

BMO Financial Group

2024 SUSTAINABLE BONDS IMPACT REPORT



The BMO Sustainable Bond Program supports our commitment to building a sustainable future.

This report provides an overview of the BMO Sustainable Bond Program. It describes some of the businesses that receive financial support through the program, and the opportunities they are exploring to build a sustainable future for their communities. To learn more about BMO's sustainable finance commitments, please see our Sustainability Report.

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In this report

We, us, our, bank and BMO refer to Bank of Montreal and its subsidiaries.

Reporting period

Covers the year ended July 31, 2024.

The previous report was published in December 2023. Past reports are available on our website <https://our-impact.bmo.com/reports>

Data

Unless otherwise noted:

as at July 31, 2024

may be rounded

dollar amounts are in Canadian dollars

- ◆ KPMG provided limited assurance of these figures in 2024. KPMG's Independent Limited Assurance Report is on page 12.

SUSTAINABILITY REPORTING SUITE

BMO's approach to sustainability is integrated into our business operations and strategic planning, as well as our corporate governance practices.

Sustainability reporting suite

- Sustainability Report and Public Accountability Statement
- Climate Report
- SASB Disclosure
- Data Pack and Glossary

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 \$1.41 trillion.

We are a highly diversified financial institution providing a broad range of personal and commercial banking, wealth management, global markets and investment banking products and services. We serve millions of customers across North America, and in select markets globally, through three integrated operating groups.

1817

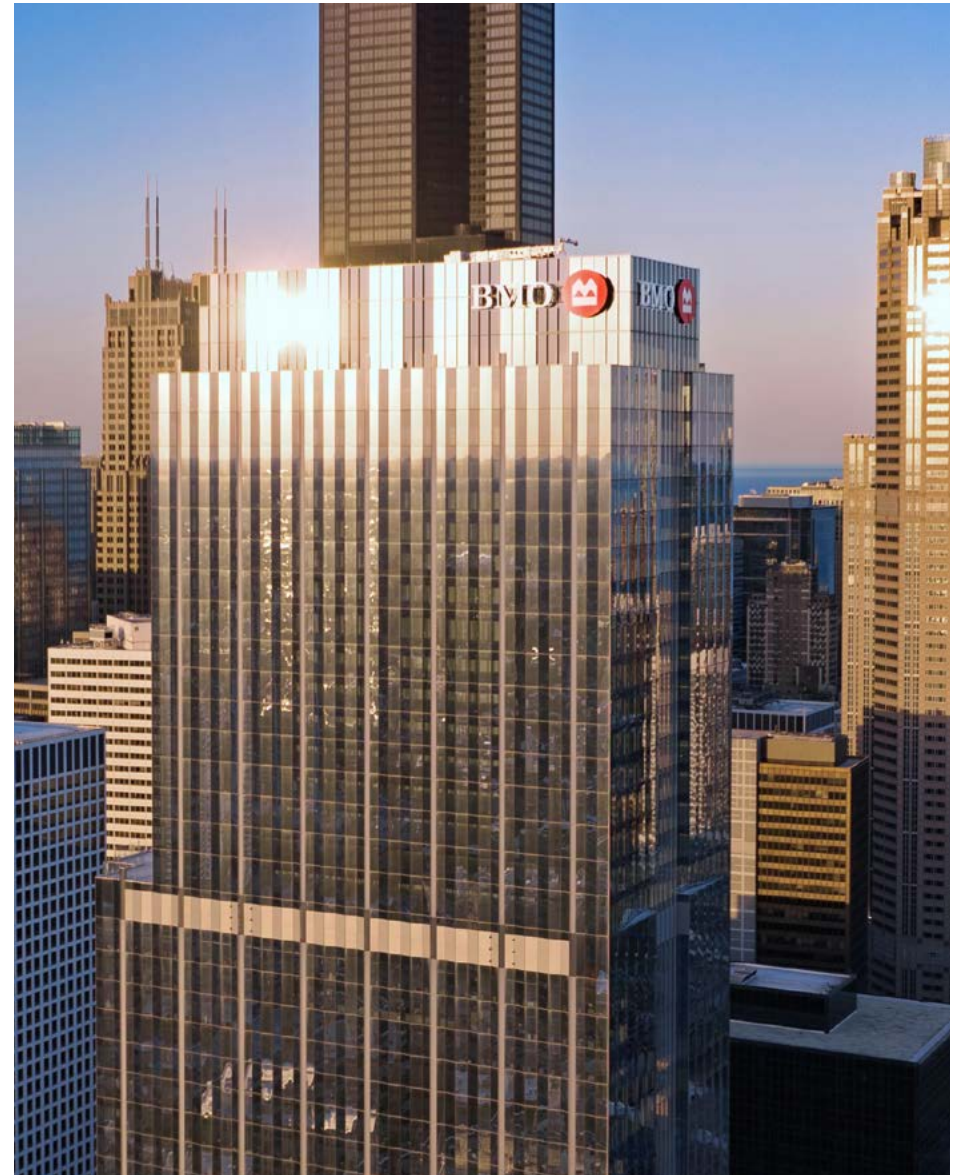
serving customers for 207 years and counting

