

Introducing

BMO Responsible Engagement Overlay (*reo*[®])



reo[®] is a service that allows institutional investors to receive market-leading corporate engagement on equity and corporate bond holdings, and proxy voting services.

Through *reo*[®], clients enjoy greater influence to effect positive change by pooling assets to create one single, powerful voice.

We proudly represent a global client base of investors including pension funds, insurers, asset managers, fiduciary managers, charities and family offices. These clients entrust *reo*[®] to engage investee companies on material environmental, social and governance (ESG) issues and sustainability risks and opportunities related to investments.

20

year track record

19

A large team of experienced issue and sector experts

35

reo[®] global clients

US\$219bn
of assets
under advice^{*}

“ ”

reo[®] mobilizes the combined weight of our clients' assets to help solve the great sustainability issues the world faces today. We do this through thoughtful and considered engagement and voting on behalf of our clients. We also work with the wider investment and policy community to address the systemic sustainability risks facing the economy and financial system.”

Claudia Wearmouth, co-head Responsible Investment

^{*}As of Dec. 31, 2019, converted at 1.1213 on Dec. 31, 2019, from Euro to US\$.

^{**}Award submissions are marked against a range of criteria including: Clarity of sustainable objectives, performance, experience in sector, communication to investors, transparency, reputation and compliance, ongoing service and support and overall quality of submission. The awards may also include an element of online voting. The first round of judging is also based on a mixture of quantitative and qualitative analysis using resources from third party providers. The second round of judging, consists of a panel debate to determine finalists in each category. From the finalists, the judging panel will decide on the winning and highly commended entries.



Stewardship highlights 2019

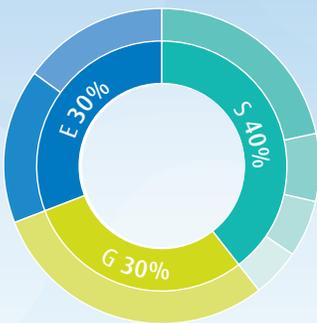
 **765**
Companies engaged

 **1,509**
Number of engagements

 **313**
Milestones* achieved

 **11,131**
Company meetings voted

Companies engaged by issue



Environmental stewardship	16%
Climate change	14%
Labor standards	22%
Human rights	7%
Public health	6%
Business conduct	5%
Corporate governance	30%

 **17** countries visited for engagement

 **45** countries covered by engagement



* Milestones recognize improvements through engagement in company ESG policy, management systems or practices.

Clear alignment with the Sustainable Development Goals (SDGs)

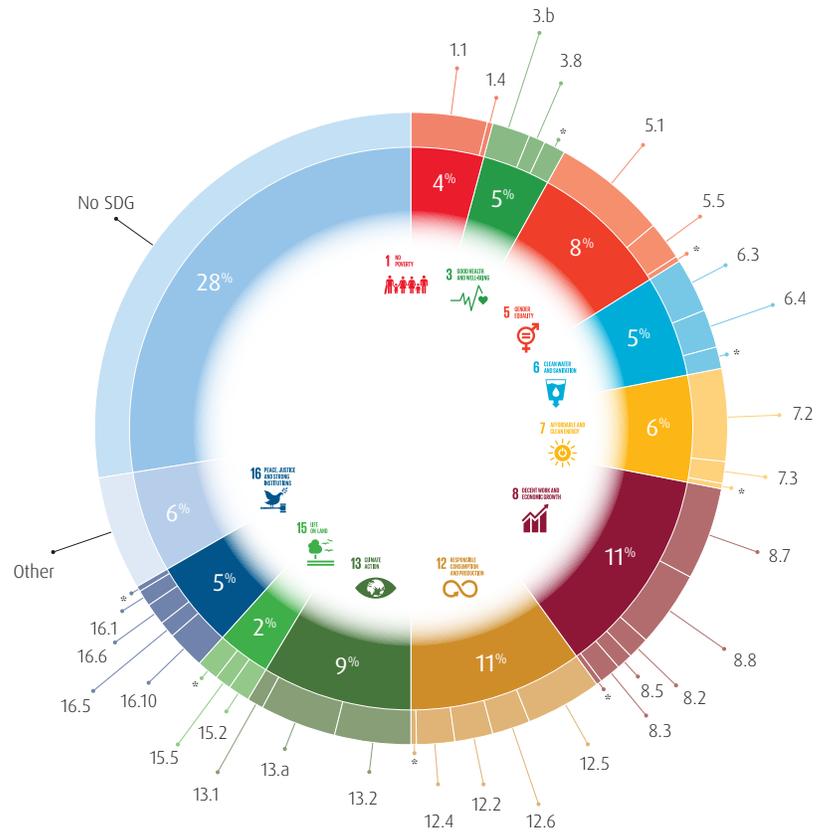
The aims of our engagement program are closely aligned with the UN SDGs. We report to clients on how our engagement supports each of the 17 goals, as well as the detailed underlying 169 targets.

