

Making
tomorrow
better.

BMO  20

2016 Environmental,
Social and Governance
Report and Public
Accountability Statement

BMO 

Christine

Our Strategic Framework

Vision

To be the bank that defines **great customer experience.**



Strategic Priorities

The clearly defined statements of purpose that guide the bank's long-term decision making as we deliver on our vision.

Achieve industry-leading **customer loyalty** by delivering on our brand promise.

Enhance **productivity** to drive performance and shareholder value.

Accelerate deployment of **digital technology** to transform our business.

Leverage our consolidated **North American platform** and expand strategically in select global markets to deliver growth.

Ensure our strength in **risk management** underpins everything we do for our customers.



Sustainability Principles

The guidelines we follow as a responsibly managed bank consider social, economic and environmental impacts as we pursue sustainable growth.

Social change

Helping people adapt and thrive as society evolves – tailoring our products and services to reflect changing expectations, and embracing diversity and inclusion in our workplace and the communities where we do business.

Financial resilience

Supporting customers' needs and goals, while gauging appropriate levels of risk, as they shape their financial futures. And providing members of underserved communities with access to guidance and support that helps them and enables them to do better.

Community-building

Fostering social and economic well-being in the communities where we live and work by financing new enterprises, facilitating public investment, paying our fair share of taxes and, together with our employees, providing support through charitable donations, sponsorships and volunteer activities.

Environmental responsibility

Reducing our environmental footprint while considering the impacts of our business activities as we work with stakeholders who share our commitment to sustainability.

We balance our commitments to all stakeholders as we pursue our business strategy and strive to fulfill our broader social responsibilities.

A Foundation of Trust

To continue earning the trust of our stakeholders, we act with integrity, communicate with transparency and uphold the highest standards of sound, ethical governance.

Message from the Chair, BMO Sustainability Council

Creating a sustainable business requires resilience – it means meeting the needs of the present without losing sight of how to meet the needs of future generations. So it's no surprise to us that today, people want to build relationships with companies that are going to be around for the long-term.

We spent time over the past year perfecting our sustainability principles and putting into words how they fit within the bank's strategic priorities – our guide to long-term decision-making. Together, our strategic priorities and sustainability principles are built on a foundation of trust that supports our commitments and vision. This strategic framework appears on the opposite page.

Our goal remains to be the first in customer experience. We continue to transform the customer journey by offering a more personal and intuitive banking experience. That means empowering employees to ask for help, to challenge, and to listen to what our customers are asking of us. We're tapping into new tools and data to discover ways to deepen the customer connection and reimagining how we work as one bank to help our customers more effectively.

Our actions are guided by four focus areas: Environmental responsibility; Social change; Financial resilience; and Community-building. Our ESG Scorecard on page 6 provides a list of key performance indicators and data which shows our advancement in these areas.

We actively seek out and support clients who develop renewable energy projects such as wind, hydro-electric and biomass. BMO Capital Markets increased its lending commitments to the renewable energy sector from \$2.5 billion in 2015 to \$3.6 billion as at October 31st, 2016.

In terms of our own environmental footprint, we have developed a robust Environmental Management

System that describes the objectives, targets and processes in place to mitigate the impacts of our operations. This year, we updated BMO's Environmental Policy and we also issued a new Climate Change Statement.

We remain focused on developing our people. Since 2008, we've invested over \$28 million in the design and delivery of an enterprise leadership curriculum. To date, we've provided 48,593 days of company supported leadership learning.

By the end of 2016, we reached our five-year goal of industry leadership for diverse workforce representation goals and we launched the next set of multi-year diverse workforce representation goals (2017-2020).

The theme of our 2016 Employee Giving Campaign is Raise Hope. It's our tradition. Following in the footsteps of colleagues before us, we came together to demonstrate the best of our values by putting others first and giving back to our communities through the gifts of time and donations.

We use a number of global sustainability indices to benchmark our progress. In 2016, BMO was named to the

Global 100 Most Sustainable Corporations in the World for the third year in a row. BMO is also listed on the Dow Jones North America Index, the FTSE4Good Index and the Euronext Vigeo index: World 120.

In 2017, BMO proudly celebrates 200 years in business. As we look to the future, we will continue to uphold our legacy of trust as a responsibly managed bank.

I hope you enjoy learning more about our progress this past year and welcome any questions or feedback you would like to share through sustainability@bmo.com.



Simon Fish
General Counsel and Chair,
BMO Sustainability Council



Table of Contents

About this Report	5
ESG Scorecard	6
Economic Contribution	7
Awards and Recognition	8
Engaging our Stakeholders	9
Materiality	10
Managing our Business	14
Responsible Banking	21
Inspiring Our People	28
Building Stronger Communities	34
Tackling Climate Change	40
GRI Index	45
Glossary of Terms	56
Independent Assurance Statement	60
Bank of Montreal Public Accountability Statement	63
Bank of Montreal Mortgage Corporation Public Accountability Statement	72
BMO Trust Company Public Accountability Statement	73

Who We Are

Established in 1817, and currently marking its 200th year of operations, BMO Financial Group is a highly diversified financial services provider based in North America. With total assets of \$688 billion and more than 45,000 employees, BMO provides a broad range of personal and commercial banking, wealth management and investment banking products and services to more than 12 million customers.

We serve eight million customers across Canada through our Canadian personal and commercial arm, BMO Bank of Montreal. We also serve customers through our wealth management businesses: BMO Asset Management, BMO Nesbitt Burns, BMO Private Banking, BMO Insurance and BMO InvestorLine. BMO Capital Markets, our investment and corporate banking and trading products division, provides a full suite of financial products and services to North American and international clients. In the United States, BMO serves customers through BMO Harris Bank, based in the U.S. Midwest with more than two million retail, small business and commercial customers. BMO Financial Group conducts business through three operating groups: Personal and Commercial Banking, Wealth Management and BMO Capital Markets.

About this Report

BMO's 2016 Environmental, Social and Governance (ESG) Report and Public Accountability Statement (PAS) covers our 2016 fiscal year (November 1, 2015 to October 31, 2016). Unless otherwise noted, the information is dated as at October 31, 2016 and all dollar amounts are in Canadian funds. Performance data in this year's report is enterprise-wide, unless otherwise stated. Where there have been changes in measurement methods, we have either identified them in a footnote or described the change in the Glossary of Terms on pages 56-59.

The release of the 2016 ESG Report and PAS is aligned with the publication date of our Annual Report, so as to provide our stakeholders with a complete picture of our financial and non-financial performance.

Our suite of reports:

Throughout this report, we refer to the following publications:

- Annual Report
- Corporate Responsibility Report
- Employment Equity Narrative Report
- Management Proxy Circular



What's new in this report?

- Performance data and highlights cover our enterprise-wide operations. Previously, the majority of our performance data and highlights covered our operations in Canada and the United States only.
- Results of our regional stakeholder engagement activities, which are described on pages 11 and 13.
- Our Strategic Framework, which includes our Sustainability Principles and sets out the context for our future plans (see page 2).
- Our material issues are aligned with the Sustainable Development Goals (described below). Our material issues are organized again by theme and begin on page 14.

BMO SUPPORTS THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The SDGs were launched in September 2015 with 193 countries as signatories. The SDGs are broader and more ambitious than the Millennium Development Goals, which were launched in 2000 with a timeline that ended in 2015.

The SDGs set out 17 global goals (see diagram to the left) with specific targets and indicators to be reached by 2030. These 17 goals address the most important economic, social, environmental and governance challenges of our time.

Public Accountability Statement

This report includes the Public Accountability Statements for Bank of Montreal, Bank of Montreal Mortgage Corporation and BMO Trust Company. It outlines certain aspects of Bank of Montreal's contributions, and the contributions of our affiliates with operations in Canada, to the Canadian economy and society. It fulfills the requirements of the Canadian federal government's Public Accountability Statement regulations (section 459.3(1) of the Bank Act (Canada) and section 444.2(1) of the Trust and Loan Companies Act (Canada). The PAS appears on pages 63-73.

Global Reporting Initiative (GRI)

This report has been prepared in accordance with the GRI G4 Guidelines Core option and the GRI Financial Services sector supplement. This is the third year we've used this version of the framework.

ESG Scorecard

Indicator definitions are listed in the Glossary of Terms on pages 56-59.

	Target	2016 ¹	2015 ¹	2014 ¹
Environmental				
Renewable Energy Financing				
Involvement in equity and debt financings - Canada and United States (\$ billions)		2.4	2.9	2.8
Lending commitments (\$ billions)		3.6	2.5	2.3
Operational Footprint				
Renewable energy purchases (MWh) as a proportion of total electricity used	5% increase by 2017 ²	120,968 ³	115,186 ⁴	115,186 ⁴
Scope 1 emissions (tCO ₂ e)	10% reduction by 2017 ⁵	TBD ⁶	22,734	26,041
Scope 2 emissions (tCO ₂ e)		TBD ⁶	69,948	83,907
Scope 3 emissions (tCO ₂ e)		TBD ⁶	99,199	115,212
Social				
Employees				
Diversity and inclusion				
Women in senior leader roles - Canada and United States (%)▲	40% by 2016	40	37.5	36
Women in senior leader roles - BMO Capital Markets - Canada and United States (%)▲	20% by 2018 ⁸	16.2	16.7	16 ⁷
Visible minority employees - Canada (% in senior roles)▲	25% by 2016	26.9	25.5	23
People of colour - United States (% in senior roles)▲	15% by 2017 ^{8,9}	14	12	9.8
Persons with disabilities - Canada (% of total workforce)▲	3.8% by 2016	3.6	3.6	3.4
Aboriginal employees - Canada (% of total workforce)▲	1.5% by 2016	1.3	1.3	1.3
Employee Engagement Index (%)▲	86% by 2016	80	81	80
Turnover rate - Canada and United States (%)▲		11.7	11.4	10.8
Community Investment				
Donations - Canada and United States (\$ millions)▲		57.3	56.9	57.7
Community Development Loans - United States (US\$ millions)		652.9	947.3	701.6
Community Development Investments - United States (US\$ millions)		182.3	222.6	177.6
Governance				
Board Diversity				
Women on Board of Directors (% of independent directors)	No less than 1/3	36.4	36.4	33.3
Business Conduct				
Ethics training (% completion)▲	97% ¹⁰	99.6	99.3	99.2
Significant fines or monetary sanctions (#)▲	None	0	0	0
Customer Feedback				
Banking Reviews completed by BMO's Ombudsman Office (#)▲		215	181	204
Wealth Management Reviews completed by BMO's Ombudsman Office (#)▲		50	51	*

Legend

1. Fiscal year (November 1 to October 31)
2. Increase the ratio of renewable electricity purchases, versus total electricity consumption by 5% in Canada - to be achieved by 2017 (New target)
3. Part of a three-year contract beginning in 2016
4. Part of a three-year contract beginning in 2013
5. Versus baseline year 2012

6. Available online in June 2017 at: Environmental Performance
7. Not assured by KPMG
8. Target year was incorrectly reported in the 2015 ESG Report and PAS
9. Separate goal for United States established in 2015
10. Based on normal employee turnover, a completion rate of 97% or above is considered to include 100% of the employee population (see definition of Ethics Training in the Glossary of Terms)

▲ 2016 data externally assured (KPMG's Assurance Statement is on pages 60-62)
*Not publicly disclosed

Economic Contribution

BMO helps create, maintain and grow wealth, all of which contributes to social stability and economic prosperity in the countries where we do business.

Our contributions take many forms, ranging from the financial products, services and advice we offer our customers to the investments we make in support of employees and local communities.

Here are some of the ways that we are able to advance economic progress and enrich lives:

- In addition to their salaries and benefits, we provide our employees with opportunities for personal and professional growth that enable them to reach their full potential. See page 28 for examples of how we inspire our employees.
- Our corporate donations support education, health care and hospitals, economic development, affordable housing, arts and culture, social services and federated appeals. See page 36 for examples of how we strengthen communities.
- We support small business owners, and they in turn create jobs and pay taxes. See page 23 for examples of how we support small businesses.
- BMO Harris Bank provided US\$652.9 million in community development loans in 2016 in support of economic development, community services and affordable housing in the United States. See page 24 for examples of our community reinvestment activities.



Awards and Recognition

Business Awards

2016 Award of Excellence in Corporate Reporting by the Chartered Professional Accountants of Canada

Best Commercial Bank in Canada, 2016 by *World Finance Magazine*

Best Domestic Private Bank, United States, by *Global Financial Market Review*

Corporation of the Year by the Canadian Aboriginal and Minority Supplier Council (CAMSC)

Canadian Business names BMO as one of Canada's Best Brands, 2017

Canadian Lawyer InHouse Innovation Awards in the categories of Risk Management, Working with External Counsel, Tomorrow's Leader, and Compliance

Gold certification in Progressive Aboriginal Relations by the Canadian Council for Aboriginal Business

Community Awards

2016 Philanthropy Award by AIDS Resource Center of Wisconsin

Addams-Palmer Award for Exemplary Civic Involvement by the Civic Federation

BizTimes Media names BMO Harris Bank as Corporate Citizen of the Year

Top Corporate Partner, Volunteerism Pillar, Leadership Giving Pillar and Community Spirit Awards by United Way of Metropolitan Chicago

Corporate Art Award by the Museum of Contemporary Art, Chicago

Community Spirit Award by United Way of Metropolitan Chicago

Top prize for sponsorship in 2016 (Arts and Culture category) award by the Quebec Advertisement and Communications Industry Association

UNCF Harold H. Hines, Jr., Benefactor's Award

YMCA of Metropolitan Chicago names BMO Harris Bank as Corporate Honoree at annual gala

Employer Awards

(includes Diversity and Inclusion)

2016 Bloomberg Financial Services Gender-Equality Index

2017 Catalyst Award

American Banker names BMO as the team with the Most Powerful Women in Banking and Finance

Great Place to Work includes BMO in its 2016 Best Workplaces in Canada and 2016 Best Workplaces for Women

The U.S. Business Leadership Network and the American Association of People with Disabilities include BMO in the 2016 Disability Equality Index Best Places to Work

Sustainability Indices and Rankings

Corporate Knights' list of Canada's Best 50 Corporate Citizens

Dow Jones Sustainability North America Index

Ethibel Sustainability Index (ESI) Excellence Global

Euronext Vigeo index: World 120

FTSE4Good Index Series

Global 100: Most Sustainable Corporations in the World

For a complete list, refer to [Awards and Recognition](#)

Engaging our Stakeholders

Every day, we're in contact with our stakeholders, either in the course of our regular business activities or through specific engagement initiatives. Listening carefully to what they tell us and acting on the things that matter to them drives our ESG agenda.

Our approach goes beyond simply trying to manage risks and expectations. We want to get to the heart of any significant issues, and find out what we can do to make a meaningful difference. We do this through regular, open dialogue and a variety of surveys, questionnaires and panels in order to solicit feedback from a broad range of stakeholders.

Further information

- 2016 Regional stakeholder engagement (see page 11)
- What We Learned (see page 12)

How We Engage with Stakeholders

The table below shows how we typically engage with key stakeholders. In addition to these activities, we engage with our industry peers in roundtables and associations as a way of making progress on a variety of issues across the financial services sector. In 2016, we updated our shareholder engagement policy, which aims to ensure that all shareholders receive timely, factual and accurate information about our operations and financial performance.

Stakeholder Group	Engagement Activities		Key Issues Raised	
Customers	<ul style="list-style-type: none"> • Advisory panels • Complaints management process (including BMO's Ombudsman Office) • Correspondence (by letter and email) • Dedicated mailboxes 	<ul style="list-style-type: none"> • Focus groups • Meetings (in person and by phone) • Net Promoter Score surveys (by phone and online) • Social media • Stakeholder impact surveys 	<ul style="list-style-type: none"> • Fees and interest • Fraud and prevention • Level of service 	<ul style="list-style-type: none"> • Marketing campaigns and rewards • Policy and procedures
Employees	<ul style="list-style-type: none"> • Dedicated mailboxes • Employee affinity groups • Senior leader internal blogs 	<ul style="list-style-type: none"> • Stakeholder impact surveys • Surveys (annual employee survey) • Town halls 	<ul style="list-style-type: none"> • Career development • Confidence in leadership • Customer experience 	<ul style="list-style-type: none"> • Diversity and inclusion in the workplace • Ethical culture and shared values
Shareholder & Investor Community	<ul style="list-style-type: none"> • Annual general meeting • Correspondence (by letter and email) • Disclosure of interim and annual financial results • Investor conferences 	<ul style="list-style-type: none"> • Investor days • Meetings (in person and by phone) • News releases, corporate website and industry conferences • Stakeholder impact surveys 	<ul style="list-style-type: none"> • Board of Directors and executive leadership structure, composition and performance • Corporate governance practices and disclosure 	<ul style="list-style-type: none"> • Corporate performance • Executive compensation • Succession planning
Government & Regulators	<ul style="list-style-type: none"> • Correspondence (by letter and email) 	<ul style="list-style-type: none"> • Meetings (in person and by phone) 	<ul style="list-style-type: none"> • Carbon pricing • Climate change initiatives in the financial services sector • Social finance 	<ul style="list-style-type: none"> • Sustainable development goals • Supporting women entrepreneurs
Civil Society	<ul style="list-style-type: none"> • Correspondence (by letter and email) • Interviews • Meetings (in person and by phone) 	<ul style="list-style-type: none"> • Questionnaires • Research papers (on key issues for our industry) • Stakeholder impact surveys • Surveys 	<ul style="list-style-type: none"> • Climate change • Corporate governance • Financial inclusion 	<ul style="list-style-type: none"> • Responsible investing • Responsible lending

Materiality

Our ESG Report is focused on the ESG issues that matter most to our stakeholders and our company.

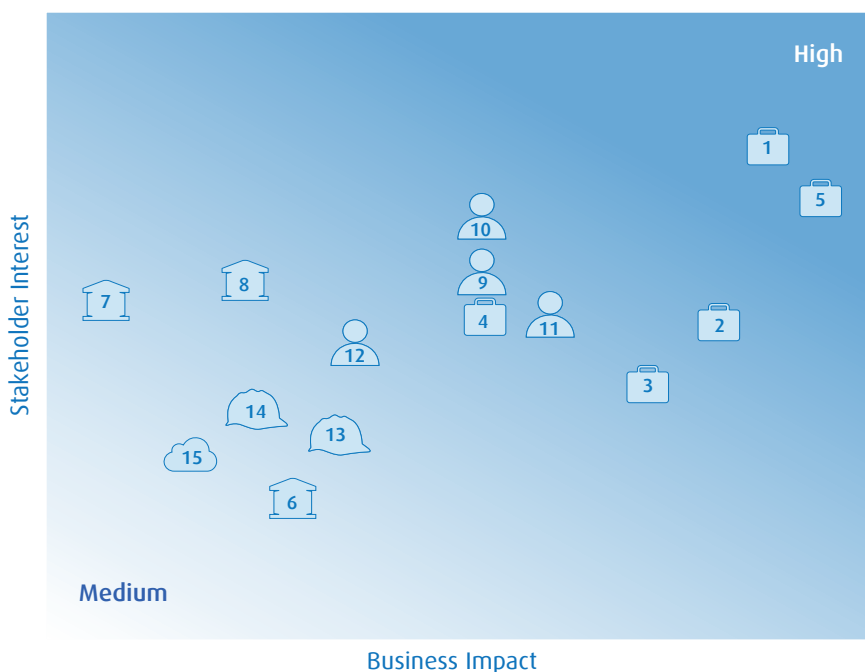
We conducted a robust materiality assessment in 2015 in which we identified, prioritized and validated key ESG issues, based on guidance from the GRI Technical Protocol. Details of this process can be found in our 2015 ESG Report (page 10).






Because the issues do not change substantially from one year to the next, we chose to build on last year’s conclusions, rather than conducting a full assessment in 2016. We developed an approach that is intended to capture any new or emerging issues and gather in-depth feedback from stakeholders in three regions where BMO has a strong presence: North America, Europe and Asia. Our findings are discussed on the following pages.