8th largest

bank in North America by assets

\$1.41 trillion

in total assets



Personal and Commercial Banking

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

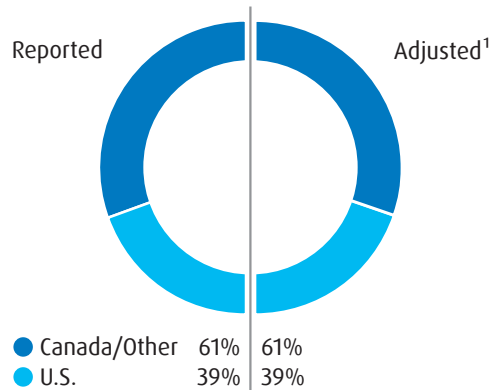
BMO Wealth Management

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 make real financial progress through planning, growing, protecting and transitioning their wealth. Our asset management business is focused on making a positive impact and delivering innovative financial solutions and strategies for our clients.

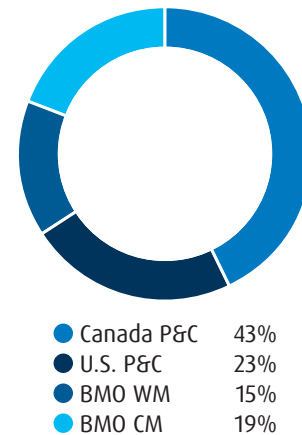
BMO Capital Markets

Offers a comprehensive range of products and services to corporate, institutional and government clients. BMO Capital Markets has thousands of professionals around the world supporting the growth aspirations of our clients across the enterprise

Net Income by Geography



Reported Net Income by Operating Group²



¹Adjusted net income by geography is a non-GAAP ratio. For further information, see the Non-GAAP and Other Financial Measures section on page 14.

²Percentages determined excluding results in Corporate Services.

About the BMO Sustainable Bond Program

In 2019, we introduced the BMO Sustainable Bond Program, which was intended to support our Purpose – and our commitment to help build a sustainable future, an inclusive society and a thriving economy.

This program has helped us advance our Climate Ambition, our Zero Barriers to Inclusion strategy, our sustainable finance commitment and our engagement with investors. The program invites investors focused on sustainability to engage with us, so they may more clearly understand the way we approach financing for sustainable outcomes – and the way our approach might align with their own sustainability objectives. As we build out the program, we are becoming more aware of the impacts and opportunities related to sustainability across our organization, and we are also building relationships that support BMO’s enterprise-wide commitment to sustainability.

