
BMO Financial Group

2022 Sustainable Bonds Impact Report



Our commitment to building a sustainable future is supported by the BMO Sustainable Bonds Program.

In this report, we provide an overview of the BMO Sustainable Bonds Program, along with brief descriptions of some of the businesses we support through the program as they explore new opportunities to build a more sustainable future for their communities. To learn more about BMO's sustainable finance commitments, please see our Sustainability Report.

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4 About the BMO Sustainable Bonds Program

- Bonds in the program
- How we use proceeds from the bonds

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- 2022 impact metrics
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In this report

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

Reporting period

Covers the year ended July 31, 2022.

The most recent report was published in December 2021. Past reports are available on our website <https://our-impact.bmo.com/reports>

Data

Unless otherwise noted:

as at July 31, 2022

may be rounded

dollar amounts are in Canadian dollars

◆ = KPMG has provided limited assurance of this figure in 2022. KPMG's Independent Limited Assurance Report is on page 18.



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

Sustainability reporting suite

- Sustainability Report and Public Accountability Statement
- Climate Report
- GRI Index
- SASB Disclosure
- Principles for Responsible Banking 2022 Reporting and Self-Assessment

Learn more here

- Annual Report to Shareholders
- Management Proxy Circular

About BMO

Established in 1817, BMO Financial Group is the eighth largest bank in North America by assets, with total assets of \$1.14 trillion. We are highly diversified, providing a broad range of personal and commercial banking, wealth management, global markets and investment banking products and services. We serve twelve million customers across Canada and the United States, and in select markets globally, through three integrated operating groups.

12 million

customers globally

\$1.14 trillion

in total assets

8th largest

bank in North America
by assets

1817

serving customers for
205 years and counting

Personal and Commercial (P&C) Banking

Provides financial products and services to customers across North America. Personal and Business Banking helps customers make real financial progress through a network of branches, contact centres, digital banking platforms and automated teller machines. Commercial Banking serves clients as a trusted advisor, offering industry expertise, a local presence and a comprehensive range of commercial products and services.

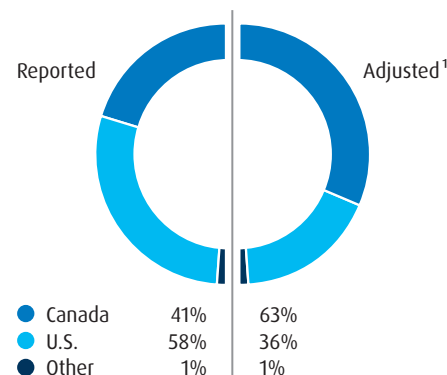
BMO Wealth Management (WM)

Serves a full range of clients, from individuals and families to business owners and institutions, offering a wide spectrum of wealth, asset management and insurance products and services aimed at helping clients plan, grow, protect and transition their wealth. Our asset management business is focused on delivering innovative client solutions and strategies.

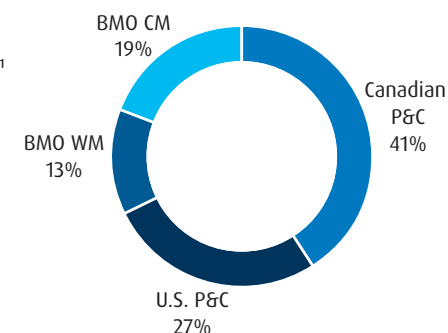
BMO Capital Markets (CM)

A North America-based financial services provider offering a complete range of products and services to corporate, institutional and government clients. BMO Capital Markets has approximately 2,800 professionals in 32 locations around the world, including 18 offices in North America.

Net Income by Geography



Reported Net Income by Operating Group²



¹ Adjusted net income by geography is a non-GAAP ratio. For further information, see the Non-GAAP and Other Financial Measures section on page 19.

² Percentages determined excluding results in Corporate Services.

Bank of Montreal brands the organization's member companies as BMO Financial Group.

About the BMO Sustainable Bonds Program

In 2019, BMO inaugurated a Sustainable Bonds Program that supports our Purpose and advances our bold commitments to help build a sustainable future, an inclusive society and a thriving economy.

