power generation. We measured physical emissions intensity using tonnes of carbon dioxide per megawatt hour of electricity generated (tCO₂ /MWh), and benchmarked our alignment with the Paris Agreement using the GCAM NZE scenario for emissions from the Canadian power sector. In this scenario, the Canadian power sector will reach net-negative emissions by

2035 due to the application of negative emissions technologies such as Bioenergy Carbon Capture and Storage (BECCS). The GCAM NZE trajectory shows a net-zero-aligned emissions intensity for Canada of 0.05 tCO₂ / MWh by 2050, reaching 0.06 tCO₂ /MWh by 2030, equivalent to a 63% reduction by 2030. BMO's Canadian portfolio baseline carbon intensity of 0.11 tCO₂ /MWh is below the GCAM NZE average for Canada. The GCAM NZE scenario shows that in Canada the share of low-carbon electricity generation reaches 88% by 2030. The baseline 2019 share of low-carbon electricity generation of BMO's portfolio is 78%.

This target is part of BMO's Net-Zero Ambition commitment to target net-zero financed emissions in our lending by 2050 with intermediate targets for financed emissions that will be achieved in partnership with our clients. Canada is already a world leader in renewable electricity production and generates a larger share of electricity from non-emitting sources than most developed economies. Regulations are in place in Canada that require the phase out of conventional coal-fired electricity by 2030, and the Government of Canada has plans to invest in the clean grid of the future by supporting increased renewable power generation capacity and the deployment of grid modernization technologies such as power storage. Canada estimates that a doubling or tripling of the supply of clean power is required to meet a 2050 net-zero goal. To meet this, Canada's share of renewables-based electricity generation (hydro, wind, solar, biofuels) is projected to grow to 80% by 2050. We expect that Canada will develop a strategy to substantially increase zero-emissions generation and interconnection capacity.

Target reference number

Por4

Year target was set

2021

Portfolio

Banking (Bank)

Product type/Asset class/Line of business

Retail loans

Sectors covered by the target

Transportation

Portfolio coverage of target

100

Target type

Green finance

Target type: Absolute or intensity

Absolute

Metric (or target numerator if intensity)

Other, please specify
Proportion of loans to ZEVs

Base year

2019

Figure in base year

5.9

Percentage of portfolio emissions covered by the target

100

Interim target year

2035

Figure in interim target year

100

Target year

2035

Figure in target year

100

Figure in reporting year

4.3

% of target achieved relative to base year [auto-calculated]

-1.7003188098

Target status in reporting year

Underway

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain target coverage and identify any exclusions

The target described here reflects BMO's target in relation to our Canadian portfolio of retail consumer motor vehicle loans. We are targeting 100% of new loans for new light-duty cars and passenger trucks in Canada to be zero emissions vehicles (ZEVs) by 2035. Governments have set goals to transition national vehicle stocks to ZEV. As part of the Canadian net-zero policy objectives for example, the Government of Canada has set a mandatory target for all new light-duty cars and passenger trucks sales to be ZEV by 2035. ¹ Many major vehicle manufacturers have also made commitments to electrify their product offering in line with similar goals. The Canadian government goal of 100% of new sales of light-duty cars and passenger truck sales to be ZEV by 2035 is a swifter pathway to net zero than the IEA contemplates and therefore net zero 2050 aligned. Since the initial publication of our target, the Canadian government has put in place sales mandates to ensure at least 20% of new light-duty vehicle sales will be ZEV by 2026, and at least 60% by 2030. This initiative, if successful, will support ZEV penetration aligned with net zero by 2050 pathways. If this initiative is not successful, it

will be more difficult for BMO to achieve 100% ZEV by 2035. We will monitor these developments and adjust our targets to 2030 as government policy becomes clearer. This target is part of BMO's Net-Zero Ambition commitment to target net-zero financed emissions in our lending by 2050 with intermediate targets for financed emissions that will be achieved in partnership with our clients.

Target reference number

Por5

Year target was set

2021

Portfolio

Investing (Asset manager)

Product type/Asset class/Line of business

All asset classes

Sectors covered by the target

All sectors

Portfolio coverage of target

0.55

Target type

Other, please specify

Net Zero Asset Manager Initiative - Portfolio Alignment

Target type: Absolute or intensity

Intensity

Metric (or target numerator if intensity)

Other, please specify

Net-Zero-Aligned Assets Under Management

Target denominator

Other, please specify

100% by 2050

Base year

2019

Figure in base year

0

Percentage of portfolio emissions covered by the target

100

Interim target year

2030

Figure in interim target year

50

Target year

2050

Figure in target year

100

Figure in reporting year

0

% of target achieved relative to base year [auto-calculated]

0

Target status in reporting year

New

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science-based target initiative in the next two years

Target ambition

1.5°C aligned

Please explain target coverage and identify any exclusions

The target described here reflects BMO GAM's progress in the first year of the Net Zero Asset Manager's Initiative. As the Net Zero Alignment tool was in development, only 0.55% of the total AUM was able to be evaluated and committed to net zero at the end of the 2021 fiscal year. BMO GAM's goal is to increase the proportion of net zero aligned assets for restatement in the subsequent NZAM disclosure (November, 2022) . We will then review our interim target at least every five years, with a view to ratcheting up the proportion of AUM covered until 100% of assets are included, in line with the expectations of the Net Zero Asset Manager's Initiative by 2040

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

Net-zero target(s)

Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2019

Target coverage

Company-wide

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Base year

2021

Consumption or production of selected energy carrier in base year (MWh)

325,442

% share of low-carbon or renewable energy in base year

100

Target year

2021

% share of low-carbon or renewable energy in target year

100

% share of low-carbon or renewable energy in reporting year

100

% of target achieved relative to base year [auto-calculated]

Target status in reporting year

Achieved

Is this target part of an emissions target?

No

Is this target part of an overarching initiative?

Other, please specify

Please explain target coverage and identify any exclusions

In 2019, BMO set a target to match 100% of its annual electricity usage with electricity produced from renewable sources across our global operations.

This contributes to our overarching initiative to maintain carbon neutrality on an annual basis.

List the actions which contributed most to achieving this target

Purchase of Renewable Energy Certificates (or equivalent) for all regions we operate in globally.

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage

Company-wide

Absolute/intensity emission target(s) linked to this net-zero target

Abs1

Por1

Por2

Por3

Por4

Por5

Target year for achieving net zero

2050

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain target coverage and identify any exclusions

As a member of the Net-Zero Banking Alliance, BMO is committed to transition all operational and financed emissions to align with pathways to net zero by 2050 or sooner, including clients' scope 1, 2 and 3 emissions where significant and where data allows.

As a member of the Net Zero Asset Managers Initiative, BMO GAM is targeting 1005 of net zero assets under management by 2050.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?

Yes

Planned milestones and/or near-term investments for neutralization at target year

BMO has carbon neutral in its operations since 2010 and will continue to neutralize any residual operational emissions annually and at the target year. We purchase offsets to neutralize remaining Scopes 1, 2 and operational Scope 3 emissions. In 2021, BMO became the first bank in the world to publicly announce the pre-purchase of DAC carbon removals using Carbon Engineering technology. As an early adopter, BMO is supporting Canadian innovation to accelerate the development, commercialization, and deployment of carbon removal technologies at scale.

(Por5) Asset Management

BMO GAM's net zero commitments includes 3 milestones:

2030 interim alignment target (to be restated 2022, and every 2-5 years)

2040 All assets aligned or aligning

2050 all assets aligned

Planned actions to mitigate emissions beyond your value chain (optional)

Established in 2021, the BMO Climate Institute is a centre of excellence that bridges climate policy and science with business strategy and finance to unlock solutions for both clients and the bank. Led by a multidisciplinary team with climate-related expertise, the Institute leads BMO's efforts to convene stakeholders and drive thought leadership to advance the low-carbon transition and enhance resilience. This will have impacts beyond BMO's value chain.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO₂e savings.

	Number of initiatives	Total estimated annual CO ₂ e savings in metric tonnes CO ₂ e (only for rows marked *)
Under investigation	0	0
To be implemented*	1,250	15,046
Implementation commenced*	750	7,461
Implemented*	572	3,258.11
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings
Lighting

Estimated annual CO₂e savings (metric tonnes CO₂e)

1,853

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

662,212

Investment required (unit currency – as specified in C0.4)

6,137,662

Payback period

4-10 years

Estimated lifetime of the initiative

11-15 years

Comment

This program includes lighting efficiency initiatives (LEDs) at select retail branches and offices in Canada and US. This was implemented at 290 locations in 2021. This is part of the ongoing program and voluntary activity focusing on energy retrofits to reduce Scope 1 and Scope 2 emissions.

Initiative category & Initiative type

Energy efficiency in buildings
Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO₂e savings (metric tonnes CO₂e)

165.86

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

85,202

Investment required (unit currency – as specified in C0.4)

5,746,780

Payback period

4-10 years

Estimated lifetime of the initiative

11-15 years

Comment

The program includes the replacement of inefficient HVAC equipment at select retail branches in Canada and US. Equipment was selected based on age and likelihood of failure; therefore, the capital funds would have been required regardless, however, higher efficiency units were selected as part of the energy program. The “Investment required” that is shown above is the full cost which includes what is considered “business as usual” investment, plus the cost premium for a higher efficiency unit. The payback period looks only at the cost premium of the high efficiency unit which is approximately \$681,616. This is part of the ongoing program and voluntary activity focusing on energy retrofits to reduce Scope 1 and Scope 2 emissions.

Initiative category & Initiative type

Energy efficiency in buildings

Other, please specify

Installing “smart” sensors and controllers on HVAC equipment to ensure they are operating efficiently.

Estimated annual CO2e savings (metric tonnes CO2e)

1,219.13

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

415,257

Investment required (unit currency – as specified in C0.4)

1,698,471

Payback period

4-10 years

Estimated lifetime of the initiative

11-15 years

Comment

This program includes the installation of a sensors and controllers and a web-based program to help control equipment not typically controlled in small retail environments. The solution was implemented at 201 locations in 2021. This is part of the ongoing program and voluntary activity focusing on energy retrofits to reduce Scope 1 and Scope 2 emissions.

Initiative category & Initiative type

Energy efficiency in buildings

Other, please specify

Installing “Smart Motor System” Turntide’s Optimal Efficiency Motors are based on a high rotor pole switched reluctance architecture developed over 18 years of intensive research to ensure motors are operating efficiently.

Estimated annual CO2e savings (metric tonnes CO2e)

20.23

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

4,991

Investment required (unit currency – as specified in C0.4)

25,182

Payback period

1-3 years

Estimated lifetime of the initiative

3-5 years

Comment

This program includes the installation of a thermostat programmable to help control equipment not typically controlled in small retail environments. The solution was implemented at 8 locations in 2021. This is part of the ongoing program and voluntary activity focusing on energy retrofits to reduce Scope 1 and Scope 2 emissions.

C4.3c**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

Method	Comment
Dedicated budget for energy efficiency	Annually, we set aside a specified capital amount, which is used to fund energy efficiency activities across the enterprise.
Dedicated budget for other emissions reduction activities	As an organization committed to carbon neutrality (achieved in 2010), we recognize that achieving this goal annually is dependent on funding other emission reduction activities such as the purchase of renewable energy and carbon offsets. BMO specifically budgets for these expenditures on an annual basis.
Employee engagement	Employee engagement continues to be a key element in our overall strategy to reduce emissions across the organization. Our Environmental Ambassadors (employee volunteers) act as champions in the field to promote our sustainability efforts. Our employees participate in driving down emissions by promoting behavioural change and also provide ideas to the Sustainability Office for deployment consideration on a broader basis. BMO invests annually in internal communication support media (e.g. intranet, newsletters, etc.) to support employee engagement efforts.
Financial optimization calculations	As an organization (financial institution) with access to capital, we have the opportunity to move beyond normal capital restrictions where there is a positive impact from a "cash flow" perspective on the annual expense line. We regularly assess initiatives using this cash flow basis or life-cycle approach which allows for extended ROI projects to be approved.

Method	Comment
Internal price on carbon	Since 2008, BMO has been monetizing the value of carbon emissions savings (based on an internally established price of carbon) including energy cost savings and other benefits as part of wider energy-related initiatives and business cases.
Lower return on investment (ROI) specification	There are a variety of means by which we determine whether emissions reductions initiatives receive funding. While not the only reason, ROI specification is one of them. We do look at extended ROI for owned assets, particularly in the case of real estate assets where there is an expectation that we will occupy beyond the short term.

C-FS4.5

(C-FS4.5) Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of climate change?

Yes

C-FS4.5a

(C-FS4.5a) Provide details of your existing products and services that enable clients to mitigate and/or adapt to climate change, including any taxonomy used to classify the products(s).