Our updated Sustainable Bond Framework

In April 2024, we announced changes to the BMO Sustainable Bond Framework, formerly referred to as the “BMO Sustainable Financing Framework (2019)”. These changes enhance the original criteria for the green and social use of proceeds in line with evolving principles and current market practices. The updated framework now includes financing activities related to nuclear energy, low-carbon fuels, the electrification of key industrial activities, and adaptation to climate change. We have also added new categories that reflect our BMO EMpower 2.0 initiative and our Zero Barriers to Inclusion strategy, in support of under-represented businesses and individuals. The updated framework, which received a Sustainability Quality Score of SQS2 (“Very Good”) from Moody’s in its Second Party Opinion, sets out 18 categories for the use of proceeds from an issuance across the four types of sustainable bonds that may be issued: Sustainability Bonds, Green Bonds, Transition Bonds and Social Bonds. Proceeds from bonds of each type will be used to finance or refinance, in part or in full, new or existing assets that are aligned with the core components of the International Capital Markets Association (ICMA) Green Bond Principles (2021), Social Bond Principles (2023) and Sustainability Bond Guidelines (2021). The framework is also informed by guidance in ICMA’s Climate Transition Finance Handbook (2023) on the policies, practices and disclosures related to the issuance of bonds with proceeds that are intended to support transition.

The criteria for eligibility in the [Sustainable Bond Framework \(2024\)](#) apply to all sustainability bonds, green bonds, transition bonds, and social bonds issued by BMO on or after April 2024. Previous issuances, including both bonds discussed in this report, were completed in accordance with the [BMO Sustainable Financing Framework \(2019\)](#), and we are continuing to manage the proceeds from those issuances in alignment with that framework.

Bonds in the program

To date, we have completed three issuances under our Sustainable Bond Program:

- In 2019, we issued our inaugural US\$500 million three-year BMO Sustainability Bond, which matured on November 1, 2022.
- In 2021, on International Women’s Day, we issued our first social bond, the C\$750 million five-year BMO Women in Business Bond.
- In March 2024, we issued our US\$50 million ten-year Floating Rate Green Notes, referred to in this report as the “Structured Green Note”.

This report details the use of the proceeds from the BMO Women in Business Bond and the Structured Green Note and, where publicly available, the positive impacts associated with these issuances, for the year ended July 31, 2024.

Amounts equivalent to the net proceeds from the BMO Women in Business Bond and the Structured Green Note are currently funding, or are otherwise supporting, project finance loans, general corporate finance loans and/or equity investments that align with our [BMO Sustainable Bond Framework \(2019\)](#).

BMO Women in Business Bond profile

Issue date

March 10, 2021

Maturity date

March 10, 2026

Issued amount

C\$750 million

Use of proceeds

Proceeds are allocated to women-owned businesses, including microenterprises and small and medium-sized businesses

ISIN

CA06368DPC25

Structured Green Note profile

Issue date

March 19, 2024

Maturity date

March 19, 2034

Issued amount

US\$50 million

Use of proceeds

Proceeds are allocated to eligible green assets

ISIN

XS2782779685

How we use bond proceeds

As at July 31, 2024, 100% ◆ of the bonds' proceeds had been allocated to eligible asset categories. When less than 100% of the proceeds of a bond have been allocated, we will hold the unallocated amount in cash or liquid securities, in accordance with our liquidity management policy, as outlined in both the 2019 and 2024 versions of the BMO Sustainable Bond Framework. Please refer to the [BMO Sustainable Financing Framework \(2019\)](#) for more information on eligibility criteria for the outstanding bonds.



Asset category	Criteria per BMO Sustainable Financing Framework (2019)	Sustainable Development Goals ¹	% of assets allocated	
			BMO Women in Business Bond	Structured Green Note

Social asset categories

Women-owned business lending	Lending/financing to a micro-, small- and medium-sized enterprise (SME) (annual turnover of less than €50 million) where at least one of the owners of the enterprise is a woman, or lending/financing to a non-SME where at least one third of the owners are women.	5 Gender equality	◆ 100%
		8 Decent work and economic growth	

Green asset categories

Renewable energy	Lending in facilities, infrastructure and equipment dedicated to the generation, transmission and distribution of energy from renewable sources, including: solar, wind, waste biomass, tidal, geothermal with direct emissions <100gCO ₂ /kWh and hydroelectric energy <25MW.	7 Affordable and clean energy	◆ 100%
		11 Sustainable cities and communities	
		13 Climate action	

◆ KPMG has provided limited assurance of this figure.


