

BMO on Human Rights: Modern Slavery and Human Trafficking Statement¹

BMO Financial Group (BMO) is committed to respecting human rights and stands against all forms of slavery and human trafficking. We give effect to our commitment to human rights by bringing to it the accountability, transparency and dedication we apply in all of our business dealings.

Respect for human rights is reflected in our core values. This means promoting a diverse and inclusive working environment and mitigating adverse human rights impacts caused, contributed or linked to our business in every jurisdiction where we do business.

This Statement describes the elements of our human rights program for 2018, which continues to evolve and incorporate global best practices like those embodied by the United Nations Guiding Principles on Business and Human Rights (UNGP).

Our structure, business, and supply chains

BMO is a highly diversified financial services provider headquartered in Canada. 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 operate primarily in Canada and the United States and also have operations in Europe, the Caribbean and Asia.

BMO Capital Markets offers a complete range of financial products and services to corporate, institutional and government clients. BMO Capital Markets has approximately 2,400 professionals in 30 locations around the world. Its lines of business comprise Investment and Corporate Banking and Trading Products. BMO Capital Markets operates in the United Kingdom (UK) through the London branch of BMO, and through BMO Capital Markets Limited, our UK broker-dealer.

BMO Global Asset Management is the asset management arm of BMO, providing investment management, retirement, and trust and custody services to institutional, retail and high net worth investors around the world, with over 25 offices in 15 countries. Its primary investment centres in London, Chicago, Toronto and Hong Kong are complemented by a number of specialist investment boutiques across Europe and North America. BMO Global Asset Management (EMEA), based primarily in London, is the European investment centre of BMO Global Asset Management.

BMO and its subsidiaries engage with a diverse range of suppliers who provide products and services, including those relating to business activities that BMO outsources as part of its own service delivery and offerings to customers. Services include personnel recruitment, advertising and marketing, information technology, business operations, and real estate. To a lesser extent, we engage with suppliers that may employ workers who provide cleaning, catering, travel, hospitality and call centres services.

¹ This statement is issued pursuant to section 54 of the United Kingdom *Modern Slavery Act 2015* (the Act) for the financial year ending 31st October 2018. This is a consolidated statement of BMO and its subsidiaries that are subject to the reporting requirements under the Act: BMO Asset Management (Holdings) plc, BMO Asset Management (Services) Limited, BMO Asset Management Limited, BMO Capital Markets Limited, BMO Real Estate Partners LLP and BMO Fund Management Limited.

Our standards, policies, and codes of conduct relating to slavery and human trafficking

BMO's Code of Conduct (Code) is based on our values of integrity, empathy, diversity, and responsibility. It guides our decisions and actions to ensure we do what's right. The Code's principles require employees to follow the letter and spirit of the law.

Our Supplier Code of Conduct (Supplier Code) sets out specific expectations related to integrity, fair dealing, and sustainability. We expect that our Suppliers prohibit slavery, servitude, forced or compulsory labour, human trafficking, or child labour in their business or supply chain.

BMO has an established Anti-Money Laundering (AML) Program comprised of policies, procedures, and risk assessments on anti-money laundering, anti-terrorist financing, and sanction measures designed to safeguard against financial crime.

Our Outsourcing and Supplier Risk Management Corporate Standard outlines our procurement practices and describes the processes, structures, controls, and systems we use to manage outsourcing and supplier risk throughout the supplier lifecycle.

Due diligence and risk management to mitigate slavery and human trafficking

Employees

We endeavour to comply with all applicable employment standards and human rights legislation in all jurisdictions in which BMO operates. Our hiring and recruitment procedures are developed and implemented to comply with applicable legislation to ensure a fair and equitable approach to hiring.

We are committed to respecting and promoting diversity, equality and human rights in our workforce. In particular: we recognize gender equality as a fundamental human right; support the right to freedom of association and collective bargaining (see *BMO Statement on Freedom of Association and Collective Bargaining*); stand against forced, compulsory and/or child labour; and stand against discrimination in all parts of the employment life cycle.

We are committed to workplace Diversity and Inclusion, which is one of our core corporate values. We strive to create an environment where all of our people can succeed, supporting individual needs by:

- providing employees with disabilities with workplace accommodations, technical devices or additional support to succeed at work; and
- making available the tools and resources to assist every employee to contribute to their full potential.

To support our commitment to equality, diversity and inclusion, BMO has operating procedures that aim to create a safe and inclusive workplace for all. These include, but are not limited to, programs regarding health and safety, anti-harassment, bullying and victimisation at work, resolution programs and grievance procedures, workplace violence, employee protection plans, drug-free workplace program, drug and alcohol guidelines, and flexible work arrangements.

