

## BMO on Human Rights: Statement Against Modern Slavery and Human Trafficking<sup>1</sup>

BMO Financial Group (BMO) is committed to respecting human rights and stands against all forms of slavery and human trafficking.

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 BMO in every jurisdiction where we do business.

This Statement describes elements of our human rights program for our 2019 fiscal year, which continues to evolve and incorporate global best practices like those embodied by the United Nations Guiding Principles on Business and Human Rights. More information about our approach to human rights and sustainability is found in our 2019 Sustainability Report and Public Accountability Statement available at [www.bmo.com/corporateresponsibility](http://www.bmo.com/corporateresponsibility).

### Our structure, business, and supply chains

BMO is a highly diversified financial services provider headquartered in Canada with over 45,000 employees. BMO is driven by a single purpose: to Boldly Grow the Good *in business and life*. To this end, by 2025, BMO will mobilize \$400 billion CAD for sustainable finance, increase support for small businesses and women entrepreneurs, and reduce barriers to inclusion.

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, Asia and Australia.

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 Global Markets. 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

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<sup>1</sup> 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 2019. 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.

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 product 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 centre services.

In 2019, we purchased goods and services in North America with a total cost of approximately \$5.7 billion CAD from approximately 9,713 suppliers. Of that amount, approximately \$3.9 billion was spent through our Canadian operations and \$1.8 billion was spent through our U.S. operations. Through our operations in EMEA, we purchased goods and services with a total cost of approximately £158 million.

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

BMO has a suite of policies, standards, and guidelines that reduce the risk of modern slavery and human trafficking in our operations, and business and supply chain. Our Corporate Policies and Standards apply enterprise-wide (including all subsidiaries), and establish frameworks to ensure that risks are appropriately identified, measured, managed and reported. Our policy development process begins with the completion of an assessment, which includes identifying and articulating significant risks that require Board and/or senior management oversight. Policies and Standards are assessed at least every two years, and updated when necessary. Internal stakeholders are consulted during the policy development process. Supporting documents such as guidelines and directives are also subject to an internal stakeholder review process.

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. Suppliers must abide by applicable employment standards, labour, non-discrimination and human rights legislation. In jurisdictions where employment standards and laws do not address discrimination or human rights, we expect suppliers to do what's right. Suppliers must not tolerate slavery, servitude, forced or compulsory labour, human tracking or child labour in their business or supply chain. Harassing conduct – intentional or not – should be prohibited in the supplier's and their suppliers' workplace. Suppliers must comply with workers' right to join a trade union, or to have recognized employee representation under local law and follow the applicable wage and hour laws and regulations in the jurisdictions in which they operate.

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.

BMO’s Human Resources Management Corporate Policy, and our supporting recruitment and diversity and inclusion guidelines, reflect our commitment to ensure that all human resources policies, procedures, programs and practices comply with regulatory and legal requirements in the jurisdictions that we operate in, and formalize our commitment to non-discrimination and equality of opportunity.

## **Risk Assessment and Management**

### *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.

## *Suppliers*

BMO's Supplier Code 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.

BMO's Outsourcing and Supplier Risk Management Framework (OSRMF) governs risk assessment and management associated with our suppliers, as well as the 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. We identify risks associated with outsourcing and our suppliers by developing an understanding of material business strategies, products and services, processes, systems, activities, and characteristics of the business environment. All new or renewed supplier arrangements, or any significant changes to existing arrangements with any ongoing supplier, must comply with OSRMF requirements.

We conduct due diligence where required by the terms of the OSRMF 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.

During the 2018 fiscal year, we initiated a process to leverage existing supplier risk management programs to address the risk of slavery and human trafficking in our supply chain. This resulted in the launch of a pilot program in fiscal 2019 to address broader supply chain sustainability, including due diligence on human rights matters. This pilot will be expanded and extended into 2020 as we incorporate lessons learned from the initial phase of the pilot and continue to identify effective tools and processes to integrate identification, management and mitigation of supply chain-related environmental, social and governance risks into our procurement program. BMO has also hired a new Senior Manager of Supplier Diversity and Sustainability to spearhead these efforts.

## *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 specific processes into our AML program for identifying risks of human trafficking or modern slavery.