¹See [United Nations 2030 Agenda for Sustainable Development](#) for more information on the SDGs.

Positive Impacts

The Sustainable Bond Program supports the achievement of positive outcomes that will foster greater inclusion for our customers, as well as long-term economic stability and sustainability. A snapshot of the program's positive impacts, where publicly available, is provided in this section, and case studies highlight the allocation of the bond proceeds with profiles of customers and projects that have received funding through the program. Each case study includes specific impact indicators and an assessment of positive outcomes.

2024 impact metrics

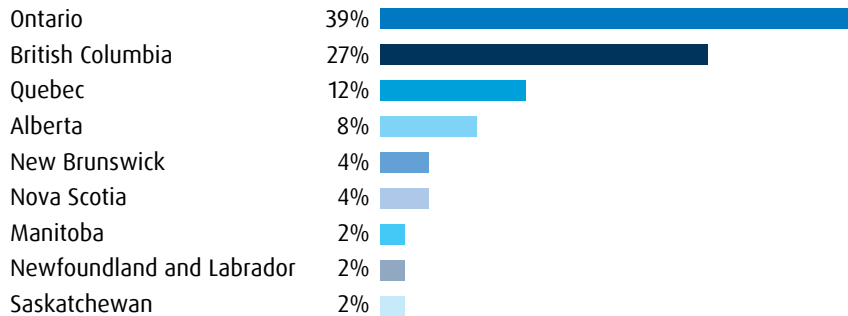
Impacts of the BMO Women in Business Bond, based on the allocation of its proceeds, are as follows.

Asset category	Impact indicator	Impact measurement
		BMO Women in Business Bond
 Social asset categories	Women-owned businesses financed	◆ 344
	Women business owners supported	◆ 360

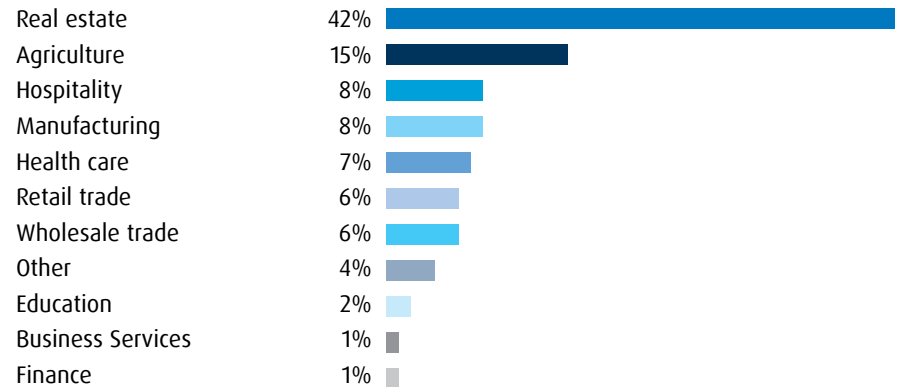
BMO Women in Business Bond

A breakdown of the assets held in the portfolio of the BMO Women in Business Bond is as follows.

Geographic breakdown



Sector breakdown



Asset-level information relating to assets financed by the Structured Green Note are not publicly available. Consistent with the BMO Sustainable Financing Framework (2019), any disclosure related to loan-level information is subject to BMO's confidentiality obligations and the availability of information.

◆ KPMG has provided limited assurance of this figure.



Women-owned business lending



In line with our long-standing support of gender equity, BMO is committed to removing barriers to women's empowerment, championing their advancement and advocating for a more inclusive economy.

We offer an array of programs to support women entrepreneurs as they work to build and scale their businesses and seize emerging opportunities. In 2022, we announced a commitment of \$5 billion in new funding over five years to provide financial support for women business owners in Canada. Our portfolio of lending to women-owned businesses now encompasses women entrepreneurs active in many economic sectors across Canada. More information on the BMO for Women program can be found in our [Sustainability Report](#) and at bmoformen.com.

5 Gender equality

8 Decent work and economic growth

By supporting businesses owned in whole or in part by women, BMO provides women with more equitable access to financial resources and economic opportunities and advances **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.