We provide multiple channels for our employees to report any Code, legal or regulatory violations, including a confidential, and if preferred, anonymous external whistleblower service that is available to our employees and other BMO stakeholders (for example, our suppliers) 24 hours per day, every day of the year.

Suppliers

BMO's Supplier Code of Conduct sets out the standards we expect our suppliers to meet in regard to respecting human rights, upholding ethical business practices and complying with the law. We encourage our suppliers to adopt policies and codes of conduct similar to our own, and to convey their expectations to their own suppliers along the supply chain.

We conduct due diligence before entering into any agreement with a new supplier, as well as ongoing due diligence with existing suppliers to ensure they remain in compliance with BMO's policies. If one of our suppliers recognizes a potential gap in their internal capacity to identify any relevant risks, or if they identify a risk that they are unable to manage, we will work with them to find a solution. This collaborative approach includes working with our suppliers as they develop policies of their own that address best practices, leadership, sustainability and innovation.

Our supplier due diligence process validates any proposed supplier's ability to provide services on a one-time or continuous basis while identifying and assessing the risks associated with them providing products and/or services. We have also incorporated stipulations for supplier diversity into BMO's procurement practices to open up more opportunities for diverse suppliers.

BMO's Outsourcing and Supplier Risk Management Framework (OSRMF) governs our supplier due diligence process. The OSRMF proactively identifies, assesses, monitors, and mitigates risks associated with our third-party suppliers, including the risk of us not complying with regulatory requirements. All new or renewed supplier arrangements, or any significant changes to existing arrangements with any ongoing supplier, must comply with OSRMF requirements.

During the 2018 fiscal year, we evaluated the extent to which our supplier due diligence process addresses the risk of slavery and human trafficking in our supply chain and started a process to leverage existing supplier risk management programs for this purpose. In fiscal 2019 we are undertaking the development of a more comprehensive sustainability program which will include, but go beyond, due diligence on human rights matters.

Customers

As a financial services provider with customers in multiple jurisdictions, we recognise that we may be exposed to customers who engage in slavery and human trafficking when providing certain services. To address this risk we have incorporated into our AML program specific processes for identifying risks of human trafficking or modern slavery.

Examples of business activities with heightened exposure to slavery and human trafficking include:

1. raising capital on behalf of an issuer for a particular transaction;
2. managing portfolios for clients whose own operations may serve to facilitate slavery or human trafficking; and
3. investing in, or holding for clients securities of companies that might themselves compromise respect of human rights or have human rights issues in their supply chains.

Our AML Program seeks to identify and verify customer information, monitor customer transactions for unusual activity, and report suspicious activity to the relevant authorities in an effort to identify criminal activities, such as human trafficking, that may be linked to money laundering, terrorist financing, or sanctions avoidance. We examine our AML strategies, goals, and objectives on an on-going basis.

Capital Markets

As a signatory to the Equator Principles, BMO has committed to assessing and managing the environmental and social risks associated with all lending transactions that are within the scope of those principles. Meeting this commitment involves considering human rights matters that are related to any such transactions, including the health and safety of communities, indigenous rights, workers' rights and community relations. The number of reviewed Equator Principles transactions for 2018 are reported in the BMO Environmental, Social & Governance Report (BMO ESG Report).

Asset Management

Human rights are central to the approach that BMO Global Asset Management takes in its responsible investment, corporate engagement, voting and reporting activities. Our asset management operations in Europe, the Middle East and Asia include a specialist Responsible Investment team which undertakes investor engagement aimed at encouraging companies in which we invest to adopt best practices in respect of environmental, social and governance issues. This has included initiatives to engage with companies operating in high-risk sectors on topics such as the protection of migrant worker rights, collective bargaining, and health and safety standards. The team also monitors companies alleged to be in contravention of the United Nations Global Compact Principles, and engages with any of those companies if there is an issue of significant concern. In addition, BMO offers a range of funds with investment portfolios in which every investee company has been systematically screened for its ethical, social and environmental standards.

Training and Awareness

On an annual basis, BMO provides mandatory training to relevant staff across the enterprise on predicate offences for money laundering, including human trafficking and the associated red flags which may identify a predicate offence. Training is also provided on human rights policies and procedures and the rate of completion of such training and completed hours of training are tracked and reported in the BMO ESG Report.

Approval

The Boards of Directors of Bank of Montreal, BMO Asset Management (Holdings) plc, BMO Asset Management (Services) Limited, BMO Asset Management Limited, BMO Capital Markets Limited, BMO Real Estate Partners LLP and BMO Fund Management Limited approved this statement.



Nick Criticos
Chief Executive

Dated: 11-03-2019