

BMO Impact Investment Fund

Operating Principles for Impact Management Disclosure Statement

June 2024

At BMO Financial Group (BMO), our Purpose is to **Boldly Grow the Good in business and life**. Our commitment to a sustainable future includes our Climate Ambition to be our clients' lead partner in the transition to a net zero world, and our commitments to sustainable financing and responsible investing. In support of these commitments, we established the BMO Impact Investment Fund (the "Fund"), to find and scale solutions to sustainability challenges through private equity investments.¹ The Fund has been seeded with \$350 million by BMO.

In May 2020, BMO became the first major bank in Canada to sign the Operating Principles for Impact Management (the "Impact Principles"). The Impact Principles set a market standard for investing in which investors seek to contribute to measurable positive social or environmental impacts alongside financial returns, in a transparent and accountable way.

This BMO Operating Principles for Impact Management Disclosure Statement (the "Disclosure Statement") affirms that BMO has established procedures that ensure investments made through the Fund are managed in alignment with the Impact Principles. The Disclosure Statement covers investments made by the Fund between May 1, 2020 and April 30, 2024. The total amount of capital deployed and committed in alignment with the Impact Principles is approximately \$170 million² as of April 30, 2024. We update this Disclosure Statement annually. For more information on BMO's sustainability efforts, including sustainable finance activities please refer to [BMO's 2023 Sustainability Report and Public Accountability Statement](#).

¹ As of April 30, 2024, the Fund had made seven private equity investments, one of which became a publicly listed company subsequent to the Fund's investment.




















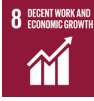













² Assumes an exchange rate of USD0.75 / CAD. Includes only direct equity investments made by the Fund.

Principle 1:

Define strategic impact objective(s), consistent with the investment strategy.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

The Fund's investment strategy is set by the Fund's investment team with support from BMO Global Asset Management (GAM)'s Responsible Investment team. The objective of the Fund is to find and scale impactful solutions that facilitate environmental sustainability. The intensity of the investments' impacts will be commensurate to their relative size and stage and detailed during the investment process. The Fund targets impacts across three main themes: decarbonization, circular economy, and sustainable food and agriculture. These themes can be further categorized into seven focus areas which have corresponding Impact theses based on empirical evidence or well-established science as set out in the table below. These theses describe the role the solution can play in achieving sustainability goals, for example, the SDGs and/or the Paris Climate Agreement. We have referenced scientific and industry research from the Intergovernmental Panel on Climate Change, the Platform for Accelerating the Circular Economy, the United Nations Environment Programme Finance Initiative (UNEP-FI), the Government of Canada and others in developing these theses. The Fund may also consider opportunities outside of these focus areas where a credible impact thesis can be developed.

Theme	BMO Impact Fund Areas of Focus	Impact Thesis	SDG Contribution
Decarbonization	 Renewable Energy and Storage	To achieve the goals of the Paris Climate Agreement, increased electrification of energy and a rapid decline in the carbon intensity of electricity are required. Increasing the share of electricity generated from renewable sources and improving energy storage contribute to this outcome.	   
	 Carbon Capture, Utilization, and Storage	Carbon dioxide capture, utilization and storage (CCUS) has the potential to contribute to the goals of the Paris Climate Agreement by abating fossil fuel emissions in electricity generation and industrial processes, in instances where they are difficult or expensive to avoid.	   
	 Reforestation	Afforestation (planting new trees) and reforestation (replanting trees where they previously existed) are important nature-based solutions to climate change for the role they can play in absorbing and storing greenhouse gases (GHGs), regulating water levels, protecting shorelines from storm surges and erosion, increasing biodiversity, and lowering air temperatures.	 
	 Industrial and Supply Chain Efficiency	The reduced consumption of resources will have a significant contribution to achieving the goals of the Paris Climate Agreement. By increasing efficiency across their production processes and supply chains, businesses can meaningfully reduce their carbon footprint, above and beyond simply recycling their outputs.	   
Circular Economy	 Waste Management and Circular Economy	The dominant economic model in which we use and dispose of resources puts pressure on our natural systems and results in environmental degradation. Recycling, repairing, reusing, repurposing or refurbishing products and materials reduces demand for raw materials and eliminates waste which can reduce greenhouse gas emissions associated with production and disposal	  
	 Materials	Environmentally-sound disposal methods will be unable to keep up with the growing volumes of waste from material extraction, production and consumption. To achieve circular economy objectives, packaging, construction materials and manufacturing inputs that enable circular value retention and recovery strategies by replacing harmful and / or single use materials, contribute to circular economy objectives.	  
Sustainable Food and Agriculture	 Food / Agtech	Improving the productivity of existing agricultural systems, including through technological innovation and biotechnology, can improve the sustainability of land management practices and reduce the emissions and water intensity of food production. Impacts associated with agriculture can also be mitigated through innovations in food products that encourage shifts in dietary choices to food products with lower emissions and land requirements and reduce food loss and waste.	     