Product type/Asset class/Line of business

Investing

Other, please specify

Fixed Income, Listed Equity, Infrastructure, Mutual funds, Fund of funds, ETFs

Taxonomy or methodology used to classify product

Internally classified

Description of product

Range of sustainable products and solutions, which adhere to more strict sustainable investment guidelines relative to the rest of our offerings.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Adaptation

Portfolio value (unit currency – as specified in C0.4)

3,700,000,000

% of total portfolio value

2.45

Type of activity financed/insured or provided

- Renewable energy
- Other, please specify
Investment spans a wide variety of sectors

Product type/Asset class/Line of business

- Banking
- Other, please specify
all of the above

Taxonomy or methodology used to classify product

- Externally classified using other taxonomy or methodology, please specify
Green Bond Principles , Social Bond Principles, Sustainability Bond Guidelines, Sustainability-Linked Bond Principles (ICMA) SLL Principles (LMA) Green Loan Principles (LMA) Social Loan Principles (LMA) Climate Transition Finance Handbook (ICMA)

Description of product

BMO's sustainable finance team works with clients to bring a sustainability lens to their financing and strategic needs through lending, bond underwriting, public offering and advisory services. We also use our sustainable financing efforts to drive positive social and environmental outcomes expressed in the United Nations Sustainable Development Goals, including those that support the transition to a net-zero carbon economy such as clean transportation, green buildings, low-carbon energy, sustainable agriculture, and green labelled transactions or transaction that involve multiple green outcomes. BMO has made a Bold Commitment to mobilize \$300 billion in capital to clients pursuing sustainable outcomes through four kinds of products and services:

- Sustainable bond underwriting – we underwrite sustainable or sustainability-linked bonds issued by our clients
- Sustainable equity and debt financing – we underwrite equity and debt for clients that are sustainable, or where the use of proceeds is sustainable
- Sustainable finance advisory – we advise on sustainable financing transactions, like initial public offerings
- Loans for sustainable clients and projects – we authorize loans that are linked to the achievement of sustainability targets, to borrowers that are sustainable or where the use of proceeds are sustainable.

Product enables clients to mitigate and/or adapt to climate change

- Mitigation
- Adaptation

Portfolio value (unit currency – as specified in C0.4)

71,070,000,000

% of total portfolio value

Type of activity financed/insured or provided

- Green buildings and equipment
- Low-emission transport
- Renewable energy
- Carbon removal
- Nature-based solutions
- Sustainable agriculture
- Other, please specify
 - Low-carbon energy, General green, Green buildings, Waste management, Clean transportation, Sustainable agriculture, Healthcare, Gender equality, General social, Education, Public administration, Social assistance, Employment services, Indigenous peoples

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

No

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in reporting year definition	In 2021, we shifted the time period of our operational efficiency calculations in order to accelerate disclosure. Energy consumption, greenhouse gas emissions, waste and water consumption reported for 2021 reflect the period from August 1, 2020 to July 31, 2021. We

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
		did not restate results for prior years, which were calculated based on our fiscal year. All results reflect twelve months of operations and are comparable. Operational footprint data reported in this submission reflects the new period. All other data and information reflect fiscal 2021 and some activities that have taken place to date in fiscal 2022.

C5.1c

(C5.1c) Have your organization's base year emissions been recalculated as result of the changes or errors reported in C5.1a and C5.1b?

	Base year recalculation	Base year emissions recalculation policy, including significance threshold
Row 1	No, because the impact does not meet our significance threshold	In 2021, we shifted the time period of our operational emissions calculations in order to accelerate disclosure. Energy consumptions and greenhouse gas emissions reported for 2021 reflect the period from August 1, 2020 to July 31, 2021. We did not restate results for prior years, which were calculated based on our fiscal year. All results reflect twelve months of operations and are comparable. An independent third-party, Morrison Hershfield, has provided reasonable assurance for all of BMO's Scope 1 and Scope 2 emissions and some of Scope 3 emissions. The verification statement can be found on our website.

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start

November 1, 2018

Base year end

October 31, 2019

Base year emissions (metric tons CO₂e)

45,672

Comment

Scope 2 (location-based)

Base year start

November 1, 2018

Base year end

October 31, 2019

Base year emissions (metric tons CO₂e)

90,457

Comment

Scope 2 (market-based)

Base year start

November 1, 2018

Base year end

October 31, 2019

Base year emissions (metric tons CO₂e)

544

Comment

Scope 3 category 1: Purchased goods and services

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Relevant, not yet calculated.

BMO Financial Group's Scope 3 emissions resulting from purchased goods and services are deemed relevant from a size perspective, as they would contribute to the company's total Scope 3 emissions. We are currently refining a calculation methodology.

Scope 3 category 2: Capital goods

Base year start

Base year end

Base year emissions (metric tons CO₂e)**Comment**

This is not relevant to BMO as our ongoing strategy is to lease facilities space and transportation equipment for use in our operations whenever possible. We have determined that none of the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start**Base year end****Base year emissions (metric tons CO₂e)****Comment**

This scope 3 emission source represents upstream emissions of purchased electricity and the associated transmission and distribution losses. We do not consider this relevant for BMO as we have limited ability to influence.

Scope 3 category 4: Upstream transportation and distribution

Base year start**Base year end****Base year emissions (metric tons CO₂e)****Comment**

Relevant, not yet calculated.

BMO Financial Group's scope 3 emissions resulting from upstream transportation and distribution are deemed relevant from a size perspective, as they have the potential to contribute to the company's total scope 3 emissions. Emissions from the transportation and distribution of products purchased by BMO, between tier 1 suppliers and our own operations (in vehicles and facilities not owned or controlled by BMO) are relevant. We have not quantified these emissions to date. Emissions from the transportation and distribution services purchased by BMO related to outbound logistics of sold products (in vehicles and facilities not owned or controlled by the reporting company) are relevant. BMO Financial Group distributes product information to customers and shareholder

information to shareholders. Doing so may result in transportation emissions relating to the delivery of paper statements, Annual Reports, Corporate Responsibility Reports and other paper correspondence. The lack of readily available information is the prime reason we do not currently measure/report on emissions from this source.

Scope 3 category 5: Waste generated in operations

Base year start

November 1, 2018

Base year end

October 31, 2019

Base year emissions (metric tons CO₂e)

982

Comment

Scope 3 emissions from waste generated in operations is focused on waste-to-landfill data for relatively larger corporate facilities in North America. Per GHG Protocol Technical Guidance for Calculating Scope 3 Emissions, average-data method is used for calculating emissions from waste generated in operations. The average-data method involves estimating emissions based on total waste going to each disposal method (e.g., landfill) and average emission factors for each disposal method. The waste-to-landfill data is annualized and the resulting emissions are calculated. The mixed Municipal Solid Waste factor incorporates all emissions associated with transporting the waste, dumping it in a landfill, degrading and releasing methane as it decomposes in anaerobic conditions, and finally the residual biogenic carbon "credit" for the biogenic carbon that gets stored in the landfill long term.

Scope 3 category 6: Business travel

Base year start

November 1, 2018

Base year end

October 31, 2019

Base year emissions (metric tons CO₂e)

24,655

Comment

Scope 3 emissions from business travel consist primarily of Air Travel (Short-Haul, Medium-Haul and Long-Haul), Employee Vehicles, Rail Travel, and Rental Cars. Per GHG Protocol Technical Guidance for Calculating Scope 3 Emissions, the distance-based method is used for calculating emissions from business travel. The distance-based method involves determining the distance and mode of business trips, then applying the appropriate emission factor for the mode used. We identify and calculate our Scope 3 emissions in accordance with both the (a) The Greenhouse Gas Protocol:

A Corporate Accounting and Reporting Standard and (b) ISO 14064 Part 1: Greenhouse gases.

Scope 3 category 7: Employee commuting

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Relevant, not yet calculated.

BMO Financial Group's Scope 3 emissions resulting from employee commuting are deemed relevant from a size perspective, as they would contribute to the company's total Scope 3 emissions. Emissions from over 40,000 employees commuting between their homes and BMO Financial Group workplaces are relevant. The lack of readily available information about their commuting modes and travel distances is the prime reason we do not currently calculate/report on emissions from this source.

Scope 3 category 8: Upstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Not relevant.

With the shift from Financial to Operational Control starting fiscal 2017, emissions from leased assets are now accounted for in Scope 1 and Scope 2. Defensible and transparent consumption estimates are utilized for leasehold facilities where actual data is not available. Consumption estimates are calculated based on type of facility, and either a proxy for intensity per square foot where sufficient sample of similar facilities (with actual data) available, or based on published intensities for facility type by sub-region (state/province) or region (country) as applicable.

Scope 3 category 9: Downstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Not relevant as this Scope 3 activity source includes only emissions from transportation and distribution of products after the point of sale – not applicable to BMO. We have determined that none of the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Not relevant.

As a financial institution, our products are financial services as opposed to tangible goods and therefore this Scope 3 source is not relevant. We have determined that none of the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met for this Scope 3 category.

Scope 3 category 11: Use of sold products

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Not relevant.

As a financial institution, our products are financial services as opposed to tangible goods. We have determined that none of the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Not relevant.

As a financial institution, our products are financial services as opposed to tangible goods. We have determined that none of the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

Scope 3 category 13: Downstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Not relevant.

Any assets that BMO owns and leases to third parties are included in our Scope 1 and Scope 2 reported numbers. We have determined that none of the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

Scope 3 category 14: Franchises

Base year start**Base year end****Base year emissions (metric tons CO₂e)****Comment**

Not relevant.

BMO Financial Group does not engage in franchise activity. We have determined that none of the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

Scope 3 category 15: Investments

Base year start

November 1, 2020

Base year end

October 31, 2021

Base year emissions (metric tons CO₂e)

42,900,000

Comment

Our portfolio-wide financed emissions cover 98% of business, commercial and capital markets outstanding loans outstanding and borrowers' Scope 1 and Scope 2 emissions. For the majority of the portfolio, emissions are calculated referencing the PCAF Standard's asset class methodology for business loans at a Data Quality Score 5 using sectoral emission factors per \$ outstanding loan from the PCAF emissions factor database. For the upstream oil and gas borrowers, we calculated an economic intensity by NAICS code and geography based on our 2019 financed emissions analysis for that sector incorporating borrower disclosed Scope 1 and 2 emissions data, and applied those intensities to our outstanding loan amounts. The 2% of loans not included in the calculation relate to borrowers for which no sector code has been assigned.

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Not relevant.

We have determined that no additional upstream Scope 3 emissions are relevant to BMO using the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Not relevant.

We have determined that no additional downstream Scope 3 emissions are relevant to BMO using the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

The Greenhouse Gas Protocol: Scope 2 Guidance

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO₂e?

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

33,661

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Scope 2, location-based

63,634

Scope 2, market-based

88

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, not yet calculated

Please explain

BMO Financial Group's Scope 3 emissions resulting from purchased goods and services are deemed relevant from a size perspective, as they would contribute to the company's total Scope 3 emissions. We are currently refining a calculation methodology.

Capital goods

Evaluation status

Not relevant, explanation provided

Please explain

This is not relevant to BMO as our ongoing strategy is to lease facilities space and transportation equipment for use in our operations whenever possible. We have determined that none of the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Not relevant, explanation provided

Please explain

This scope 3 emission source represents upstream emissions of purchased electricity and the associated transmission and distribution losses. We do not consider this relevant for BMO as we have limited ability to influence.

Upstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Please explain

BMO Financial Group's scope 3 emissions resulting from upstream transportation and distribution are deemed relevant from a size perspective, as they have the potential to contribute to the company's total scope 3 emissions. Emissions from the transportation and distribution of products purchased by BMO, between tier 1 suppliers and our own operations (in vehicles and facilities not owned or controlled by BMO) are relevant. We have not quantified these emissions to date. Emissions from the transportation and distribution services purchased by BMO related to outbound logistics of sold products (in vehicles and facilities not owned or controlled by the reporting company) are relevant. BMO Financial Group distributes product information to customers and shareholder information to shareholders. Doing so may result in transportation emissions relating to the delivery of paper statements, Annual Reports, Corporate Responsibility Reports and other paper correspondence. The lack of readily available information is the prime reason we do not currently measure/report on emissions from this source.

Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

1,047

Emissions calculation methodology

Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

21

Please explain

BMO Financial Group's Scope 3 emissions resulting from waste generated in operations are deemed relevant from a strategic perspective, as they contribute to the company's total scope 3 emissions. The percentage noted relates to the data available for large facilities (floor area of facilities where waste data is available as a percentage of enterprise facilities floor area) in North America only. A significant number of our facilities are smaller in size and geographically dispersed across North America. It is not economical to gather waste information from these locations and our focus is therefore on those larger facilities which are either owned or, if leased, where we are a major tenant.

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

1,919

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

BMO Financial Group's Scope 3 emissions resulting from business travel are deemed relevant from a size perspective, as they contribute significantly to the company's total scope 3 emissions. We obtain primary data for the types of employee business travel noted (commercial air, rental cars, personal automobile and rail). Due to the lack of readily available data for ground transportation such as taxis, limousines and public transit, these emissions are not included in our inventory.

Employee commuting

Evaluation status

Relevant, not yet calculated

Please explain

BMO Financial Group's Scope 3 emissions resulting from employee commuting are deemed relevant from a size perspective, as they would contribute to the company's total Scope 3 emissions. Emissions from over 40,000 employees commuting between their homes and BMO Financial Group workplaces are relevant. The lack of readily available information about their commuting modes and travel distances is the prime reason we do not currently calculate/report on emissions from this source.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

With the shift from Financial to Operational Control starting fiscal 2017, emissions from leased assets are now accounted for in Scope 1 and Scope 2. Defensible and transparent consumption estimates are utilized for leasehold facilities where actual data is not available. Consumption estimates are calculated based on type of facility, and either a proxy for intensity per square foot where sufficient sample of similar facilities (with actual data) available, or based on published intensities for facility type by sub-region (state/province) or region (country) as applicable.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

Not relevant as this Scope 3 activity source includes only emissions from transportation and distribution of products after the point of sale – not applicable to BMO. We have determined that none of the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

As a financial institution, our products are financial services as opposed to tangible goods and therefore this Scope 3 source is not relevant. We have determined that none of the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

Use of sold products

Evaluation status

Not relevant, explanation provided

Please explain

As a financial institution, our products are financial services as opposed to tangible goods. We have determined that none of the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Please explain

As a financial institution, our products are financial services as opposed to tangible goods. We have determined that none of the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Any assets that BMO owns and leases to third parties are included in our Scope 1 and Scope 2 reported numbers. We have determined that none of the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

BMO Financial Group does not engage in franchise activity. We have determined that none of the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

We have determined that no additional upstream Scope 3 emissions are relevant to BMO using the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

We have determined that no additional downstream Scope 3 emissions are relevant to BMO using the criteria noted in Table 6.1 of "The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", developed by the World Resources Institute and the World Business Council for Sustainable Development, have been met in for this Scope 3 category.