Materiality Matrix

This matrix reflects our 2015 materiality assessment findings. At the time of the assessment, climate change fell below our threshold for materiality. However, the issue now has greater prominence and continues to be top of mind for many stakeholders, including our regional stakeholder panels, as described on the following page. For this reason, we’ve included a section in this report that addresses

Materiality Matrix



-  **Managing Our Business**
 - 1 Business Conduct
 - 2 Consumer Protection and Transparency
 - 3 Corporate Governance
 - 4 Customer Feedback
 - 5 Privacy and Data Security
-  **Responsible Banking**
 - 6 Access/Financial Inclusion
 - 7 Responsible Investing
 - 8 Responsible Lending
-  **Inspiring Our People**
 - 9 Diversity and Inclusion
 - 10 Employee Engagement
 - 11 Learning and Development
 - 12 Talent Attraction and Retention
-  **Building Stronger Communities**
 - 13 Contributing to our Community
 - 14 Financial Literacy
-  **Tackling Climate Change**
 - 15 Reducing our Environmental Footprint

climate change related issues. We will review our approach again in 2017 to determine whether conducting another comprehensive materiality assessment is necessary.

2016 REGIONAL STAKEHOLDER ENGAGEMENT

In 2016, we engaged a third-party to conduct targeted online surveys and lead ESG-specific panels with regional stakeholders from North America, Europe and Asia. Stakeholders included thought leaders, research analysts, investors, employees, industry peers, academics, community partners and civil society organizations. In the survey, stakeholders were asked to rank the material issues we

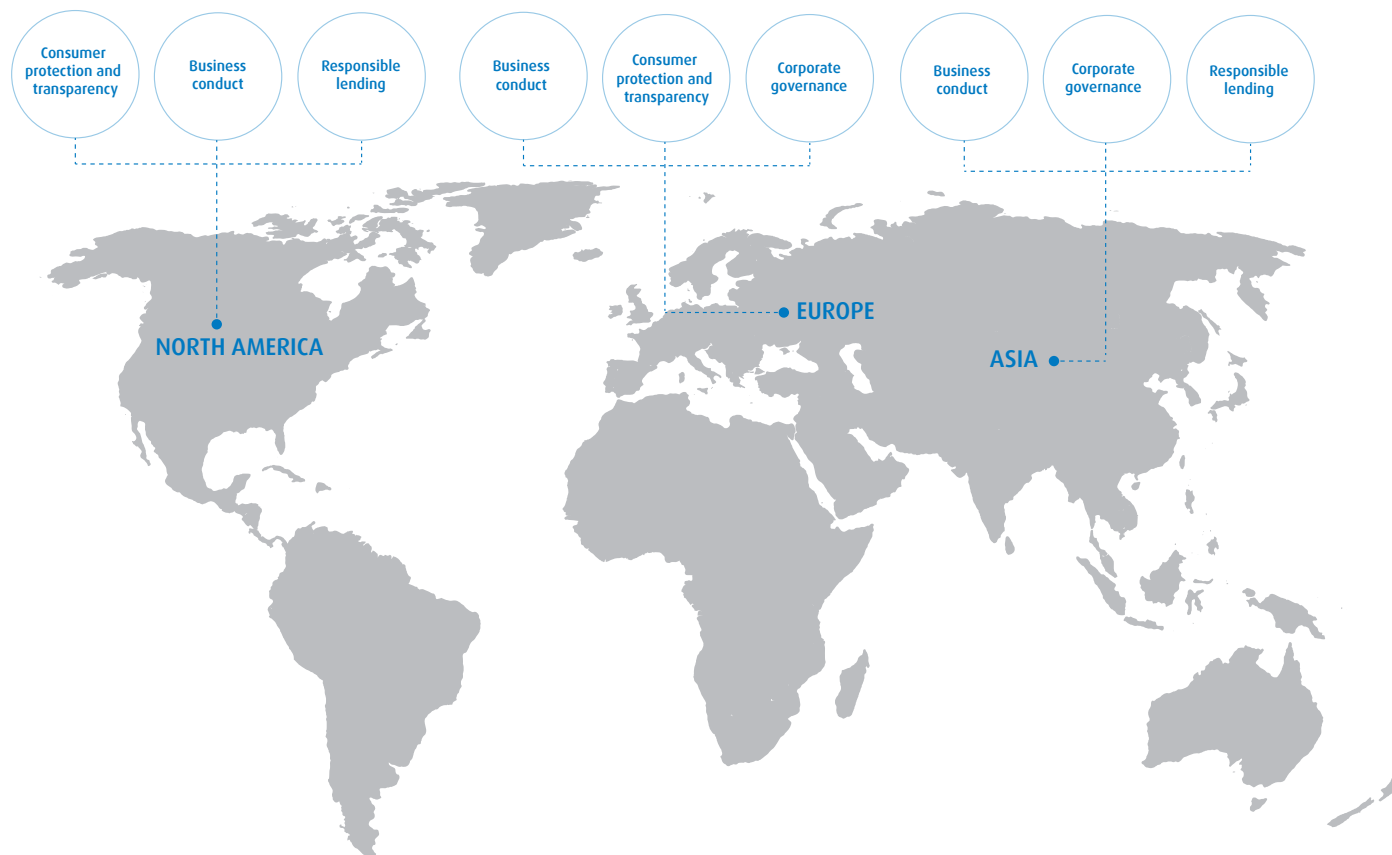
identified through our materiality process last year (top three issues by region are presented in the map below), and also to identify any new or emerging issues, for example climate change. More than 20 stakeholders took part in ESG-specific panels as well, where survey results, including our list of material issues prioritized by region, were discussed.

While there was consensus on most topics, they were prioritized differently by region. The map below shows the three leading issues by region.

Three leading issues by region

Issues are listed in priority sequence from left to right (highest priority to lowest priority)

Stakeholders in all three regions also noted the growing prominence of climate change as an issue of concern.



What We Learned

Our key findings from the regional stakeholder panels, along with a selection of remarks by panel participants, are presented below. We have also provided links to pages in this report where a suggestion has been addressed, as well as links to additional information that is available online.

1) The way we manage our business means everything

Business conduct was first or second in importance in all three regions. Closely linked to this were corporate governance, and consumer protection and transparency. Participants told us that the financial services sector as a whole is still recovering from the 2008 financial crisis, and that banks must continue their efforts to rebuild trust.

To help build that trust, participants suggested we support practices that will improve business conduct, review our retail banking practices to ensure that our operations consider our customers' needs, make financial services more accessible, and strive to improve the financial literacy of our customers.

Participants also noted that, in our 2015 ESG Report, 83% of BMO's employees agreed with the statement that "if they report an inappropriate business practice or an ethical issue, it will be addressed through the proper channel." They recommended that we describe the steps we are taking in order to achieve a score of 100% on this metric.

Refer to page 15 to see how we have addressed this recommendation.

"Fundamentally, it's about trust. The sector as a whole has lost trust."

- Europe panel participant, civil society organization

2) Responsible lending represents an opportunity for BMO to drive change

The panels agreed that integrating environmental and social impact considerations into decision-making and activities related to financing and lending is extremely important.

Many participants suggested that we could exert significant influence through our lending activities, both

at the corporate/project finance level and in our retail and commercial banking operations. They also recommended educating employees about the influence we can exercise on emissions reduction through our lending portfolio, in order to help minimize potential ESG risks to BMO's reputation.

On a related note, impact investing was identified as an emerging issue by the North America stakeholder panel.

Refer to page 26 for our approach to this topic. We still have some work to do as we review/consider the recommendations internally.

"Social issues are not going to solve themselves."

- Asia panel participant, academic organization

"Many banks are signatories to the Equator Principles (EP), which provide good guidance for project finance. There is, however, room for improvement in implementing the EPs so that it's not merely a "tick box" exercise. BMO can lead or play a major role in driving deeper integration of the EPs within its lending portfolio."

- North America panel participant, academic organization

3) Climate Change was cited as an emerging issue in all three regions

Climate change was cited as an emerging issue in all three regions, which was not surprising, given the attention it has attracted since the 2015 launch of the UN Sustainable Development Goals and the UN Climate Change Conference (COP 21), which led to the landmark Paris Agreement.

The Asia panel noted that climate change has become a significant emerging issue for many major banks and financial lenders, although pollution remains a more prominent concern in China. Financiers are seen

to be backing away from emissions-intensive coal investments, while also applying greater scrutiny on industrial projects to verify that they are adopting the best available carbon-reduction technologies and standards. Concerns about clean energy, energy efficiency and smart grid investments have all gained traction, especially in India and China.

Generally, stakeholders noted that there are opportunities for BMO to be more vocal about its role in addressing climate change. They suggested that we articulate a clear strat-

egy for tackling climate change risks, ensure that our operations and lending portfolio are “climate-proofed,” work with regulators on scenario planning, and encourage our suppliers to reduce their greenhouse gas emissions.

Refer to page 41 to see how we have addressed this recommendation.

View our Statement on Climate Change at:

www.bmo.com/home/about/banking/corporate-responsibility/our-approach/our-commitment#issues

“Climate change will affect who you lend to and at what price, because it poses financial and reputational risks.”

– Europe panel participant, consultant

“For energy-intensive industries, climate change is about how you manage emissions as a business. As a bank, you have relatively smaller emissions, so it’s how you manage greenhouse gas exposure through lending activities and customers that becomes very important.”

– North America panel participant, publicly listed mining company

Managing our Business

Our business is built on trust.

We strive to earn and maintain the trust of our stakeholders by being open, fair and transparent – and committed to doing what’s right. This commitment is rooted in our values of integrity, empathy, diversity and responsibility, and it shapes the way we manage our business. We adhere to stringent corporate governance policies and practices in order to safeguard our organization, protect our reputation and deliver on our vision – to be the bank that defines great customer experience.

Material issues in this section:

- Business conduct
- Consumer protection and transparency
- Corporate governance
- Customer feedback
- Privacy and data security

What Happens When

Every year, we survey our employees about what it’s like to work at BMO. Among the topics, we ask them a series of questions about how well they think we’re upholding our values and our Code of Conduct. In 2015, 83% of respondents said they believe that if they report an inappropriate business practice or an ethical issue, it will be addressed through proper channels. While these responses were appropriate and welcome, we took some time to consider what they might mean. Our concern was that some of our employees might hesitate to report an issue because they weren’t sure what that could entail. We saw this as the possibility of a lost opportunity to investigate and address some instances of behaviour that could be contrary to our Code of Conduct.

To address this concern, we developed “What Happens When,” a job aid that details the ways employees can report a concern (including the use of our external whistleblower service), how the investigative process works, the number of groups

involved in ensuring fairness and integrity, and what employees can expect after reporting an issue. We also made it very clear that retaliation of any kind will not be tolerated.

A separate job aid was created for managers. “What Happens When for Managers” looks at the issue from a manager’s point of view and provides them with guidance on what to do if they receive a complaint. The document details the steps in the process, where a manager can seek guidance, and the importance of avoiding retaliation of any kind.

We intend to continue to focus on these documents and communicating their underlying principles, in training sessions and discussions across the organization over the next year.

Alignment with SDGs:





Business Conduct

OUR APPROACH

We have clear expectations for ethical behaviour that are outlined in our Code of Conduct (Code), which mirrors our values of integrity, empathy, diversity and responsibility, and apply to everyone who works at BMO.

We promote awareness of our Code through formal and informal training, and internal communication processes. Each year, all BMO employees, including contract and temporary employees, must complete our Ethics, Legal & Compliance Training program. The training provides guidance on managing risks effectively, covers the relevant current laws and regulations in place in the jurisdictions where we operate, and spells out the connection between those rules and expectations and an employee's everyday accountabilities.

We will not tolerate behaviour by any employee that is contrary to our values and our Code. The consequences of violating the Code range from mandatory coaching and supervisory support to termination and legal action.

HIGHLIGHTS

We updated a number of our policies governing business conduct in 2016:

- Refreshed our Code so that it's more descriptive and easier to understand, and clearly emphasizes the need for employees to speak up when they feel something is not right. We also designed job aids to support decision-making in difficult situations (see article on adjacent page).
- Introduced a new Supplier Code of Conduct that aligns with our Code and outlines principles that our suppliers are expected to comply with, including standards for integrity, fair dealing and sustainability.
- Updated our Statement on Human Rights so that it aligns with the refreshed Code and our new Supplier Code of Conduct.
- Updated our Anti-Corruption policy to include principles for hiring practices and updates on issues related to gifts, sponsorships, and related roles and responsibilities.

91%

of our employees are confident that BMO is ethical in its business dealings, according to our 2016 annual employee survey

Maintaining an environment where our employees are comfortable raising concerns without fear of retaliation is important to us. As part of our ongoing commitment to our employees, we provide multiple channels for employees to report concerns, including a third-party whistleblower reporting service that allows employees (and other BMO stakeholders) to confidentially, and anonymously if they prefer, report any concerns related to accounting, internal controls over financial reporting and auditing matters, or our Code of Conduct to BMO's Ombudsman.

Consumer Protection and Transparency

OUR APPROACH

We strive to use clear and simple language when we market our banking and investment offerings, and we also provide financial education so that our customers are able to understand the agreements they sign and the products and services we offer. All new products and services comply with consumer protection laws, regulations, voluntary commitments and codes of conduct.

HIGHLIGHTS

Senior and vulnerable clients (SVC) are an emerging concern for BMO and many regulators. To ensure that this population is served in an informed, respectful and helpful way, BMO Wealth Management launched SVC-specific policies.

These easy-to-understand policies were introduced to help front-line employees and clients deal with questions such as how to determine when a client may have reduced capacity, how to handle any suspicions of elder abuse, or how to assess a power of attorney (POA) document. We rewrote our POA form in plain language in response to questions from both em-

ployees and customers. We believe the new form, which will be implemented in 2017, is easier to understand.

In the United States, we added steps to the in-person account opening process to provide greater clarity and transparency. For example, both new and existing customers receive a re-cap sheet detailing the features of any newly opened account, as well as a Quick Start Guide that provides additional information.

Corporate Governance

OUR APPROACH

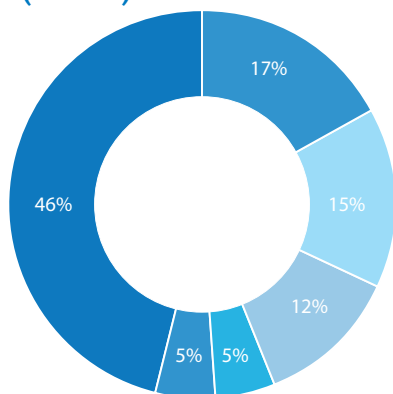
Good governance starts with BMO's Board of Directors. Our Director Independence Standards require that the Board be composed of directors who are well informed and independent of management, with diverse backgrounds and relevant experience.

Whether directly or through its committees, the Board exercises the responsibilities set out in the Board of Directors' Mandate in the areas of:

- Culture of integrity
- Governance
- Strategic planning process
- Risk management, internal controls and organizational structure
- Communications and public disclosure

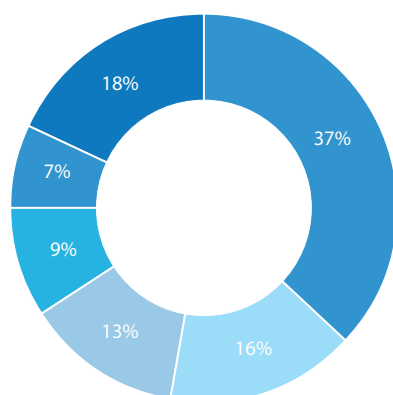
The Board is responsible for enterprise-wide oversight and governance, and a number of Board committee charters set out specific responsibilities for addressing environmental, social and governance (ESG) matters. For example, the Audit and Conduct Review Committee has oversight responsibilities for business conduct, sustainability and ethics. As such, the committee reviews BMO's annual ESG Report and PAS, our Code of Conduct, and regular information on the state of conduct across our organization.

Escalated Complaints (Canada)



Top complaint themes	2016
Level of Service	17%
Fees and Interest	15%
Fraud and Merchant Dispute Claims	12%
Payment Handling	5%
Marketing Campaigns and Rewards	5%
Other (e.g. cheque cashing, holds, estates, tax reporting)	46%

Escalated Complaints (United States)



Top complaint themes	2016
Deposit Account	37%
Lending	16%
Branch	13%
ATM/Debit Card	9%
Mortgage	7%
Other (e.g. credit card, contact centre, online, bill pay, mobile)	18%

The Executive Committee (EC), comprised of our most senior leaders, ensures the overall sound governance and management of all aspects of our operations. The EC also oversees the effective execution of all strategies and business plans.

BMO’s Sustainability Council, comprised of senior leaders from business and corporate support areas across our organization, provides guidance and insight on ESG matters. Our CEO appointed BMO’s General Counsel as chair of the Council.

HIGHLIGHTS

Our Board Diversity Policy mandates that BMO’s Board must be composed of highly qualified directors from diverse backgrounds and that each gender must represent at least one-third of independent directors. Currently, 36.4% of BMO’s independent directors (four of eleven) are women. In keeping with the Board Diversity Policy, the Board considers diversity criteria such as gender, age, ethnicity and national and regional background when reviewing potential director candidates.

BMO’s Shareholder Engagement Policy, which was updated this year, outlines our expectations and the measures in place to enhance effective communication between our shareholders and the Board and management.

BMO has taken a public stand on board diversity. BMO’s CEO, Bill Downe, and Chairman, Robert Prichard, regularly promote awareness of our Board Diversity Policy through both external and internal speaking engagements. Demonstrating our leadership in this area, BMO was a founding signatory of the Catalyst Accord in Canada in 2013, pledging that women would have a strong voice on our Board. Mr. Downe serves on the Catalyst Inc.

Board of Directors and is a member of the Catalyst Canada Advisory Board, and Mr. Downe and Mr. Prichard are both founding members of the 30% Club Canada.

Customer Feedback

OUR APPROACH

We gather customer feedback through surveys, complaint resolution processes and other means, all of which provide valuable input for improving overall customer experience.

In Canada, our customer complaint resolution process is outlined on the bmo.com website, at the link “Resolving complaints.” We also offer this information to our customers in “We’re here to help – Resolving customer complaints,” available in our retail branches. In the first step of our process, we encourage customers to talk to representatives at the branch or office where the complaint originated. If a customer’s concerns are not resolved at this step, they can then be escalated to a senior officer in the second step of the process. The graphs to the left show the major themes of these escalated complaints in Canada and the United States.

In the United States, our tracking system captures complaints and feedback arising from the retail branch network, Customer Contact Centre, the Private Bank, Business Banking and third-party vendors. Root cause analysis is key to turning this feedback into structured action plans that improve the customer experience and reduce the number of complaints.

HIGHLIGHTS

We conducted 223,844 customer loyalty surveys across North America in 2016. We continued to build out our system for transaction-triggered surveys, through which branch man-

agers contact dissatisfied customers who have participated in a survey within 48 hours. This system provides us with an opportunity to address customer problems quickly and helps build customer loyalty.

Our new enterprise listening platform systematically analyzes customer feedback across multiple data sources, including feedback that is either: solicited or unsolicited, facilitated through front-line employees, or distilled from syndicated and secondary sources. Our listening platform uses text analytics to structure data and synthesize key themes and associated sentiments. For the first time, we have the capacity to understand customer issues and opportunities in light of input from a variety of sources.

We launched Journey Net Promoter Score (JNPS) surveys to better understand those highly emotive, end-to-end experiences that our customers have with us. These often involve a number of transactions and span multiple channels (i.e. buying a home).

Our Voice of the Customer feedback site has evolved into an internal social platform where Customer Contact Centre employees can post both barriers identified by our customers and their recommendations related to our products and services. Emerging issues and customer recommendations are then confirmed by cross-reference to other Voice of the Customer feedback sources (such as customer experience analytics data) to determine whether the issue is an emerging trend. This internal forum enables us to identify and investigate these issues quickly.

BMO's Ombudsman Office

As the final step in our Canadian internal dispute resolution process, BMO's Ombudsman Office conducts a confidential and impartial review of customer complaints – grounded in fairness, integrity and respect – that considers the interests of all parties, as well as all applicable laws, policies and standard industry practices.

Customers can also take their concerns to BMO's external dispute resolution provider, the Ombudsman for Banking Services and Investments, for a further impartial, informal and confidential review.

In 2016, BMO's Ombudsman Office completed a review of 265 complaints, of which 215▲ were Banking Reviews and 50▲ were Wealth Management Reviews. The average length of time to close Banking Reviews was 59.5 days▲, while the average length of time to close Wealth Management Reviews was 78 days▲.

In the opinion of BMO's Ombudsman Office, 110 of the 215▲ Banking Reviews completed and 34 of the 50▲ Wealth Management Reviews completed were resolved to the customer's satisfaction.