Principle 2:

Manage strategic impact on a portfolio basis.

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

The Fund considers a diverse range of investment opportunities. Our impact assessment procedures include an analysis and tracking of impact using a bespoke impact assessment methodology leveraging standards including the Impact Management Project's (IMP) Impact Management Norms, the Global Impact Investing Network (GIIN)'s IRIS+ catalogue of metrics, including the Joint Impact Indicators, and resources from the UNEP-FI's Positive Impact Initiative.

In managing impact achievement at an individual investment level, the Fund works with investees to identify impact metrics that reflect their business and sustainability impact as part of the investment due diligence process. These metrics are agreed at the time of the investment or prior to the first anniversary of the investment. Impact metrics are monitored regularly, and the assessment is updated at least annually as part of ongoing investment reviews. To allow flexibility in how investee organizations identify, measure and track impact, the Fund historically has not aggregated impact metrics at a portfolio level. The Fund is in the process of establishing portfolio level impact metrics around GHG emissions mitigated and water savings to provide meaningful insight to the Fund's overall impact going forward and expects to publish these beginning next year. Each portfolio company may contribute to one, both or neither of these aggregated, portfolio level impact metrics depending on the nature of the business and the impact being delivered.

BMO Impact Fund Areas of Focus	Impact Thesis
Decarbonization	• GHG emissions reduced (tons of CO ₂ e)
Circular Economy	• Articles of clothing repurchased (number of items)
Sustainable Food and Agriculture	• Arable land use reduced from products sold (acres)

In order to align staff with the achievement of impact, the Fund's investment team has an annual goal associated with delivering impact for which each team member is accountable and the achievement of which effects their annual compensation.

Principle 3:

Establish the Manager's contribution to the achievement of impact.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

The Fund contributes to the achievement of impact in the following ways:

- Capital contribution:** Capital provided by BMO customarily takes the form of growth equity which will simultaneously scale the investee's business and resulting impacts.
- Active engagement:** The Fund actively engages with investee companies, using our knowledge, networks and influence to proactively improve the investee's business practices and resulting impacts as well as offer guidance on general strategic decisions. This is done through board seats received as a result of the Fund's investment or through side letters providing the investment team special information rights and management access.
- Access to BMO's network:** Through investment, the Fund will help investee companies scale their business by providing access to BMO's extensive network of professionals as well as corporate and governmental decision makers and investors.
- Access to BMO's knowledge and market experience:** The impact themes targeted by the Fund have been selected based on the impact needs of sectors in which BMO has developed knowledge across its Commercial Banking, Capital Markets, and Wealth Management lines of business. These include mining, energy, food and agriculture, consumer retail and others. Investing in companies that can create valuable positive impact across BMO's broader base of clients will allow individual investees to tap employees across BMO to gain insights, better position their offering, and expand their access to various potential markets.

The Fund aims to contribute in at least one of the ways listed above for each portfolio company, often contributing in several of the ways listed.