Risks related to our customers are evaluated on factors including customer type, geography and product. We require identification of customers connected to high-risk countries (e.g., customers that are established in or have significant business operations in a high-risk country). We have also identified customers operating in certain industries and occupations as higher-risk, such as arms manufacturers, dealers and intermediaries; cash-intensive businesses; and dealers in precious metals, stones or jewels. High-risk countries are subject to enhanced diligence. Our AML program requires identification of adverse media or adverse information from law enforcement or regulatory authorities related to our customers.

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.

BMO's AML program conducts assessments to identify higher-risk areas of our business. Enhanced measures are applied to these high-risk areas, which include specific customers, products or services, delivery channels, transactions and geographies.

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 ongoing basis.

BMO's AML program also collaborates with Project Protect, which aims to raise awareness and increase suspicious transaction reporting in relation to human trafficking. In 2019, BMO joined a coalition of 12 leading banks and six survivor organizations to launch Finance Against Slavery and Trafficking (FAST) at the United Nations General Assembly. FAST aims to provide financial institutions, service providers, regulators, government agencies and other stakeholders around the world with a framework to match identified survivors to basic financial services, easing their return to society.

As a signatory to the Equator Principles, BMO Capital Markets 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 2019 are reported in BMO's Sustainability 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 include a specialist Responsible Investment team based in Europe 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 those companies if there is an issue of significant concern. In addition, BMO Global Asset Management offers a range of funds with investment portfolios in which every investee company has been systematically screened for specified ethical, social and environmental standards.

### *Mechanisms to Address Concerns and Complaints*

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.

BMO regularly engages with non-governmental organizations and community groups on various sustainability topics, including potential human rights matters. External stakeholders may also engage with BMO through feedback channels including at [sustainability@bmo.com](mailto:sustainability@bmo.com).

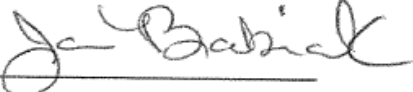
### **Training and Awareness**

All BMO employees must complete our Ethics, Legal and Compliance Training program on an annual basis. This training includes information on predicate offences for money laundering, including human trafficking, and the associated red flags which may identify a predicate offence. This program also includes training on human rights policies and procedures. The rate of completion of such training and completed hours of training are tracked and reported in BMO's Sustainability Report.

Additional and specialized training is provided to employees, agents, suppliers/outsourcers and other persons who may be responsible for control activities, outcomes or oversight, as appropriate.

Approval

This Statement is subject to annual review and has been approved by the Board of Directors of Bank of Montreal.

  
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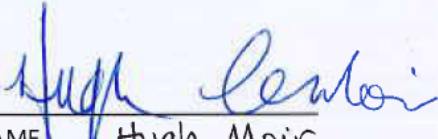
Jan Babiak

Director

Dated: February 25, 2020

**Approval**

This Statement is subject to annual review and has been approved by the Board of Directors of BMO Asset Management Limited.



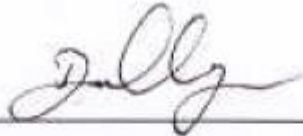
NAME            Hugh Moir  
TITLE            Director, BMO Asset Management Limited

Dated:            29 January 2020



**Approval**

This Statement is subject to annual review and has been approved by the Board of Directors of BMO Asset Management (Holdings) Plc.



NAME:

TITLE:

DATED: 6/02/20

**Approval**

This Statement is subject to annual review and has been approved by the Board of Directors of BMO Asset Management (Services) Limited.



Richard Watts  
Director

Dated: 7<sup>th</sup> February 2020

**Approval**

This Statement is subject to annual review and has been approved by the Board of Directors of BMO Capital Markets Limited.



Name: William Smith

Title: Managing Director  
Head of International, BMO Capital Markets

Dated: January 16, 2020

**Approval**

This Statement is subject to annual review and has been approved by the Board of Directors of BMO Fund Management Limited.



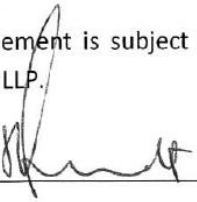
Richard Watts

Chief Executive

Dated: February 7, 2020

**Approval**

This Statement is subject to annual review and has been approved by the Board of BMO Real Estate Partners LLP.

  
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STEWART BENNETT, GLOBAL HEAD OF ALTERNATIVES

Dated: 21-01-2020