342,000

Canadian customers
have signed up for the
Touch ID app

Privacy and Data Security

OUR APPROACH

We are committed to safeguarding the information that our customers and partners have entrusted to us. BMO's Privacy Office oversees our privacy risk governance program, which includes the policies and procedures we follow to identify, manage, measure, mitigate and report privacy risk. The Privacy Office also monitors the effectiveness of these controls to ensure our compliance with privacy regulations and provides our employees with direction and training on our privacy policies and procedures. All employees are required to take BMO's Information Security and Privacy Matters training when they join BMO, and annually thereafter. This training lays a foundation for subsequent line-of-business privacy awareness training and messaging.

All incidents involving suspected or actual breaches of privacy related to customer or employee personal information must be reported to the Privacy Office, which then oversees any investigation and resolution. The Privacy Office reports privacy matters to management and the Board on a quarterly basis.

BMO's Information Security Office is responsible for enterprise-wide information security and information technology risk management, which includes overseeing mandatory information security training, compliance with relevant regulations and reporting information security matters to management and the Board.

Information Security governance for our operations outside of North America is managed out of Singapore.

BMO has a 100% electronic banking guarantee for Personal Banking customers. We promise to fully reimburse customers for any losses from their personal banking accounts that result from unauthorized online banking transactions due to a security breach.

HIGHLIGHTS

BMO is a member of the Canadian Financial Institute Cyber Security Council. The council convenes to address cyber-security matters that affect the financial services sector in Canada and internationally. The largest Canadian banks and life insurance firms, as well as the TMX Group, are also collaborating to define the current state of systemic cyber-security risks.

The Touch ID^{®†} app enables customers to access their accounts securely with user-friendly fingerprint recognition. In 2015, BMO became the first major financial institution in Canada to introduce Touch ID authentication for iPhone^{®†} mobile banking customers. Approximately 342,000 Canadian and 27,000 U.S. customers have signed up for the Touch ID app.

We offer a free download of Trusteer Rapport^{®††} software, which can protect the connection between a customer's computer and BMO's online banking site against common threats so that access to BMO's authentic online banking site is not replaced by a fraudulent website.

We manage our data loss prevention capabilities by integrating and automating security programs, and we are expanding the scope of our employ-

ees' education and cyber-awareness by conducting regular exercises to detect and stop phishing activities.

Further information:

BMO WEBSITE – BMO'S CODE OF CONDUCT

[BMO's Code of Conduct](#)

BMO WEBSITE – BOARD DIVERSITY POLICY

[Board Diversity Policy](#)

BMO WEBSITE – SHAREHOLDER ENGAGEMENT POLICY

[Shareholder Engagement Policy](#)

BMO WEBSITE – WE'RE HERE TO HELP – RESOLVING CUSTOMER COMPLAINTS

www.bmo.com/home/popups/global/resolving-a-complaint

BMO WEBSITE – BMO'S OMBUDSMAN OFFICE

www.bmo.com/home/popups/global/ombudsman/ombudsman-details

BMO WEBSITE – PRIVACY

www.bmo.com/privacy

BMO WEBSITE – HOW WE PROTECT YOU

www.bmo.com/home/about/banking/privacy-security/how-we-protect-you

Related BMO policies and statements

[BMO's Code of Conduct](#)

[BMO Privacy Code](#)

[Board Diversity Policy](#)

[Shareholder Engagement Policy](#)

[Statement on Anti-Money Laundering, Anti-Terrorist Financing and Sanctions Measures](#)

Responsible Banking

Responsible banking not only demonstrates a financial institution's commitment to contribute to broader societal goals, it also supports the creation of long-term value.

We have a responsibility to provide access to banking services for underserved communities and to strengthen the economic fabric of the low-income neighbourhoods we serve by supporting community development initiatives.

We can also have a positive impact, not just in Canada and the United States, but in communities around the world, through our financing, credit, investment and asset management activities. That's why we work diligently to integrate considerations of environmental and social impacts into our decision-making processes, and to align these activities with well-established external guidelines, principles and frameworks that promote sustainable development.

Material issues in this section:

- Access/financial inclusion
- Responsible investing
- Responsible lending

Making a positive impact through our investments

The world is facing a number of critical challenges, ranging from climate change to current and foreseeable water and food shortages. In response, the United Nations launched the Sustainable Development Goals (SDGs), a set of 17 global goals with specific targets and indicators, to be reached by 2030. Achieving the ambitious targets will require action by governments, businesses and participants in financial markets around the world. In this context, our asset management clients are increasingly asking the question: how is my money doing good?

Two of BMO's European-based equity investment offerings channel investors' capital towards solutions: the Responsible Global Equity Strategy and the Responsible Global Emerging Markets Equities Strategy. Both focus on investing in companies whose business strategies focus on providing positive solutions to global needs such as clean drinking water, access to medicine, sustainable technology and clean energy.

In 2016, we published ESG Profile and Impact reports for those strategies for the first time, providing our investors and stakeholders with greater transparency about the ESG profile of these offerings and the companies in which they invest. The reports profile the specific companies in which these strategies invest and highlight how we have been able to use our voice as a shareholder to encourage positive change across a range of ESG issues.

Our engagement in these funds in 2015 represented 40% (by portfolio weight) of the equities held in the Global Strategy and 60% in the Emerging Markets, which enabled us to address issues such as the protection of migrant workers, climate change, palm oil sustainability standards and corporate governance. Through these efforts, we believe we can further improve the ESG profile of the two strategies and help drive responsible business practices.

Alignment with SDGs:





Access/Financial Inclusion

OUR APPROACH

BMO offers a wide range of products and services intended to meet the needs of underserved communities. We do this by partnering with communities and non-profit organizations that have an in-depth understanding of these specific needs and can help us create the most appropriate and effective solutions. We also participate in programs to generate greater awareness of the benefits of these offerings.

HIGHLIGHTS

Supporting Aboriginal Communities

For almost 25 years, BMO's Aboriginal Banking unit has made a priority of working to increase the self-sufficiency of Aboriginal communities. We've opened 14 BMO branches located on or near Aboriginal reserve lands in Canada.

BMO's On-Reserve Housing Loan Program is just one example of how we can help drive social impact through our customized products. Through this program, First Nations members are able to obtain much-needed financing without the need for government guarantees. Cur-

rently, 97 First Nations[▲] participate in the program, and we've made more than \$225 million available in loans.

This year, BMO again received Gold level recognition in the Progressive Aboriginal Relations program from the Canadian Council for Aboriginal Business for our efforts to enhance partnerships with Canada's First Peoples. For our team of Aboriginal Banking specialists, that means playing an active role by providing financial literacy training, customized trust and investment management solutions and advice to on-reserve businesses.

We also partner with First Nations communities on their economic development initiatives, including investments in infrastructure – such as schools, medical facilities and water treatment systems. These initiatives not only help to improve everyday living, they create employment – and they create hope.

Due to unanticipated issues encountered during a system conversion, Management is not able to report its business with Aboriginal customers for 2016. We're employing our best



5th Consecutive

Gold level recognition in the Progressive Aboriginal Relations program from the Canadian Council for Aboriginal Business for our efforts to enhance partnerships with Canada's First Peoples

efforts to resolve and report this data in next year's report.

Helping People with Disabilities

BMO partners with organizations such as Planned Lifetime Advocacy Network (PLAN) to increase awareness of Registered Disability Savings Plans (RDSPs) and their features and benefits.

PLAN and BMO have delivered close to 20 educational RDSP events across Canada to approximately 350 individuals. We have also distributed *Safe and Secure*, PLAN's inspirational guidebook for parents and other family members who are concerned about the future of a relative with a disability, particularly after the parents have passed away. In addition, BMO and PLAN have collaborated on the RDSP.com website and on a calculator to help individuals estimate the future value of an RDSP.

With the rollout of the new image ATMs and touch screen functionality, the user experience for those with visual disabilities was considered when enhanced braille decals were included to complement the audio functionality. In addition, ATM heights were standardized across the country to a consistent level addressing challenges for physically disabled customers.

Supporting Women Entrepreneurs

To help us better support women entrepreneurs, we created a team dedicated to developing an understanding of the wealth and business advice needs of women. We recently funded a study released by Carleton University, *A Force to Reckon With: WOMEN, ENTREPRENEURSHIP AND RISK*. The study found that:

- 950,000 women were self-employed in 2012 in Canada.

- Women entrepreneurs identify themselves as making decisions related to risk differently than their male counterparts.

- Among those surveyed for the study, 80% agree women entrepreneurs face obstacles to obtaining bank financing.

We are also partnering with women-focused organizations to develop training and education for female investors and entrepreneurs, as well as for our own front-line staff. Examples of this training include:

- A national series of industry-leading two-day workshops that are designed to help support in building skills and improving business acumen by inspiring female entrepreneurs with new ideas.
- A webinar series, led by a wealth psychology expert, that was offered to our advisors and banking professionals to help them provide relevant and useful advice to women and couples.

Support for Small Businesses

We've created tools and tips for small business owners that include a series of short videos and guides with tips on starting, growing and managing a business. Our website also includes videos and stories about how BMO customers started and run their businesses. Read small business stories from [Your Financial Life](#).

Free/Discounted Services

In Canada, we provided free/discounted banking services to 1,485,305 seniors and students in 2016. We also provided discounted banking services to 51,214 local and non-profit organizations.

BMO made an additional **\$2 billion in credit** available to women-owned businesses across Canada over three years (beginning in 2015)

BMO partnered with Futurpreneur Canada to develop the Business Plan Writer, which has had almost 70,000 users. Learn more at: www.futurpreneur.ca/en/resources

Free/Discounted Services for Seniors and Students

	2016	2015	2014
Seniors (Canada)	1,111,704	1,073,864	1,025,947
Students (Canada)* (university and high school)	373,601	480,889	352,835
Students (U.S.) (college students)	69,176	72,531	62,066

* Students (19 years of age and older) and teens (between 13 and 18 years of age).

In the United States, we provided 69,176 college students with a fee waiver that remains in effect for four years. The monthly account maintenance fee would normally be \$12 and the non-BMO Harris ATM transaction fee would be \$2.50. We also provided chequing accounts with no monthly maintenance fee to 20,640 non-profit organizations.

The chart above provides a year-over-year breakdown of these services.

Our NewStart™ Program offers accounts, services and discounts to landed immigrants, foreign workers and foreign students. It includes free banking for 12 months on the [Performance Plan](#), as well as tools to help improve financial literacy.

Community Development Loans

Through our community reinvestment activities in the United States, we provide community development loans that support economic development, community services and affordable housing in the neighbourhoods where we operate.

In 2016, BMO Harris Bank provided US\$652.9 million in community development loans, which included the following:

- Haymarket Lofts LP in Milwaukee, WI received a bridge loan for the adaptive renovation and re-use of a historic, light industrial building as a 72-unit apartment

building. The project targets low-income households, with a fixed percentage of units allocated to veterans with supportive housing needs and/or people who are homeless or at risk of becoming homeless.

- Indianapolis Local Public Improvement Bond Bank in Indianapolis, IN was provided with interim financing for the 16 Tech Project, a planned 50-acre innovation community that will include research space, retail outlets and residential development. The 16 Tech Project is located in a low-income census tract, and in its first phase is expected to support some 2,600 jobs, approximately 1,000 of which will be low-skill positions.
- Rosecrance, Inc. in Rockford, IL received a loan that supports its work as a private, not-for-profit organization offering behavioural health services, such as addiction recovery services, for adolescents, adults and families. More than 80% of the families and individuals served by Rosecrance have low or moderate incomes.

Responsible Investing

OUR APPROACH

At BMO Global Asset Management, the belief that prudent consideration of ESG issues can have an important

\$1.8 billion in BMO Global Asset Management's Responsible Funds range - a set of ESG-screened investment strategies founded over 30 years ago

1st

Canadian bank to launch an impact investing mutual fund focused on gender diversity – the **BMO Women in Leadership Fund**

BMO Global Asset Management rated A+ on strategy and governance for United Nations Principles for Responsible Investment

impact on the creation of long-term investor value supports all investment decisions. Studies have shown that companies that successfully manage their ESG risks and proactively follow best practices are more likely to demonstrate risk-adjusted outperformance over the long term.

Material ESG considerations are integrated into our active investment processes. Our research analysts and portfolio managers follow a decision-making process that assesses the potential impact of ESG issues related to the investments we hold in our internally managed portfolios, and we seek external partners that take the same approach. This analysis informs our asset allocation, stock selection and portfolio weightings, as well as the nature of our shareholder engagement and voting activities.

HIGHLIGHTS

BMO was the first Canadian bank to launch an impact investing mutual fund focused on gender diversity – the BMO Women in Leadership Fund. Launched in April 2016, the fund invests in North American companies with a female CEO or board of directors of which at least 25% of the

members are women. The investment mandate is to provide investors with financial value while also addressing the social challenge of the under-representation of women in senior leadership positions – a challenge that is also a priority for BMO. Refer to page 30 to see how BMO is supporting the advancement of women in senior leadership positions.

BMO Global Asset Management's 13-member Governance and Sustainable Investment (GSI) team in London has an extensive global program of investor engagement aimed at encouraging investee companies to adopt best practices in a range of areas, including business ethics, corporate governance, environmental standards, and human rights. In 2016, the team engaged with 768 companies. This included visits to 9 countries and 95 board-level meetings with companies and led to 191 outcomes in which we were able to influence change.

In Canada, BMO Global Asset Management is examining trends in board diversity in order to understand the impact of enhanced disclosure rules on board diversity. Engagement activities address investee companies where gender diversity is low at the board and/or executive level and where policies for improving the representation of diversity are proving to be ineffective.

BMO Global Asset Management has determined that participation in the public policy process is a central part of being a responsible investor. As investors, BMO Global Asset Management can indicate to governments and regulators which policies will improve a company's alignment with ESG standards in a way that also enhances competitiveness and long-term value for investors. In the past year, BMO Global Asset Management undertook 18 public policy engagements, including:

Engaged **768 companies**

95 board-level meetings with companies

Travelled to **9 countries** to engage local companies

Leading to **191 outcomes** in which we influenced change

- Signing on to a letter from 130 global investors urging G20 leaders to ratify the COP21 Paris Agreement on climate change; and
- Submitting feedback on sustainability reporting guidance developed by the World Federation of Exchanges (WFE).

As a signatory to the United Nations Principles for Responsible Investment (UNPRI), we strive to advance the Principles in our own work and broadly in the marketplace. In 2016, we submitted our first unified UNPRI Transparency Report. This report brings together asset management operations in North America and Europe (BMO AM Corp., BMO Global Asset Management Canada, BMO Global Asset Management EMEA and LGM Investments). Overall, BMO Global Asset Management received an A+ rating for strategy and governance. A summary of the UNPRI's assessment of our efforts can be found [here](#).

Responsible Lending

OUR APPROACH

As part of our enterprise risk management framework, we evaluate the environmental and social impacts of our clients' operations, as well as the impact of their industry sectors.

We have internal policies for our Commercial Banking and Capital Markets businesses that provide guidance on how to identify, manage and mitigate environmental and social risks in financing transactions. Due diligence (assessing and screening for environmental and social risks) is performed by the line of business (LOB). As part of the approval process, the transaction application includes the LOB's findings. We have identified more than 50 industries that warrant a

higher level of environmental due diligence. We evaluate social risks by assessing how well a client manages regulatory and other risks related to stakeholder engagement and issues related to Aboriginal consultation with specific due diligence questions outlined in our financing policies.

HIGHLIGHTS

For project finance transactions, BMO applies the Equator Principles and the World Bank/International Finance Corporation environmental and social screening process in order to understand and assess the specific environmental and social issues associated with lending that supports certain industries or activities.

We do not extend loans for transactions that are outside the national defence policies or international treaty obligations of Canada and the United States and that have as their objective the international transfer of any equipment for military or internal security purposes. In addition, BMO will not finance companies that manufacture weapons banned by existing international arms control treaties to which Canada and/or the United States are signatories.

To keep informed of emerging issues, we participate in global forums with our peers, maintain an open dialogue with our internal and external stakeholders, and continuously monitor and evaluate policy and legislative changes in the jurisdictions where we operate. BMO has been a member of the United Nations Environment Programme – Finance Initiative (UNEP FI), a global partnership between UNEP and more than 200 financial institutions, since 2005. We are also a member of the Global Compact Network Canada, a local chapter of the United Nations Global Compact.

Note: Renewable energy financing is an important aspect of responsible lending and is also integral to our approach to tackling climate change.

For this reason, we have included renewable energy financing in the Tackling Climate Change section of this report. Please see page 40 for details.

Equator Principles Reporting (Fiscal 2016)

The total number of Project Finance transactions that reached financial close in our fiscal 2016 was 2. The breakdown, using Equator Principles III, follows:

Sector	Category	Category	Category
	A	B	C
Natural Resources	0	0	0
Infrastructure	0	0	0
Power and Utilities	0	2	0
Diversified	0	0	0
Region	Category	Category	Category
	A	B	C
Australia and New Zealand	0	0	0
Asia	0	0	0
Europe, Middle East and Africa	0	0	0
Americas	0	2	0
Country Designation	Category	Category	Category
	A	B	C
Designated	0	2	0
Non-designated	0	0	0
Independent Review	Category	Category	Category
	A	B	C
Yes	0	2	0
No	0	0	0

Further information:

BMO WEBSITE – ABORIGINAL BANKING
www.bmo.com/aboriginal/en/

BMO WEBSITE – BMO NEWSTART PROGRAM
www.bmo.com/newstart/en/

Related BMO policies and statements

[Responsible Investment Policy](#)

Inspiring our People

Everyone wants to work for an organization that motivates, encourages and supports them. And we know that the most successful companies are those that prioritize attracting, retaining and engaging top talent. At BMO, we focus on fostering a culture in which talented individuals will find that differences in gender, ability, cultural background, sexual orientation and other attributes are truly valued.

We strive to have the right people in the right jobs, and to develop and maintain a working environment that can provide them with the support, recognition, challenge and opportunities they need to achieve their career potential. We believe these efforts will help us deliver great customer experiences, achieve sustained growth in shareholder value – and enable our people to succeed.

Material issues in this section:

- Employee engagement
- Diversity and inclusion
- Learning and development
- Talent attraction and retention

Learn from Difference

We believe that diversity and inclusion heightens engagement, loyalty and growth. When we can learn from our differences, we achieve more effective team performance, better customer outcomes and stronger financial results. Diversity, and how we learn from our differences, is one of our core values.

BMO's *Learn from Difference* program aims to build a capability for inclusive leadership among our 7,000 people managers so that all employees feel valued, respected and heard. For this multi-year engagement initiative, we recruited managers and partners from each of our lines of business to co-author content that addresses building and maintaining an inclusive workplace.

Recognizing that almost half of our people managers work in retail and business banking in customer-facing roles, where time is limited, we decided that the program should start with a 25-minute, action-oriented e-learning module. The module lets managers know what they can do immediately to create a more inclusive

environment, and features BMO leaders presenting relevant everyday examples. The program offers a variety of tools and resources, including a manager's guide, e-learning and an online hub with tips and tools.

Our choice to target people managers was deliberate: these managers make decisions every day that affect our employees and shape our culture. The e-learning module is the first step toward ensuring that managers have the tools they need to create an inclusive environment where everyone can be at their best.

By the end of August, only three months after its launch, the program had a completion rate of 83% – almost 6,000 of our people managers had completed the program, surpassing our one-year goal of 80%. Completion of *Learn from Difference* was entirely voluntary and self-directed. What's more, employee feedback has been highly complimentary.

Alignment with SDGs:





Employee feedback on our **Learn from Difference** awareness training:

- *Excellent course, one of the best I've taken. Clear and concise, with a lot of good content.*
- *What really held my attention was seeing and hearing from leaders*
- *I encourage colleagues who want to be leaders: take the course!*

Employee Engagement

OUR APPROACH

We have a variety of methods for engaging with our people. We make our employees aware of our strategic priorities, and we make sure that they have opportunities to present their point of view. In addition, our CEO, Chief Operating Officer and other top leaders maintain internal blogs, and business group leaders hold regular town hall meetings.

Our performance management program helps managers and employees set clear goals, with appropriate metrics and targets that define success. Employees know where they stand through regular assessments, feedback and coaching. We guide managers through the performance management process with training programs and online resources.

BMOPulse, our annual enterprise employee survey, provides us with a broad-based perspective on the areas where we can do better – and it's designed to prompt action. Every leader in our organization shares accountability for meaningfully responding to his or her team's BMOPulse feedback. Survey results are benchmarked against our past performance, as well as the benchmarks set by leading companies.