This Program helps advance our Climate Ambition, our *Zero Barriers to Inclusion* strategy, our sustainable finance commitment, our implementation of the United Nations Principles for Responsible Banking and our ESG engagement with investors. The Program is a way for our ESG-minded investors to engage with us and understand the work we are doing to finance sustainable outcomes, aligning with their own ESG goals. Building the Program has enabled a better understanding and assessment of impacts and opportunities related to sustainability across our organization and has helped build relationships that support BMO's enterprise-wide commitment to sustainability.

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

Bonds in the Program

To date, we have issued two bonds under this Program: our inaugural US\$500 million three-year BMO Sustainability Bond, in October 2019; and our first social bond, the C\$750 million five-year BMO Women in Business Bond, on International Women’s Day 2021.

	BMO Sustainability Bond profile	BMO Women in Business Bond profile
Issue date	October 21, 2019	March 10, 2021
Maturity date	November 1, 2022	March 10, 2026
Issued amount	US\$500 million	C\$750 million
Use of proceeds	Proceeds are allocated to eligible green and social asset categories, including renewable energy, green buildings and infrastructure, pollution prevention and control, sustainable land use, women-owned businesses, and Indigenous peoples and communities	Proceeds are allocated to women-owned businesses, including microenterprises and small and medium-sized businesses
ISIN	US06367WRC90	CA06368DPC25

This report provides details of the use of proceeds from the BMO Sustainability Bond and the BMO Women in Business Bond and, where practicable, the positive social and environmental outcomes associated with each issuance, for the year ended July 31, 2022. The BMO Sustainability Bond matured on November 1, 2022.

How we use bond proceeds




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

In this report, we group these funding allocations under two categories – green assets and social assets – and link each allocation with specific SDGs. Proceeds from the two bonds have focused on advancing nine of the 17 SDGs, as shown in the table to the right. As at July 31, 2022, 100% ♦ of the bonds' proceeds have been allocated to eligible asset categories.

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

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



		% of assets allocated 	
Asset category	Sustainable Development Goals	BMO Sustainability Bond	BMO Women in Business Bond
 Social asset categories			
Women-owned business lending Lending to small and medium-sized businesses with at least one woman owner	5 Gender equality 8 Decent work and economic growth	42.4%	100%
Indigenous peoples and community lending Lending to Indigenous peoples' bands, councils or governments, or businesses majority-owned by such entities	10 Reduced inequalities	11.0%	
 Green asset categories			
Sustainable land use Lending to agricultural projects that maintain or improve existing carbon pools, such as greenhouses	13 Climate action 14 Life below water 15 Life on land	4.9%	
Renewable energy Lending to renewable energy projects, such as solar and wind	7 Affordable and clean energy 11 Sustainable cities and communities 13 Climate action	11.8%	
Green buildings and infrastructure projects Lending to green buildings and infrastructure projects that achieve certifications such as Leadership in Energy and Environmental Design (LEED) Gold or LEED Platinum	11 Sustainable cities and communities 13 Climate action	27.6%	
Pollution prevention and control Lending to waste management projects that prevent or control pollution, such as recycling	12 Responsible consumption and production 13 Climate action	2.3%	




Positive Impacts

The BMO Sustainable Bonds Program is focused on advancing positive changes that support inclusion and sustainability for our customers, as well as long-term economic stability. A snapshot of the positive social and environmental outcomes associated with the BMO Sustainable Bonds Program is provided in the 2022 impact metrics table. We are also including case studies profiling customers who have received funding through our allocation of the bonds' proceeds. Each case study offers additional impact indicators and an assessment of positive outcomes.

2022 impact metrics

Positive impacts of the two bonds, reflecting the funding allocated to each lending category, are quantified as follows.

are quantified as follows:

Asset category	Impact indicator	Impact measurement 	
		BMO Sustainability Bond	BMO Women in Business Bond
 Social asset categories			
Women-owned business lending	Women-owned businesses financed	73	426
	Women business owners supported	88	473
Indigenous peoples and community lending	Indigenous peoples financed	25	
 Green asset categories			
Sustainable land use	Greenhouse businesses financed	9	
Renewable energy ¹	Renewable energy projects financed	3	
	Installed capacity	34 megawatts	
	Annual GHG emissions avoided ²	104,488 tonnes CO ₂	
	Annual water conserved ³	245,558 cubic metres	
Green buildings and infrastructure projects ⁴	Buildings financed	3	
	Floor area financed	2,178,553 square feet	
Pollution prevention and control	Recycling projects financed	2	

¹ Impact measurement metrics reflect BMO's proportionate share of lending for each project, except the metric indicating the number of renewable energy projects financed.