Case Study

Sound Agriculture Company (“Sound Ag”) is an agricultural input and technology company that operates across nutrient use efficiency (“NUE”) and plant epigenetics. The Company’s core commercial product, SOURCE, allows farmers to replace a material portion of synthetic fertilizer and/or increase crop yields. Fertilizer is one of the largest contributors to GHG emissions globally, in addition to having significantly negative effects on water quality as a result of run off.

To promote impact generation, BMO actively advised Sound Ag and engaged its network to help the Company’s management team promote sustainability best practices including:

- Initially, the Fund introduced Sound Ag’s VP of Sustainability to BMO’s Chief Sustainability Officer to discuss best practices around measuring the climate benefits of their product as they started establishing their sustainability strategy.
- The BMO Impact Investment Fund (IIF) team then helped the Sound Ag team analyze available data and determine best practices to calculate key performance indicators including the GHG avoidance from NUE products used. The company now reports this to the Fund.
- The Fund has continued to assist the company as it further refines its operational and sustainability strategies by leveraging the BMO platform. For example, we introduced Sound Ag team to BMO Radicle, a leader in carbon advisory services and solutions, to help them better quantify climate-related value drivers. The BMO Radicle team provided advice and recommendations for Sound Ag to consider in developing potential strategies for monetizing their GHG avoidance impact by generating carbon credits and insetting.

Principle 4:

Assess the expected impact of each investment, based on a systematic approach.

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment’s expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager’s strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

The Fund’s impact assessment methodology is applied and documented to assess the impact of investments before the investment is made and at regular intervals thereafter. The interval applied will depend on the nature of the business, but will be conducted at least annually. The impact metrics used by the Fund are taken from the IRIS+ Catalogue of Metrics. We document our evaluation across the following dimensions of impact:

1. **WHAT is the goal?** Questions identify the outcomes the potential investee is contributing to, including possible negative outcomes, and establish performance monitoring metrics.
2. **WHO is affected?** Questions identify which stakeholders are experiencing the outcome, assess how important that outcome is to the stakeholders and the mechanisms the potential investee has in place to gather stakeholder input.
3. **HOW MUCH change is happening?** Questions to evaluate the scale, depth, and longevity of the impact that is occurring.
4. **What is BMO’S CONTRIBUTION?** Questions evaluate how the Fund’s investment is expected to result in outcomes better than would have occurred otherwise, as well as how the investment team can leverage the BMO platform to help the portfolio company improve its impact.

5. **What is the RISK the impact outcome will not be achieved?** Questions identify potential risks that could prevent the intended impacts from being achieved, evaluate their severity and likelihood, and assess risk mitigation measures in place.
6. **Considering EXIT.** Questions evaluate how the Fund is or will ensure that impact is sustained beyond the investment.

Impact assessment is presented as part of an investment proposal to the Investment Committee in advance of an investment. The Investment Committee is a standing committee responsible for reviewing and approving all investments made by the Fund.

Principle 5:

Assess, address, monitor, and manage potential negative impacts of each investment.

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

The Fund's impact assessment methodology includes identification of potential negative impacts associated with the investee organization's business activities. To assist with both positive and negative impact identification, we reference the sector-to-impact map developed by the UNEP-FI's Positive Impact Initiative. The sector-to-impact map seeks to capture impact associations between economic activities and impact areas defined in the UNEP-FI's Impact Radar.³

Where potential negative impact associations exist, the Fund would engage with the investee to understand and document how such impacts are being avoided, and if avoidance is not possible, how potential negative impacts are, or plan to be, mitigated.

Our methodology also includes a systematic assessment of the risk that potential negative impacts will occur. In evaluating individual investments, we assess whether nine types of impact risk that may undermine the delivery of impact are present including the probability that significant unexpected negative impact is experienced by people and the planet. For each of the impact risks present, we assess the severity and likelihood of the risk on a scale of 1-3, where 1 is low and 3 is high. Risks are plotted on a matrix and those classified as high and medium risk will require risk mitigation measures.