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.0000035788

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

97,295

Metric denominator

unit total revenue

Metric denominator: Unit total

27,186,000,000

Scope 2 figure used

Location-based

% change from previous year

4.4

Direction of change

Decreased

Reason for change

Although we implemented several emission reduction initiatives as reported in question C4.3b, the primary reason for change was an increase in revenue 2021 vs. 2020.

Intensity figure

2.22

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

97,295

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

43,863

Scope 2 figure used

Location-based

% change from previous year

2.01

Direction of change

Increased

Reason for change

Although we implemented several emission reduction initiatives as reported in question C4.3b, the primary reason for change was a slight increase in our Gross global combined Scope 1 and 2 emissions in 2021 vs. 2020.

Intensity figure

0.06021

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

97,295

Metric denominator

Other, please specify
square meter real estate occupied

Metric denominator: Unit total

1,615,796

Scope 2 figure used

Location-based

% change from previous year

6.51

Direction of change

Increased

Reason for change

Although we implemented several emission reduction initiatives as reported in question C4.3b, the primary reasons for change were: i) a slight increase in our Gross global combined Scope 1 and 2 emissions in 2021 vs. 2020 and ii) a slight decrease in our total real estate occupied (square meters).

C7. Emissions breakdowns

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption				
Other emissions reduction activities				
Divestment				
Acquisitions				
Mergers				
Change in output				
Change in methodology				
Change in boundary				
Change in physical operating conditions				
Unidentified				
Other	3,013	Increased	3.2	Our combined Scope 1 and Scope 2 emissions were low in 2020 largely

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
				attributable to COVID-19 related remote working conditions. Our combined Scope 1 and 2 emissions increased slightly in 2021 vs. 2020 as some employees began to return to the office for part of the work week.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 10% but less than or equal to 15%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	171,115	171,115
Consumption of purchased or acquired electricity		325,442	0	325,442
Consumption of purchased or acquired steam		0	421	421
Total energy consumption		325,442	171,536	496,978

C8.2g

(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.

Country/area

Canada

Consumption of electricity (MWh)

220,086

Consumption of heat, steam, and cooling (MWh)

421

Total non-fuel energy consumption (MWh) [Auto-calculated]

220,507

Country/area

United States of America

Consumption of electricity (MWh)

98,883

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

98,883

Country/area

Australia

Consumption of electricity (MWh)

37

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

37

Country/area

Barbados

Consumption of electricity (MWh)

41

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

41

Country/area

China

Consumption of electricity (MWh)

654

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

654

Country/area

France

Consumption of electricity (MWh)

68

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

68

Country/area

Germany

Consumption of electricity (MWh)

307

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

307

Country/area

Ireland

Consumption of electricity (MWh)

106

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

106

Country/area

Luxembourg

Consumption of electricity (MWh)

2

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

2

Country/area

Singapore

Consumption of electricity (MWh)

238

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

238

Country/area

Switzerland

Consumption of electricity (MWh)

13

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

13

Country/area

Taiwan, China

Consumption of electricity (MWh)

3

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

3

Country/area

United Arab Emirates

Consumption of electricity (MWh)

26

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

26

Country/area

United Kingdom of Great Britain and Northern Ireland

Consumption of electricity (MWh)

4,979

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

4,979

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

 BMO-GHG-Verification-Statement_FY2021_ENGLISH_A.pdf

Page/ section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

 BMO-GHG-Verification-Statement_FY2021_ENGLISH_A.pdf

Page/ section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

 BMO-GHG-Verification-Statement_FY2021_ENGLISH_A.pdf

Page/ section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Waste generated in operations

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

 BMO-GHG-Verification-Statement_FY2021_ENGLISH_A.pdf

Page/section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

21

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

 BMO-GHG-Verification-Statement_FY2021_ENGLISH_A.pdf

Page/section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Investments

Verification or assurance cycle in place

Annual process

Status in the current reporting year


Complete

Type of verification or assurance

Limited assurance

Attach the statement

 BMO_2021_Climate-Report_EN_FINAL_aoda.pdf

 BMO-GHG-Verification-Statement_FY2021_ENGLISH_A.pdf

Page/section reference

43-44

Relevant standard

Other, please specify

Canadian Standards on Assurance Engagements (CSAE) 3000, Attestation Engagements Other than Audits or Reviews of Historical Financial Information and CSAE 3410, Assurance engagements on greenhouse gas statements

Proportion of reported emissions verified (%)

5

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C14. Portfolio impact	Other, please specify Scope 1 and 2 financed emissions	Canadian Standards on Assurance Engagements (CSAE) 3000, Attestation Engagements Other than Audits or Reviews of Historical Financial Information and CSAE 3410, Assurance engagements on greenhouse gas statements	We have undertaken a limited assurance engagement of the following selected indicators for data as at and for the year-ended, October 31, 2020: Financed emissions – motor vehicles: <ul style="list-style-type: none"> • Loans outstanding (\$ millions) • Scope 1 and 2 financed emissions (ktCO₂) • Portfolio Partnership for Carbon Accounting Financials (PCAF) data quality score • Economic emissions intensity (tCO₂ /\$ millions loan outstanding) • Physical emissions intensity (kgCO₂ /vehicle-km financed) Financed emissions – residential mortgages: Loans outstanding (\$ millions) <ul style="list-style-type: none"> • Scope 1 and 2 financed emissions (ktCO₂) • Portfolio PCAF data quality score • Economic emissions intensity (tCO₂ /\$ millions loan outstanding) • Physical emissions intensity (kgCO₂ /m² financed)

C11. Carbon pricing

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase

Credit purchase

Project type

Other, please specify

Combination

Project identification

Will Solutions – Quebec Based Community and Private Sector Credits

Will Solutions provide Quebec based community and private sector credits. Will Solutions' Sustainable Community Solution encourages, quantifies, and clusters together the GHG reduction efforts of both small and medium-sized public and private entities in order to create high quality carbon credits validated to the Verified Carbon Standard (VCS), a highly respected international standard. The carbon credits generated come from diverse source activities such as energy efficiency for buildings, redirection of waste from landfills, and improvement of industrial and commercial processing practices.

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO₂e)

25,000

Number of credits (metric tonnes CO₂e): Risk adjusted volume

25,000

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Landfill gas

Project identification

City of Guelph – Landfill Gas Project

The City of Guelph generates carbon credits due to the collection and destruction of methane emissions at its Eastview Landfill. Renewable electricity is generated on the landfill site by using the methane as fuel. The carbon credits that result from the methane destruction are certified to applicable ISO standards and the electricity generated is renewable energy.

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO₂e)

11,715

Number of credits (metric tonnes CO₂e): Risk adjusted volume

11,715

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Change internal behavior

Drive energy efficiency
 Identify and seize low-carbon opportunities

GHG Scope

Scope 1
 Scope 2
 Scope 3

Application

Selected business units.

Actual price(s) used (Currency /metric ton)

15

Variance of price(s) used

BMO uses differentiated and evolutionary carbon pricing as the price of instruments such as renewable energy credits (RECs) and carbon offsets varies by region and time period. The price reported represents the upper-range price for BMO to mitigate emissions and achieve carbon neutrality. We apply a carbon price to the following business units: Corporate Real Estate.

Type of internal carbon price

Shadow price
 Implicit price
 Offsets

Impact & implication

BMO uses a number of instruments, such as renewable energy credits (RECs) and carbon offsets, to reduce its carbon footprint. As the price of these instruments varies, BMO's internal carbon price represents the upper-range price to mitigate emissions and achieve carbon neutrality. The internal carbon price is set through a combination of shadow price, implicit price, and offsets. BMO is not directly exposed to risks from regulations such as cap-and-trade schemes that affect the cost of carbon emissions. Currently, the internal price of carbon helps BMO uncover opportunities and guide decisions on more cost-effective means to reduce our carbon footprint. For example, BMO has partnered with an electric utility in one of the U.S. states to bundle brown and green power through on-bill financing without significant premium. This initiative has lowered the quantity and cost for RECs requirements. The cost savings can be further reinvested in low-carbon technologies and emission reduction initiatives.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
 Yes, our customers/clients
 Yes, our investees
 Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

0.01

% total procurement spend (direct and indirect)

51.5

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

We have gathered CDP supply chain data for some of our top suppliers representing 0.01% of suppliers by number and 51.5 % of total procurement spend.

Impact of engagement, including measures of success

We have gathered 53 of our top suppliers emissions data in the category of purchased goods and services from our first year of the CDP supply chain program, and are continuing to develop the calculation methodology at this time to disclose at a later time.

C-FS12.1b

(C-FS12.1b) Give details of your climate-related engagement strategy with your clients.

Type of clients

Customers/clients of Banks

Type of engagement

Engagement & incentivization (changing client behavior)

Details of engagement

Engage with clients on measuring exposure to climate-related risk

Encourage better climate-related disclosure practices

Encourage clients to set a science-based emissions reduction target

Offer financial incentives for clients who reduce your downstream emissions (Scope 3) and/or exposure to carbon-related assets

% client-related Scope 3 emissions as reported in C-FS14.1a

Portfolio coverage (total or outstanding)

Rationale for the coverage of your engagement

Engagement targeted at clients with increased climate-related risks

Impact of engagement, including measures of success

BMO is committed to playing a leading role in sustainable finance by providing solutions that help our clients transition to a net zero carbon economy. This includes developing innovative products and services that can help our customers along their sustainability journey. The goal of a Sustainability-Linked Loan, for instance, is to incentivize a borrower to achieve certain ESG-related improvements. If a borrower meets the predetermined sustainability targets, then the engagement is considered successful. For example, for the Maple Leaf Foods Inc. SLL, the engagement would be considered successful if it meets targets related to electricity use, water use, solid waste and continuing to reduce its carbon emissions in line with its achievement of net carbon neutrality.

Examples of Sustainability-Linked Loans structured by BMO includes: Maple Leaf Foods Inc.'s facility in 2019, marking the first sustainability-linked loan (SLL) in Canada. In October 2021, BMO acted as sole sustainability structuring agent for Sandstorm Gold Ltd., making it the first precious metals royalty company and one of the first metals and mining companies in North America to have a Sustainability Linked Loan structured with internal and customized key performance indicators. Teck Resources Ltd., Canada's largest diversified mining company, also became among the first North American mining producers to have a sustainability-linked loan structured with customized Key

Performance Indicators related to Climate Action, Gender Diversity and Inclusion, and Health and Safety. In April 2021, BMO Capital Markets acted as co-sustainability structuring lead on an SLL with Gibson Energy Inc., which made it the first public energy company in North America to fully transition its principal syndicated revolving credit facility into a sustainability-linked revolving credit facility. The Gibson deal introduced a margin adjustment incentive mechanism tied to the company's commitment to reduce carbon emissions and to increase women's as well as racial and ethnic representation in its workforce and on its Board.

C-FS12.1c

(C-FS12.1c) Give details of your climate-related engagement strategy with your investees.

Type of engagement

Engagement & incentivization (changing investee behavior)

Details of engagement

Exercise active ownership

Support climate-related shareholder resolutions

Support climate-related issues in proxy voting

Implement a stewardship and engagement strategy, with a clear escalation and voting policy, that is consistent with our ambition for all assets under management to achieve net zero emissions by 2050 or sooner

Engagement with 20 investees with a focus on highest emitters or those responsible for 65% of emission in portfolio (either Direct, Collective, or via Asset Manager)

Initiate and support dialogue with investee boards to set Paris-aligned strategies

Encourage better climate-related disclosure practices among investees

Encourage investees to set a science-based emissions reduction target

% scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

100

Investing (Asset managers) portfolio coverage

100

Rationale for the coverage of your engagement

Engagement targeted at investees with increased climate-related risks

Impact of engagement, including measures of success

Our investor engagement approach at BMO Global Asset Management (GAM) focuses on encouraging investee companies to align their business strategies with the Paris agreement and the objective of net zero global greenhouse gas emissions by 2050 or sooner. We prioritise engagements based on carbon exposure, our Climate Action priorities and our influence as a shareholder. In 2021, we prioritised disclosure and transparency around net zero commitments and aligning reporting with TCFD. We focused on several climate sub-themes, including emissions management, energy transition, resilience and adaptation and climate change lobbying.