² Emission offset estimates are maximums. These calculations involve a comparison of the estimated emission rate from electricity production for a wind project within the Sustainable Bonds Program to the now-decommissioned Nanticoke coal-fired plant in Ontario (as indicated in the Ministry of the Environment's 2001 report, Coal-fired Electricity Generation in Ontario). Data is drawn from public sources for these projects; where data for a project is not available, other projects included in the same asset category have been used as a proxy.

³ Water conservation estimates are maximums and involve a comparison of the estimated annual water consumed for a wind project within the Sustainable Bonds Program to the now-decommissioned Nanticoke coal-fired plant in Ontario. Data is drawn from public sources for these projects; where data for a project is not available, other projects included in the same asset category have been used as a proxy.

⁴ Data for the metrics indicating the number of buildings financed and floor area financed is provided by representatives of our clients for these projects.



Women-owned business lending



While BMO has been working for decades to support more equitable economic opportunities for women, we recognize that women continue to face many barriers.

We offer a diverse array of robust and forward-looking programs for women entrepreneurs, intended to support them as they confront systemic barriers, stereotypes and biases so that they succeed in building and scaling their businesses. In 2019, in line with our Purpose, we made a bold commitment to double our support for women entrepreneurs by 2025. Our portfolio of lending to women-owned businesses is now supporting women entrepreneurs in many economic sectors across Canada. More information on the BMO for Women program can be found in our Sustainability Report.

A breakdown of the assets held in the portfolios of the BMO Sustainability Bond and the BMO Women in Business Bond are shown to the right.

5 Gender equality

8 Decent work and economic growth

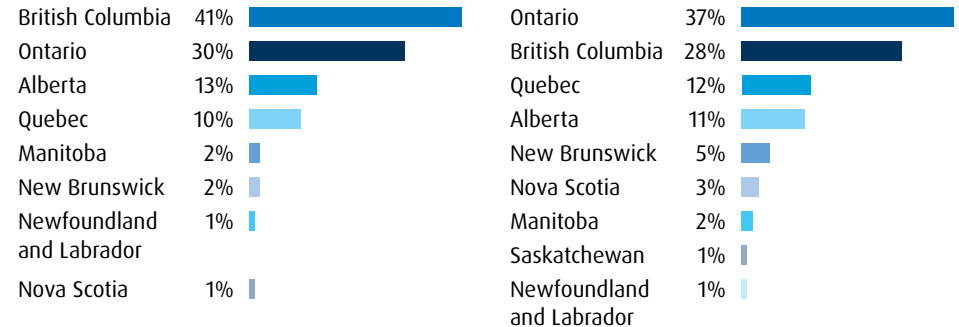
By supporting businesses owned in whole or in part by women, BMO is providing access to economic resources and opportunities and advancing **SDG 5**, to achieve gender equality and empower all women and girls. Loans to women entrepreneurs also advance **SDG 8**, to promote sustained, inclusive and sustainable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