HIGHLIGHTS

2016 was the fourth year we administered the BMOPulse survey. Ninety per cent▲ of employees participated – an 8% increase from three years earlier. Respondents demonstrated a keen commitment to both BMO and their work: 80%▲ felt highly engaged by their role in the workplace, similar to survey results over the past two years. Overall, 75% of our comparable survey metrics met or exceeded leading company benchmarks.

BMOPulse questions were refined again this year to address emerging subjects of importance for our organization. These include our employees' assessment of BMO's risk culture, their ideas about where we can improve productivity and the degree to which our employees perceive our values, brand and actions are being adopted in each employees work environment.

Survey results also show that our focus on building customer loyalty has led more employees than ever before to affirm that they are motivated by BMO's customer focus (an increase of 5% since 2015). Results also show a year-over-year increase of 10% in our employees' understanding of our new brand.

Through BMO's 2012-2016 diversity renewal strategy, we have:

- Increased workforce diversity
- Significantly shifted our culture to embrace diversity
- Achieved industry leadership

BMOPulse 4 years on

	2016	2015	2014	2013
Annual employee survey participation rate ▲	90%	88%	86%	82%
Employee Engagement Index (EEI) ▲	80%	81%	80%	78%

Diversity and Inclusion

OUR APPROACH

BMO began its diversity renewal journey in 2012, with ambitious workforce representation goals and a vision of driving performance by working to establish leadership in diversity and inclusion. Over the past five years, we've worked to increase the diversity of our workforce and build a more inclusive workplace. We've made good progress toward our goals, advanced our culture and change agenda, and demonstrated industry leadership. As 2016 comes to a close, we are defining BMO's next multi-year strategy, to 2020, setting new diverse workforce representation goals and continuing to secure our recent gains through robust talent and diversity strategies that we believe will help us maintain our industry-leading position.

BMO's Office of Inclusion, led by our Chief Inclusion Officer, shares responsibility and accountability for achieving our enterprise diversity and inclusion (D&I) goals. Within every business unit, a D&I council reports to the business unit's D&I Steering Committee. The Steering Committee chairs are typically members of BMO's Leadership Committee for Diversity and Inclusion.

HIGHLIGHTS

By the end of 2016, we had reached our goal of attaining industry leadership; achieved all 2016 diverse workforce representation goals, with the

exception of one (Aboriginal people in Canada); and exceeded workforce representation goals for both women and minorities. BMO metrics are now ahead of the leading company benchmarks for workplace inclusion.

Promoting the advancement of women is a key component of our diversity and inclusion strategy. We focus on the representation of women in senior leader roles (i.e., the 550 most senior roles in our organization, or the top 1% of all roles at BMO) as the defining measure of a gender-inclusive workplace. This year, the representation of women in senior leader roles was 40%▲, meeting our goal of 40%.

BMO was an early signatory to the Catalyst Accord, committing us to achieving a strong representation of women at all levels in our organization, including our Board of Directors. Today, more than one-third of our independent Board members are women.

Taking our direction from BMO's Leadership Committee for Inclusion and Diversity, we have established the next set of multi-year diverse workforce representation goals (2017-2020), with the intention of maintaining BMO's industry-leading position. We will also be refining specific segment strategies to support the achievement of these goals.



BMO was named to the 2016 Bloomberg Financial Services Gender-Equality Index

“Leadership EDGE was exceptional – time very well spent. I gained practical tools to enhance my enterprise leadership approach starting immediately and a stronger appreciation for the critical leadership capabilities so essential in today’s environment. I left inspired, energized, and proud to be a BMO leader!”

– Rebecca Tascona, Chief Operating Officer, BMO Wealth Management

Learning and Development

OUR APPROACH

BMO’s customer promise – “We’re here to help” – also extends to our employees. Our commitment to learning is focused on building the capabilities that will drive results and deliver great customer experiences. Learning at BMO helps our employees grow in ways that matter to them – through custom programs tailored to the strategies, needs and culture of our organization; targeted off-the-shelf content to build broad skills; and subsidized post-secondary education. This approach to continuing education and professional development helps us engage and inspire our employees, and build new capabilities to meet evolving customer needs.

HIGHLIGHTS

We launched *Leadership EDGE* in February 2016, to replace our Advanced Leadership Program. This six-month high-impact leadership development experience for BMO’s most senior leaders helps them succeed in an increasingly complex and fast-paced environment, fuelling BMO’s transformation. The program clearly demonstrates BMO’s commitment to investing in our senior leaders by equipping them with the tools they need to achieve both personal and business goals.

We also introduced a 36-month leadership journey in BMO Capital Markets (CM) for all newly-appointed and newly-recruited BMO CM Directors and Vice-Presidents.

In September 2016, we launched the *Essentials of Management Practices Program*. This suite of BMO-designed e-learning modules for both new and experienced people managers explores the essential processes and practices involved in people management at BMO. It includes modules on

hiring, performance planning and assessment, talent management, and learning from difference (see the *Learn from Difference* article on page 28). Within a week of its launch, more than 400 of our people managers were already participating in the program.

Our employee Learning Map – a highly-interactive and engaging customer experience learning activity – enables employees to understand BMO’s vision, the context for our work, and how to achieve the outcomes that matter most. The maps reinforce employee pride and connection, and help each individual understand their role in bringing our brand to life.

In Asia and Europe, several new learning programs were launched for BMO Capital Markets and Wealth Management, including:

- BMO Asia Leadership Program – *Leading and Sustaining Change*, which is designed to strengthen senior leaders’ ability to lead and manage change.
- Orientation to BMO Asia and Orientation to BMO Capital Markets Asia for all new employees.
- Private Banking risk management training for all new employees in BMO Asia, which details client risk profiling and product risk rating processes.
- BMO culture workshops for BMO Capital Markets, Global Asset Management and support groups in Europe.
- At BMO Ireland, training for managing change, focused on BMO culture.

26.9 hours[▲]

of training per full-time equivalent (FTE) employee in 2016

\$77,952,791[▲]

Investment in training in 2016: \$1,689 per FTE employee

Talent Attraction and Retention

OUR APPROACH

We want to be an employer of choice. Attracting talented people who will embrace BMO's culture and inspiring them to be their very best will contribute to our success. Our goal is to have the right talent everywhere across the organization to drive results, and our talent strategy is to promote from within. We identify talent early and recruit selectively in order to strengthen our talent pool. And we help future leaders extend their capabilities and develop the broad experience they need to succeed.

Our CEO and senior executives evaluate business performance on a quarterly basis, with a focus on financial performance, strategic initiatives, customer segment goals and workforce health (which includes voluntary turnover). Our competitive compensation programs align pay and performance. Base pay is reviewed on an annual basis at year-end with a focus on each employee's sustained performance and demonstrated knowledge, skills, and ability. Base pay may also be evaluated during the year if factors

such as evolving market conditions warrant changes to ensure ongoing competitiveness.

Employee rewards include the following:

- An incentive program aligned with performance.
- Share ownership plans offered to all BMO employees.
- Benefits available to all employees, retirees and their dependants, subject to eligibility requirements, including: health insurance coverage; health spending accounts; income protection; retirement, and work/life effectiveness programs; tuition assistance; volunteer grants; and a matching charitable giving program.
- Various programs to help employees balance the demands of personal life and work, including LifeWorks, BMO's employee assistance program.

Further information is available on our website.

HIGHLIGHTS

Through our Workforce Transformation Project, we aim to inspire great people to do great work. We're building spaces where people can work better, together, faster. And where they can experience leading workplace design and technology. But most of all, we're building a community of highly engaged employees who feel connected to their work and each other, no matter where or who they are.

Voluntary

Turnover Rate[▲]

Canada



United States





2016 Great Place to Work[®],
and one of the Top 50 Best
Workplaces in Canada

The BMO Student Internship Program is our premier program for students, with a focus on inspiring, developing and engaging students to help them build a career at BMO. To support their success and help them gain valuable experience, we offer these students opportunities for mentorship, networking, innovation challenges and access to senior leadership. In 2016, 222 students in Canada and 137 students in the United States participated in the program.

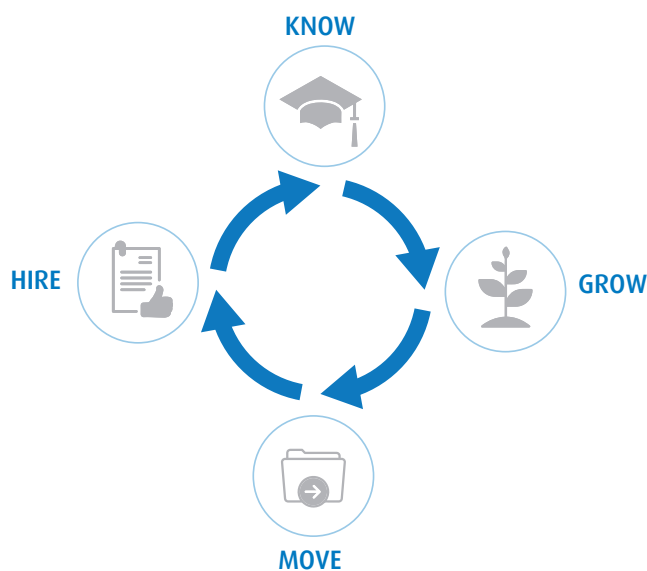
BMO beam, our enterprise-wide social recognition program, focuses on appreciating others, celebrating individual and team achievements,

and sharing career milestones. Every quarter, our leaders recognize a number of individuals and/or teams with a Spotlight Award for being role models of our brand. Once a year, a select group of employees who bring our brand to life are celebrated at an awards event.

Related BMO policies and statements

[BMO's Code of Conduct](#)
[Statement on Freedom of Association and Collective Bargaining](#)
[Statement on Human Rights](#)
[Statement on Health and Well-being](#)

Our talent practice focuses on 4 key elements



HIRING—attracting and hiring diverse talent with new experiences, perspectives and skills

KNOWING—going early and deep into the pipeline to identify future leaders, and assess their performance and potential in an unbiased way

GROWING & MOVING—being rigorous in our succession planning, and making bold moves to accelerate the development of great talent

Further information:

BMO WEBSITE – DIVERSITY AND INCLUSION
www.bmo.com/home/about/banking/corporate-responsibility/employees/diversity-equity-inclusion

BMO CAREERS WEBSITE
www.bmo.com/home/about/banking/careers/career-opportunities

BMO WEBSITE – BMO'S TALENT STRATEGY
www.bmo.com/home/about/banking/corporate-responsibility/employees/investing-people

BMO WEBSITE – WORK AND LIFE EFFECTIVENESS
www.bmo.com/home/about/banking/corporate-responsibility/employees/work-life-effectiveness

Building Stronger Communities

Helping people is an important part of BMO's legacy, whether it's helping our customers succeed or helping build and sustain strong and resilient communities.

For 200 years now, we've tried to make a positive difference in people's lives. Our actions in the community reflect both our understanding of what society expects of us as a leading corporate citizen and our acknowledgement of a responsibility to share our talents and reinvest in the places where our employees live and work. We also recognize that our organization thrives when our communities thrive.

Material issues in this section:

- Contributing to our communities
- Financial literacy

Bringing Hope and Opportunity to Underprivileged Children

Community Roots China (CRC) is working to ensure that every child in China has access to education, health care and shelter. CRC delivers much-needed support and resources to underprivileged children in rural areas by partnering with private-sector organizations that do business in China.

BMO first partnered with CRC in November 2012 as the sponsor of its One Heart Gift Bag program. In that first year, a team of BMO employees sourced, packed and distributed 126 gift bags containing new clothes, shoes, books, school supplies and toys to children in Yunnan province. Since then, BMO has contributed RMB1,347,948 (more than \$200,000) to support the delivery of gift bags to 2,400 children in Yunnan, Guizhou and Guangxi provinces.

In 2014 and 2015, we provided RMB1,000,000 (approximately \$200,000) to help fund the education of 222 children in Guangxi, Guizhou and Yunnan provinces. Of the 125 children sponsored in 2015, 64 have now graduated from high school.

Of these, 61 successfully passed university entrance examinations during the summer of 2016, and 57 were attending university or college by the end of the year. One of these students is the top performer in his county area and has been accepted at Beijing Normal University.

"The program that BMO China has participated in is a very meaningful one," said one of the participants on our BMO China team. "Our sponsorship covers annual education costs and school fees for underprivileged children in rural mainland China at the primary and secondary levels. The schoolchildren come from poor families, and our sponsorship lightens the financial burden on their parents. The children are able to get an education, with the hope that they are able to go on to further studies."

In 2016, BMO funded the construction of a kitchen at Mupiao Primary School in Guizhou province. Previously there was no enclosed space for preparing food or dining room or tables. The new kitchen makes cooking a joy for staff, and students can now eat and relax in a secure place.

Alignment with SDGs:





Contributing to our Communities

OUR APPROACH

At BMO, we believe that supporting our communities is a sound long-term investment that over time will yield economic prosperity, sustainable growth and a better quality of life for everyone. BMO focuses its community giving on various initiatives and programs that enable communities to become self-sustaining, healthy and thriving. We provide support in four main ways:

- Corporate donations (also referred to as donations) – We offer support to registered charities, as well as community and non-profit organizations. Our executive-level Corporate Donations Committees in both Canada and the United States review all major donation

requests and provide direction for our organization’s overall philanthropic strategy, priorities and activities. Our donations are centred within five areas: arts and culture; civic, social services and federated appeals; economic development/affordable housing; education; and hospitals, health and research.

- Disaster relief – We help victims of natural disasters by making corporate donations, accepting donations from our customers at our branches, and waiving fees for transfers of funds that support disaster relief. To ensure donations have the greatest impact, we direct them to the Red Cross, which coordinates with local, national and international responders.
- Sponsorships – In addition to promoting the BMO brand, our sponsorship of festivals, events and sports teams enriches community life.

BMO’s Five Areas of Corporate Donations



Arts & Culture



Civic, Social Services, & Federated Appeals



Economic Development/Affordable Housing

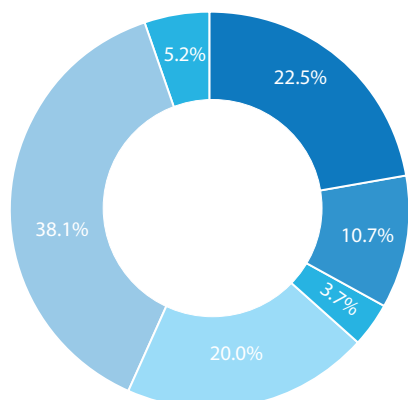


Education



Hospitals, Health & Research

\$ 57.3 million[▲] in donations to non-profit organizations across North America



Corporate Donations by Focus Area (%)	% of Total
Arts & Culture	22.5%
Civic & Community Service	10.7%
Economic Development & Affordable Housing	3.7%
Education	20.0%
Health & Human Services (includes Hospitals & Federated Appeals)	38.1%
Other (includes Matching Gift & Volunteer Grants Programs)	5.2%

\$34.9 million in donations in Canada in 2016

- Employee giving and volunteering – We strive to nurture a culture of giving and volunteering at BMO, where employees are recognized for their community involvement, and we offer them an opportunity to participate in community-building activities during business hours.

Corporate Donations

Here are some examples of our charitable donations:

Membertou Sport and Wellness Centre – The First Nation community of Membertou in Nova Scotia is part of the larger Mi'kmaq Nation. The community has been pursuing a number of strategic initiatives to improve economic conditions and job prospects for its people. In support of the community, BMO has pledged \$250,000 over five years to help fund the construction of the new Membertou Sport and Wellness Centre near Sydney, Nova Scotia, which is managed in partnership with the YMCA. Dedicated to the promotion of active and healthy lifestyles within the community, the Centre is one of the largest recreational facilities on Cape Breton Island. This advanced facility will offer modern, convenient amenities and first-rate resources, including two ice pads, an indoor walking track and a 3,000-square-foot community fitness centre. The facility also boasts an energy-efficient geothermal ice-making system to service both ice pads, making year-round skating a new possibility for the community. Membertou is the first Aboriginal community in the world to achieve ISO 9001:2008 certification for its quality management system.

Children's Aid Foundation (CAF) – We recently announced a donation of \$600,000 over five years, bringing BMO's total donations to the CAF since 1990 to over \$1.6 million. This

latest pledge will support the new BMO Financial Group National Youth Mentorship Program for Youth Leaving Care. After enduring significant disruptions in their lives during critical stages of their early development, many young people involved with the child welfare system are far from prepared to transition into an independent life. Currently being piloted in Toronto, an innovative tri-mentorship model known as CHEERS (Creating Hope and Ensuring Excellent Roads to Success) is intended to connect young people between the ages of 16 and 26 who are transitioning out of the child welfare system with caring adult mentors who have been trained to provide emotional support, guidance and access to supportive resources and services, all of which can help these young people successfully establish stability and independence upon leaving the system.

Chicago Urban League (CUL) – Our donation of US\$100,000 will help build strong, self-sustaining African American communities and provide opportunities with the power to transform people's lives. For a century now, the Chicago Urban League has worked to open the doors of opportunity for African Americans through advocacy, collaboration and innovation. The funds will be used to support CUL's Entrepreneurial Center, Housing & Financial Empowerment Center and IMPACT Leadership Development Program.

Ex Machina Performance Space – BMO is donating \$1 million over eight years for the construction of Le Diamant, a multi-purpose performance space in Québec City that will be the new home of Ex Machina, the theatre company founded and directed by world-renowned playwright, actor and director Robert Lepage. Le Diamant will be a unique and adaptable space with a variable interior

Over \$21 million

Raised for local United Way organizations and other charities during the 2016 BMO Employee Giving Campaign

geometry, where the layout of the stage, seating and technical equipment can be modified to accommodate different productions, giving the city access to many exceptional local and international performances, including operas, circus shows and world premieres of works by Ex Machina and other national and international companies.

Boys & Girls Clubs (BGC) and Marquette University BMO Scholars Program – A US\$300,000 donation provides support to the BMO Scholars program, a joint initiative between BGC and Marquette University in Milwaukee. The program works to ensure that students graduate from high school and have the study skills, mentorship and confidence they will need in order to attend and succeed in college. It also provides scholarships, which help students in the program overcome some of the financial barriers to attending Marquette University. Currently, in the 2016-2017 school year 68 BGC students are on track to graduate from high school and 28 BMO Scholars are attending Marquette University.

In-kind Donation – BMO donated its 117-year-old Charlotte Street branch building to the Old Sydney Society as a way of preserving the history of Sydney, Nova Scotia. The Society plans to transform the building into a public museum that will serve as its new home base.

Pro Bono Services – We partnered with the Elder Law and Wellness Initiative (ELWI), a non-profit organization with a legal clinic in downtown Chicago, to offer free legal and social service information to senior citizens and their caregivers. BMO Harris Bank's volunteer attorneys are trained by ELWI to advise seniors on a variety of legal issues, including landlord-tenant relations and advance directives and planning. We also part-

nered for the second consecutive year with the Center for Disability and Elder Law to help senior citizens prepare powers of attorney and living wills.

Equity Through Education – BMO Capital Markets raised \$1.6 million during its 12th annual Equity Through Education (ETE) trading day on September 14, 2016. The ETE program supports organizations that provide educational opportunities for students by donating an amount equivalent to all institutional equity trading commissions earned over a single day across North America and Europe. Since its inception in 2005, ETE has assisted more than 3,000 individuals through donations that total \$17.9 million to date.

Disaster Relief – In 2016, BMO joined together with Canada's four other major banks to make a combined donation of \$1 million to the Canadian Red Cross in support of Syrian refugees arriving in Canada, helping with their transition and providing essential services and assistance with basic needs.

Following the devastating wildfires in Fort McMurray, Alberta, BMO donated \$100,000 to support Red Cross relief efforts and announced measures to assist customers affected by the fires, which included options for deferring personal loan and mortgage payments. Special accommodations were also provided to BMO commercial customers. BMO later donated an additional \$1.9 million in support of nearby local communities and efforts to address the economic challenges facing Alberta.