In 2021, we had 772 climate-focused engagements, which represents 59% of total global engagements. We assess the progress of our top 10 emitting companies on climate-related initiatives through our stewardship work, which may at times include collaborative investor engagements. Climate change is also fully integrated into our voting process. Full details can be found in our Corporate Governance Guidelines. <https://www.bmogam.com/ca-en/institutional/news-and-insights/voting-for-climateaction/> Our 2021 annual report summarizes our 2021 engagement and voting activities (https://www2.bmoam.com/ri_annual_review_canada_en) and we make public our voting record (VDS Dashboard (issgovernance.com) Impact of engagement, including measures of success. The success of these efforts is measured by milestones – instances of change in the way these companies address ESG issues after we engage with them. In 2021, we recorded 275 milestones where companies improved ESG policies and practices following our engagement, of which 89 (32%) were linked to climate change. This included many companies committing to net zero emissions targets following engagement, both 1 on 1 and via initiative such as Climate Action 100+.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

BMO engages with other value chain partners such as facilities managers and downstream value chain partners outside of customers/clients. Our strategy for prioritizing engagements is based on a combination of factors, including: opportunity to generate cost savings/reduce GHG emissions, the ability to create or raise awareness, and advance BMO's reputation as a responsible citizen.

Example 1

BMO works extensively with facilities management (FM) providers in Canada/United States to identify business case and execute energy savings opportunities across our facilities. Through our combined efforts, we have implemented capital projects for energy savings initiatives such as interior/exterior lighting retrofits, heating/cooling infrastructure upgrades and building envelope improvements. Additionally, no/low cost operational improvements have been introduced to reduce utilities consumption, operational costs and the resultant emissions. The engagement strategy is founded on surfacing opportunities with FM service providers using utility data analysis, benchmarking/monitoring, energy assessments, capital planning, project management, and measurement & verification. Initiatives are prioritized based on a combination of cost savings and emissions reductions in this order of importance. These efforts directly contributed to our organization's success in reducing facilities related emissions (Scope 1 and Scope 2) by approximately 29% in FY2021 versus our emissions reduction target baseline of FY 2019.

Measures of Success:

- Reduced ongoing operational costs in the form of utilities cost reductions as well as maintenance cost reductions

- Reduced GHG emissions as a result of both capital and operational improvements – reduced utilities consumption translates into reduced emissions
- Reduced emissions contribute to reduced costs for expenditures of carbon offsets and/or renewable energy in order to maintain our commitment to Carbon Neutrality and 100% renewable energy purchases
- Positive impact on awareness of both employees and customers, relative to BMO's climate change initiatives

Example 2

BMO partners with a preferred supplier to facilitate the environmentally responsible recycling or refurbishment/resale of technology equipment. In many cases, equipment deemed to have reached the end of its useful life from a BMO perspective, can be refurbished and reused by other organizations (e.g., schools). This activity avoids the creation of harmful greenhouse gases from the manufacture of new equipment and defers the impact to the waste/recycling stream. Compugen's CarbonBank™ program works as follows. "End of first life" IT technology is decommissioned and securely transported to a Compugen configuration centre, where all equipment is checked and hard drives are completely wiped of all data using National Institute of Standards and Technology (NIST) data-erasure standards. Technology isn't limited to just laptop and desktop computers, but includes any IT technology, including networking/storage and even smartphones. The CarbonBank program manages to find a second life for almost all types of technology that it receives. The equipment is then tested and refurbished for resale into new markets, such as educational districts, computer retail stores, or small businesses. Carbon credits are generated through avoidance of emissions associated with the traditional e-waste recycling process and the manufacture of new IT equipment and are verified by an accredited third party.

Measures of success:

- Reduced GHG emissions from avoided new equipment manufacturing (e.g., using repurposed equipment) & landfill avoidance for technology assets taken out of service (BMO includes waste to landfill in its emissions calculations). In F2021 approximately 2,865 tonnes of greenhouse gas emissions were avoided.
- Reduced costs to BMO for disposal of technology equipment

Consistent with our Supplier Code of Conduct, BMO is developing a Sustainable Procurement program that considers current and future suppliers' sustainability performance and risk management, including risks related to climate change. In 2020, we conducted an analysis to estimate the GHG emissions embedded in our supply chain, identified as Scope 3 category 1 emissions from purchased goods and services in the GHG Protocol. This information enabled us to set a baseline and identify carbon hot spots in our supply chain, and will also inform the development of our sustainable procurement program. In 2020, BMO joined CDP Supply Chain to help us better understand the environmental impact of our procurement activities and to provide a platform through which we can engage with a selection of strategic suppliers on climate-related risks and opportunities.

C-FS12.2

(C-FS12.2) Does your organization exercise voting rights as a shareholder on climate-related issues?

Exercise voting rights as a shareholder on climate-related issues	
Row 1	Yes

C-FS12.2a

(C-FS12.2a) Provide details of your shareholder voting record on climate-related issues.

Method used to exercise your voting rights as a shareholder

Exercise voting rights directly

Percentage of voting disclosed across portfolio

100

Climate-related issues supported in shareholder resolutions

Climate transition plans
 Climate-related disclosures
 Aligning public policy position (lobbying)
 Emissions reduction targets
 Board oversight of climate-related issues
 Other, please specify
 Say on Climate

Do you publicly disclose the rationale behind your voting on climate-related issues?

Yes, for all

Method used to exercise your voting rights as a shareholder

Exercise voting rights through an external service provider

How do you ensure your shareholder voting rights are exercised in line with your overall climate strategy?

Vote tracking
 Publish requirements of external service providers in relation to climate-related issues
 Review external service provider's climate-related policies
 Other, please specify
 We have integrated climate-related expectations into our voting policy and approach, which enables us to vote against management at companies where

climate disclosure, performance and/or plans are lagging. Large emitters are flagged in our platform.

Percentage of voting disclosed across portfolio

100

Climate-related issues supported in shareholder resolutions

- Climate transition plans
- Climate-related disclosures
- Aligning public policy position (lobbying)
- Emissions reduction targets
- Board oversight of climate-related issues
- Other, please specify
 - Say on Climate

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate

- Yes, we engage directly with policy makers
- Yes, we engage indirectly through trade associations
- Yes, we engage indirectly by funding other organizations whose activities may influence policy, law, or regulation that may significantly impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

No, and we do not plan to have one in the next two years

Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy

Only authorized BMO representatives knowledgeable of climate strategy are involved in climate related engagement with stakeholders or policy makers. BMO's Sustainability Council, comprised of a cross section of leadership are kept apprised of climate strategy matters through quarterly Sustainability Council meetings, including any engagement opportunities. BMO's ESG Executive Forum, comprised of members of the Executive Committee are kept apprised of the same through regularly scheduled meetings.

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Focus of policy, law, or regulation that may impact the climate

Other, please specify

No specific policy, law, or regulation

Specify the policy, law, or regulation on which your organization is engaging with policy makers

No specific policy, law, or regulation.

Policy, law, or regulation geographic coverage

Unknown

Your organization's position on the policy, law, or regulation

Neutral

Description of engagement with policy makers

BMO engaged US and Canadian government regulators to discuss climate-related topics, as part of regular meetings and touchpoints. These engagements involve information sharing about our respective climate-related efforts, activities and ongoing trends. While they may indirectly influence policy, law, or regulation, they typically do not constitute direct lobbying activity.

Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.3b

(C12.3b) Provide details of the trade associations your organization engages with which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Other, please specify

Bank Policy Institute

Is your organization's position on climate change consistent with theirs?

Unknown

Has your organization influenced, or is your organization attempting to influence their position?

We are not attempting to influence their position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)

The Bank Policy Institute (BPI) is a nonpartisan public policy, research and advocacy group, representing U.S. leading banks. Members include universal banks, regional banks and the major foreign banks doing business in the United States.

BPI states that banks are essential to a smooth transition to a greener economy by helping their customers across all industries meet their financing needs. To support that transition banks need a flexible, risk-based approach from banking supervisors, as opposed to granular, prescriptive rules.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Trade association

Other, please specify

Canadian Bankers Association

Is your organization's position on climate change consistent with theirs?

Consistent

Has your organization influenced, or is your organization attempting to influence their position?

We are not attempting to influence their position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)

The Canadian Bankers Association is the voice of more than 60 domestic and foreign banks operating in Canada and provides governments and others with a centralized contact to all banks on matters relating to banking in Canada. The CBA advocates for public policies that contribute to a sound, thriving banking system to ensure Canadians can succeed in their financial goals.

No stated position on Climate, but CBA has commented on regulatory approaches to climate change and the financial sector.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Trade association

Other, please specify

Institutional Investors Group on Climate Change

Is your organization's position on climate change consistent with theirs?

Consistent

Has your organization influenced, or is your organization attempting to influence their position?

We are not attempting to influence their position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)

The Institutional Investors Group on Climate Change is a collaborative platform, which encourages the adoption of public policies, investment practices and corporate behaviour that address the long-term risks and opportunities associated with climate change.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.3c

(C12.3c) Provide details of the funding you provided to other organizations in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.

Type of organization

Other, please specify
Industry Group

State the organization to which you provided funding

Equator Principles Association

Funding figure your organization provided to this organization in the reporting year (currency as selected in C0.4)

7,015

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate

Funding is related to membership fees. BMO has been a signatory to the Equator Principles since 2005. We represent North America on the EP Association Steering Committee, were actively involved in the EP4 update, which included climate change, Indigenous rights, and environmental and social risk management in its scope.

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Type of organization

Other, please specify
Industry Group

State the organization to which you provided funding

United Nations Environment Programme – Finance Initiative

Funding figure your organization provided to this organization in the reporting year (currency as selected in C0.4)

86,533

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate

Funding is related to membership fees. BMO is a member of UNEP FI and participates in the TCFD banking program to enhance our TCFD implementation. We are actively engaged in modules focused on climate stress testing, physical and transition risk tools, sectoral and regional climate risk, real estate, portfolio implied temperatures methodologies, climate risk management and disclosure best practices, economic impacts of climate change, and supporting client transitions and underwriting.

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Type of organization

Other, please specify
Industry group

State the organization to which you provided funding

Climate Engagement Canada

Funding figure your organization provided to this organization in the reporting year (currency as selected in C0.4)

25,000

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate

Funding is related to membership fees. In 2021, BMO GAM became a founding member of the Canadian investor engagement collaboration where we commit to lead engagement with Canadian corporations to promote a just transition to a net-zero economy. BMO GAM serves on the steering committee.

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Type of organization

Other, please specify
Industry Group

State the organization to which you provided funding

Institutional Investors Group on Climate Change

Funding figure your organization provided to this organization in the reporting year (currency as selected in C0.4)

14,638

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate

Funding is related to membership fees. In June 2022, BMO GAM joined the IIGCC, which is a leading global investor membership body and the largest one focusing specifically on climate change. IIGCC supports and enables progress towards a net zero and resilient future through engagement with companies, policy makers and fellow investors.

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In voluntary sustainability report

Status

Complete

Attach the document

 BMO_2021_Sustainability-Report_EN_FINAL.pdf

Page/Section reference

Pages 45-49

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment


Publication

In mainstream reports

Status

Complete

Attach the document

 bmo_ar2021.pdf

Page/Section reference

Pages 10-11, 75-76, 83, 109-110, 111-113

Content elements

Governance
Strategy
Risks & opportunities
Emission targets
Other metrics

Comment

Publication

In mainstream reports

Status

Complete

Attach the document

 BMOProxy_March2022.pdf

Page/Section reference

Pages 17-20, 29-30, 40, 42-43, 50, 64, 90-100

Content elements

Governance
Strategy
Risks & opportunities
Emission targets
Other metrics

Comment

Publication

In voluntary communications

Status

Complete

Attach the document

 20-3012_EnvironmentalPolicy_ACC_Ev1 (1).pdf

Page/Section reference

All pages

Content elements

Governance

Strategy

Comment

Publication

In voluntary communications

Status

Complete

Attach the document

 climate-change-approach-pdf.pdf

Page/Section reference

All pages

Content elements

Governance

Strategy

Risks & opportunities

Comment

Publication

In voluntary communications

Status

Complete

Attach the document

 BMO_2021_Data-Pack-Glossary_EN_FINAL_aoda.pdf

Page/Section reference

Page 9

Content elements

Emissions figures
Emission targets
Other metrics

Comment

Publication

In voluntary communications

Status

Complete

Attach the document

 BMO_2021_Climate-Report_EN_FINAL_aoda.pdf

Page/Section reference

All pages

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

C-FS12.5

(C-FS12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization’s role within each framework, initiative and/or commitment
Row 1	<p>Net Zero Banking Alliance Net Zero Asset Managers initiative Partnership for Carbon Accounting Financials (PCAF) UNEP FI Principles for Responsible Banking Other, please specify Climate Engagement Canada (CEC), International Sustainability Standards Board (ISSB), Canadian Investor Statement on Climate Change, Glasgow Financial Alliance for Net Zero</p>	<p>Industry-led and convened by the United Nations, the NZBA brings together leading banks who are committed to working with their clients to align their lending and investment activity with pathways to net-zero emissions by 2050. We joined the NZBA in October 2021 and we are committed to setting intermediate and longer-term financed emissions reduction targets that we will seek to achieve by working with our clients.</p> <p>PCAF is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the GHG emissions associated with their loans and investments. We joined PCAF in January 2021, and have begun to quantify and disclose finance emissions in accordance with PCAF’s Global GHG Accounting and Reporting Standard for the Financial Industry (the PCAF Standard) as an important step toward setting Paris-aligned targets for our portfolio.</p> <p>The PRB are a framework for a sustainable banking system. We joined in February 2021, committing to align our business strategy with the UN Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks. Through our Net-Zero Ambition, and led by the BMO Climate Institute, we are embedding the objective of maximizing positive impacts and minimizing negative impacts in relation to climate change in our business strategy and advancing that goal with our clients and other stakeholders.</p> <p>NZAM is an international group of asset managers committed to supporting the goal of net-zero GHG emissions by 2050 or sooner and to supporting investing aligned with net-zero emissions by 2050 or sooner. BMO GAM was a founding signatory in December 2020 and has set interim targets toward a goal of 100% net zero assets under management by 2050. BMO GAM developed a net-zero methodology for listed equity assets</p>

Environmental collaborative framework, initiative and/or commitment	Describe your organization’s role within each framework, initiative and/or commitment
	<p>based on the Net Zero Investment Framework of the Paris Aligned Investment Initiative.</p> <p>The CEC is a finance-led initiative that drives dialogue between Canadian institutional investors and industry to promote a just transition to a net-zero economy. BMO GAM is a founding member and sits on its Steering Committee. Through CEC membership BMO GAM commits to engaging Canadian investee companies on a just transition to net zero.</p> <p>BMO supports the new ISSB in its aims to develop a common set of consistent, comparable and reliable global sustainability standards to meet stakeholder needs.</p> <p>BMO GAM was a founding signatory to the Canadian Investor Statement on Climate Change where we commit to taking action to support achieving net-zero global emissions by 2050.</p> <p>The Glasgow Financial Alliance for Net Zero (GFANZ) brings together the financial sector Race to Zero initiatives to mobilize and elevate net-zero ambitions ahead of the United Nations Climate Change Conference (COP26). BMO is a member of GFANZ through its membership in NZBA and NZAM.</p>

C14. Portfolio Impact

C-FS14.0

(C-FS14.0) For each portfolio activity, state the value of your financing and insurance of carbon-related assets in the reporting year.