Women-owned business lending portfolio

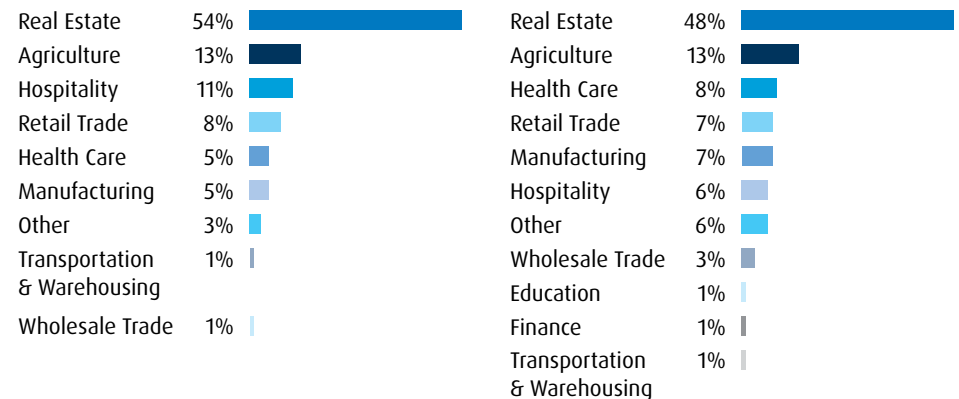
BMO Sustainability Bond

BMO Women in Business Bond

Geographic breakdown



Sector breakdown





> Mural by Candice Wei, celebrating farmers of the Ottawa Valley

Ottawa Valley Grain Products

Established in 1929, Ottawa Valley Grain Products (OVGP) is still a family-operated mill – and today, Jennifer Stewart and her husband represent the fourth generation of that family. They source grains from local farmers in and around the Ottawa Valley to supply the mill, and then offer their customers wheat flour, cornmeal and their specialty barley product, as well as other food ingredients. The mill's products contain no additives, and nothing is removed – in keeping with the family heritage of providing customers with simple and nutritious milled grains. The finished products are packaged for sale and any by-products are returned to the farming community as animal feed.

OVGP used a BMO loan to expand their business, modernize their facility to improve efficiency and quality, and develop new product offerings. During the COVID-19 pandemic, with the growing interest in baking bread at home, OVGP has also been building a direct-to-consumer brand.

Jennifer is an entrepreneur at heart – in fact, she owns four companies. For her, agriculture is still exciting, with more people wanting to know where their food comes from and recognizing the importance of maintaining a resilient domestic supply chain. She encourages more women to get involved in agriculture, since food is such an essential part of daily life and their personal and

family identities. Jennifer and her husband have made a real effort to build relationships with farmers in Northern Ontario. They offer financial incentives to encourage local farmers to partner with them, and they've started a program that invites farmers to put signs out in their fields, saying "Local Roots Grown Here," to show that they are part of the local ecosystem. School groups are also welcomed regularly at the OVGP mill, where students can learn about agriculture and food production, from farm to table.

2 Zero hunger

4 Quality education

5 Gender equality

By providing financial services to OVGP, which is committed to locally grown and locally milled products, and to education about food, BMO helps advance **SDG 2**, to end hunger, achieve food security and improved nutrition and promote sustainable agriculture; **SDG 4**, to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; and **SDG 5**, to achieve gender equality and empower all women and girls.



Kira Azar Pharmacienne Inc.

Kira Azar has been practising as a pharmacist in Quebec since 2010 and in March 2020, she became the owner of a pharmacy in Montreal that operates under the Uniprix banner. In response to the COVID-19 pandemic, Kira added new services for her customers, including home delivery, online prescription renewals, blood sampling, and vaccinations for COVID-19 and flu, and she began offering treatments for women with urinary tract infections, and strep throat treatments by initiating collective prescriptions.

Her work has been recognized by the Quebec Association of Pharmacy Owners (Association Québécoise des pharmaciens propriétaires) and she received its Emerging Pharmacist Owner Award in 2021. For Kira, a loan from BMO enabled her to better respond to the needs of her customers. She is currently developing online access for her customers to services such as consultations and web chats with a pharmacist, and for booking appointments online.

3 Good health and well-being

By providing financial services to businesses like Kira Azar Pharmacienne Inc., BMO helps advance access to essential health care services and medications. This advances **SDG 3**, to ensure healthy lives and promote well-being for all at all ages; and **SDG 5**, to achieve gender equality and empower all women and girls.

5 Gender equality



> Founder of Kira Azar Pharmacienne Inc.

SD Group of Companies

SD Group of Companies (SD) was founded in 2017 by Laurie Gainer, its president and CEO. Today, SD provides exterior maintenance services for commercial, industrial and retail clients in Calgary. From its start as a snow removal contractor, and with the help of a loan from BMO, SD has grown and diversified its service offerings to encompass roofing, landscaping and property maintenance.

Through its ongoing investments in human resources and training, the company has been able to implement success plans for many of its team members. SD also hopes to influence women to enter the construction trades, supporting and mentoring them as they build successful and fulfilling careers in the industry. SD engages with other partners to actively build a community, for example with Commercial Real Estate Women (CREW) Calgary – a networking organization that supports career growth for women in commercial real estate, helping them build professional and personal relationships and improve their industry knowledge and expertise. Through CREW Calgary's Events Committee, SD helps organize and host events such as educational tours, offering a safe place where women can ask questions and support each other.