Sponsorships

Major festival and event sponsorships in 2016 included the Calgary Stampede; Summerfest music festival in Milwaukee; BMO Nations Cup eques-

Top Corporate Partner,
Volunteerism Pillar, Leadership
Giving Pillar and Community
Spirit Awards by United Way
of Metropolitan Chicago.

trian show jumping competition at Spruce Meadows in Calgary (2016 marked the 40th anniversary of our sponsorship); BMO Celebrating Women (honouring women in 8 cities across North America for their contributions to local businesses and communities); and BMO Harris Bank Magnificent Mile Lights Festival in Chicago, the largest evening holiday celebration in the United States. We were the title sponsor of the BMO Vancouver Marathon and the BMO Harris Bank Storm the Bastille Run in Milwaukee, and the presenting sponsor of the Canada Army Run in Ottawa.

Our sports sponsorship portfolio spans a range of professional and grassroots initiatives, providing community programs that are dedicated to giving youth and families an opportunity to experience the positive impact of sport. BMO's partnership with NBA Canada features the Jr. NBA grassroots basketball development program. Sponsorship of the three Major League Soccer teams in Toronto, Montreal and Vancouver include grassroots programming such as Kickin' WITH TFC, Kickin' with the 'Caps and numerous community clinics. The BMO local grassroots soccer program supports 20,000 children who play the game across Canada. BMO also supports The Youth Hockey Player, Coach & Volunteer of the Month program as part of the Chicago Blackhawks sponsorship, as well as the Bango's Kids Club, as part of the Milwaukee Bucks relationship.

BMO Capital Markets is the initiator and a founding sponsor of Back2Business, a program led by the New York-based Financial Women's Association (FWA) in partnership with four leading U.S. firms, which helps talented individuals restart careers in financial services after an extended break. BMO Capital Markets is also the founding sponsor of the Women in Capital

Markets' Return to Bay Street program, which helps professional women relaunch their careers in the Canadian capital markets after an extended absence.

Employee Giving and Volunteering

The BMO Employee Giving Campaign is one of the largest and most successful employee donation and engagement campaigns of its kind in North America. In 2016, more than 92% of our employees participated, donating over \$21 million to local United Way organizations and other charities across North America.

Our employees have rallied around Walk so Kids Can Talk, a major fundraising event presented by BMO for Kids Help Phone, Canada's only 24/7 national support service for youth. This annual event helps ensure that the Kids Help Phone line is always open for children of all ages who need counselling. In 2016, nearly 7,600 BMO employees, their family members and friends participated in the five-kilometre walk, raising more than \$1.5 million.

Launched in June 2001, BMO Volunteer Day is a special day set aside each year for employee volunteering. Across North America, our employees are invited to help out with local charities and community organizations during regular business hours. They volunteer at organizations for children, youth and seniors, food banks, community housing and health care facilities, family resource centres, parks and recreational facilities, relief organizations and homeless shelters. In June 2016, nearly 4,000 of our employees participated in the event.

Financial Literacy

OUR APPROACH

Financial literacy helps build economic prosperity, for both individuals

and communities. In our day-to-day interactions with customers, we do everything we can to help them acquire the knowledge, skills and confidence they need to make responsible financial decisions.

In our communities, we partner with organizations that are focused on improving financial literacy, with an emphasis on helping young people develop good financial habits as a means of enhancing their future.

HIGHLIGHTS

In 2016, we funded and helped organize a curriculum directors meeting at the BMO Institute for Learning. Working in partnership with the Canadian Foundation for Economic Education, we brought together curriculum directors from school boards across Canada to facilitate conversations and identify opportunities to collaborate on financial literacy initiatives. Attendees discussed topics such as the status of

financial education by province and across Canada, the creation of a national strategy on financial literacy, sources of funding for curriculum development, and approaches to preparing educators to teach economic and financial education programs.

The Talk With Our Kids About Money program, powered by BMO, reached more than 4,400 schools and 536,000 students in Canada in 2016, and 519 schools and 62,000 students in the United States. This free program for students, teachers and parents provides engaging and enjoyable educational resources that can improve children's knowledge of how money works. As part of the program, employees from across our organization helped start conversations about money with these students by participating in special financial literacy events. In 2016, we also supported a special showcase event in which 24 student teams from Chicago-area schools visited the Federal Reserve Bank of Chicago and participated in a Money Fair competition.

598,000

Number of students in North America reached by Talk With Our Kids About Money, sponsored by BMO, in 2016.

BMO Harris Bank received the Governor's Financial Literacy Award in Wisconsin for its efforts.

Further information:

BMO WEBSITE – DONATIONS

www.bmo.com/home/about/banking/corporate-responsibility/community/donations-sponsorships

BMO CAPITAL MARKETS WEBSITE – EQUITY THROUGH EDUCATION

www.bmocm.com/in-the-community/

BMO CAPITAL MARKETS WEBSITE – SUPPORTING OUR COMMUNITIES

www.bmocm.com/in-the-community/

BMO WEBSITE – SPONSORSHIPS

www.bmo.com/sponsorships

Related BMO policies and statements

[BMO's Code of Conduct](#)

Tackling Climate Change

Climate change is one of the most significant environmental challenges of our time, threatening ecosystems, economies and communities around the world.

Like all of us, BMO must do its part to address climate change – for the good of our planet and for the long-term health of our society. We know we have a responsibility to our shareholders to manage risks and create long-term value, and a commitment to help our customers continue to thrive in a low-carbon world.

Material issues in this section

- Climate change
- Responsible lending—renewable energy financing
- Reducing our environmental footprint

BMO launches NEW Responsible Investment Products

In 2016, we introduced the BMO Fossil Fuel Free Fund, which aims to provide long-term growth of capital by investing in a globally diversified portfolio of equity securities that excludes companies primarily involved in extracting and refining fossil fuels and maintaining the infrastructure for their distribution. BMO also launched a principal protected deposit note that offers a socially responsible investment option.

“Canadians care about the environment and about the potential impact of fossil fuel extraction and dependence. As a global fund that focuses on companies with strong businesses and significant growth potential, BMO Fossil Fuel Free Fund provides Canadian investors with the option to have a diversified portfolio while avoiding fossil fuel producers,” says Kevin Gopaul, Head, BMO Global Asset Management Canada and Global Head of ETFs.

BMO was the first Canadian bank to launch a principal protected note linked to an environmental, social and governance-themed index. The BMO Environmental, Social & Governance (ESG) Index is a proprietary, quantitative and socially screened index that seeks to provide exposure to select components of the Jantzi Social Index (JSI), a stock index of Canadian companies that comply with a set of broad ESG screening criteria.

A proprietary, quantitative rules-based screen is used to select the BMO ESG Index components from the JSI. At maturity, investors in BMO Environmental, Social & Governance Index Linked Principal Protected Deposit Notes will receive the amount of their original deposit plus a variable amount that reflects the price return on the equities in the BMO ESG Index over the term of the note. This new product offers our clients a socially responsible investment while providing protection of their principal at maturity.

Alignment with SDGs:





Climate Change

OUR APPROACH

We continue to learn more about the impact climate change is having on the needs of our customers and other stakeholders, as well as how our business needs to adapt

Operationally, we have moved quickly and effectively to reduce our own environmental footprint. We set clear goals, and have maintained carbon neutrality across the entire enterprise since 2010. We focus our efforts on reducing the consumption of energy related to our operations, our facilities and our employees' business travel; investing in electricity from renewable sources; and purchasing high-quality voluntary carbon credits to offset the balance of our emissions to meet our goal.

BMO has been carbon neutral since 2010

As a financial institution, we also have a responsibility to consider the broader impact of our business, including the projects we finance. We actively seek out and support clients who will positively impact our future – for example, companies that develop renewable energy projects

such as solar, wind, hydroelectric and biomass generation – as well as customers who adopt their own sustainability practices. We offer a variety of green mortgage and investment products. The BMO Eco Smart Mortgage rewards customers for making smart choices for both their home and the environment. In these ways, BMO plays an important role in supporting a low carbon economy.

HIGHLIGHTS

BMO joined the Carbon Pricing Leadership Coalition (CPLC), a voluntary initiative that supports successful implementation of carbon pricing around the world. A carbon price is the amount that must be paid for the right to emit one tonne of CO₂ into the atmosphere. The CPLC brings together leaders from government, business and civil society organizations to encourage the introduction of carbon pricing and accelerate its implementation around the world. As a CPLC member, we support carbon pricing by working with other members to achieve the long-term objectives being applied across the global economy.

BMO was recognized on the bullfrog-powered® Green Index at the Vanguard level (the second-highest level on the index). The index identifies the amount of 100% green energy purchased from Bullfrog Power® by its corporate customers. BMO originally purchased 5,000 megawatt hours (MWh) of clean, emissions-free energy from Bullfrog Power in September 2007, and this amount has steadily increased to reach the current level of 29,568 MWh per annum. In 2016, approximately 21% of the total electricity we purchased in Canada was from emissions-free sources. In the United States, we purchased enough renewable energy in 2016 to power 100% of the facilities we own.

Our involvement in renewable energy includes acting as an advisor to public-sector and private-sector clients on merger and acquisition activities in the renewable energy sector; leading equity and debt financings for renewable energy developers; and providing credit to the renewable energy sector, including project finance and corporate facilities.

HIGHLIGHTS

In 2016, BMO Capital Markets was involved in raising approximately \$2.4 billion of equity and debt in the capital markets for entities active in renewable energy power generation across North America. In addition, we had approximately \$3.6 billion of lending capital committed to the sector globally. These figures include only those transactions and lending commitments directly associated with renewable energy or entities having a substantial interest in renewable energy. Transactions included the following:

Hydro Ottawa – Acted as exclusive financial advisor to Energy Ottawa, a subsidiary of Hydro Ottawa, on its acquisition of a 33% interest in the Ottawa River Ring Dam and a 27 Megawatt (MW) hydroelectric generating station from Hydro-Québec. The acquisition increased Energy Ottawa’s total green energy generation capacity by approximately one-third to a total of 106 MW.

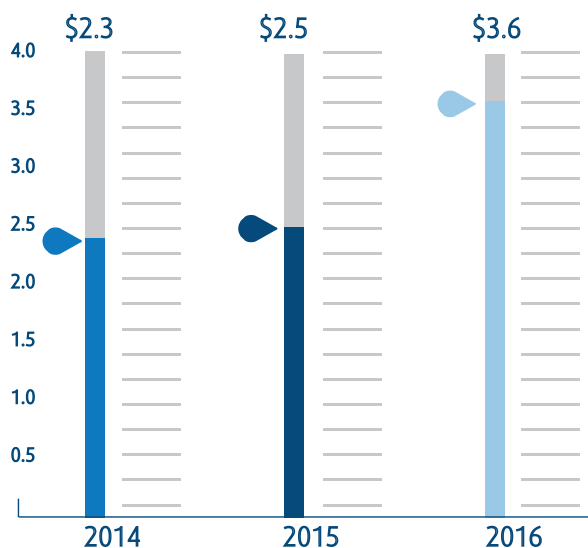
Southgate Solar – Acted as a mandated lead arranger, administrative agent, collateral agent and swap execution bank on the project financing for Southgate Solar LP, a solar power generation facility in Ontario. The 50 MW facility will utilize Ontario-made solar panels and inverters to produce clean energy for approximately 7,600 homes each year.

Responsible Lending — Renewable Energy Financing

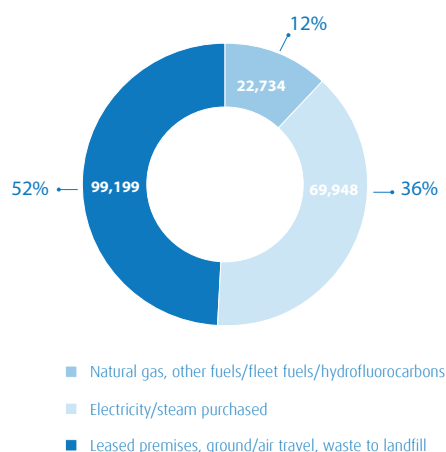
OUR APPROACH

BMO Capital Markets has a coordinated power and energy infrastructure team with comprehensive knowledge of the renewable energy sector across North America. We were one of the first financial institutions to underwrite the development of wind power generation in Canada.

Renewable Energy Lending Commitments (\$billions)



2015 Total Emissions by GHG Protocol Scope (tCO₂e)*



*2016 environmental performance data will be posted on our website in June 2017.

Pattern Energy – Acted as a joint bookrunner for a US\$270 million equity offering by Pattern Energy Group Inc., which owns and operates 18 wind power projects in Canada, the United States, Puerto Rico and Chile with a total net capacity of 2,644 MW.

Reducing our Environmental Footprint

OUR APPROACH

We are committed to minimizing the environmental impact of our business operations, and we have established a robust Environmental Management System that defines our objectives and targets and describes our processes to mitigate that impact. We monitor our performance against these objectives, and recalibrate our targets as objectives are met and new challenges emerge.

Our efforts focus on managing responsibly – and where possible reducing – energy use, business travel, materials consumption, water use, waste and emissions.

We currently have two emissions-related reduction targets, both established in 2013:

- Absolute emissions target - to reduce absolute enterprise carbon emissions by 10% from fiscal 2012 baseline level by the end of fiscal 2017.
- Intensity-based emissions target - to reduce enterprise carbon emissions by 0.5 tonne per full-time employee (FTE) from a fiscal 2012 baseline level of 4.76 tCO₂e/FTE by the end of fiscal 2017.

BMO Harris Bank has been a U.S. Environmental Protection Agency Green Power Partner since 2010.

In 2012, we set a five-year goal to reduce enterprise paper consumption by 25%, using our consumption in fiscal 2011 as the baseline. We are currently on track to reach this goal. At the end of year four (fiscal 2015), we had reduced paper consumption by 20.6% from the fiscal 2011 baseline.

HIGHLIGHTS

In August 2016, BMO's Institute for Learning in the Greater Toronto Area achieved third-party recertification to the revised ISO 14001:2015 Environmental Management System standard – one of the first facilities in Canada to achieve this distinction. We also have three other facilities that are certified to ISO 14001:2004 – one in Toronto and two in the United Kingdom.

We upgraded more than 4,000 interior lighting fixtures and lamps, as well as exterior signage, by installing predominantly high-efficiency fluorescent and/or light-emitting diode (LED) lamps, ballasts and fixtures at 105 retail bank branches, mainly in Ontario. This initiative saved energy, and reduced our costs of operations and maintenance while also improving illumination.

Digitization efforts continue to be an important part of the mix. To enable our journey towards paperless banking, we were the first Financial Institution in Canada to equip all of our branches with both customer and employee WiFi, and the first to equip the entire Financial Service Manager and Branch Manager sales force with tablets. We launched the electronic form and electronic signature capability for Everyday Banking products in Canada, reducing printing (and storing) by over 25,000 pages per day as well as enabling a fully digital audit process.

Our Emissions Report

Absolute Carbon Emissions



5 year target
2013-2017

-10% tCO₂e

To reduce absolute enterprise carbon emissions, over which BMO has direct control, by 10% versus fiscal 2012 baseline level by the end of fiscal 2017.



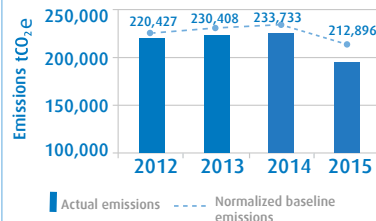
Progress
2013-2015

-9.9% tCO₂e*

*Emissions reductions are normalized for changes in weather and emission factors.
99% of five-year target achieved within 3 years.



Multi-Year Tracking



Carbon Emissions Per Full-Time Employee (FTE)



5 year target
2013-2017

-0.5 Tonne tCO₂e per FTE*

To reduce enterprise carbon emissions by 0.5 tonne of carbon dioxide equivalent per full-time employee (tCO₂/FTE) versus fiscal 2012 baseline level of 4.76 tCO₂/FTE, by the end of fiscal 2017.



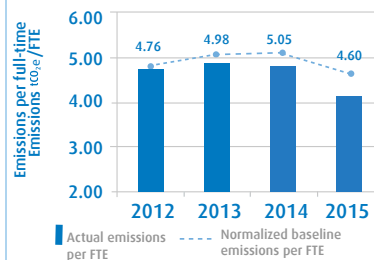
Progress
2013-2015

-0.46 Tonne tCO₂e per FTE*

*Emissions reductions per employee are normalized for changes in weather and emission factors.
92% of five-year target achieved as at fiscal 2015 year-end.



Multi-Year Tracking



Paper



5 year target
2012-2016

-25% Tonne

To reduce enterprise paper consumption by 25% (based on 2011 consumption level of 6,626 tonnes), by the end of fiscal 2016.



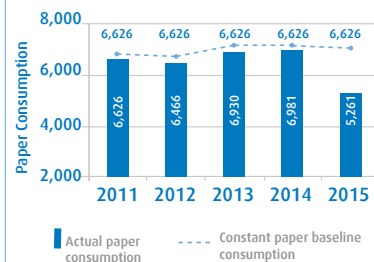
Progress
2012-2015

-20.6% Tonne

82% of five-year target achieved as at fiscal 2015 year-end.



Multi-Year Tracking



Further information:

BMO WEBSITE – ENVIRONMENTAL PERFORMANCE
<http://www.bmo.com/home/about/banking/corporate-responsibility/environment/environmental-performance>

BMO WEBSITE – CARBON DISCLOSURE PROJECT RESPONSE
http://www.bmo.com/cr/images/BMO_CDP2016en.pdf

BMO WEBSITE – BMO CAPITAL MARKETS
www.bmocm.com/

Related BMO policies and statements:

[Statement on Climate Change](#)
[Environmental Policy](#)

GRI Index

Legend

- AIF – Annual Information Form for the year ended October 31, 2016
- AR – BMO Financial Group’s 199th Annual Report 2016
- CR – Corporate Responsibility Report
- ESG Report and PAS – Environmental, Social and Governance Report and Public Accountability Statement
- PC – Notice of Annual Meeting of Shareholders and Management Proxy Circular – February 13, 2017

G4 Indicator	G4 Description	Commentary
Strategy and Analysis		
G4-1	Statement from most senior decision-maker regarding sustainability.	See page 3 of this report: Message from the Chair, BMO Sustainability Council.
G4-2	Description of key impacts, risks and opportunities.	For environmental, social and governance (ESG) related risks, see the Reputation Risk and Environmental and Social Risk sections on page 112 of the AR.
Organization Profile		
G4-3	Name of the organization.	Bank of Montreal
G4-4	Primary brands, products and services.	Bank of Montreal brands the organization’s member companies as “BMO Financial Group”. As such, in this report, the names BMO and BMO Financial Group mean Bank of Montreal together with its subsidiaries. Further information: AR pages 27 and 197-198
G4-5	Location of headquarters.	BMO’s head office is located at 129 rue Saint-Jacques, Montreal, Quebec, H2Y 1L6, and its executive offices are located at 100 King Street West, 1 First Canadian Place, Toronto, Ontario, M5X 1A1.
G4-6	Countries of operation that are relevant to this report.	This report represents our enterprise-wide operations.
G4-7	Nature of ownership and legal form.	Bank of Montreal is a Canadian Schedule I bank and a public company listed on the Toronto and New York stock exchanges. Shares are widely held by institutional and retail shareholders. Further information: AR page 196
G4-8	Markets served.	AR pages 197-198

G4 Indicator	G4 Description	Commentary
Organization Profile cont'd		
G4-9	Scale of the organization.	See page 4 of this report: Who We Are. Further information: AR pages 27 and 197-198
G4-10	Workforce breakdown.	See page 64 of the PAS: BMO Headcount.
G4-11	Percentage of total employees covered by collective bargaining agreements.	Currently, 0% of employees are covered by collective bargaining agreements. For BMO's position on freedom of association and collective bargaining, refer to: BMO on the issues
G4-12	Supply chain.	In 2016, we purchased approximately \$4.7 billion worth of goods and services from approximately 12,700 suppliers. Of that amount, approximately \$3.2 billion was spent through our Canadian operations and approximately \$1.5 billion was spent through our U.S. operations. Further information: www.bmo.com/home/about/banking/corporate-information/supplier-information/current-supplier-information
G4-13	Significant changes during the reporting period.	AR pages 28-29
G4-14	Precautionary approach or principle addressed by the organization.	See page 21 of this report: Responsible Banking
G4-15	Externally developed ESG charters, principles, or other initiatives subscribed to or endorsed.	Carbon Disclosure Project Equator Principles ISO 14001 Environmental Management System Leadership in Energy and Environmental Design (LEED) United Nations Global Compact United Nations Principles for Responsible Investing United Nations Universal Declaration of Human Rights
G4-16	Memberships and associations.	Memberships and Associations
Identified Material Aspects and Boundaries		
G4-17	Entities included in the consolidated financial statements.	Information about the inter-corporate relationships among Bank of Montreal and its significant subsidiaries is provided on page 200 of the AR.
G4-18	Process for defining report content and boundaries.	See page 10 of this report: Materiality.
G4-19	Material aspects and issues.	See table on following page.