Lending to all carbon-related assets

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

8,900,000,000

New loans advanced in reporting year (unit currency – as specified in C0.4)

Percentage of portfolio value comprised of carbon-related assets in reporting year

1.9

Lending to coal

Are you able to report a value for the carbon-related assets?

No, and we do not plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

No relevant exposure in portfolio

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

BMO has minimal exposure to mining or power generation activities related to thermal coal. In 2021, we introduced a Statement on Coal Lending that describes our approach to extending credit for transactions that involve thermal coal through BMO's Commercial Banking and Corporate Banking lines of business. BMO will not provide financing as a lender where the proceeds are known to be primarily used to develop a new greenfield coal-fired power plant, thermal coal mine or significant expansion of such plants or mines and will not lend to new clients that operate significant coal mining (>60% of revenue) or coal power generation assets (>60% of output, Megawatt hours (MWh)).

Lending to oil and gas

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

5,905,000,000

New loans advanced in reporting year (unit currency – as specified in C0.4)

Percentage of portfolio value comprised of carbon-related assets in reporting year

1.2

Investing in all carbon-related assets (Asset manager)

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

Understanding our total exposures to high emitting sectors and carbon related assets is of importance to our responsible investment work. We are working to build a comprehensive approach to measuring these exposures across our entire business in order to be properly informed.

Investing in coal (Asset manager)

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

Understanding our total exposures to high emitting sectors and carbon related assets is of importance to our responsible investment work. We are working to build a comprehensive approach to measuring these exposures across our entire business in order to be properly informed.

Investing in oil and gas (Asset manager)

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

Understanding our total exposures to high emitting sectors and carbon related assets is of importance to our responsible investment work. We are working to build a comprehensive approach to measuring these exposures across our entire business in order to be properly informed.

C-FS14.1

(C-FS14.1) Does your organization measure its portfolio impact on the climate?

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric
Banking (Bank)	Yes	Portfolio emissions Other carbon footprinting and/or exposure metrics (as defined by TCFD)
Investing (Asset manager)	Yes	Portfolio emissions Other carbon footprinting and/or exposure metrics (as defined by TCFD)

C-FS14.1a

(C-FS14.1a) Provide details of your organization’s portfolio emissions in the reporting year.

Banking (Bank)

Portfolio emissions (metric unit tons CO2e) in the reporting year

36,400,000

Portfolio coverage

98

Percentage calculated using data obtained from clients/investees

1

Emissions calculation methodology

The Global GHG Accounting and Reporting Standard for the Financial Industry

Please explain the details and assumptions used in your calculation

Our portfolio-wide financed emissions cover 98% of business, commercial and capital markets outstanding loans outstanding and borrowers’ Scope 1 and Scope 2 emissions. For the majority of the portfolio, emissions are calculated referencing the PCAF Standard’s asset class methodology for business loans at a Data Quality Score 5 using sectoral emission factors per \$ outstanding loan from the PCAF emissions factor database. For the upstream oil and gas borrowers, we calculated an economic intensity by NAICS code and geography based on our 2019 financed emissions analysis for that

sector incorporating borrower disclosed Scope 1 and 2 emissions data, and applied those intensities to our outstanding loan amounts. The 2% of loans not included in the calculation relate to borrowers for which no sector code has been assigned.

Investing (Asset manager)

Portfolio emissions (metric unit tons CO₂e) in the reporting year

4,060.79

Portfolio coverage

0.55

Percentage calculated using data obtained from clients/investees

100

Emissions calculation methodology

Other, please specify

Net Zero Investment Framework

Please explain the details and assumptions used in your calculation

These figures pertain only to assets reported to the Net Zero Asset Manager's Initiative as of FY2021. We apply the Net Zero Investment Framework using available company-reported data. Calculations rely on data sourced from CDP, CA100+, TPI, and SBTi, and data providers such as MSCI. We take account of portfolio Scope 1 & 2 emissions and, to the extent possible, material portfolio Scope 3 emissions. Emissions data as of Aug 2021

C-FS14.1b

(C-FS14.1b) Provide details of the other carbon footprinting and/or exposure metrics used to track the impact of your portfolio on the climate.

Portfolio

Investing (asset manager)

Portfolio metric

Weighted average carbon intensity (tCO₂e/Million revenue)

Metric value in the reporting year

264.16

Portfolio coverage

0.55

Percentage calculated using data obtained from clients/investees

100

Calculation methodology

Internal tool aligned with the Net Zero Investment Framework using company-reported data. Calculations rely on data sourced from CDP, CA100+, TPI, and SBTI, and data providers such as MSCI. We take account of portfolio Scope 1 & 2 emissions and, to the extent possible, material portfolio Scope 3 emissions. As of Aug 2021

Portfolio

Investing (asset manager)

Portfolio metric

Portfolio carbon footprint (tCO₂e/Million invested)

Metric value in the reporting year

39.1

Portfolio coverage

0.55

Percentage calculated using data obtained from clients/investees

100

Calculation methodology

Internal tool aligned with the Net Zero Investment Framework using company-reported data. Calculations rely on data sourced from CDP, CA100+, TPI, and SBTI, and data providers such as MSCI. We take account of portfolio Scope 1 & 2 emissions and, to the extent possible, material portfolio Scope 3 emissions. As of Aug 2021

Portfolio

Banking (Bank)

Portfolio metric

Other, please specify

Economic emissions intensity (tCO₂ e/\$ millions loan outstanding)

Metric value in the reporting year

140

Portfolio coverage

98

Percentage calculated using data obtained from clients/investees

1

Calculation methodology

Our portfolio-wide financed emissions cover 98% of business, commercial and capital markets outstanding loans outstanding and borrowers' Scope 1 and Scope 2 emissions. For the majority of the portfolio, emissions are calculated referencing the PCAF

Standard's asset class methodology for business loans at a Data Quality Score 5 using sectoral emission factors per \$ outstanding loan from the PCAF emissions factor database. For the upstream oil and gas borrowers, we calculated an economic intensity by NAICS code and geography based on our 2019 financed emissions analysis for that sector incorporating borrower disclosed Scope 1 and 2 emissions data, and applied those intensities to our outstanding loan amounts. The 2% of loans not included in the calculation relate to borrowers for which no sector code has been assigned. The portfolio emissions are divided by millions of dollars of loans outstanding at fiscal year end. The 3% of loans not included in the calculation relate to borrowers for which no sector code has been assigned.

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization's portfolio impact?

	Portfolio breakdown
Row 1	Yes, by industry

C-FS14.2b

(C-FS14.2b) Break down your organization's portfolio impact by industry. ¹

Portfolio	Industry	Portfolio metric	Portfolio emissions or alternative metric
Banking (Bank)	Energy	Absolute portfolio emissions (tCO ₂ e)	2,269,000
Banking (Bank)	Automobiles & Components	Absolute portfolio emissions (tCO ₂ e)	855,000
Banking (Bank)	Real Estate	Absolute portfolio emissions (tCO ₂ e)	1,155,000
Banking (Bank)	Utilities	Absolute portfolio emissions (tCO ₂ e)	221,000

C-FS14.3

(C-FS14.3) Did your organization take any actions in the reporting year to align your portfolio with a 1.5°C world?

	Actions taken to align our portfolio with a 1.5°C world
Banking (Bank)	Yes
Investing (Asset manager)	Yes

¹ Our portfolio impact by industry figures reflect our financed emissions by sector for fiscal 2019. They are estimated in accordance with the PCAF Standard approach for their respective asset classes and apply the PCAF data hierarchy for emissions estimation. This data is not directly comparable to the full portfolio emissions data reported in C-FS14.1a which are calculated using a PCAF Data Quality 5 approach and reflect emissions as at fiscal year-end 2021. We have answered these questions using the best available data at the time of submission.

C-FS14.3a

(C-FS14.3a) Does your organization assess if your clients/investees' business strategies are aligned with a 1.5°C world?

	Assessment of alignment of clients/investees' strategies with a 1.5°C world	Please explain why you are not assessing if your clients/investees' business strategies are aligned with a 1.5°C world
Banking (Bank)	Yes, for some	We are taking a sectoral approach to our evaluation of net zero alignment across our portfolio and have not yet covered all sectors in our portfolio. We plan to expand sector coverage over time.
Investing (Asset manager)	Yes, for some	All assets evaluated through the Net Zero tool are assessed for net zero alignment. We have selected "Yes, for some" as not all BMO GAM portfolios have been run through the tool at this time.

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Yes, both board-level oversight and executive management-level responsibility	<p>At the Board of Directors level, the Risk Review Committee (RRC) and the Audit and Conduct Review Committee (ACRC) provide oversight of our strategic environmental & social (E&S) objectives and risk management. E&S factors included in the scope of E&S risk includes biodiversity and land use. The Board meets with the Chief Sustainability Officer and General Counsel as necessary, to review key sustainability issues and trends as they relate to us and the financial services industry in general.</p> <p>The ACRC charter includes a duty to assess the effectiveness of our governance of sustainability issues. The ACRC meets with the Chief Sustainability Officer and General Counsel to review and discuss key sustainability topics.</p> <p>The RRC assists the Board of Directors in fulfilling its risk management oversight responsibilities, including overseeing the identification, assessment and management of our E&S risks. Upon recommendation from the RRC, the Board of Directors annually approves our enterprise E&S risk appetite statement and associated key risk metrics.</p> <p>BMO's General Counsel is responsible for our Sustainability program and sits on BMO's Executive Committee. Our Sustainability Council comprises senior leaders from the lines of business and Corporate Services across the organization, and provides oversight and leadership for our sustainability strategy,</p>	<p>Risks and opportunities to our own operations</p> <p>Risks and opportunities to our bank lending activities</p> <p>The impact of our own operations on biodiversity</p> <p>The impact of our bank lending activities on biodiversity</p>

Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
	<p>including our Net Zero Ambition (described under E&S Risk Management below). The Sustainability team is responsible for coordinating the development and maintenance of an enterprise-wide strategy that meets our overarching environmental and social responsibilities. The Chief Risk Officer (CRO) reports to the RRC on E&S risk matters, including climate change. Enterprise Risk and Portfolio Management (ERPM) provides risk management oversight, supporting a disciplined approach to risk-taking in independent transaction approval and portfolio management, policy formulation, risk reporting, scenario analysis, modelling and risk education. The CRO and the Risk Management team report to the RRC periodically on E&S risk matters, including climate change.</p>	

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	<p>Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity</p>	<p>Adoption of the mitigation hierarchy approach Commitment to not explore or develop in legally designated protected areas Commitment to respect legally designated protected areas Commitment to no conversion of High Conservation Value areas</p>	<p>SDG</p>

C15.3

(C15.3) Does your organization assess the impact of its value chain on biodiversity?

	Does your organization assess the impact of its value chain on biodiversity?
Row 1	No, but we plan to assess biodiversity-related impacts within the next two years

C15.4

(C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity-related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Education & awareness


C15.5

(C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No, we do not use indicators, but plan to within the next two years	

C15.6

(C15.6) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In voluntary sustainability report or other voluntary communications	Other, please specify Participation in industry forums and working groups to continue to build our capabilities to identify biodiversity impacts, understand nature-based targets and look to draw on proposed disclosure frameworks to help inform our approach.	2021 Sustainability Report Pages: 15, 43, 51-52.  BMO_2021_Sustainability-Report_EN_FINAL.pdf

C16. Signoff

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Vice President, Chief Sustainability Officer	Chief Sustainability Officer (CSO)

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

	Annual Revenue
Row 1	27,186,000,000

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
Customer base is too large and diverse to accurately	The nature of our business as a service provider means our energy consumption is limited to offices and business travel which simultaneously serve multiple customers and cannot easily be allocated

Allocation challenges	Please explain what would help you overcome these challenges
track emissions to the customer level	to any individual or business to which we provide financial products and services.

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

No

SC1.4b

(SC1.4b) Explain why you do not plan to develop capabilities to allocate emissions to your customers.

We do not plan to develop capabilities to allocate emissions to our customers. As a diversified financial services provider with over 12 million customers globally it would not be feasible to do and have data readily available to do so. The nature of our business as a service provider means our energy consumption is limited to offices and business travel which simultaneously serve multiple customers and cannot easily be allocated to any individual or business to which we provide financial products and services.