5 Gender equality

By providing financial services to SD, a company that is committed to supporting and mentoring women as they build successful careers in construction and real estate, BMO helps advance **SDG 5**, to achieve gender equality and empower all women and girls.



> SD team in action



Indigenous peoples and community lending



> Lynne Groulx, Chief Executive Officer, Native Women's Association of Canada (NWAC) leads a tour of the new NWAC Corporate Headquarters in Gatineau, Quebec

Since it was established 30 years ago, BMO's Indigenous Banking Unit has been building relationships and growing. Today, the strength of these relationships is reflected in the increasing economic empowerment of First Nations, Métis and Inuit peoples across Canada.

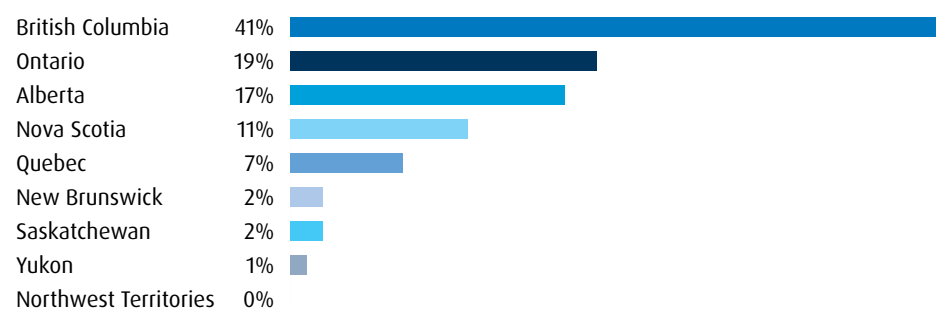
Through a network of branches serving Indigenous customers, both on and off reserve, we are able to offer access to financial products and services, in Indigenous communities across Canada. We are committed to progress for Indigenous communities, building on the three pillars that support BMO's response to the Truth and Reconciliation Commission and its Calls to Action for corporate Canada: employment, education, and economic empowerment. An Indigenous Advisory Council comprising First Nations, Métis and Inuit leaders from across the country guides and advises BMO in these three areas. Internally, BMO's Sharing Circle employee resource group engages BMO team members in events and conversations that raise awareness of Indigenous history, celebrate Indigenous culture, and build allyship.

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

Indigenous peoples and community lending portfolio

BMO Sustainability Bond

Geographic breakdown



10 Reduced inequalities

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



> Kanaka Bar Band promoting self-sufficiency

Kanaka Bar Band

The Kanaka Bar Band is one of 15 Indigenous communities that make up the Nlaka'pamux Nation today. The traditional territory of the Band, south of Lytton, British Columbia, is home to 70 residents.

A new community centre is playing an important part in the work of rebuilding, after the 2021 wildfires in Lytton. BMO provided loans to support the construction of the centre, which includes a community kitchen, garden and greenhouse, along with space for family and cultural gatherings, meetings and events.

Today, the Band is focused on programs, services and initiatives that promote self-sufficiency, adaptation to climate change and overall wellness. The new community centre is home to a food bank and the Kanaka Necessities Store, limiting the need to travel for groceries and other essentials. On extreme weather days, the centre can also serve as a place of refuge when power outages occur – the new structure has a built-in capacity to generate 9 kW of solar power, with an emergency back-up battery. In addition, 24 affordable new homes are under development for Elders and other members of the Kanaka Bar Band, as well as other Indigenous peoples in the Fraser Canyon region.

7 Affordable and clean energy

10 Reduced inequalities

11 Sustainable cities and communities

By supporting the Kanaka Bar Band and its focus on achieving self-sufficiency and community resilience, BMO helps advance **SDG 7**, to ensure access to affordable, reliable, sustainable and modern energy for all; **SDG 10**, to reduce inequality within and among countries; and **SDG 11**, to make cities and human settlements inclusive, safe, resilient and sustainable.

Yale First Nation Developments Inc.