BMO Material Issue	GRI Material Aspect	SDG	Associated Metrics	Internal	External
Access to banking services/ Financial Inclusion	Local Communities		Communities participating in BMO's On-Reserve Housing Loan Program		X
Business conduct	Anti-Corruption		Ethics training (% completion)*	X	X
	Compliance		Significant fines or monetary sanctions*	X	
Climate Change	Public Policy	13	Financial implications and other risks and opportunities of climate change	X	X
Consumer protection and transparency	Product and service labelling		Policies for the fair design and sale of financial products and services	X	X
Contributing to our communities	Local Communities	9	Donations*		X
Corporate governance	Diversity and Equal Opportunity	5	Women on Board of Directors (%)*	X	
Customer feedback	Product and Service Labelling		Average time to complete Banking reviews		X
			Average time to complete Wealth Management reviews		X
			Banking reviews completed by BMO's Ombudsman Office*		X
			Wealth Management reviews completed by BMO's Ombudsman Office*		X
Diversity and inclusion	Diversity and Equal Opportunity	5,10	Women in senior leader roles - Canada and U.S. (%)*	X	X
			Women in senior leader roles - BMO Capital Markets - Canada and U.S. (%)*	X	X
			Visible minority employees - Canada (% in senior roles)*	X	X
			People of colour - United States (% in senior roles)*	X	X
			Persons with disabilities - Canada (% of total workforce)*	X	X
			Aboriginal employees - Canada (% of total workforce)*	X	X
Employee engagement	Diversity and Equal Opportunity		Annual employee survey participation rate	X	
			Employee Engagement Index score*	X	X
Financial literacy	Local Communities	10	Initiatives to enhance financial literacy by type of beneficiary	X	X
Learning and development	Training and education	4	Average training hours per full-time equivalent employee	X	X
			Investment in training	X	X
Privacy and data security	Customer privacy		Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	X	X
Reducing our environmental footprint	Emissions	12	Emissions data (scope 1, 2 and 3)*	X	X
			Renewable energy purchases*	X	X
Responsible investing	Product responsibility	5, 6, 10,	Assets under management	X	X
			Community development investments*	X	X
Responsible lending	Product responsibility	9	Community development loans*	X	X
			Renewable energy financing*	X	X
Talent attraction and retention	Labour/Management relations	8	Turnover rate*	X	X

*See ESG Scorecard on page 6 for metrics.

G4 Indicator	G4 Description	Commentary
Identified Material Aspects and Boundaries		
G4-20	Aspect boundaries within BMO.	See G4-19.
G4-21	Aspect boundaries outside BMO.	See G4-19.
G4-22	Effect of any restatements of information.	See footnote 8 on page 6.
G4-23	Significant changes from previous reporting period in scope and aspect boundaries.	Data in this year's report is enterprise-wide, unless otherwise stated. Where there have been changes in measurement methods, we have identified them in a footnote.
Stakeholder Engagement		
G4-24	Stakeholder groups engaged.	See page 9 of this report: Engaging our Stakeholders
G4-25	Identification and selection of stakeholders.	See page 9 of this report: Engaging our Stakeholders
G4-26	Approach to stakeholder engagement.	See page 9 of this report: Engaging our Stakeholders
G4-27	Key topics and concerns raised through stakeholder engagement.	See page 9 of this report: Engaging our Stakeholders
Report Profile		
G4-28	Reporting period.	November 1, 2015 to October 31, 2016, unless otherwise stated.
G4-29	Date of previous report.	Our 2015 ESG Report and PAS was published in January 2016.
G4-30	Reporting cycle.	Annual.
G4-31	Email address for questions regarding this report.	sustainability@bmo.com
G4-32	'In accordance' option.	This report has been prepared 'in accordance' with the Global Reporting Initiative (GRI) G4 Guidelines' Core option and the GRI Financial Services sector supplement. The Independent Limited Assurance Report to BMO appears on pages 60-62 of this report and includes the selected indicators.
G4-33	External assurance.	See page 60 of this report: Independent Limited Assurance Report.
Governance		
G4-34	Governance structure, including committees, responsible for oversight of ESG issues.	See page 14 of this report: Managing our Business. Further information: Corporate Sustainability Governance
G4-37	Process for consultation between stakeholders and the highest governance body on ESG issues.	PC (Communications and Shareholder Engagement).

G4 Indicator	G4 Description	Commentary
Governance Cont'd		
G4-38	Composition of the Board and its committees.	Board of Directors: www.bmo.com/home/about/banking/corporate-governance/board-of-directors Board Committees: www.bmo.com/home/about/banking/corporate-governance/board-committees/audit-and-conduct-review Further information: PC (Skills Matrix).
G4-39	Is the Chair of the Board also an executive officer?	The Chair of the Board of Directors is not an executive officer.
G4-40	Nomination and selection processes for the Board.	See our Governance and Nominating Committee Charter, Director Independence Standards and Board Diversity Policy at: Board Diversity Policy Further information: PC (Directors).
G4-41	Director conflicts of interest.	PC (Ethical Business Conduct)
G4-42	Board's and senior executives' role in sustainability.	See page 14 of this report: Managing our Business.
G4-45	Highest governance body's role in the identification and management of ESG impacts, risks, and opportunities.	The Executive Committee (EC), comprised of our most senior leaders, ensures the overall sound governance and management of all aspects of our operations. The EC also oversees the effective execution of all strategies and business plans.
G4-46	Board's role in reviewing the effectiveness of BMO's risk management processes for ESG topics.	The Risk Management Committee provides risk oversight and governance at the highest levels of management. Further information: AR page 112 (Environmental and Social Risk).
G4-48	Highest committee or position that formally reviews and approves BMO's ESG Report and PAS.	The Audit and Conduct Review Committee of the Board.
G4-49	Process for communicating critical concerns to the Board.	Internally, critical concerns are reported to the Board of Directors in the form of a report. For example, any non-compliance issues that arise are reported quarterly to the Audit and Conduct Review Committee. Externally, shareholders can contact independent directors by mail or email. See BMO's Shareholder Engagement Policy at: Shareholder Engagement Policy
G4-51	Remuneration policies for the Board and senior executives.	See the Compensation Discussion and Analysis section in the PC. As an incentive for improving environmental performance, we provide monetary rewards to members of environmental/sustainability management teams and the corporate real estate executive team, as well as facility managers. Further information: BMO CDP Response

G4 Indicator	G4 Description	Commentary
Ethics and Integrity		
G4-56	Values, principles, standards and norms of behaviour such as codes of conduct/ethics.	See page 14 of this report: Managing our Business.
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behaviours (e.g., helplines).	Internally, we have a list of resources that can help employees with concerns related to our Code of Conduct. 'Speak up' on page 6 of the Code of Conduct at: www.bmo.com/home/about/banking/corporate-information/codeof-conduct Externally, see process outlined below.
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour (e.g., whistleblowing mechanisms).	As part of our ongoing commitment to our employees, we provide multiple channels for employees to report concerns, including a third-party whistleblower reporting service that allows employees (and other BMO stakeholders) to confidentially, and anonymously if they prefer, report any concerns related to accounting and financial reporting, or our Code of Conduct to BMO's Ombudsman. Further information: www.bmo.com/home/about/banking/corporate-governance/bmo-whistleblower-hotline
Material Issues		
Access/Financial Inclusion		
G4-DMA	Disclosure on Management Approach.	See page 21 of this report: Responsible Banking.
FS13	Access points in low-populated or economically disadvantaged areas by type.	See page 21 of this report: Responsible Banking.
FS14	Initiatives to improve access to financial services for disadvantaged people.	See page 21 of this report: Responsible Banking. BMO is committed to making our facilities and services accessible to everyone. Initiatives include level or ramped entries to our branches, lowered height at our ATMs, account information and print materials in alternative formats (e.g., Large Print, Braille, Audio or E-text statements), TTY/TTD (Teletypewriter Device), Bell Relay Service and Sign Language interpreter (ASL for English and LSQ for French). Further information: Accessibility at BMO
Business Conduct		
G4-DMA	Disclosure on Management Approach.	See page 14 of this report: Managing our Business.
G4-HR2	Total hours of employee training on BMO's Code of Conduct.	The total number of training hours on BMO's Code of Conduct for fiscal 2016 was 19,129 hours.
G4-S08	Significant fines or monetary sanctions.	See page 6 of this report: ESG Scorecard.

Material Issues		
Climate Change		
G4-DMA	Disclosure on Management Approach.	See page 40 of this report: Tackling Climate Change.
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	We disclose how we manage climate change in our Carbon Disclosure Project (CDP) submission. Further information: BMO CDP Response
Consumer Protection and Transparency		
G4-DMA	Disclosure on Management Approach.	See page 14 of this report: Managing our Business.
FS15	Policies for the fair design and sale of financial products and services.	<p>Regulation of our Retail business:</p> <p>In Canada, financial institutions must provide consumers with information about the cost of borrowing, complaint-handling procedures, fees, interest rates and branch closures. The Financial Consumer Agency of Canada supervises federally regulated financial institutions in order to ensure that they comply with federal consumer protection laws, voluntary commitments and codes of conduct. In the United States, the Consumer Financial Protection Bureau supervises federally regulated financial institutions and is responsible for protecting consumers against unfair, deceptive or abusive acts or practices, and for enforcing laws related to discrimination and other unfair treatment.</p> <p>Regulation of our Wealth Management business:</p> <p>Our regulators ensure that we comply with regulatory and investment industry standards of practice and business conduct, and also with investor protection guidelines and rules intended to foster market integrity. In Canada, the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association (MFDA) oversee provincially regulated investment firms. The Canadian Securities Administrators is the federal regulator with jurisdiction over both IIROC and the MFDA. In the United States, our regulators include the Financial Industry Regulatory Authority, the Securities and Exchange Commission, the Office of the Comptroller of the Currency and the Department of Labor.</p>
Contributing to our Communities		
G4-DMA	Disclosure on Management Approach.	See page 34 of this report: Building Stronger Communities.
G4-EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	See page 7 of this report: Economic Contribution.

Material Issues		
Diversity and Inclusion		
G4-DMA	Disclosure on Management Approach.	See page 28 of this report: Inspiring our People.
G4-LA12	Composition of governance bodies and breakdown of employees per category (e.g., indicators of diversity).	See page 6 of this report: ESG Scorecard.
Employee Engagement		
G4-DMA	Disclosure on Management Approach.	See page 28 of this report: Inspiring our People.
Refer to G4-26 and G4-27.		See page 9 of this report: Engaging our Stakeholders.
Financial Literacy		
G4-DMA	Disclosure on Management Approach.	See page 34 of this report: Building Stronger Communities.
FS16	Initiatives to enhance financial literacy by type of beneficiary.	See page 34 of this report: Building Stronger Communities.
Learning and Development		
G4-DMA	Disclosure on Management Approach.	See page 28 of this report: Inspiring our People.
G4-LA9	Average hours of training per year per employee.	See page 28 of this report: Inspiring our People.
Privacy and Data Security		
G4-DMA	Disclosure on Management Approach.	See page 14 of this report: Managing our Business.
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	There were no regulator privacy-related customer complaints in, fiscal 2016.

Material Issues		
Reducing our Environmental Footprint		
DMA	Disclosure on Management Approach.	See page 40 of this report: Tackling Climate Change.
G4-EN3	Energy consumption within the organization.	Environmental Performance BMO CDP Response
G4-EN5	Energy intensity (source data).	Environmental Performance BMO CDP Response
G4-EN6	Reduction of energy consumption.	Environmental Performance BMO CDP Response BMO ECOS Strategy
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	See page 6 of this report: ESG Scorecard. Environmental Performance BMO CDP Response
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	See page 6 of this report: ESG Scorecard. Environmental Performance BMO CDP Response
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).	See page 6 of this report: ESG Scorecard. Environmental Performance BMO CDP Response
G4-EN18	Greenhouse gas (GHG) emissions intensity.	Environmental Performance BMO CDP Response www.bmo.com/home/about/banking/corporate-responsibility/environment/carbon-neutral
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	BMO ECOS Strategy Environmental Performance BMO CDP Response
G4-EN20	Emissions of ozone-depleting substances (ODS).	Environmental Performance
G4-EN29	Significant fines and monetary sanctions for non-compliance with environmental laws and regulations.	BMO has not paid any significant fines and was not otherwise sanctioned for non-compliance with environmental laws or regulations in fiscal 2016.
Responsible Investing		
G4-DMA	Disclosure on Management Approach.	See page 21 of this report: Responsible Banking.
G4-EC7	Development and impact of infrastructure investments and services supported.	See page 6 of this report: ESG Scorecard. Further information: page 21 of this report (Responsible Banking).
G4-EC8	Understanding and describing significant indirect economic impacts, including the extent of impacts.	See BMO's Corporate Responsibility Report at: www.bmo.com/home/about/banking/corporate-responsibility/our-approach/reporting#cr

Material Issues		
Responsible Lending		
G4-DMA	Disclosure on Management Approach.	See page 21 of this report: Responsible Banking.
FS1	Policies with specific environmental and social components applied to business lines.	Environmental and social risks include the threat of adverse effects on the natural environment through emissions, wastes and resource depletion, as well as risks to the livelihoods, health and rights of communities and their cultural heritage arising out of a client's business operations and BMO's financing activities. The existence of environmental and social risks does not preclude us from providing financing to a borrower. We have internal policies for our Commercial Banking and BMO Capital Markets businesses that provide guidance on how to identify, manage and mitigate environmental and social risks in financing transactions. The policies are regularly reviewed and approved by senior management.
FS2	Procedures for assessing and screening environmental and social risks in business lines.	Due diligence is performed by the line of business to determine if the magnitude of the environmental and social risks is material. As part of the approval process, the transaction application will include the findings of the line of business. Environmental risk is most prevalent when dealing with environmentally sensitive industries. We have identified more than 50 industries that warrant a higher level of environmental due diligence. We evaluate social risks by assessing how well a client manages regulatory and other risks related to stakeholder engagement and issues related to Aboriginal consultation. Specific due diligence questions on both aspects are outlined in our financing policies.
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	Social and environmental requirements in transaction agreements are monitored by the line of business in the same way as other transaction requirements.
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Updates to our policies are widely distributed to all affected employees, and when required, we raise additional awareness with key decision-makers on a case-by-case or issue-by-issue basis.
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	We work with our clients and suppliers to understand and manage social and environmental risks, and to take advantage of opportunities. In our Commercial Banking and BMO Capital Markets businesses, we provide financing so that clients can take advantage of environmental opportunities.
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	The management of environmental and social risks is integrated into our enterprise-wide risk management processes. As a matter of course, our internal audit function periodically conducts audits on all operating units. These audits include assessing compliance with relevant environmental and social policies and risk management procedures.

Material Issues		
Talent Attraction and Retention		
G4-DMA	Disclosure on Management Approach.	See page 28 of this report: Inspiring our People.
G4-LA1	Employee turnover.	See page 28 of this report: Inspiring our People.
Additional Information:		
G4-EC3	BMO's retirement savings programs coverage.	We provide pension and/or retirement savings plans to eligible employees globally. These plans are managed prudently and in accordance with all applicable laws and regulations. Further information: AR pages 188.
G4-LA6	Absenteeism and total number of work-related fatalities.	121,900 sick days were recorded by our employees in North America during fiscal 2016 and we did not record any work-related fatalities in fiscal 2016.

Glossary of Terms

Aboriginal Employees

Refers to the total number of employees who identify themselves as First Nations, Inuit or Métis. Aboriginal employees may or may not live on a reserve, and may or may not have status under Canadian legislation. This number is reported for Canada only.

Active Employee

Includes full-time or part-time permanent employees with an “active” payroll status, but excludes term/contract employees.

Annual Employee Survey Participation Rate

Calculated as the number of BMO employees who completed BMOPulse divided by the total number of active employees who were invited to participate at the time the survey was administered. The participation rate includes all BMO employees worldwide.

Average Training Hours per FTE Employee

Average training hours per FTE employee (refer to definition) is calculated as total training hours divided by the average number of full-time equivalent employees during the reporting period for Canada and the United States.

Bank of Montreal or BMO

Bank of Montreal uses a unified branding approach that links all of the organization’s member companies under the brand “BMO Financial Group”. As such, in this document, the names BMO and BMO Financial Group mean Bank of Montreal together with its subsidiaries.

Banking Reviews

Investigations of customer complaints related to Bank of Montreal’s Canadian retail banking products (e.g. accounts, loans, credit cards) completed by BMO’s Ombudsman Office. Banking Reviews include Early Resolution Cases (refer to definition).

BMO Global Asset Management

BMO Global Asset Management is the brand name for various affiliated entities of BMO Financial Group that provide investment management and trust and custody services.

BMO Harris Bank

BMO Harris Bank is a trade name used by BMO Harris Bank N.A., a national bank headquartered in Chicago with branches located in Illinois, Indiana, Arizona, Missouri, Minnesota, Kansas, Florida and Wisconsin. BMO Harris Bank N.A. is part of BMO Financial Group.

BMOPulse

BMO’s confidential and voluntary annual employee survey is conducted by a third party on an annual basis. The online survey is available to all active employees.

Results and insights from this voluntary survey are reported at all levels of management and aggregated at an enterprise-wide level. Key metrics include Employee Engagement Index and Annual Employee Survey Participation Rate.

Business with Aboriginal Customers

Includes the monetary value of commercial products (loans and deposits) held by Aboriginal customers and the total authorized value of mortgages available to Aboriginal customers at the end of the reporting period. This figure excludes all investment fund balances managed by BMO for Aboriginal communities and any retail banking products or services provided to Aboriginal customers in Canada.

Communities Participating in BMO’s On-Reserve Housing Loan Program

Refers to the number of bands in Canada that have applied and been approved for the On-Reserve Housing Loan Program. This program helps customers living on reserves, whose land and homes cannot be used as security for a mortgage, to obtain home financing with the backing of First Nations governments, without the need for federal government guarantees. For program details, see the Aboriginal Banking link on our website.

Community Development Loans

Refers to commercial real estate loans or other commercial loans that promote economic development, affordable housing, revitalization/stabilization and community service activities within the organization's U.S. footprint to meet the needs of low- to moderate-income individuals or communities. The total monetary value of loans qualified for recognition under the terms of the Community Reinvestment Act is as of October 31, is stated in U.S. dollars, and is reported for the United States only.

Community Development Investments

Refers to investments that promote economic development, affordable housing, revitalization/stabilization and community service activities within the organization's U.S. footprint to meet the needs of low- to moderate-income individuals or communities. The total monetary value of investments qualified for recognition under the terms of the Community Reinvestment Act is as of October 31, is stated in U.S. dollars, and is reported for the United States only.

Contingent Talent

Contingent talent includes temporary full-time and part-time workers subcontracted through third-party suppliers, as well as independent (or self-employed) contractors normally working under contract for a fixed period of time or on a specific project that has a defined end date. As such, contingent talent is not employed by BMO.

Diversity

Diversity refers to the mix of demographics, skills, experiences and styles of all BMO employees. Diversity categories include:

Women in senior leader roles – Canada and the United States

Women in senior leader roles – BMO Capital Markets – Canada and the United States

Visible minority employees – Canada (in senior roles)

People of colour – United States (in senior roles)

Aboriginal employees – Canada (total workforce)

Persons with disabilities – Canada (total workforce)

All active employees and employees on paid leave are included in the metric. Data is reported as of October 31.

Donations

Includes cash-based donations and donations made as part of the Matching Gifts Program and Volunteer Grants Program in Canada and the United States. Excludes in-kind donations, commercial sponsorships and Employee Giving dollars.

Early Resolution Cases

Straightforward cases completed in under 30 days, including limited out of mandate reviews of process on matters that generally fall outside of the mandate of BMO's Ombudsman Office (e.g., account closures, credit granting decisions, matters in litigation). For further information on BMO's Ombudsman Office mandate, please refer to: www.bmo.com/home/popups/global/ombudsman/ombudsman-details and www.bmo.com/pdf/resolving-complaint-en.pdf

Employee Engagement Index (EEI)

Refers to the degree of employee engagement as indicated by the annual employee survey. EEI is the average of the agreement scores on five survey questions that measure how employees feel overall about BMO, and their level of commitment, satisfaction and advocacy for the organization. The EEI score is an aggregate of the survey results for all BMO employees worldwide.