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services?

FW-FS Forests and Water Security (FS only)

FW-FS1.1

(FW-FS1.1) Is there board-level oversight of forests- and/or water-related issues within your organization?

Board-level oversight of this issue area	
Forests	Yes
Water	Yes

FW-FS1.1a

(FW-FS1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for forests- and/or water-related issues.

Issue area(s)	Position of individual(s)	Please explain
Forests Water	Board-level committee	<p>Environmental and social factors may give rise to the risk of direct and indirect impacts over both the short and long term. Environmental and social factors include, among other things, the following forests- and water-related topics: climate change; energy, water and other resource usage; and biodiversity and land use.</p> <p>At the Board of Directors level, the Risk Review Committee (RRC) and the Audit and Conduct Review Committee (ACRC) provide oversight of our strategic E&S objectives and risk management. The Board meets with the Chief Sustainability Officer and General Counsel as necessary, to review key sustainability issues and trends as they relate to us and the financial services industry in general.</p> <p>The ACRC charter includes a duty to assess the effectiveness of our governance of sustainability issues. The ACRC meets with the Chief Sustainability Officer and General Counsel to review and discuss key sustainability topics. A key role of the ACRC is to review and approve our Sustainability Report and Public Accountability Statement. The ACRC also provides guidance on the strategy, action plans, performance objectives and targets related to our operational footprint and sustainable finance commitments and works to ensure management is adequately addressing opportunities associated with the transition to a lower-carbon economy.</p> <p>The RRC assists the Board of Directors in fulfilling its risk management oversight responsibilities, including overseeing the identification, assessment and management of our E&S risks. Upon recommendation from the RRC, the Board of Directors annually approves our enterprise E&S risk appetite statement and associated key risk metrics.</p>

FW-FS1.1b

(FW-FS1.1b) Provide further details on the board's oversight of forests- and/or water-related issues.

Issue area(s)

Forests

Frequency with which the issue area(s) is a scheduled agenda item

Sporadic - as important matters arise

Governance mechanisms into which this issue area(s) is integrated

Reviewing and guiding risk management policies

Scope of board-level oversight

Risks and opportunities to our banking activities

Risks and opportunities to our investment (asset management) activities

The impact of our banking activities on forests and/or water security

The impact of our investing (asset management) activities on forests and/or water security

Please explain

The Audit and Conduct Review Committee (ACRC) meets regularly with BMO's Chief Sustainability Officer and General Counsel to review and discuss matters related to sustainability. The ACRC reviews and guides management in relation to sustainability governance and disclosure, discussing strategy, action plans, and performance objectives and targets related to BMO's sustainability program, sustainable finance commitment and climate ambition, including operational and financed emissions and targets, and key risk metric lending to carbon-related assets, to oversee that management is adequately addressing opportunities associated with the transition to a lower-carbon economy. This could include forests- and water-related risks and opportunities, in particular as they relate to climate change, e.g., biodiversity, afforestation/reforestation, and water-related physical climate risks.

The Risk Review Committee of the Board of Directors (RRC) assists the Board in fulfilling its risk management oversight responsibilities. This involves overseeing the identification and management of BMO's risks, including our risk culture, adherence by operating groups to risk management corporate policies and standards, and compliance with risk-related regulatory requirements. The RRC reviews our risk management and provides guidance for the governance of our risk-taking activities. The RRC also reviews revisions to the Risk Appetite Framework, including reviewing the risk appetite statement for environmental and social risk annually. In 2022, the RRC approved a new Environmental & Social (E&S) Risk Corporate Policy which includes within its climate change; energy, water and other resource usage; and biodiversity and land use.

Issue area(s)

Water

Frequency with which the issue area(s) is a scheduled agenda item

Sporadic - as important matters arise

Governance mechanisms into which this issue area(s) is integrated

Reviewing and guiding risk management policies

Scope of board-level oversight

Risks and opportunities to our banking activities

Risks and opportunities to our investment (asset management) activities

The impact of our banking activities on forests and/or water security

The impact of our investing (asset management) activities on forests and/or water security

Please explain

The Audit and Conduct Review Committee (ACRC) meets regularly with BMO's Chief Sustainability Officer and General Counsel to review and discuss matters related to sustainability. The ACRC reviews and guides management in relation to sustainability governance and disclosure, discussing strategy, action plans, and performance objectives and targets related to BMO's sustainability program, sustainable finance commitment and climate ambition, including operational and financed emissions and targets, and key risk metric lending to carbon-related assets, to oversee that management is adequately addressing opportunities associated with the transition to a lower-carbon economy. This could include forests- and water-related risks and opportunities, in particular as they relate to climate change, e.g., biodiversity, afforestation/reforestation, and water-related physical climate risks.

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FW-FS1.1c

(FW-FS1.1c) Does your organization have at least one board member with competence on forests- and/or water-related issues?

Forests

Board member(s) have competence on this issue area

Yes

Criteria used to assess competence of board member(s) on this issue area

BMO's Board of Directors has members with demonstrated experience in sustainability and these board members are represented on each of our standing committees. BMO's directors are recruited and evaluated based on a skills matrix that includes understanding and experience with corporate responsibility and sustainable development practices. Nine of our 12 current independent directors have this experience.

The Chair of the Audit and Conduct Review Committee has a strong background in climate change and sustainability and led Ernst & Young's global Climate Change and Sustainable Services practice. Board members receive ongoing training on sustainability topics, including climate risk and disclosure, and the training is available to all directors, including members of subsidiary boards.

Water

Board member(s) have competence on this issue area

Yes

Criteria used to assess competence of board member(s) on this issue area

BMO's Board of Directors has members with demonstrated experience in sustainability issues and these board members are represented on each of our standing committees. BMO's directors are recruited and evaluated based on a skills matrix that includes understanding and experience with corporate responsibility and sustainable development practices. Nine of our 12 current independent directors have this experience.

The Chair of the Audit and Conduct Review Committee has a strong background in climate change and sustainability and led Ernst & Young's global Climate Change and Sustainable Services practice. Board members receive ongoing training on sustainability topics, including climate risk and disclosure, and the training is available to all directors, including members of subsidiary boards.

FW-FS1.2

(FW-FS1.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests- and/or water-related issues.

Name of the position(s) and/or committee(s)

Chief Risks Officer (CRO)

Reporting line

CEO reporting line

Issue area(s)

Forests

Water

Responsibility

Both assessing and managing risks and opportunities

Coverage of responsibility

Risks and opportunities related to our banking portfolio

Frequency of reporting to the board on forests- and/or water-related issues

As important matters arise

Name of the position(s) and/or committee(s)

Chief Sustainability Officer (CSO)

Reporting line

Corporate Sustainability/CSR reporting line

Issue area(s)

Forests

Water

Responsibility

Both assessing and managing risks and opportunities

Coverage of responsibility

Risks and opportunities related to our banking portfolio

Frequency of reporting to the board on forests- and/or water-related issues

As important matters arise

Name of the position(s) and/or committee(s)

Other, please specify
General Counsel

Reporting line

CEO reporting line

Issue area(s)

Forests
Water

Responsibility

Both assessing and managing risks and opportunities

Coverage of responsibility

Risks and opportunities related to our banking portfolio

Frequency of reporting to the board on forests- and/or water-related issues

As important matters arise

FW-FS2.1

(FW-FS2.1) Do you assess your portfolio's exposure to forests- and/or water-related risks and opportunities?

	We assess our portfolio's exposure to this issue area	Explain why your portfolio's exposure is not assessed for this issue area and any plans to address this in the future
Banking - Forests exposure	Yes	
Banking – Water exposure	Yes	
Investing (Asset manager) – Forests exposure	No, but we plan to within the next two years	While we do not run specific analysis at a portfolio level to assess forest-related risks exclusively, our portfolio's exposure to Forest related risk (land use) is inherently considered as part of our analysis of environmental risks evaluated through our proprietary ESG scoring and risk assessment tool. This review applies to all active equity and corporate credit. We focus our engagement efforts on sectors where land use is a material issue, as defined by the SASB framework. Looking forward, we are building out a framework for our investment business to further evaluate issues related to our Climate Action

	We assess our portfolio's exposure to this issue area	Explain why your portfolio's exposure is not assessed for this issue area and any plans to address this in the future
		sub-theme of Protecting our Natural Capital, which includes land and water use, into our analysis.
Investing (Asset manager) – Water exposure	No, but we plan to within the next two years	<p>While we do not run specific analysis at a portfolio level to assess water-related risks exclusively, our portfolio's exposure to water related risk is inherently considered as part of our analysis of environmental risks evaluated through our proprietary ESG scoring and risk assessment tool. This review applies to all active equity and corporate credit.</p> <p>We focus our engagement efforts on sectors where water use is a material issue, as defined by the SASB framework. Looking forward, we are building out a framework for our investment business to further evaluate issues related to our Climate Action sub-theme of Protecting our Natural Capital which includes land and water use, into our analysis.</p>

FW-FS2.1a

(FW-FS2.1a) Describe how you assess your portfolio's exposure to forests- and/or water-related risks and opportunities.

Portfolio

Banking (Bank)

Exposure to

Forests-related risks and opportunities

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

0.2

Type of assessment

Qualitative only

Time horizon(s) covered

Short-term

Tools and methods used

Internal tools/methods

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

Our Environmental and Social Risk Financing Guideline provides overall direction for identifying, assessing, and managing E&S Risk in the context of credit risk decision-making processes. Our Enterprise and Credit Risk Management Frameworks outline our governance and accountabilities, enhanced due diligence, escalations, and exceptions processes. We have sector-specific financing guidelines to help us identify and manage E&S risks in higher risk sectors and determine how to factor these risks into our decision-making. Higher risk sectors and activities are subject to enhanced due diligence, escalations, and exception processes. Transactions with significant environmental or social concerns may be escalated to BMO's Reputation Risk Management Committee for consideration. Restrictions are in place for lending to companies involved in, among other things, business activity affecting UNESCO World Heritage Sites or High Conservation Value Forests. BMO's exposure to forest products is minimal (0.2% of our overall portfolio).

Portfolio

Banking (Bank)

Exposure to

Water-related risks and opportunities

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

Type of assessment

Quantitative only

Time horizon(s) covered

Short-term

Medium-term

Long-term

Tools and methods used

Internal tools/methods

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

The BMO Climate Institute, BMO Enterprise Data Science and Artificial Intelligence (AI) team, and external partner Climate Engine, have developed a geospatial platform capable of analyzing over 80 climate-related risk drivers and outcomes including temperature, precipitation, flooding, wildfires, wind, drought, crop health, soil moisture and others. The platform quantifies historic changes and projects the physical impacts of climate change under different global temperature scenarios and time horizons. Leveraging this geospatial data and leading scientific modelling, the platform generates

actionable insights on the impacts of climate change on physical assets, including water-related impacts such as pluvial and fluvial flooding. BMO has created a rainfall flood risk map for our Canadian residential real estate assets which represents \$117 billion in lending, or 25.6% of our total lending portfolio. This enabled us to assess the vulnerability of our mortgage portfolio to property damage and to quantify the potential adverse economic consequences of flooding. We have also examined flood risk exposure to all real estate investment trust properties in the US, and commercial real estate for our Canadian portfolio.

FW-FS2.2

(FW-FS2.2) Does your organization consider forests- and/or water-related information about clients/investees as part of its due diligence and/or risk assessment process?

	We consider forests- and/or water-related information	Explain why information related to this issue area is not considered and any plans to address this in the future
Banking – Forests-related information	Yes	
Banking – Water-related information	No, but we plan to do so within the next two years	BMO’s climate analytics platform is capable of providing a high-resolution (i.e., property level) assessment of physical climate risk including water-related risks. Use cases are being evaluated including strategies to manage credit risk due to flood, water stress, and biodiversity loss.
Investing (Asset manager) – Forests-related information	Yes	
Investing (Asset manager) – Water-related information	Yes	

FW-FS2.2a

(FW-FS2.2a) Indicate the forests- and/or water-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision making.

Portfolio

Banking (Bank)

Information related to

Forests

Type of information considered

Origin of forest risk commodities

Process through which information is obtained

Directly from the client/investee

Industry sector(s) covered by due diligence and/or risk assessment process

State how these forests- and/or water-related information influences your decision making

Our Environmental and Social Risk Financing Guideline provides overall direction for identifying, assessing, and managing E&S risk in the context of credit risk decision-making processes. Our Enterprise and Credit Risk Management Frameworks outline our governance and accountabilities, enhanced due diligence, escalations and exceptions processes. We have sector-specific financing guidelines to help us identify and manage E&S risks in higher risk sectors and determine how to factor these risks into our decision-making. Higher risk sectors and activities are subject to enhanced due diligence, escalations, and exception processes.

Portfolio

Investing (Asset manager)

Information related to

Forests

Type of information considered

Other, please specify

Scores and metrics provided by third party ESG data vendors

Process through which information is obtained

Data provider

Industry sector(s) covered by due diligence and/or risk assessment process

Energy
Materials
Capital Goods
Commercial & Professional Services
Transportation
Automobiles & Components
Consumer Durables & Apparel
Consumer Services
Retailing
Food & Staples Retailing
Food, Beverage & Tobacco
Household & Personal Products
Health Care Equipment & Services

Pharmaceuticals, Biotechnology & Life Sciences
Software & Services
Technology Hardware & Equipment
Semiconductors & Semiconductor Equipment
Telecommunication Services
Media & Entertainment
Utilities
Real Estate

State how these forests- and/or water-related information influences your decision making

Forest and water related risks are considered in our active equity and corporate credit funds through use of our proprietary ESG risk assessment tools. This includes, but is not limited to, third party calculated land use management and water stress management scores, land restoration targets, and water withdrawal intensity.

