

# Statement on Tax Principles

BMO Financial Group (BMOFG) is a highly diversified financial services provider based in North America with operations globally. BMOFG is comprised of Bank of Montreal and its global subsidiaries.

Our approach to managing tax affairs is guided by these principles:

- We intend to fully comply with current tax laws.
- We monitor applicable tax-related developments, including legislative proposals, case law and guidance from tax authorities.
- We are committed to maintaining high standards of business conduct and ethics as guided by BMO's Code of Conduct.<sup>1</sup>

## Tax Governance & Risk Management

Our tax risk management framework sets out, among other things, how we manage tax risks resulting from our activities. We implement this framework through regularly-monitored and assessed internal controls and processes. Our Head of Tax manages tax risks and reports on tax risks to BMO's Chief Financial Officer, who reports on tax risks to the Audit & Conduct Review Committee of the BMO Board of Directors. In addition, Boards of Directors of our subsidiaries have oversight of tax compliance and risk management.

We operate with due regard to risks including tax and reputational risk. We identify, evaluate, monitor, manage and mitigate any potential tax risks to ensure our financial exposure is well understood and consistent with our objectives as set out in our tax risk management framework.

We disclose information about our operations, financial results, goals and values in our Annual Report. We are recognized for excellence in corporate reporting; our Annual Report provides information on government levies and taxes, including our provision for current and deferred income taxes.

## Tax Planning

We consider all applicable tax laws (among other laws) in connection with our commercial activities and engage in tax planning as appropriate. When an interpretation or application of tax laws is not clear, we take well-reasoned positions based on available case law and administrative positions of tax authorities, and engage external advisors when necessary. We do not engage in tax planning that does not have commercial substance.

## Relationship with Tax Authorities

We are committed to filing timely tax and information returns and maintaining productive and cooperative relationships with tax authorities. We seek to resolve any disputes with tax authorities collaboratively; however, where our interpretation of tax law differs from a tax authority we are prepared to defend our position.

## Customer Tax Considerations

BMO has a robust anti-money laundering, anti-terrorist financing and sanctions compliance program. Our operating groups are required to know their customers, the products and channels they use, and the jurisdictions where they do business. These are essential elements of assessing a customer's risk and responding appropriately. We will not work with customers we believe use tax strategies to evade taxes.

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<sup>1</sup> UK law requires us to publish a tax strategy for our business conducted in the UK. Our Tax Principles apply to all entities in BMO Financial Group, including our UK companies and the UK branch. We have adopted the UK *Code of Practice on Taxation for Banks* and we manage our tax affairs in a manner consistent with the Code.