Sodavex

Founded in 2009 by Christine Duchaine, Sodavex offers specialized legal services that can help businesses operate and grow in compliance with environmental legislation, with a focus on sustainable development. Its holistic services and solutions enable clients to explore innovative new approaches to government departments and the courts. Sodavex has been instrumental in changing laws and finding new pathways for clients to deploy emerging technologies and strategies to rehabilitate and enhance the environment, while also reducing the environmental impacts of their operations. Lawyers at Sodavex also participate in developing environmental standards, and often seek clarification of environmental legislation in the courts. With a business loan from BMO to expand its facilities, Sodavex has become the largest boutique law firm in Quebec specializing in environmental law.

Since the mandate for Sodavex is to focus on the environment and sustainable development, it is important to Christine that the company’s culture and operations reflect this focus. Its purchasing and operating policies minimize any negative impacts on the environment and promote the re-use of materials, and Sodavex selects clients that are focused on improving the environment and adopting sustainable development practices. Christine is also dedicated to empowering women and women-owned businesses: Sodavex has specific pay equity standards, and gender parity is ensured on all of its teams.



> From left to right: Christine Duchaine, Nicola Corbo, Yves Dulude and Andréa Laframboise.

- 5 Gender equality**
- 7 Affordable and clean energy**
- 11 Sustainable cities and communities**
- 12 Responsible consumption and production**
- 13 Climate action**

By providing financial services to Sodavex, a law firm that specializes in environmental law, BMO helps advance **SDG 7, 11, 12 and 13**, to support sustainable initiatives and action relating to energy, consumption, production, climate and other environmental topics, as well as **SDG 5**, to achieve gender equality and empower all women and girls.

Independent Practitioner’s Limited Assurance Report

To the Sustainable Bond Working Group and Management of Bank of Montreal

We have undertaken a limited assurance engagement on selected indicators of Bank of Montreal (“BMO”), included in the accompanying 2024 Sustainable Bonds Impact Report (the “Report”), as at July 31, 2024.

The scope of our limited assurance engagement, as agreed with management, comprises the following selected indicators (collectively, the ‘subject matter information’) and criteria:

Issuance	Subject Matter Information	Reported Value	Report Page	Criteria
	% of assets allocated	100%	7	
BMO Women in Business Bond (due on March 10, 2026)	Women-owned businesses financed	344	9	BMO Financial Group Sustainable Financing Framework (September 2019) This can be found on BMO’s website.
	Women business owners supported	360	9	
US\$50,000,000 Floating Rate Green Bond due March 19, 2034 (“Structured Green Note”)	% of assets allocated	100%	7	

The subject matter information is denoted by the symbol ◆ in the Report.

Other than as described in the preceding paragraph, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

There are no mandatory requirements for the preparation or presentation of the subject matter information. As such, BMO has applied the BMO Financial Group Sustainable Financing Framework (September 2019) which is available on BMO’s website.

Management’s Responsibility

Management is responsible for the preparation and presentation of the subject matter information in accordance with the applicable criteria.

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. This responsibility includes determining BMO’s objectives in respect of sustainability performance and reporting, identifying stakeholders and material issues, and selecting or developing appropriate criteria.

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 BMO 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;
- Through inquiries, obtained an understanding of BMO’s control environment, processes and systems relevant to the preparation of the subject matter information, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
- Inspected a limited number of items to or from supporting records, as appropriate;
- Considered the presentation and disclosure of the subject matter information.

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 Report, 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. It is important to read the BMO Financial Group Sustainable Financing Framework (September 2019) available on BMO's website.

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 subject matter information as at July 31, 2024 is not prepared, in all material respects, in accordance with the applicable criteria.

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 reporting requirements of the BMO Financial Group Sustainable Financing Framework (September 2019). As a result, the subject matter information and the Report 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 the 2024 Sustainable Bonds Impact Report, KPMG LLP does not assume or accept any responsibility or liability to any third party in connection with the disclosure of our report.



Chartered Professional Accountants

Toronto, Canada
December 11, 2024

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.

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 new information, the results of 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.