Yale First Nation is a self-governing community in British Columbia. A recent loan from BMO supported Yale First Nation to purchase 186 acres of provincial government land adjacent to the reserve on its traditional territory along the Fraser River. This transaction will enable the Nation to build affordable housing, and to develop commercial ventures that will provide the community with employment and revenue to support its financial stability, self-sufficiency and well-being. Design and land use planning are now underway, in close consultation with community Elders, youth groups and others.

With this purchase of provincial government land, Chief Ken Hansen hopes to be able to attract new partnerships and relationships, involving investors and developers familiar with provincial regulations but hesitant to pursue opportunities on a reserve. By planning this new development on lands close to, but outside of, reserve land, Yale First Nation can offer to share the benefits of that development with neighbouring communities – Town of Yale, Dogwood Valley and Hope.

8 Decent work and economic growth

10 Reduced inequalities

11 Sustainable cities and communities

In working with Yale First Nation to promote, preserve and protect their language and culture, BMO helps advance **SDG 8**, to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; **SDG 10**, to reduce inequality within and among countries; and **SDG 11**, to make cities and human settlements inclusive, safe, resilient and sustainable.



> Yale First Nation Territory in the Fraser Canyon



Sustainable land use

BMO has supported agriculture in this country since 1817, and we have a long-standing institutional commitment to the Canadian food and agribusiness sector. Today, BMO has the largest portfolio of agricultural loans among all chartered banks in Canada, and we are the second-largest non-government lender to the agriculture and agri-food industries in North America.

2 Zero hunger

3 Good health and well-being

6 Clean water and sanitation

12 Responsible consumption and production

13 Climate action

15 Life on land

To support a more sustainable food production system, BMO customers JEM Farms and Pure Flavor® are implementing agricultural practices that help maintain ecosystems, improve carbon pools and enhance soil quality. This helps advance **SDG 2**, to end hunger and promote sustainable agriculture; **SDG 6**, to ensure sustainable management of water; **SDG 13**, to reduce climate change impacts; and **SDG 15**, to protect terrestrial ecosystems. At JEM Farms, an effort to reduce the use of virgin materials in its packaging is in line with **SDG 12**, to ensure sustainable consumption and production patterns. Pure Flavor's commitment to educate its customers about nutrition also advances **SDG 3**, to ensure healthy lives and promote well-being for all at all ages.



JEM Farms

JEM Farms is a third-generation greenhouse farm established in 1985. Today, the company grows cucumbers, mini-cucumbers, beefsteak tomatoes and Ecocert Canada-certified organic grape tomatoes, for sale year-round to large national retailers that supply the Canadian market.

BMO provided loans to JEM Farms to support the addition of 26 acres of greenhouse space in Kingsville, Ontario, including the construction of a two-acre facility for research and development, where innovative projects and new technology can be tested. Through a partnership with Agriculture at University of Windsor Initiative (AgUWin), the facility will serve as a demonstration zone for commercial research applications, where researchers, students and other partners can work collaboratively to develop market-ready solutions. Projects under development include cybersecurity for control and access systems, automated food grade selection, and sustainable management of waste. Current initiatives at the greenhouse farm include:

- In a first step toward the autonomous control of a greenhouse, JEM Farms has installed a process computer from Hoogendoorn Growth Management. This data-driven technology enables team members to read, visualize and analyze data, compare their crop yields to yields at other locations, and control the climate of their greenhouses. This will help JEM Farms reduce its use of water, energy, pest management tools and fertilizers, while also maximizing its yield capability.
- A new LED lighting strategy is being implemented on one acre to increase yields and improve energy efficiency. Early test results point to a 10% increase in yield and a 40% reduction in energy consumption.
- Greenhouse gas emissions have been reduced significantly by shifting to trucking local produce instead of air freight over 8 million miles annually.
- JEM Farms continues to use biodegradable labels and packaging that have 90% recycled content.



> Pure Flavor® in Leamington, Ontario

Pure Flavor®

Founded in 2003, Pure Hothouse Foods Inc. ("Pure Flavor®") grows, markets, and distributes greenhouse grown fruits and vegetables to large grocery retailers and foodservice companies throughout North America. Recent loans from BMO enabled Pure Flavor® to expand the acreage of its farm in Leamington, Ontario from 26 to 115 acres and to acquire an additional 270 acres of land for future expansions.