Portfolio

Investing (Asset manager)

Information related to

Water

Type of information considered

Other, please specify

Scores and metrics provided by third party ESG data vendors

Process through which information is obtained

Data provider

Industry sector(s) covered by due diligence and/or risk assessment process

Energy
Materials
Capital Goods
Commercial & Professional Services
Transportation
Automobiles & Components
Consumer Durables & Apparel
Consumer Services
Retailing
Food & Staples Retailing
Food, Beverage & Tobacco
Household & Personal Products
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Software & Services
Technology Hardware & Equipment
Semiconductors & Semiconductor Equipment
Telecommunication Services

Media & Entertainment
 Utilities
 Real Estate

State how these forests- and/or water-related information influences your decision making

Forest and water related risks are considered in our active equity and corporate credit funds through use of our proprietary ESG risk assessment tools. This includes, but is not limited to, third party calculated land use management and water stress management scores, land restoration targets, and water withdrawal intensity.

FW-FS2.3

(FW-FS2.3) Have you identified any inherent forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Risks identified for this issue area	Primary reason why your organization has not identified any substantive risks for this issue area	Explain why your organization has not identified any substantive risks for this issue area
Forests	No	Not yet evaluated	BMO's exposure to forest products is minimal (0.2% of our overall portfolio), however forests-related risks may impact other sectors within our portfolio. Biodiversity and forests-related risks is an emerging issue in financial services. We are continuing to build our capabilities to assess such risks and opportunities and look to draw on new disclosure frameworks, such as the Taskforce on Nature-related Financial Disclosures (TNFD), and evolving methodologies to help inform our approach.
Water	Yes		

FW-FS2.3a

(FW-FS2.3a) Provide details of forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk1

Portfolio where risk driver occurs

Banking (Bank) portfolio

Issue area risk relates to

Water

Risk type & Primary risk driver

Acute physical
Flood (coastal, fluvial pluvial, groundwater)

Primary potential financial impact

Increased credit risk

Risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

Climate-related risks, including water-related risks, could affect our exposure to credit and counterparty risk by impacting our customers' revenues, costs, or access to capital such that they may become unable to meet their financial commitments to BMO. Borrowers may face losses or increases in their operating costs as a result of acute or chronic changes in climate conditions such as flooding.

Time horizon

Medium-term

Likelihood

Unlikely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Explanation of financial impact figure

Cost of response to risk

Description of response and explanation of cost calculation

The BMO Climate Institute, BMO Enterprise Data Science and Artificial Intelligence (AI) team, and external partner Climate Engine, has developed a geospatial platform capable of analyzing over 80 climate-related risk drivers and outcomes including temperature, precipitation, flooding, wildfires, wind, drought, crop health, soil moisture and others. The platform quantifies historic changes and projects the physical impacts of climate change under different global temperature scenarios and time horizons. Use cases are being evaluated including the ability to assess financial and/or strategic impact to our business.

We have also examined flood risk exposure to all real estate investment trust properties in the US, and commercial real estate for our Canadian portfolio

Comment

FW-FS2.4

(FW-FS2.4) Have you identified any inherent forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Opportunities identified for this issue area	Primary reason why your organization has not identified any substantive opportunities for this issue area	Explain why your organization has not identified any substantive opportunities for this issue area
Forests	No	Evaluation in process	<p>We are currently building our capabilities to identify forests-related opportunities. In the interim, some opportunities related to forest we are beginning to capture are:</p> <ul style="list-style-type: none"> - Our annual Trees from Trades program sees BMO Capital Markets donate a portion of Global Markets revenue from trades made on Earth Day to fund the planting of trees. In 2022, we raised enough funds to plant 150,000 trees – that’s 250,000 trees to date. The Trees from Trades program demonstrates BMO’s ongoing commitment to combat climate change by reducing carbon emissions and working toward a net zero carbon footprint. Tree planting will take place through our partnerships with Priceless Planet Coalition, veritree and Tree Canada. - In October 2020, BMO was the first Canadian bank to join the Mastercard Priceless Planet Coalition, which brings together sustainability-minded organizations in a global effort to combat climate change by planting trees. The Coalition’s goal is to restore 100 million trees in the next five years. On Earth Day 2022, BMO Harris Bank began giving customers the opportunity to support forest restoration by donating cardholder points to support the Priceless Planet Coalition. BMO customers will now be able to redeem credit card points and allocate them to tree-planting initiatives.

	Opportunities identified for this issue area	Primary reason why your organization has not identified any substantive opportunities for this issue area	Explain why your organization has not identified any substantive opportunities for this issue area
			<p>- In 2019, BMO established the BMO Impact Fund to find and scale solutions to sustainability challenges through private equity investments. In 2022, we increased the size of the Fund from \$250 million to \$350 million to grow the Fund's impact. The fund targets impacts across three main themes: decarbonization, circular economy, and sustainable food and agriculture. Areas of focus within these themes include reforestation and food/agricultural technology that could improve sustainability of land management practices.</p> <p>- Sustainable materials is one of five pillars of our ECO5 strategy for operational environmental impacts. This includes adopting strategies to reduce unnecessary material use while improving the efficiency in the use of materials, including building materials and cleaning products, and through sourcing paper from sustainably managed forests.</p>
Water	No	Evaluation in process	<p>BMO is currently developing capabilities related to water risk and opportunity analysis. In 2021, the BMO Climate Institute, BMO Enterprise Data Science and Artificial Intelligence (AI) team, and external partner Climate Engine, developed a geospatial platform capable of analyzing over 80 climate-related risk drivers and outcomes including temperature, precipitation, flooding, wildfires, wind, drought, crop health, soil moisture and others. The platform quantifies historic changes and projects the physical impacts of climate change under different global temperature scenarios and time horizons. Use cases are being evaluated including the ability to assess financial and/or strategic impact to our business.</p>

FW-FS3.1

(FW-FS3.1) Do you take forests- and/or water-related risks and opportunities into consideration in your organization's strategy and/or financial planning?

Forests

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

No, we do not take risks and opportunities into consideration

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

We are continuing to build our capabilities to assess such risks and opportunities and look to draw on new disclosure frameworks, such as the Taskforce on Nature-related Financial Disclosures (TNFD), and evolving methodologies to help inform our approach.

Water

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

No, we do not take risks and opportunities into consideration

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

BMO's climate analytics platform is capable of providing a high-resolution (i.e., property level) assessment of physical climate risk including water-related risks. Use cases are being evaluated including strategies to manage credit risk.

FW-FS3.2

(FW-FS3.2) Has your organization conducted any scenario analysis to identify forests- and/or water-related outcomes?

Forests

Scenario analysis conducted to identify outcomes for this issue area

No, we have not conducted any scenario analysis to identify outcomes for this issue area, and we don't plan to in the next two years.

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future

Biodiversity and forests-related risks is an emerging issue in financial services. We are continuing to build our capabilities to assess such risks and opportunities and look to draw on new disclosure frameworks, such as the Taskforce on Nature-related Financial Disclosures (TNFD), and evolving methodologies to help inform our approach.

Water

Scenario analysis conducted to identify outcomes for this issue area

Yes, we have conducted scenario analysis and we have identified outcomes for this issue area

Type of scenario analysis used

Climate-related

Parameters, assumptions, analytical choices

High resolution flood data, static state portfolio

Description of outcomes for this issue area

The bank has identified key resilience measures and shared with This analysis has resulted in a formalized stress test of residential real estate portfolios currently underway in 2022.

Explain how the outcomes identified using scenario analysis have influenced your strategy

In 2021, BMO launched the BMO Climate Institute. Unique to the BMO Climate Institute is a new climate analytics platform built by BMO’s Sustainability team and BMO Enterprise Artificial Intelligence (AI) Labs with external partners. Leveraging geospatial data and leading scientific modelling, the platform generates actionable insights on the impacts of climate change on physical assets, including water-related impacts such as pluvial and fluvial flooding. BMO has created a rainfall flood risk map for our Canadian residential real estate assets which represents \$117 billion in lending, or 25.6% of our total lending portfolio. This enabled us to assess the vulnerability of our mortgage portfolio to property damage and to quantify the potential adverse economic consequences of flooding. We have also examined flood risk exposure to all real estate investment trust properties in the US, and commercial real estate for our Canadian portfolio.

FW-FS3.3

(FW-FS3.3) Do any of your existing products and services enable clients to mitigate deforestation and/or water insecurity?

	Existing products and services that enable clients to mitigate deforestation and/or water insecurity
Forests	Yes
Water	Yes

FW-FS3.3a

(FW-FS3.3a) Provide details of your existing products and services that enable clients to mitigate deforestation and/or water insecurity.

Product type

Corporate loans

Taxonomy or methodology used to classify product(s)

Description of product(s)

When we structure Sustainability-Linked Loans for our clients or help them establish sustainable financing frameworks, we prioritize selection of Key Performance Indicators or eligible projects based on the most material issues for the respective client’s industry and core business. Particularly for clients that operate in geographies with risks of water scarcity or deforestation or with resource-intensive business activities, we advise on practices and target-setting to mitigate such impact, and often help integrate those considerations into their financing activities (e.g., structuring of their Sustainability-Linked Loan).

Product enables clients to mitigate

- Deforestation
- Water insecurity

Type of activity financed, invested in or insured

- Sustainable forest management
- Forest protection
- Forests restoration
- Afforestation
- Sustainable agriculture
- Water supply and sewer networks infrastructure
- Water treatment infrastructure
- Wastewater treatment infrastructure
- Water resources and ecosystem protection
- Flood/drought resilience

Portfolio value (unit currency – as specified in C0.4)

% of total portfolio value

FW-FS3.4

(FW-FS3.4) Does the policy framework for the portfolio activities of your organization include forests- and/or water-related requirements that clients/investees need to meet?

	Policy framework includes this issue area
Forests	Yes
Water	Yes

FW-FS3.4a

(FW-FS3.4a) Provide details of the policies which include forests- and/or water-related requirements that clients/investees need to meet.

Portfolio

Banking (Bank)

Issue area(s) the policy covers

Forests

Type of policy

Credit/lending policy

Risk policy

Portfolio coverage of policy

100

Policy availability

Not publicly available

Attach documents relevant to your policy

Criteria required of clients/investees

Commit to no conversion of High Conservation Value areas

Value chain stages of client/investee covered by criteria

Direct operations only

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Forest risk commodities covered by the policy

All agricultural commodities

Forest risk commodity supply chain stage covered by the policy

Explain how criteria coverage and/or exceptions have been determined

Portfolio

Investing (Asset manager)

Issue area(s) the policy covers

Forests

Type of policy

Other, please specify

Statement of Environmental Expectations

Portfolio coverage of policy

100

Policy availability

Publicly available

Attach documents relevant to your policy

 our_expectations_for_environmental_practices_en.pdf

Criteria required of clients/investees

Other, please specify

Eliminating deforestation and land degradation, rehabilitating degraded land and protecting soils; Maintaining or enhancing the ecological and biodiversity support functions of air, land and water resources

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

No timeframe

Industry sectors covered by the policy

Energy
Materials
Capital goods
Commercial & Professional Services
Transportation
Automobiles & Components
Consumer Durables & Apparel
Consumer Services
Retailing
Food & Staples Retailing
Food, Beverage & Tobacco
Household & Personal Products
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Software & Services
Technology Hardware & Equipment
Semiconductors & Semiconductor Equipment
Telecommunication Services
Media & Entertainment
Utilities
Real Estate

Forest risk commodities covered by the policy

All agricultural commodities

Forest risk commodity supply chain stage covered by the policy

Explain how criteria coverage and/or exceptions have been determined

Portfolio

Investing (Asset manager)

Issue area(s) the policy covers

Water

Type of policy

Other, please specify

Statement of Environmental Expectations

Portfolio coverage of policy

100

Policy availability

Publicly available

Attach documents relevant to your policy

 our_expectations_for_environmental_practices_en.pdf

Criteria required of clients/investees

Other, please specify:

Eliminating deforestation and land degradation, rehabilitating degraded land and protecting soils; Maintaining or enhancing the ecological and biodiversity support functions of air, land and water resources

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

No timeframe

Industry sectors covered by the policy

Energy
Materials
Capital goods
Commercial & Professional Services
Transportation
Automobiles & Components
Consumer Durables & Apparel
Consumer Services
Retailing
Food & Staples Retailing

Food, Beverage & Tobacco
Household & Personal Products
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Software & Services
Technology Hardware & Equipment
Semiconductors & Semiconductor Equipment
Telecommunication Services
Media & Entertainment
Utilities
Real Estate

Explain how criteria coverage and/or exceptions have been determined

FW-FS3.5

(FW-FS3.5) Does your organization include covenants in financing agreements to reflect and enforce your forests- and/or water-related policies?

	Covenants included in financing agreements to reflect and enforce policies for this issue area	Explain why your organization does not include covenants for this issue area in financing agreements and any plans to address this in the future
Forests	No, and we do not plan to in the next two years	Restrictions are in place for lending to companies involved in business activity affecting UNESCO World Heritage Sites or High Conservation Value Forests.
Water	No, and we do not plan to in the next two years	We have sector-specific financing guidelines to help us identify and manage E&S risks in higher risk sectors, such as water- and resource-intensive sectors, and determine how to factor these risks into our decision-making. Restrictions are in place for lending to companies involved in business activity affecting UNESCO World Heritage Sites or High Conservation Value Forests.

