

BMO Global Asset Management sets climate change as its key engagement priority for 2020

London, 3 February 2020 – With 2020 a critical year for addressing climate change ahead of the Glasgow COP26 meetings, BMO Global Asset Management (BMO GAM) has pledged to intensify its engagement with companies on this issue, calling on them to adopt targets and strategies aligned with the goals of the Paris Agreement.

With a 20-year history of engagement, and benefiting from the expertise of a 17-member Responsible Investment team, BMO GAM is a leading responsible investor and one of the founder members of the Climate Action 100+ initiative. Its focus on climate change forms part of its broader engagement programme for 2020, which also covers issues including food production, public health and labour standards.

Vicki Bakhshi, Director in the Responsible Investment team at BMO Global Asset Management, said: “The world is facing a climate crisis. Since the Paris Agreement we have supported the ambition to limit global warming to well below 2 degrees Celsius, and pursue efforts limit the rise to 1.5 degrees.

“The next decade is absolutely critical to meeting this ambition. Global emissions need to peak and decline to keep the chances of meeting the Paris goals alive. Waiting for action by governments is not enough – investors and corporates need to take bold and ambitious action.

“For BMO GAM this means using our influence to engage with investee companies; offering opportunities for our clients to invest in solutions; and encouraging strong action by policymakers.”

BMO GAM has selected a range of specific focus issues for engagement in 2020 in relation to climate change. These aim to support long-term shared value creation, including the achievement of the Sustainable Development Goals (SDGs), 17 goals for a more sustainable world by 2030.

These focus issues are:

Coal phase-out

Coal is the most carbon-intensive of the fossil fuels. BMO GAM sees a phase-out of unabated coal generation by 2030 for developed markets, and by 2050 for developing, as essential to achieving the Paris goals. Whilst some countries are phasing out coal-fired power for cleaner alternatives, elsewhere new coal-fired power is still being built. BMO GAM will seek to engage companies to encourage them to commit to phasing out coal in line with these timescales.

Financial institutions and climate risk

Climate change poses pronounced risks to the stability of the global financial system. BMO GAM will work with selected systemically important global financial institutions that, through their loan and underwriting portfolios, are significantly exposed to climate change-related risks, to encourage them to adopt stronger mitigation strategies, and to report in line with the Task Force on Climate-related Financial Disclosures.

Marine transport

Marine transport currently accounts for over 2% of global greenhouse gas emissions¹, and these could grow between 50% and 250% by 2050² mainly due to the expected growth of the global maritime trade. BMO GAM will reach out to companies in this industry to encourage the deployment of investment plans for cleaner vessels and equipment, emission reduction programmes, better disclosure of climate change related risks, and positive public policy positioning.

Sustainable food systems

Agriculture, forestry and other land use account for almost a quarter of global greenhouse gas emissions³, much of this driven by the food production system. The food chain also has extensive wider impacts beyond climate change on our natural environment.

BMO GAM will seek to drive change in some of the world's largest food producers, traders and retailers to allow them to meet growing food demand whilst halting environmental degradation and curbing greenhouse gas emissions. BMO GAM will also engage with food retailers to address issues related to food consumption, including marketing and waste.

Engagement with strategically important high-emitting companies

BMO GAM will continue to lead on a number of company engagements in Climate Action 100+, a global five-year investor initiative. The initiative targets the world's largest corporate greenhouse gas emitters, asking them to develop low carbon business strategies and strengthen climate-related governance as well as financial disclosures. We are involved in dialogue with companies in sectors including automotives, utilities, oil & gas and steel production.

In addition to climate change, BMO GAM's Responsible Investment team continues to engage with companies across a wide range of projects linked to achieving the UN's Sustainable Development Goals and to develop fund strategies that enable clients to contribute to these goals through their own investments. Wider focuses for 2020 include responsible drug pricing, setting the appropriate living wage and managing antimicrobial resistance.

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¹ Source: Third International Maritime Organisation (IMO) Greenhouse Gas Study 2014

² IMO

³ IPCC Special Report on Climate Change and Land, 2019

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About BMO Global Asset Management

BMO Global Asset Management is a global investment manager with offices in more than 25 cities in 14 countries, delivering service excellence to clients across five continents.

Our four major investment centres in Toronto, Chicago, London and Hong Kong are complemented by a network of world-class specialist managers strategically located across the globe: BMO Real Estate Partners, LGM Investments and PwC International Ltd.

BMO Global Asset Management is a signatory of the United Nations-supported Principles for Responsible Investment initiative (UNPRI).

BMO Global Asset Management is a part of BMO Financial Group, a highly diversified financial services provider based in North America with total assets of CDN \$852 billion as of 31 October 2019.

The value of investments and any income derived from them can go down as well as up and investors may not get back the original amount invested.

Past performance should not be seen as an indication of future performance.