Nothing in this document shall constitute, or form part of, an offer to sell or a solicitation of an offer to buy or subscribe for any security or other instrument of the Bank or any of its affiliates, or as an invitation, recommendation or inducement to enter into any investment activity, and no part of this document shall form the basis of, or be relied upon in connection with, any contract, commitment or investment decision. Offers to sell, sales, solicitations of offers to buy or purchases of securities issued by the Bank or any of its affiliates may only be made or entered into pursuant to appropriate offering materials prepared and distributed in accordance with the laws, regulations, rules and market practices of the jurisdictions in which such offers, solicitations or sales may be made. Professional advice should be sought prior to any decision to invest in securities.

This document is not intended for distribution to, or use by, any person or entity in any jurisdiction where such distribution or use would be contrary to law or regulation.

This Sustainable Bonds Impact Report may contain forward-looking statements within the meaning of certain securities laws, including the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements contained in this document may include, but are not limited to, statements with respect to the Bank’s Climate Ambition, BMO Empower 2.0, Zero Barriers to Inclusion; the Bank’s intention to update its Sustainable Bonds Impact Report annually to reflect changes in the applicable asset portfolios; economic, environmental and social impact, including the estimated impacts associated with the projects or assets financed or refinanced with the proceeds of bonds issued under the Bank’s Sustainable Bond Program; and objectives, priorities, strategies, future actions, targets or expectations.

Forward-looking statements are typically identified by words such as “will”, “would”, “should”, “believe”, “expect”, “anticipate”, “project”, “intend”, “estimate”, “plan”, “goal”, “commit”, “target”, “may” and “could”.

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. Certain statements made in this document 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. In addition, the Bank’s net-zero strategy remains under development, and the data underlying the Bank’s strategy remains subject to evolution over time. There is significant risk that the Bank’s predictions, forecasts, conclusions or projections may 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 there is significant risk that 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 evolution of our lending portfolios over time; the difficulty identifying assets that meet the eligibility criteria under the applicable sustainable bond framework, 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, and those other factors set out in the Bank’s most recent Annual Report and quarterly reports that may affect its future results and its ability to anticipate and effectively manage risks arising from all of the foregoing factors. 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.

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 5, 2024 for the fiscal year ended October 31, 2024 ("2024 Annual MD&A") 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 125 of the 2024 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 21 of the 2024 Annual MD&A. This information and the reconciliation are incorporated by reference. The 2024 Annual MD&A is available on SEDAR+ at www.sedarplus.ca and on BMO's website at www.bmo.com/investorrelations.

Other Disclaimer

This document includes voluntary disclosures on sustainability-related activity that may not be, and are not required to be, incorporated into the Bank's mandatory disclosures, where it uses 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.

Any third-party information contained in this document or otherwise used to derive information in this document is believed to be reasonable and reliable, but no representation or warranty is made by the Bank as to the quality, completeness, accuracy, fitness for a particular purpose or non-infringement of such information. Specifically, certain metrics and other information contained in this report have been derived from third-party sources, which the Bank believes to be reasonable. In no event shall the Bank be liable (whether in contract, tort, equity or otherwise) for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, such information contained herein. Certain third-party information may change over time as methodologies evolve and are refined. These inherent weaknesses with current methodologies, and other factors could cause results to differ materially from those expressed in the estimates and beliefs made by third parties and by the Bank. While the Bank is not aware of any misstatements regarding the industry, company or market data presented in this document, such data and estimates involve important uncertainties, risks, and assumptions and are subject to change based on various factors, including those discussed under the heading "Caution Regarding Forward-Looking Statements and Non-GAAP and Other Financial Measures" above.

Third-party references and website references and/or links throughout this document are provided for convenience only, and the content on the referenced websites is not incorporated by reference into this document. Such third-party references and website references and/or links do not imply an affiliation, sponsorship or endorsement.

Need help?

Email us at: sustainability@bmo.com



BMO's Sustainability Leaders Podcast

BMO's Sustainability Leaders [podcast](#) seeks to advance the dialogue on leading approaches to sustainability.