FW-FS4.1

(FW-FS4.1) Do you engage with your clients/investees on forests- and/or water-related issues?

	We engage with clients/investees on this issue area
Clients – Forests	Yes
Clients – Water	Yes
Investees – Forests	Yes
Investees – Water	Yes

FW-FS4.1a

(FW-FS4.1a) Give details of your forests- and/or water-related engagement strategy with your clients.

Type of clients

Clients of Banks

Issue area this engagement relates to

Forests

Type of engagement

Engagement & incentivization (changing client behavior)

Details of engagement

Offer financial incentives for clients managing forests-related issues

Encourage better forests-related disclosure practices

Encourage clients to obtain third-party certifications to verify positive impacts on forests

Encourage clients to engage with suppliers to improve their capacity to comply with the company's forests-related policies

Portfolio coverage of engagement

Rationale for the coverage of your engagement

Impact of engagement, including measures of success

BMO celebrates Earth Day annually through the Capital Markets "Trees from Trades" initiative — donating a portion of the day's global fixed-income trading proceeds to plant thousands of trees. Trees from Trades day is an innovative approach to fundraising, which raises funds through a percentage of institutional equity commissions on one day each autumn. On each Earth Day, BMO Capital Markets has committed to planting trees for fixed income securities traded around the world, including 10 trees for every \$1 million of ESG bonds traded (bonds with proceeds raised specifically for Environmental, Social and Governance uses or with pricing linked to progress on sustainability goals.)

Type of clients

Clients of Banks

Issue area this engagement relates to

Water

Type of engagement

Engagement & incentivization (changing client behavior)

Details of engagement

Offer financial incentives for clients managing water-related issues

Encourage better water-related disclosure practices

Encourage clients to obtain third-party certifications to verify positive impacts on water security

Encourage clients to engage with suppliers to improve their capacity to comply with the company's water-related policies

Portfolio coverage of engagement

Rationale for the coverage of your engagement

Impact of engagement, including measures of success

Our engagement with clients is guided by material ESG issues for the industry, informed by standards such as the Sustainability Accounting Standards Board (SASB). Water & Wastewater Management is one of the material ESG issues identified by the SASB for select industries. When we structure sustainability-linked loans or sustainability financing frameworks (e.g., green bond frameworks), we consider KPIs and initiatives related to better water and wastewater management.

Type of clients

Clients of Asset Managers (Asset owners)

Issue area this engagement relates to

Forests

Type of engagement

Collaboration & innovation

Details of engagement

Other, please specify

Engagements related to forest are a result of our broader engagement strategy, which prioritizes controversies and risks across the ESG spectrum

Portfolio coverage of engagement

Rationale for the coverage of your engagement

Engagement targeted at clients with increased forest-related risks

Impact of engagement, including measures of success

Our engagement strategy includes focus on two key pillars, being Climate Action and Social Equality. Of the 5 sub-themes under Climate Action, we focus on Protecting our Natural Capital. This includes protecting biodiversity and land and water use. In 2021, BMO GAM highlighted biodiversity as a key focus area, one that will continue this year, as conducted by our engagement service provider for international markets, with increased engagement with companies in the most critical sectors including food and beverage, extractives, materials, transportation and finance to set out strategies, governance, targets and metrics to mitigate biodiversity risks. In 2021, we had 62 engagements with companies focused on Forest, Water or both.

Type of clients

Clients of Asset Managers (Asset owners)

Issue area this engagement relates to

Water

Type of engagement

Collaboration & innovation

Details of engagement

Other, please specify

Engagements related to water and water are a result of our broader engagement strategy, which prioritizes controversies and risks across the ESG spectrum

Portfolio coverage of engagement

Rationale for the coverage of your engagement

Engagement targeted at clients with increased water-related risks

Impact of engagement, including measures of success

Our engagement strategy includes focus on two key pillars, being Climate Action and Social Equality. Of the 5 sub-themes under Climate Action, we focus on Protecting our Natural Capital. This includes protecting biodiversity and land and water use. In 2021, BMO GAM highlighted biodiversity as a key focus area, one that will continue this year, as conducted by our engagement service provider for international markets, with increased engagement with companies in the most critical sectors including food and beverage, extractives, materials, transportation and finance to set out strategies, governance, targets and metrics to mitigate biodiversity risks. In 2021, we had 62 engagements with companies focused on Forest, Water or both.

FW-FS4.1b

(FW-FS4.1b) Give details of your forests- and/or water-related engagement strategy with your investees.

Issue area this engagement relates to

Forests

Type of engagement

Collaboration & innovation

Details of engagement

Other, please specify

Engagements related to forest are a result of our broader engagement strategy, which prioritizes controversies and risks across the ESG spectrum

Investing (asset manager) portfolio coverage of engagement

Rationale for the coverage of your engagement

Engagement targeted at investees with increased forest-related risks

Impact of engagement, including measures of success

Our engagement strategy includes focus on two key pillars, being Climate Action and Social Equality. Of the 5 sub-themes under Climate Action, we focus on Protecting our Natural Capital. This includes protecting biodiversity and land and water use. In 2021, BMO GAM highlighted biodiversity as a key focus area, one that will continue this year, as conducted by our engagement service provider for international markets, with increased engagement with companies in the most critical sectors including food and beverage, extractives, materials, transportation and finance to set out strategies, governance, targets and metrics to mitigate biodiversity risks. In 2021, we had 62 engagements with companies focused on Forest, Water or both.

Issue area this engagement relates to

Water

Type of engagement

Collaboration & innovation

Details of engagement

Other, please specify

Engagements related to water are a result of our broader engagement strategy, which prioritizes controversies and risks across the ESG spectrum

Investing (asset manager) portfolio coverage of engagement

Rationale for the coverage of your engagement

Engagement targeted at investees with increased water-related risks

Impact of engagement, including measures of success

Our engagement strategy includes focus on two key pillars, being Climate Action and Social Equality. Of the 5 sub-themes under Climate Action, we focus on Protecting our Natural Capital. This includes protecting biodiversity and land and water use. In 2021, BMO GAM highlighted biodiversity as a key focus area, one that will continue this year, as conducted by our engagement service provider for international markets, with increased engagement with companies in the most critical sectors including food and beverage, extractives, materials, transportation and finance to set out strategies, governance, targets and metrics to mitigate biodiversity risks. In 2021, we had 62 engagements with companies focused on Forest, Water or both.

FW-FS4.2

(FW-FS4.2) Does your organization exercise its voting rights as a shareholder on forests- and/or water-related issues?

	We exercise voting rights as a shareholder on this issue area	Issues supported in shareholder resolutions	Give details of the impact your voting has had on this issue area
Forests	Yes	Halting deforestation	
Water	Yes	Reduce water pollution	

FW-FS4.3

(FW-FS4.3) Does your organization provide financing and/or insurance to smallholders in the agricultural commodity supply chain?

	Provide financing and/or insurance to smallholders in the agricultural commodity supply chain
Row 1	

FW-FS4.4

(FW-FS4.4) Does your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may impact forests and/or water security?

	Direct or indirect engagement that could influence policy, law, or regulation that may impact this issue area	Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area	Explain why you do not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area
Forests	No, and we do not plan to in the next two years	Important but not an immediate priority	Biodiversity and forests-related risks is an emerging issue in financial services.
Water	No, and we do not plan to in the next two years	Important but not an immediate priority	Water security is an emerging issue in financial services.

FW-FS5.1

(FW-FS5.1) Does your organization measure its portfolio impact on forests and/or water security?

	We measure our portfolio impact on this issue area	Primary reason for not measuring portfolio impact on this issue area	Explain why your organization does not measure its portfolio impact on this issue area and any plans to change this in the future
Banking – Impact on Forests	No, and we don't plan to in the next two years	Important but not an immediate priority	Biodiversity and forests-related risks is an emerging issue in financial services. We are continuing to build our capabilities to assess such risks and opportunities and look to draw on new disclosure frameworks, such as the Taskforce on Nature-related Financial Disclosures (TNFD), and evolving methodologies to help inform our approach.
Banking – Impact on Water	No, and we don't plan to in the next two years	Important but not an immediate priority	Water security is an emerging issue in financial services. BMO's climate analytics platform is capable of providing a high-resolution (i.e., property level) assessment of physical climate risk including water-related risks. Use cases are being evaluated including strategies to manage credit risk to flood, water stress, and biodiversity loss.
Investing (Asset manager) – Impact on Forests	No, and we don't plan to in the next two years	Important but not an immediate priority	Our Climate Action strategy includes a thematic focus on Protecting our Natural Capital including terrestrial and aquatic biomes. We currently measure our stewardship activities including investee engagement and proxy voting in this area. However, no reasonable methodology exists to measure our portfolio impacts on forests and/or water security.
Investing (Asset manager) – Impact on Water	No, and we don't plan to in the next two years	Important but not an immediate priority	Our Climate Action strategy includes a thematic focus on Protecting our Natural Capital including terrestrial and aquatic biomes. We currently measure our stewardship activities including investee engagement and proxy voting in this area. However, no reasonable methodology exists to

			measure our portfolio impacts on forests and/or water security.
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FW-FS5.2

(FW-FS5.2) Does your organization provide finance or insurance to companies operating in any stages of the following forest risk commodity supply chains, and are you able to report on the amount of finance/insurance provided?

	Finance or insurance provided to companies operating in the supply chain for this commodity
Lending to companies operating in the timber products supply chain	
Lending to companies operating in the palm oil products supply chain	
Lending to companies operating in the cattle products supply chain	
Lending to companies operating in the soy supply chain	
Lending to companies operating in the rubber supply chain	
Lending to companies operating in the cocoa supply chain	
Lending to companies operating in the coffee supply chain	
Investing (asset manager) to companies operating in the timber products supply chain	
Investing (asset manager) to companies operating in the palm oil products supply chain	
Investing (asset manager) to companies operating in the cattle products supply chain	
Investing (asset manager) to companies operating in the soy supply chain	
Investing (asset manager) to companies operating in the rubber supply chain	
Investing (asset manager) to companies operating in the cocoa supply chain	
Investing (asset manager) to companies operating in the coffee supply chain	

FW-FS6.1

(FW-FS6.1) Have you published information about your organization's response to forests- and/or water-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In a voluntary sustainability report

Status

Complete

Attach the document

 BMO_2021_Climate-Report_EN_FINAL_aoda.pdf

Page/Section reference

18,23

Content elements

Comment

Publication

In a voluntary sustainability report

Status

Complete

Attach the document

 BMO_2021_Sustainability-Report_EN_FINAL.pdf

Page/Section reference

40,43,47,51,52

Content elements

Comment

Submit your response

In which language are you submitting your response?

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options		Public

This document includes voluntary disclosures 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.

Cautionary statement regarding forward-looking information

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Cautionary statement regarding forward-looking information

Certain statements in this document (including documents attached hereto) are forward-looking statements under the United States Private Securities Litigation Reform Act of 1995 (and are made pursuant to the 'safe harbour' provisions of such Act) and applicable Canadian securities legislation. These forward-looking statements include, but are not limited to, statements with respect to customer growth and support, sustainable lending and underwriting targets, net zero financed emissions targets, reducing operational GHG emissions and inclusivity and diversity. Forward-looking statements are typically identified by words such as "targeting", "committed", "commitment", "ambition", "goal", "expect", "plan", "will", "may", "aim to" and other similar expressions.

By their nature, forward-looking statements are based on various assumptions and are subject to inherent risks and uncertainties. Certain statements made in this document (including documents attached hereto) use a greater number and level of assumptions and estimates and are over longer time frames than many of our required disclosures. These assumptions and estimates are highly likely to change over time.

Certain statements in this document (including documents attached hereto) are based on hypothetical or severely adverse scenarios and assumptions, and these statements should not necessarily be viewed as being representative of current or actual risk or forecasts of expected risk. While future events discussed in this document (including documents attached hereto) may be significant, any significance should not be read as necessarily rising to the level of materiality of the disclosures required under Canadian or U.S. federal securities laws. In addition, our climate risk analysis and net zero strategy remain under development, and the data underlying our analysis and strategy remain subject to evolution over time. As a result, we expect that certain disclosures made in this document (including documents attached hereto) are likely to be amended, updated or restated in the future as the quality and completeness of our data and methodologies continue to improve.

We caution readers of this document not to place undue reliance on our forward-looking statements as the assumptions underlying such statements may not turn out to be correct and a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, commitments, ambitions, plans or goals expressed in the forward-looking statements. Such factors include, but are not limited to: the availability of comprehensive and high-quality GHG emissions data, the evolution of our lending portfolios over time, the need for active and continued participation of stakeholders (including enterprises, financial institutions and governmental and non-governmental organizations), the development and deployment of new technologies and industry-specific solutions, international cooperation, the development of regulations internationally, our ability to successfully implement various initiatives under expected time frames, the compliance of various

third parties with our policies and procedures and legal requirements and those other factors set out on page 19 of BMO's 2021 Annual Report and page 7 of BMO's Second Quarter 2022 Report. We caution that the foregoing list is not exhaustive of all possible factors. These factors should be considered in addition to other uncertainties and potential events, and the inherent uncertainty of forward-looking statements.

BMO does not undertake to update any forward-looking statement, whether written or oral, that may be made, from time to time, by the organization or on its behalf, except as required by law.