³ The Impact Radar offers a comprehensive set of impact categories that capture the core elements of the SDGs. It is anchored in international definitions and standards and is part of a suite of resources designed for holistic impact analysis. It is available on the UNEP-FI website. [website](#).

Principle 6:

Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

Prior to an investment being made, the Fund sets impact expectations with each investee organization by agreeing which impact indicators the investee will track and report to the Fund. The Fund and the investee agree on appropriate frequency of data collection (i.e., monthly, quarterly or annually) which is to be delivered to the Fund and reported by the Fund on an annual basis to internal stakeholders. To the extent the investee is no longer achieving its intended impacts, the Fund will take action through available means to ensure that the investee pursues and achieves the expected impact, for example using the Fund's board seat to influence the strategic direction of the business in order to maximize the achievement of impact. In cases where the Fund does not have a board seat, it will engage with management and make introductions to external parties to drive growth and the achievement of impact.

Principle 7:

Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

We seek to create sustained, positive impact through investments, even after exit, and are committed to exiting responsibly. To promote a responsible exit, exit considerations begin prior to investment and continue throughout the investment lifecycle. We consider and document the following questions in the impact assessment methodology:

- Is impact inherent to the organization's business model? Where impact and business success are linked, the risk that impact not be sustained after the Fund's investment is reduced.
- What is the Fund's investment exit plan and how might that affect the longevity of impact? The Fund evaluates multiple dimensions, including impact longevity, when considering exit.
- Can the organization's founders clearly articulate impact and have they embedded impact considerations into the organization's governance mechanisms, policies, and/or culture? Where founders are motivated by impact and have integrated impact considerations into the company's governance, the risk that impact will not be sustained after the Fund's investment is reduced.

The fund has not yet fully exited any of its portfolio companies, as of April 30, 2024.

Principle 8:

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

We review and document impact performance at least annually. Our impact assessment methodology and procedures require that we engage closely with companies that are not progressing against stated impact goals to improve performance.

The Fund's goal is to continuously improve our impact management procedures and methodology. We are actively engaged in industry associations and working groups focused on impact identification, measurement and management (for example the Impact Principles Signatory Workshops and UNEP-FI programming) and will review and update our impact management processes in order to align with good market practice and to embed learnings as impact management methodologies, and BMO's own capabilities, mature.

Principle 9:

Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

This Disclosure Statement describes the alignment of the Fund to the Impact Principles. The reporting criteria are in line with the Operating Principles for Impact Management 2023 Brochure. This Statement will be updated and disclosed annually.

Our Disclosure Statement was most recently independently verified in 2022 and we plan to conduct independent verification of our practices at least every two years, unless there are significant changes to our practices that warrant a more frequent review. The current Disclosure Statement has been independently verified by KPMG and their Limited Assurance Report can be found at page 9.

KPMG is a global professional services firm operating in 143 countries and territories. KPMG in Canada offers a range of professional services, including providing assurance services to clients across Canada such as financial statement audits and other assurance services, which includes ESG assurance services. KPMG in Canada's portfolio of ESG assurance services aims to meet the needs of a variety of organizations. This can include assurance over quantitative indicators included in sustainability or integrated reports, GHG inventory, carbon neutral/net-zero claims, and performance targets for sustainability linked loans.

Important Information and Disclaimer

This Disclosure Statement is provided for informational purposes only and is subject to change without notice. The Bank of Montreal (the “Bank”) does not assume any responsibility or obligation to revise any statements in this document, regardless of whether those statements are affected by the results of new information, future events or otherwise. No representation or warranty, express or implied, is or will be made in relation to the accuracy, reliability or completeness of the information contained herein. No liability is or will be accepted by the Bank for any loss or damage arising out of, or in connection with the use of, or reliance upon, the information contained in this document.

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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 investments that meet the impact objectives, the availability and accuracy of information with respect to investments and the risk that investment outcomes 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.