Enterprise and Enterprise-Wide

The terms "enterprise" and "enterprise-wide" are used when referring to Bank of Montreal and all of its subsidiaries worldwide.

Environmental, Social and Governance (ESG)

ESG is the term we use to describe the three different areas of concern when looking at sustainability issues that have or may have an impact on our stakeholders or our business.

Equator Principles

A voluntary credit risk management framework for determining, assessing and managing environmental and social risk in Project Finance transactions. Project Finance is often used to fund the development and construction of major infrastructure and industrial projects. BMO has been a signatory of the Equator Principles since 2005.

Ethics Training (% completion)

The percentage coverage of mandatory ethics training is calculated by dividing the number of employees who completed BMO's Code of Conduct training course during the period April 1 to June 30 by the total number of employees as at May 31. Ethics Training includes all BMO employees (permanent and casual) with an "active" payroll status, as well as covered contingent talent worldwide.

Ethics Training Hours

Refers to the total hours spent by all employees who have completed the ethics training course during the reporting period. "Course completed" status requires that employees: complete the training; pass an assessment with a score of 80% or better to confirm understanding of the course content; and complete the Declaration. Ethics Training Hours include all BMO employees (permanent and casual) with an "active" payroll status, as well as contingent talent worldwide.

F&C

F&C Asset Management is a group of companies that provides diversified Europe-based investment management services under the trading name BMO Global Asset Management. F&C's parent company was acquired by a wholly-owned subsidiary of Bank of Montreal on May 7, 2014.

Full-Time Equivalent (FTE)

Reflects the number of full-time equivalent employees in the organization, calculated based on a standard work week, adjusted for over time hours and including full-time and part-time employees. This measurement is used in determining the composition of the total workforce worldwide, broken down by region.

Greenhouse Gas Emissions

Gaseous constituents of the atmosphere, both natural and human-made, that absorb and emit radiation at specific wavelengths within the spectrum of infrared radiation emitted by Earth's surface, the atmosphere and clouds. This process causes the greenhouse effect. Water vapour (H₂O), carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄), and ozone (O₃) are the primary greenhouse gases in Earth's atmosphere. There are a number of entirely human-made greenhouse gases in the atmosphere, such as halocarbons, as well as certain fluorinated gases and halogens.

Global Reporting Initiative (GRI)

The GRI is a collaborating centre of the United Nations Environment Programme. The GRI released a set of sustainability reporting guidelines that provide guidance for organizations to apply in preparing disclosure related to their sustainability performance, so that stakeholders have a universally applicable framework within which they can understand and compare disclosed information.

Investment in Training

Includes the total amount spent on internal courses, including design and delivery and associated costs (e.g., travel and materials), administered by BMO's Institute for Learning, and cost reimbursements for external courses (e.g., tuition fees, travel and materials) in Canada and the United States.

Net Promoter Score (NPS)

NPS is the net percentage of customers who would recommend BMO to a friend or colleague. Calculated by subtracting the percentage of "detractors" (defined based on a five-point scale as

those indicating they "might or might not recommend", "probably would not recommend" or "definitely would not recommend") from the percentage of "promoters" (defined based on a five-point scale as those indicating they "definitely would recommend"). Reported on a 12-month rolling average basis.

Number of Locations Serving Aboriginal Communities

Number of BMO branches located on Aboriginal reserve land or Inuit territories, as defined by the Government of Canada. This number is reported for Canada only.

People of Colour (in senior roles)

Refers to the total number of employees in senior roles (e.g. Senior Manager) who are non-Hispanic/Latino in ethnicity and non-white in race. This number is reported for the United States only.

Persons with Disabilities

Refers to the total number of employees who have a long-term or recurring physical, mental, sensory, psychiatric or learning disability and who:

- due to their disability have been accommodated in their current job or workplace, or
- consider themselves to be disadvantaged in employment due to workplace barriers by reason of their disability, or
- believe that an employer or potential employer is likely to consider them to be disadvantaged in employment by reason of their disability.

Disabilities may be non-visible. This number is reported for Canada only.

Project Finance

Project Finance is a method of funding in which the lender looks primarily to the revenues generated by a single project, both as the source of repayment and as security for the exposure. Project Finance arrangements play an important role in financing development throughout the world. This type of financing is usually used to fund large, complex and expensive installations that might

include power plants, chemical processing plants, mines, and transportation, environmental and telecommunications infrastructure.

Source: Equator Principles

Renewable Energy Financing

Refers to the total amount of equity and debt raised in the capital markets and lending capital committed to the renewable energy sector. These amounts include only those transactions and lending commitments directly associated with renewable energy or entities having a substantial interest in renewable energy. Amounts are as of October 31 and are stated in Canadian dollars, unless otherwise stated.

Renewable Energy Purchases

Refers to total purchases in megawatt-hours (MWh) of renewable energy certificates (RECs) during the reporting period. In Canada, RECs represent power from certified wind and low-impact hydro generators and have been used in retail branches in the provinces of Ontario, British Columbia, Alberta, Nova Scotia, New Brunswick and Prince Edward Island. In the United States, RECs represent power generated from wind turbines. In both Canada and the United States, the RECs are retired after purchase through legal contract with the supplier.

Scope 1 Emissions

Refers to direct greenhouse gas (GHG) emissions from sources owned and/or controlled by BMO. Total Scope 1 emissions are calculated in accordance with the ISO 14064-1 standard and include those resulting from combustion of fuels at owned facilities (e.g., natural gas, heating oil, other fuels) and in owned transportation assets, as well as certain ozone-depleting substances. This definition of Scope 1 aligns with the GHG protocol and is reported at an enterprise-wide level for the period November 1 to October 31.

Scope 2 Emissions

Refers to indirect greenhouse gas (GHG) emissions associated with the generation of electricity, heating and cooling, or steam, purchased for an organization's own consumption. BMO's total Scope 2 emissions represent our worldwide operations and include those resulting from the purchase of non-renewable electricity and steam for use at our owned facilities. This definition of Scope 2 aligns with the GHG protocol and is reported for the period November 1 to October 31.

Scope 3 Emissions

Refers to indirect greenhouse gas (GHG) emissions resulting from combustion of fuels at our leased facilities (e.g., natural gas, heating oil, other fuels), or associated with non-renewable electricity and steam purchased for use at our leased facilities, employee business travel (air/auto/rail – North America only), and landfill waste (North America only). Total Scope 3 emissions are calculated in accordance with the ISO 14064-1 standard. This definition of Scope 3 aligns with the GHG protocol and is reported for the period November 1 to October 31.

Senior Roles

Refers to the total number of employees in senior roles (including senior manager and above).

Significant Fines/Monetary Sanctions

Refers to significant monetary fines that have been levied against BMO by a regulatory body during the reporting period. A fine is classified as "significant" if it has a monetary value greater than \$500,000 and is deemed by the regulatory body to relate to unethical business practices by BMO. Monetary sanctions refer to determinations that prohibit BMO from operating in certain jurisdictions or product lines.

Significant fines/monetary sanctions exclude fines or sanctions levied directly on employees by regulators for breach of trading rules, where it has been determined that BMO has adequate policies and procedures in place to prevent non-compliance. This is determined by

the regulatory body, which performs an investigation of the individual and the organization in order to establish whether or not the organization was aware of and able to prevent the individual's behaviour with better policies and procedures.

This metric is reported for BMO's North American operations only. It excludes fines/monetary sanctions for non-compliance with environmental laws and regulations.

Sponsorships

Includes cash-based sponsorships or "rights fees" that are negotiated as a sponsorship package paid by BMO. Sponsorship is provided to both commercial and non-profit entities.

Training Hours

Refers to the total number of hours incurred by BMO employees on completed internal training courses during the reporting period.

Turnover Rate

Refers to the number of permanent employees who have voluntarily resigned during the reporting period as a proportion of the number of permanent employees that were active or on paid leave at the end of the reporting period. Turnover rate excludes executives.

Visible Minority Employees (in senior roles)

Refers to the total number of employees in senior roles (e.g. Senior Manager) who are non-white in colour or non-Caucasian in race, other than Aboriginal people of Canada. Being a member of a visible minority is unrelated to citizenship, place of birth or religion. This number is reported for Canada only.

Wealth Management Reviews

Investigations of investment-related complaints completed by BMO's Ombudsman Office for customers of Canadian operating groups: BMO InvestorLine, BMO Investments Inc., BMO Nesbitt Burns, BMO Private Banking, BMO Private Investment Counsel Inc., and/or BMO Life Insur-

ance. Wealth Management Reviews include Early Resolution Cases.

Women in Senior Leader Roles

Refers to the total number of female leaders (e.g., Managing Director, Vice-President). This number is reported for Canada and the United States and does not include BMO Capital Markets employees.

Women in Senior Leader Roles (BMO Capital Markets)

Refers to the total number of female leaders in BMO Capital Markets (e.g. Managing Director). This number is reported for Canada and the United States.

Women on Board of Directors

The percentage of independent members of BMO's Board of Directors as at the end of the reporting period who are women.

Independent Limited Assurance Report to BMO Financial Group

We have been engaged by the Board of Directors of BMO Financial Group (BMO) to undertake a limited assurance engagement, in respect of the year ended October 31, 2016, on certain qualitative and quantitative performance information disclosed in BMO's 2016 Environmental, Social and Governance Report and Public Accountability Statement (the Report) as described below.

Selected Indicators and Applicable Criteria

The scope of our limited assurance engagement, as agreed with management, comprises the following performance information (the Selected Indicators):

- Women in senior leader roles – Canada and United States (%)
- Women in senior leader roles – BMO Capital Markets – Canada and United States(%)
- Visible minority employees – Canada (% in senior roles)
- People of colour – United States (% in senior roles)
- Persons with disabilities – Canada (% of total workforce)
- Aboriginal employees – Canada (% of total workforce)
- Employee engagement index (EEI) score (%)
- Annual employee survey participation rate (%)
- Turnover rate (%)
- Turnover rate – Canada, United States (%)
- Investment in training (\$)
- Average training hours per FTE employee
- Communities participating in BMO's on-reserve housing loan program (#)
- Donations (\$)
- Ethics training (% completion)
- Significant fines or monetary sanctions (#)
- Banking Reviews completed by the Ombudsman's Office (number and average time in days)
- Wealth Management Reviews completed by the Ombudsman's Office (number and average time in days)

In addition to the indicators listed above, we were also engaged to provide limited assurance over the indicator 'Business with aboriginal cus-

tomers (\$)'. However, for the reasons described in the Access/Financial Inclusion section of the Report on page 22 this indicator has not been disclosed in the Report. Accordingly our conclusion below on the Selected Indicators, does not include the 'Business with aboriginal customers (\$)' indicator.

The Selected Indicators, contained within the Report and denoted by the symbol ▲, have been determined by management on the basis of BMO's assessment of the material issues contributing to BMO's sustainability performance and most relevant to their stakeholders.

There are no mandatory requirements for the preparation, publication or review of sustainability performance metrics. As such, BMO applies its own internal reporting guidelines and definitions for sustainability reporting which can be found in the Glossary of Terms in the Report.

Management's Responsibilities

Management is responsible for the preparation and presentation of the Selected Indicators in accordance with BMO's internal reporting guidelines and definitions for sustainability reporting, current as at the date of our report. Management is also responsible for determining BMO's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our Responsibility

Our responsibility in relation to the Selected Indicators is to perform a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (ISAE) 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. ISAE 3000 requires that we comply with applicable professional standards, including International Standard on Quality Control 1.

Assurance Approach

We planned and performed our work to obtain all of the evidence, information and explanations we considered necessary in order to form our conclusion as set out below. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Selected Indicators, and applying analytical and other evidence gathering procedures to the Selected Indicators, as appropriate. Our procedures included:

- Inquiries of management to gain an understanding of BMO's processes for determining the material issues for BMO's key stakeholder groups;
- Inquiries with relevant staff at the corporate and business unit level to understand the data collection and reporting processes for the Selected Indicators;
- Where relevant, performing walkthroughs of data collection and reporting processes for the Selected Indicators;

- Comparing the reported data for the Selected Indicators to underlying data sources;
- Inquiries of management regarding key assumptions and where relevant, the re-performance of calculations;
- Reviewing the Selected Indicators presented in the Report to determine whether they are consistent with our overall knowledge of, and experience with, the sustainability performance of BMO; and
- Reviewing the consistency of BMO's core reporting with the indicators and other information included in the report.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

Our assurance report is provided solely to BMO in accordance with the terms of our engagement. Our work has been undertaken so that we can report to BMO on those matters we have been engaged to report upon in this assurance report, and for no other purpose. We do not accept or assume responsibility to anyone other than BMO for our work, for this assurance report, or for the conclusion we have reached.

Independence and Competence

In conducting our engagement we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants. The engagement was conducted by a multidisciplinary team which included professionals

with suitable skills and experience in both assurance and in the applicable subject matter including environmental, social, governance and financial aspects.

Our Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that for the year ended October 31, 2016, the Selected Indicators, as described above and disclosed in the Report, have not been prepared and presented, in all material respects, in accordance with BMO's internal reporting guidelines and definitions for sustainability reporting as at the date of our report.



Chartered Professional Accountants,
Licensed Public Accountants
January 25, 2017
Toronto, Canada

Bank of Montreal Public Accountability Statement

The Public Accountability Statement outlines certain aspects of Bank of Montreal's contributions, and the contributions of the bank's affiliates with operations in Canada, to the Canadian economy and society.

This satisfies the requirements of the Canadian federal government's Public Accountability Statement regulations (section 459.3(1) of the *Bank Act* (Canada)).

Affiliates

The following are the prescribed affiliates whose activities are included in this Public Accountability Statement. These affiliates are subsidiaries of the Bank of Montreal with less than \$1 billion in equity, except for our securities broker, BMO Nesbitt Burns Inc., and our mutual fund manager and trustee, BMO Investments Inc., which have equity exceeding \$1 billion.

BMO Asset Management Inc.
 BMO Capital Markets Corp.
 BMO Investments Inc.
 BMO InvestorLine Inc.
 BMO Life Assurance Company
 BMO Life Insurance Company
 BMO Mortgage Corp.
 BMO Nesbitt Burns Inc.
 BMO Private Equity (Canada) Inc.
 BMO Private Investment Counsel Inc.
 Money, Inc.

Important Information:

About this Report	pg. 5
Access to banking services	pg. 22
Small business financing	pg. 23
Corporate Donations	pg. 36
Employee Giving (Volunteering)	pg. 38
Financial Literacy	pg. 38
List of Affiliates	pg. 63
Taxes Paid or Payable in Canada	pg. 64
BMO Financial Group Headcount	pg. 64
Branches opened and closed in fiscal year 2016 (Canada)	pg. 65
Branches relocated in fiscal year 2016 (Canada)	pg. 65
ATMs opened and closed in fiscal year 2016 (Canada)	pg. 66
Business Debt Financing	pg. 71
Bank of Montreal Mortgage Corporation Public Accountability Statement	pg. 72
BMO Trust Company Public Accountability Statement	pg. 73

Taxes Paid or Payable in Canada (\$ millions)

Bank of Montreal, along with its Canadian subsidiaries, is a major Canadian taxpayer. In fiscal 2016, our overall tax contribution was \$1,169 million. This amount included \$609 million in income taxes and \$30 million in provincial capital taxes. As well, we paid \$529 million in other taxes, including \$333 million in goods and services tax/harmonized sales tax and other sales taxes, \$181 million in payroll taxes (employer portion), \$12 million in property taxes and \$3 million in business taxes and other sundry taxes.

(\$ millions)	Income Taxes	Capital Taxes	Other Taxes
Federal	388	0	120
Province or Territory			
Newfoundland and Labrador	2	4	2
Prince Edward Island	0	0	0
Nova Scotia	3	2	2
New Brunswick	1	2	1
Quebec	40	13	57
Ontario	146	0	340
Manitoba	2	5	1
Saskatchewan	2	4	0
Alberta	5	0.0	1
British Columbia	21	0	4
Nunavut	0	0	0
Northwest Territories	0	0	0
Yukon	0	0	0
Total Provincial and Territorial	221.8	30.1	408.9
Total	609.8	30.1	528.6
Income and Capital Taxes		639.9	
Total Taxes		1168.5	

BMO Headcount**

Active, paid and unpaid leave employees (permanent, casual and contract).
As at October 31, 2016.

Province or Territory	Full Time	Part Time	Total
Alberta	1,876	413	2,289
British Columbia	2,166	625	2,791
Manitoba	320	72	392
New Brunswick	223	67	290
Newfoundland and Labrador	186	67	253
Nova Scotia	385	68	453
Northwest Territories	14	3	17
Ontario	19,072	1,625	20,697
Prince Edward Island	40	21	61
Quebec	4,161	780	4,941
Saskatchewan	311	120	431
Yukon	7	4	11
Total**	28,761	3,865	32,626
United States	13,100	1,497	14,597
International	1,472	79	1,551
Total Employees	43,333	5,441	48,774

*Refers to the number of individuals employed full-time and part-time in each province.

**Includes all employees with a Canadian tax location.

Branches Opened and Closed

BMO Bank of Montreal branches opened in fiscal year 2016 (Canada)

Branch	Address	City/Province
Griffintown	180 Peel Street	Montreal, QC
Vanier & Allumettières	455, chemin Vanier	Gatineau, QC
Shaganappi Trail & Nolan Hill Boulevard	8 Nolan Hill Boulevard NW	Calgary, AB
Windermere	1215 Windermere Way	Edmonton, AB

BMO Bank of Montreal branches closed in fiscal year 2016 (Canada)

Branch	Address	City/Province
Ashby	493 Prince Street	Sydney, NS

Branches Relocated

BMO Bank of Montreal branches relocated in fiscal year 2016 (Canada)

Branch	From	To	City/Province
Village Shopping Centre	430 Topsail Road	434 Topsail Road	St. John's, NL
Sydney Main Office	173 Charlotte Street	328 Prince Street	Sydney, NS
Sir-Wilfrid-Laurier & Saint-Georges	127, boulevard Sir-Wilfrid-Laurier	255, boulevard Sir-Wilfrid-Laurier	Mont-Saint-Hilaire, QC
Chomedey	1100, boulevard Labelle	3925, boulevard St-Martin Ouest	Laval, QC
Elgin & Slater	160 Elgin Street	90 Elgin Street	Ottawa, ON
Forest Hill	437 Spadina Road	437 Spadina Road	Toronto, ON
Kingsway	3022 Bloor Street W	3022 Bloor Street W	Etobicoke, ON
Stone Road Mall	435 Stone Road W	435 Stone Road W	Guelph, ON
Wellington & Commissioners	338 Wellington Road S	643 Commissioners Road E	London, ON
Yonge & Mulock	231 Main Street S	16654 Yonge Street	Newmarket, ON
Ness & Century	1780 Ellice Avenue	1596 Ness Avenue	Winnipeg, MB
Calgary Market Mall	3625 Shaganappi Trail NW	3625 Shaganappi Trail NW	Calgary, AB
Coventry Hills	177 Country Hills Boulevard W	108 Country Village Road NE	Calgary, AB
Main & Keefer	168 East Pender Street	601 Main Street	Vancouver, BC