The SDGs are a globally recognized and ambitious set of targets that provide a consistent way to articulate sustainability.

72%

of engagement linked to SDGs in 2019

Other = SDGs less than 2%. * = SDG targets within the denoted goal that are less than 0.3%. A definition of each listed SDG target can be found in the Appendix.



Proxy voting services

Voting complements engagement as a key way of influencing change at companies, both on corporate governance and on wider sustainability issues. The reo® service offers a solution to ensure consistency between engagement and voting activities.

Meetings with at least one vote against management



- At least one vote against management 30%
- All resolutions voted with management 70%

How we voted in 2019



- With management 76.3%
- Against management 22.2%
- Other* 1.5%

Votes against management by issue



- Directors & Board 61.0%
- Remuneration 22.9%
- Capital Related 6.6%
- Shareholder Proposals 2.1%
- Other 7.4%

Source: BMO Global Asset Management, as of Dec. 31, 2019

* Other includes cases where we did not vote due to share blocking in a market or potentially a lack of POA (Power of Attorney). This report covers voting and engagement activity on behalf of our in-house BMO Global Asset Management (EMEA) holdings and those of our reo® clients.



Supporting clients in implementing responsible investment strategies

Our **reo®** service can support clients in complying with new and evolving ESG regulations. In addition, through our local, regional and global presence, we can anticipate regulatory developments and provide analysis of the impact of new regulations through the publication of our ESG Viewpoints.

Our Responsible Investment team plays an active role in public policy development, through engagement with regulators, as we believe that policy and regulatory change are often the catalysts for improved corporate behaviour.

Reporting

Clear accountability and regular transparent communication are key components of the **reo®** offering. Our extensive reporting capability, which includes statistical data, UN SDG mapping and public case studies, has been developed in consultation with our clients to enable effective communication with their stakeholders.

Client portal

Clients are provided with access to an online portal, where they can access live reporting on our engagement and voting activities.



Appendix

1.1 Eradicate poverty and ensure a living wage for all; **1.4** Ensure equal rights to resources and basic services; **3.b** Support research into vaccines and medicines for diseases primarily in developing countries; **3.8** Access to medicines and health-care; **5.1** End all forms of discrimination against women and girls; **5.5** Ensure full equality of opportunity for women, including at leadership levels; **6.3** Improve water quality by reducing pollution; **6.4** Increase water-use efficiency to address water scarcity; **7.2** Substantially increase the global share of renewable energy; **7.3** Double the global rate of improvement in energy efficiency; **8.7** Eradicate forced labour, modern slavery & human trafficking; **8.8** Protect and promote safe working environments for all workers; **8.2** Achieve greater productivity through innovation; **8.5** Achieve full and productive employment for all; **8.3** Promote development-oriented policies; **12.5** Reduce waste through prevention, reduction, recycling and reuse; **12.6** Encourage companies to adopt sustainable practices and enhance ESG reporting; **12.2** Sustainably manage and make efficient use of natural resources; **12.4** Manage chemical usage and waste throughout their life cycle; **13.2** Integrate climate change plans into policies and strategies; **13.a** Address climate change mitigation for developing countries; **13.1** Strengthen adaptive capacity to climate-related events; **15.2** Promote the implementation of sustainable management of forests; **15.5** Take urgent action to reduce degradation of natural habitats; **16.10** Ensure public access to information and protect fundamental freedoms; **16.5** Reduce corruption and bribery in all their forms; **16.6** Develop effective, accountable and transparent institutions; **16.1** Reduce all forms of violent-related death rates

Other includes smaller-weighted SDGs.

Key risks

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

How BMO Global Asset Management can help you

BMO Global Asset Management incorporates material ESG issues into its investment processes across asset classes. We also offer our Responsible products range, which invests in companies operating sustainably and excludes those not meeting our ethical and ESG criteria, and our *reo*[®] engagement service, through which we provide engagement and voting services covering global equities and credit.

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