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network (“the GIIN”) or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, “Affiliate” shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

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INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

To the Fund Investment Committee and Management of Bank of Montreal (“BMO”)

We have undertaken a limited assurance engagement of BMO’s impact management systems and processes (“subject matter information”), as described in the accompanying Operating Principles for Impact Management Disclosure Statement (the “Disclosure Statement”) for the period from May 1, 2023 to April 30, 2024, alignment with the Operating Principles for Impact Management dated February 2019, updated December 2023 (the “Impact Principles”).

Management’s Responsibility

Management is responsible for evaluating BMO’s impact management systems and processes for alignment with the Impact Principles (the “applicable criteria”) and for the preparation of the Disclosure Statement describing the alignment to the Impact Principles.

Management is also responsible for such internal control as management determines necessary to enable the preparation and presentation of the subject matter information that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the subject matter information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with Canadian Standards on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform our engagement to obtain limited assurance about whether the subject matter information is free from material misstatement.



A limited assurance engagement involves assessing the suitability of the criteria used by the Entity in preparing the subject matter information in the circumstances of the engagement, assessing the risks of material misstatement, whether due to fraud or error, and responding to the assessed risks as necessary in the circumstances.

We exercised professional judgment and maintained professional skepticism throughout the engagement. Our procedures were designed and performed to obtain evidence that is sufficient and appropriate to provide a basis for our conclusion. In carrying out our engagement, we:

- Evaluated the suitability of BMO's use of the criteria, as the basis for preparing the subject matter information in the circumstances;
- Evaluated whether the Disclosure Statement included a description of impact management systems and processes for each of the Impact Principles;
- Made inquiries of BMO's management and performed walkthroughs to obtain an understanding of impact management systems and processes;
- On a sample basis, inspected that the information within the Disclosure Statement has been appropriately collected and reported;
- Obtained a breakdown of the investments as at April 30, 2024 in respect of total capital deployed and committed in alignment with the Impact Principles, and assessed whether the investments included are those identified by management as ones to which the systems and processes in the Disclosure Statement have been applied;
- Considered the appropriateness of the presentation of the Disclosure Statement.

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. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of 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 Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.



Significant Inherent Limitations

Historical non-financial information, such as that contained in the Disclosure Statement, is subject to more inherent limitations than historical financial information, given the qualitative characteristics of the underlying subject matter and methods used for determining this information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable evaluation techniques, which can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as described in the applicable criteria, may change over time.

The Impact Principles are principles-based, allowing for the possibility that different organizations will implement a variety of policies and procedures to demonstrate their alignment. How management determines that they should apply the principles remains a matter for their judgement. The scope of our procedures does not include an assessment of the suitability of the operating effectiveness of BMO's impact management systems and processes and therefore our procedures provide no assurance over the operating effectiveness of the impact management systems and processes, nor of the resulting impacts achieved.

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 conclusion.

Based on the procedures performed and evidence obtained, no matters have come to our attention to cause us to believe that BMO's impact management systems and processes, as described in the accompanying Operating Principles for Impact Management Disclosure Statement, for the period from May 1, 2023 to April 30, 2024, is not, in all material respects aligned with the Impact Principles.

Our conclusion on the subject matter information does not extend to any other information, reports or documents that accompany, are presented with, or contain the subject matter information and our assurance report.

Specific Purpose of Subject Matter Information

The subject matter information has been prepared in accordance with the applicable criteria by BMO to meet the requirements of the Impact Principles to publish on BMO's website an annual Disclosure Statement on the alignment of BMO's impact management systems and processes with the Impact Principles. As a result, the subject matter information and the Disclosure Statement may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.



Restriction on Use

Our report is intended solely for use by BMO for the purpose(s) set out in our engagement agreement. Our report may not be suitable for any other purpose and is not intended for use or reliance by any third parties. While KPMG LLP acknowledges that disclosure of our report may be made, in full, by BMO in BMO's Operating Principles for Impact Management Disclosure Statement, KPMG LLP does not assume or accept any responsibility or liability to any third party in connection with the disclosure of our report.

KPMG LLP

Chartered Professional Accountants

Toronto, Canada

June 5, 2024