ATMs Opened

Location	Address	City	Province
BMO Soccer Centre	156 Thomas Raddall Drive	Halifax	NS
Sobeys	752 Sackville Drive	Lower Sackville	NS
Sobeys	38 George Street	New Glasgow	NS
Sydney Main Office	328 Prince Street	Sydney	NS
Sobeys	40 East Point Way	Saint John	NB
Boni-Soir	33, rue Ashini	Betsiamites	QC
Shell Boni-Soir	5850, boulevard Cavendish	Côte-Saint-Luc	QC
Vanier & Allumettières	455, chemin Vanier	Gatineau	QC
Saint-Martin & Curé-Labelle	3925, boulevard Saint-Martin Ouest	Laval	QC
180 Peel Street, Griffintown	180 Peel Street	Montreal	QC
Sir-Wilfrid-Laurier & Saint-Georges	255, boulevard Sir-Wilfrid-Laurier	Mont-Saint-Hilaire	QC
Shell	4195 King Street	Kitchener	ON
Wellington & Commissioners	643 Commissioners Road E	London	ON
Yonge & Mulock	16654 Yonge Street	Newmarket	ON
Elgin & Slater	90 Elgin Street	Ottawa	ON
Sobeys	207 Queens Quay W	Toronto	ON
Forest Hill Village	437 Spadina Road	Toronto	ON
Ness & Century	1596 Ness Avenue	Winnipeg	MB
CANEX	700 Wihuri Road	Winnipeg	MB
Shell	80184 Victoria Avenue	Regina	SK
Shell	2505 Dawes Avenue	Saskatoon	SK
Coventry Hills	108 Country Village Road NE	Calgary	AB
Shell	282 Aviation Boulevard NE	Calgary	AB
Shaganappi Trail & Nolan Hill Boulevard	8 Nolan Hill Boulevard NW	Calgary	AB
Windermere	2115 Windermere Way	Edmonton	AB
Shell	21450 115 Avenue NW	Edmonton	AB
Shell	420 MacKenzie Boulevard	Fort McMurray	AB
Rexall	12 Aquitania Boulevard W	Lethbridge	AB
Shell	2904 50 Avenue	Lloydminster	AB
Shell	293105 Crossiron Lane	Rockyview County	AB
Safeway	5235 Kingsway Street	Burnaby	BC
Pharmasave	3979 Lakeshore Road	Kelowna	BC
Pharmasave	437 Glenmore Road	Kelowna	BC
Pharmasave	1273 Island Highway S	Nanaimo	BC
Pharmasave	1588 Boundary Crescent	Nanaimo	BC
Pharmasave	9558 120th Street	Surrey	BC
Main & Keefer	601 Main Street	Vancouver	BC
Pharmasave	1641 Hillside Avenue	Victoria	BC
Shell	482 Range Lake Road	Yellowknife	YT

ATMs Closed

Location	Address	City	Province
Lawtons	645 Conception Bay Highway	Conception Bay South	NL
Lawtons	486 Main Street W	Lewisporte	NL
Lawtons	12 Gleneyre Street	St. John's	NL
Lawtons	133 Church Street	Antigonish	NS
Lawtons	27 Peakview Way	Bedford	NS
Lawtons	240 Baker Drive	Dartmouth	NS
Lawtons	950 Cole Harbour Road	Dartmouth	NS
Lawtons	998 Parkland Drive	Halifax	NS
Lawtons	363 Main Street	Kentville	NS
Sobeys	115 King Street	Shelburne	NS
Sydney Main Office	173 Charlotte Street	Sydney	NS
Ashby	493 Prince Street	Sydney	NS
Lawtons	407 Macintyre Avenue	Montague	PE
Lawtons	107 Catherwood Street	Saint John	NB
Sobeys	519 Westmoreland Road	Saint John	NB
Saint-Antoine Variety	4590 Principale Street	Saint-Antoine	NB
Shell	75, chemin Eardly	Aylmer	QC
IGA	1324, boulevard Talbot	Chicoutimi	QC
IGA	110, boulevard Notre-Dame	Clermont	QC
IGA	265, rue Child	Coaticook	QC
IGA	100, rue Théophile-Brassard	Coteau-du-Lac	QC
IGA	999, rue Principale Est	Farnham	QC
IGA	143, Grande-Allée Est	Grande-Rivière	QC
Shell	3761, boulevard du Royaume	Jonquière	QC
Uniprix Clinique Médical	3801, rue de Montcalm	Jonquière	QC
IGA	574, rue Saint-Louis	La Tuque	QC
Chomedey	1100, boulevard Labelle	Laval	QC
IGA	53, boulevard Kennedy	Lévis	QC
IGA	714, boulevard Saint-Laurent Ouest	Louiseville	QC
IGA	1450, rue Royale	Malartic	QC
IGA	1330, boulevard Gaboury	Mont-Joli	QC
Mont-Saint-Hilaire	127, boulevard Sir-Wilfrid-Laurier	Mont-Saint-Hilaire	QC
IGA	190, rue du Collège	Pont-Rouge	QC
Centre Médical Mailloux	1900, rue Mailloux	Quebec City	QC
IGA	5555, boulevard des Gradins	Quebec City	QC
IGA	315, rue Valmont	Repentigny	QC
IGA	240, avenue Larivière	Rouyn-Noranda	QC
IGA	680, avenue Chaussée	Rouyn-Noranda	QC
IGA	2020, route 112	Saint-Césaire	QC
IGA	871, rue Principale	Saint-Donat	QC
IGA	1199, boulevard Saint-Félicien	Saint-Félicien	QC
IGA	3100, rue Henri-L.-Chevrette	Saint-Félix-de-Valois	QC
IGA	1950, boulevard Dionne	Saint-Georges	QC
IGA	2260, rue Saint-Charles	Saint-Hyacinthe	QC
IGA	170, boulevard Saint-Luc	Saint-Jean-sur-Richelieu	QC
IGA	1234, rue du Pont	Saint-Lambert-de-Lauzon	QC
IGA	6, boulevard Sainte-Anne	Sainte-Anne-des-Monts	QC
IGA	1115, montée des Pionniers	Terrebonne	QC
IGA	6060, boulevard Jean-XXIII	Trois-Rivières	QC
IGA	675, rue de la Montagne	Valcourt	QC
IGA	30, Place du Commerce	Verdun	QC
IGA	10, rue du Centre-Sportif	Warwick	QC

ATMs Closed

Location	Address	City	Province
Pharmaplus	372 Queen Street	Acton	ON
Pharmaplus	955 Westney Road	Ajax	ON
Sobeys	161 Young Street	Alliston	ON
Pharmaplus	71 Sandwich Street S	Amherstburg	ON
Sobeys	83 Sandwich Street S	Amherstburg	ON
Sobeys	37 Mapleview Drive W	Barrie	ON
Pharmaplus	405 Queen Street S	Bolton	ON
Metro	505 Highway 118 W	Bracebridge	ON
Rexall	481 Holland Street W, Building O	Bradford	ON
Daisy Mart	3938 Cottrelle Boulevard	Brampton	ON
Rexall	9825 Chinguacousy Road	Brampton	ON
Pharmaplus	30 Pearl Street W	Brockville	ON
Rexall	2400 Guelph Line	Burlington	ON
Pharmaplus	5061 New Street	Burlington	ON
Freshco	75 Dundas Street	Cambridge	ON
Rexall	401 St. Clair Street	Chatham	ON
Pharmaplus	11 Champlain Street	Deep River	ON
Rexall	60 Hatt Street	Dundas	ON
Rexall	155 Lock Street E	Dunnville	ON
Sobeys	34 Livingston Avenue	Grimsby	ON
Pharmaplus	265 Eramosa Road	Guelph	ON
Rexall	224 Highland Street	Haliburton	ON
Metro	70 King William Street	Huntsville	ON
Sobeys	700 Terry Fox Drive	Kanata	ON
Sobeys	235 Ira Needles Boulevard	Kitchener	ON
Rexall	564 Belmont Avenue W	Kitchener	ON
Pharmaplus	696 Belmont Avenue W	Kitchener	ON
Pharmaplus	5881 Malden Road	Lasalle	ON
Pharmaplus	51 Kent Street West	Lindsay	ON
Food Basics	1225 Wonderland Road N	London	ON
Wellington Road	338 Wellington Road S	London	ON
Rexall	350 Oxford Street	London	ON
Pharmaplus	740 Hyde Park Road	London	ON
Daisy Mart	774 South Wenige Drive	London	ON
Pharmaplus	1160 Beaverwood Road	Manotick	ON
Rexall	1076 Rutherford Road	Maple	ON
Newmarket Main Office	231 Main Street	Newmarket	ON
Pharmaplus	1205 Fisher Street	North Bay	ON
Pharmaplus	523 Maple Grove Road	Oakville	ON
Beckers	630 Fourth Line	Oakville	ON
Pharmaplus	520 Riddell Road	Orangeville	ON
Rexall	110 Place d'Orléans	Orléans	ON
Metro	149 Midtown Drive	Oshawa	ON
Pharmaplus	438 King Street W	Oshawa	ON
Pharmaplus	1190 Wellington Street	Ottawa	ON
Place Bell Canada	160 Elgin Street	Ottawa	ON
Rexall	2116 Montreal Road	Ottawa	ON
Pharmaplus	2121 Carling Avenue	Ottawa	ON
Rexall	2525 Carling Avenue	Ottawa	ON
Pharmaplus	753 Montreal Road	Ottawa	ON
Pharmaplus	963 Second Avenue E	Owen Sound	ON
Pharmaplus	72 Grand River Street N	Paris	ON

ATMs Closed

Location	Address	City	Province
Pharmaplus	1100 Pembroke Street E	Pembroke	ON
Pharmaplus	215 Pembroke Street E	Pembroke	ON
Sobeys	501 Towerhill Road	Peterborough	ON
Rexall	1822 Whites Road	Pickering	ON
Pharmaplus	339 Raglan Street S	Renfrew	ON
Rexall	13 Second Line W	Sault Ste. Marie	ON
Pharmaplus	1127 Markham Road	Scarborough	ON
Pharmaplus	2 Beckwith Street N	Smiths Falls	ON
Pharmaplus	258 Lake Street	St. Catharines	ON
Sobeys	343 Glendale Avenue	St. Catharines	ON
Sobeys	400 Scott Street	St. Catharines	ON
Sobeys	19 Amy Croft Drive	St. Clair Beach	ON
Rexall	228 King Street	Sturgeon Falls	ON
Pharmaplus	117B Cedar Street	Sudbury	ON
Pharmaplus	1 Promenade Circle	Thornhill	ON
Rabba	177 River Street	Toronto	ON
Pharmaplus	2409 Dufferin Street	Toronto	ON
Yonge & Roselawn	2444 Yonge Street	Toronto	ON
Billy Bishop Toronto City Airport	4 Eireann Quay	Toronto	ON
Pharmaplus	4459 Kingston Road	Toronto	ON
Rexall	4789 Yonge Street	Toronto	ON
Pharmaplus	4890 Dundas Street W	Toronto	ON
Rexall	552 Church Street	Toronto	ON
Pharmaplus	660 Eglinton Avenue E	Toronto	ON
Rexall	3080 Highway 69 N	Val Caron	ON
Shell	10700 Bathurst Street	Vaughan	ON
Pharmaplus	440 James Street	Wallaceburg	ON
Sobeys	450 Columbia Street W	Waterloo	ON
Midway Convenience	4925 Wyandotte Street E	Windsor	ON
Rexall	706 Dundas Street	Woodstock	ON
Carberry East End Service	200 1st Avenue	Carberry	MB
Pharmaplus	366 Main Street	Selkirk	MB
Sobeys	1232 Highway 12	Steinbach	MB
The Maples	1275 Jefferson Avenue	Winnipeg	MB
Pharmaplus	1795 Henderson Highway	Winnipeg	MB
Rexall	2271 Pembina Highway	Winnipeg	MB
Safeway	731 Henderson Highway	Winnipeg	MB
IGA	2304 Quill Centre	Humboldt	SK
Sobeys	2231 East Quance Street	Regina	SK
Sobeys	4250 Albert Street	Regina	SK
Pharmaplus	780 Central Avenue N	Swift Current	SK
Rexall	3 Stonegate Drive N	Airdrie	AB
Rexall	5910 50th Street NW	Beaumont	AB
Super Drug Mart	11300 Tuscany Boulevard	Calgary	AB
Sobeys	2060 Symons Valley Parkway NW	Calgary	AB
Rexall	70 High Street SE	Calgary	AB
Sobeys	8888 Country Hills Boulevard NW	Calgary	AB
Sobeys	4920 1 Street W	Claresholm	AB
Rexall	4341 50th Street (Dodson Plaza)	Drayton Valley	AB
Sobeys	1109 James Mowatt Trail SW	Edmonton	AB
Rexall	11450 Groat Road NW	Edmonton	AB
Rexall	14403 Miller Boulevard NW	Edmonton	AB

ATMs Closed

Location	Address	City	Province
Rexall	9499 137th Avenue NW	Edmonton	AB
Rexall	116 Town Crest Road	Fort Saskatchewan	AB
Rexall	5004 53rd Avenue	High Prairie	AB
Rexall	139 5th Avenue SW	High River	AB
Sobeys	98 Centre Street SE	High River	AB
Rexall	602 Patricia Street	Jasper	AB
Rexall	5010 53 Street	Lacombe	AB
Rexall	5201 50th Street	Leduc	AB
Rexall	5006 50th Street	Mayerthorpe	AB
Shell	704 Redcliff Drive	Medicine Hat	AB
Super Drug Mart	300 Village Avenue	Okotoks	AB
Rexall	789 Main Street	Pincher Creek	AB
Shell	4420 Highway 2A	Ponoka	AB
Rexall	4502 50th Street	Ponoka	AB
Sobeys	4607 50 Street	Stettler	AB
Rexall	4631 50 Street	Sylvan Lake	AB
Rexall	4705 50th Avenue	Valleyview	AB
Shell	10620 100 Street	Westlock	AB
University of the Fraser Valley SUB	33844 King Road	Abbotsford	BC
Pharmaplus	418 Yellowhead Highway	Burns Lake	BC
Shell	2052 Comox Avenue	Comox	BC
Thrifty Foods	2662 Austin Avenue	Coquitlam	BC
Rexall	1604 Cliffe Avenue	Courtenay	BC
Shell	2591 Cliffe Avenue	Courtenay	BC
Safeway	11200 8 Street	Dawson Creek	BC
Pharmaplus	1801 Princeton Kamloops Highway	Kamloops	BC
Rexall	171 Hollywood Road S	Kelowna	BC
Townsite Grocery	486 4th Avenue	Kimberley	BC
Shell	6369 Hammond Bay Road	Nanaimo	BC
Shell	301 Nelson Avenue	Nelson	BC
Rexall	700 6th Street	New Westminister	BC
Shell	3690 Johnston Road	Port Alberni	BC
Shell	4779 Joyce Avenue	Powell River	BC
Shell	4293 5th Avenue	Prince George	BC
Chinatown	168 East Pender Street	Vancouver	BC
Rexall	6580 Fraser Street	Vancouver	BC
Rexall	1151 Admirals Road	Victoria	BC
Rexall	912 Douglas Street	Victoria	BC
Rexall	2241 Louie Drive	Westbank	BC

Business Debt Financing

As at October 31, 2016 (\$ millions)

Province or Territory		\$0-\$24,999	\$25,000-\$99,999	\$100,000-\$249,999	\$250,000-\$499,999	\$500,000-\$999,999	\$1,000,000-\$4,999,999	\$5,000,000 and Greater	Total
NEWFOUNDLAND AND LABRADOR	Authorized amount	15	34	50	64	106	369	722	1,361
	Number of firms	1,664	749	334	188	152	178	41	3,306
PRINCE EDWARD ISLAND	Authorized amount	5	9	23	36	59	229	130	491
	Number of firms	529	216	142	100	83	105	14	1,189
NOVA SCOTIA	Authorized amount	23	41	78	115	238	879	3,095	4,470
	Number of firms	2,622	956	496	331	344	399	137	5,285
NEW BRUNSWICK	Authorized amount	19	38	63	75	130	477	1,380	2,183
	Number of firms	2,229	847	415	221	183	213	71	4,179
QUEBEC	Authorized amount	218	269	393	607	851	3,004	20,602	25,945
	Number of firms	24,825	6,511	2,474	1,733	1,242	1,400	719	38,904
ONTARIO	Authorized amount	472	623	894	1,170	1,956	7,728	47,066	59,909
	Number of firms	82,236	14,904	5,750	3,383	2,829	3,590	1,612	114,304
MANITOBA	Authorized amount	24	43	37	67	99	534	3,546	4,351
	Number of firms	2,952	1,092	243	196	143	225	132	4,983
SASKATCHEWAN	Authorized amount	42	88	90	132	216	935	3,335	4,838
	Number of firms	4,686	2,066	561	383	316	451	144	8,607
ALBERTA	Authorized amount	177	224	231	314	591	2,692	26,840	31,069
	Number of firms	19,458	5,725	1,535	918	854	1,253	594	30,337
BRITISH COLUMBIA	Authorized amount	171	220	270	421	857	4,048	19,351	25,338
	Number of firms	19,021	5,537	1,747	1,196	1,225	1,819	890	31,435
YUKON	Authorized amount	1	3	3	5	9	51	23	95
	Number of firms	131	63	20	12	14	21	3	264
NORTHWEST TERRITORIES/ NUNAVUT	Authorized amount	1	2	2	4	11	23	35	78
	Number of firms	94	51	14	13	16	10	3	201
TOTAL	Authorized amount	1,168	1,596	2,135	3,011	5,124	20,968	126,123	160,126
	Number of firms	160,447	38,717	13,731	8,674	7,401	9,664	4,360	242,994

Bank of Montreal Mortgage Corporation Public Accountability Statement*

Due to the specific nature of its activities, Bank of Montreal Mortgage Corporation (BMMC) provides the following information in response to the requirements set out in section 444.2(1) of the *Trust and Loan Companies Act* and in the applicable regulations.

BMMC, a wholly owned, fully integrated subsidiary of Bank of Montreal, raises funds for mortgage financing by issuing deposit instruments (such as GICs) through Bank of Montreal's retail branch network and other proprietary channels, where Bank of Montreal acts for BMMC, as well as through third-party channels. BMMC does not operate branches that are open to the public or other facilities at which deposits are accepted or cash is distributed to customers. BMMC employs 15 full-time employees.

The income and capital taxes paid in Canada by BMO Financial Group, of which BMMC is a member, are listed on page 64 of BMO Financial Group's 2016 Environmental, Social and Governance (ESG) Report and Public Accountability Statement.

BMMC shares BMO's commitment to community development and philanthropic activity as described in BMO Financial Group's 2016 ESG Report and Public Accountability Statement. The community development activities of BMMC's employees are integrated with those of BMO Financial Group and its employees, as described in BMO Financial Group's 2016 ESG Report

and Public Accountability Statement on pages 34-39.

As detailed in BMO Financial Group's 2016 ESG Report and Public Accountability Statement, business debt financing and programs to improve access to financial services are engaged in by Bank of Montreal for BMO Financial Group. BMMC has no other affiliates in respect of which this Public Accountability Statement is published.

*As stipulated by the Trust and Loan Companies Act, Bank of Montreal Mortgage Corporation, wholly owned by Bank of Montreal, is required to publish a separate Public Accountability Statement.

BMO Trust Company Public Accountability Statement*

Due to the specific nature of its activities, BMO Trust Company provides the following information in response to the requirements set out in section 444.2(1) of the *Trust and Loan Companies Act* (the Act) and in the applicable regulations.

BMO Trust Company is incorporated in Canada under the Act, is registered to provide trust services throughout Canada, and is a wholly owned subsidiary of Bank of Montreal and a member of BMO Financial Group. Its primary business is to act as a trustee for clients of BMO Private Banking, to issue term guaranteed investment certificates offered through BMO Financial Group's distribution channels and selected third-party deposit brokers, and to act as trustee for registered plans of BMO Financial Group.

BMO Trust Company did not have any branches that were opened or closed during this period. BMO Trust Company does not operate other facilities at which deposits are accepted or cash is distributed to customers. BMO Trust Company does not have employees of its own. All of its activities are conducted by employees of Bank of Montreal.

The income and capital taxes paid in Canada by BMO Financial Group, of which BMO Trust Company is a member, are listed on page 64 of BMO Financial Group's 2016 ESG Report and Public Accountability Statement.

BMO Trust Company shares BMO Financial Group's commitment to community development and philanthropic activity as described in BMO Financial Group's 2016 ESG Report and Public Accountability Statement. The community development activities of BMO Trust Company are integrated with those of BMO Financial Group, as described in BMO Financial Group's 2016 ESG Report and Public Accountability Statement on pages 34-39.

As detailed in BMO Financial Group's 2016 ESG Report and Public Accountability Statement, business debt financing and programs to improve access to financial services are engaged in by Bank of Montreal for BMO Financial Group. BMO Trust Company has no other affiliates in respect of which this Public Accountability Statement is published.

*As stipulated by the Trust and Loan Companies Act, BMO Trust Company, wholly owned by Bank of Montreal, is required to publish a separate Public Accountability Statement.

Need help?
Email us at: sustainability@bmo.com

This report contains certain forward-looking statements. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. Please refer to the Caution Regarding Forward-Looking Statements on page 30 of our Annual Report for a discussion of such risks and uncertainties and the material factors and assumptions related to the forward-looking statements.

© Registered trade-mark of Bank of Montreal

©† Touch ID and iPhone are trade-marks of Apple Inc., registered in the United States and elsewhere

©†† Trusteer Rapport is a trade-mark of International Business Machines Corporation, registered in the United States