The vertically integrated company supplies multiple types and varieties of greenhouse-grown tomatoes, peppers, cucumbers, eggplants, strawberries, melons, and a wide range of USDA Certified Organic items. By combining innovative technologies with sustainable growing practices, Pure Flavor® is producing more produce with less impact on the environment. These sustainable practices include:

- A closed-loop drip irrigation system that uses 90% less water, by capturing any water the plant does not consume and reusing it to replace what is lost from evaporation
- Sensor technology is applied to closely monitor the level of water and nutrients fed to crops and measure growth daily
- The greenhouses rely on natural pollination by bumblebees (*Bombus Impatiens*)
- An energy-efficient hot water system heats interior spaces to reduce the use of the boiler during peak times
- High-tech greenhouse climate control systems regulate energy consumption to ensure plants are thriving in an optimal environment without energy waste. For instance, energy screens are used to shield plants for excess sun during the day but covers the crop at night to keep the energy inside the greenhouse.
- Using Integrated Pest Management (IPM) programs, Pure Flavor®'s growers are using good bugs like ladybugs to take care of the bad bugs to reduce the need for pesticides.
- Plants are grown in recycled natural compostable materials, such as coconut husks and rockwool.

Pure Flavor®'s new greenhouse facility will dedicate half of its acreage to supporting the company's organic programs, which is expected to provide an important boost of nutrition and flavor to families across North America, promoting healthy snacking, an important trend in organic produce. Furthermore, the new facility will rely on freshwater tanks and rainwater collection to supplement water requirements.

Pure Flavor® is also committed to supporting community programs and events for children. For instance, the company provides vegetables weekly to schools through its Adopt-A-School program and hosts a PureKids Triathlon Series that encourages kids to be active and choose healthy food options.



Renewable energy



Proceeds from the BMO Sustainability Bond have funded three loans that are providing financial support for wind power generation projects in Ontario. These projects have added a total of 233 MW of renewable energy capacity to Ontario's electricity grid, which has prevented approximately 713,000 tons of carbon dioxide emissions annually, as well as conserving 1.6 million cubic metres of water. The 2022 impact metrics table on page 7 shows BMO's proportionate share of these impacts.¹

7 Affordable and clean energy

11 Sustainable cities and communities

13 Climate action

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

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



Green buildings and infrastructure projects

Adding to BMO's experience in financing LEED-certified buildings, proceeds from the BMO Sustainability Bond funded a loan supporting the construction of a building that has achieved LEED certification.



> BMO Chicago Tower

BMO Chicago Tower

The 50-story BMO Chicago Tower opened in June 2022 and is now the home of BMO's U.S. headquarters. The Tower was developed by Riverside Investment & Development and Convexity Properties, with BMO Financial Group as the anchor tenant. It was designed to achieve LEED Gold and WELL Building Platinum certification, and it also complies with the Americans with Disabilities Act (ADA). This new building delivers the following environmental benefits:

- With a walk score of 100, the Tower is conveniently located adjacent to Union Station, and an underground pedestrian walkway connects it to this public transportation hub. This will help limit transit-related impacts such as air pollution and greenhouse gas emissions and raise the level of physical activity for occupants of the Tower.
- The construction company implemented a recycling program that diverted 98% of construction waste away from landfill in seven material streams. Building materials and products were sourced with a focus on minimizing the embodied energy and environmental impacts associated with extraction, processing, transport, maintenance and disposal.
- High-efficiency HVAC and lighting systems deliver reduced energy consumption, increasing the cost efficiency of the Tower's operations by 9.6%.
- A 1.5-acre green space features landscaping that was designed to be drought-tolerant and require minimal irrigation
- A Chicago-based district cooling system services the Tower, which reduces water consumption by approximately 61% compared to a conventional on-site cooling system
- On-site facilities include 17 parking spots equipped with electric vehicle charging stations.

Riverside is committed to the ongoing education of the Tower's occupants through its Green Education Program. The program informs occupants and visitors about the environmental and health benefits of sustainable building practices and their positive effects on building performance.

11 Sustainable cities and communities

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

13 Climate action



Pollution prevention and control



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

12 Responsible consumption and production

13 Climate action

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

Independent Practitioner's Limited Assurance Report

To the management of Bank of Montreal ("BMO")

We were engaged by the management of BMO to provide limited assurance on selected metrics for BMO's Sustainability Bond and Social Bond (collectively, the "Sustainable Bonds"):

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

Collectively, the "Sustainable Bond Metrics" as denoted by the symbol ♦ in BMO's 2022 Sustainable Bonds Impact Report (the "Report") as at July 31, 2022.

Management's Responsibilities

Management is responsible for the preparation and presentation of the Sustainable Bond Metrics in accordance with BMO's Sustainable Financing Framework¹ and for establishing and maintaining appropriate internal control systems from which the reported metrics are derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that BMO complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the Sustainable Bond Metrics are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our Responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion on the subject matter information based on the work performed. We conducted our engagement in accordance with Canadian Standards on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the Canadian Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Sustainable Bond Metrics are free from material misstatement.

Practitioner's Independence and Quality Control

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

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

Procedures performed

A limited assurance engagement on the Sustainable Bonds Metrics consists of making inquiries, primarily of persons responsible for the preparation of the subject matter information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures include:

- Inquiries of management to gain an understanding of BMO's processes for identifying relevant transactions and preparing the Sustainable Bonds Metrics.
- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Report.
- Comparing the transactions identified to corresponding information in the relevant underlying sources to assess the accuracy of the information and determine whether all the relevant information contained in such underlying sources has been included in the Sustainable Bonds Metrics.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the performance of the BMO sustainable bond.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed.

Specific Purpose of Subject Matter Information and Applicable Criteria

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

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Sustainable Bond Metrics identified on page 6 and 7 of BMO's Report for the year ended July 31, 2022, are not prepared, in all material respects, in accordance with BMO's Sustainable Financing Framework¹.

In accordance with the terms of our engagement, this independent limited assurance report on the Sustainable Bonds Metrics has been prepared for BMO's management as stipulated in BMO's Sustainable Financing Framework and for no other purpose or in any other context.



Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
December 9, 2022

¹ Version September 2019 available at https://www.bmo.com/ir/files/F19_Files/BMOSustainableFinancingFramework.pdf

Caution Regarding Forward-Looking Statements and Non-GAAP and Other Financial Measures

This Sustainable Bonds Impact Report is provided for informational purposes only and is subject to change without notice.

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By their nature, forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature. There is significant risk that the Bank’s predictions, forecasts, conclusions or projections will not prove to be accurate, that the Bank’s assumptions may not be correct, and that actual results may differ materially from such predictions, forecasts, conclusions or projections. The Bank cautions the readers of this document not to place undue reliance on these forward-looking statements, as a number of risk factors, many of which are beyond the Bank’s control and the effects of which can be difficult to predict, including difficulty identifying assets that meet the eligibility criteria, and the risk that eligible projects may not be completed within any specified period, or at all, or with the results or outcome originally anticipated by the Bank, could cause actual future results, conditions, actions or events to differ materially from the commitments, targets, expectations, estimates or intentions expressed in the forward-looking statements.

The Bank cautions that the preceding list of risk factors is not exhaustive. For more information, please see the Bank’s most recent Annual Report and quarterly reports. Readers should carefully consider these factors and risks, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. The Bank does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the organization or on its behalf, except as required by law.

Non-GAAP and Other Financial Measures

Results and measures in BMO’s Management’s Discussion and Analysis dated December 1, 2022 for the fiscal year ended October 31, 2022 (“2022 Annual MD&A”) and this document are presented on an IFRS basis. We use the terms IFRS and Generally Accepted Accounting Principles (GAAP) interchangeably. Adjusted net income by geography is a non-GAAP ratio. Readers are cautioned that non-GAAP ratios and measures do not have standardized meanings. They are unlikely to be comparable to similar ratios and measures presented by other companies and should not be viewed in isolation from, or as a substitute for, GAAP results. For information about how BMO calculates adjusted net income, see the definition in the Glossary of Financial Terms starting on page 131 of the 2022 Annual MD&A and for a reconciliation of reported and adjusted results by operating segment, see Non-GAAP and Other Financial Measures starting on page 24 of the 2022 Annual MD&A. This information and the reconciliation are incorporated by reference. The 2022 Annual MD&A is available on SEDAR at www.sedar.com and on BMO’s website at www.bmo.com/investorrelations.

Need help?

Email us at: sustainability@bmo.com



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