

A year driving positive change

Our 2019 Responsible Investment Review



We use engagement and voting as tools to identify and manage risks, and also as route to create positive impact in corporate governance, the environment and in society.

2019 Stewardship highlights

765

companies engaged

1,509

engagements

44

countries covered

313

milestones achieved*

11,131

company meetings voted

Engagement overview

30%

of engagement linked to Environmental issues: including climate change; plastic pollution; waste; water

40%

of engagement linked to Social issues: including labour standards; antimicrobial resistance; cyber security

30%

of engagement linked to Governance issues: including board composition; executive remuneration; diversity at board and senior management levels

A focus on climate change

We tackle climate change through company engagement, integration into investment analysis, public policy activities and providing specialist investment products. We take part in collaborative engagement through Climate Action 100+,

a global investor initiative that targets the world's largest corporate greenhouse gas emitters, asking them to develop low carbon business models and strengthen climate-related governance and disclosures.

300

companies engaged on climate change

23

companies where we took an active lead or supporting role on Climate Action 100+

88

milestones recorded*

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

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

Themes in focus

Update on 2019 themes

We engaged with companies on the key themes we selected as priority engagement areas for 2019:



Gender diversity: engaged on the representation of women at senior management level and below.



Living wage: a multiyear engagement project to encourage companies to take a progressive, long-term strategic approach to human capital management.



Antimicrobial resistance: approached pharmaceutical companies, food producers and food retailers on their approach to related issues here.



Sustainable banking in ASEAN banks: engaged with 16 banks from 5 countries on a range of issues, and received a mixed response.



Fast fashion: engaged from a variety of angles, such as materials stewardship, waste management and supply chain labour standards.



Engaging towards zero deforestation: engaged banks, fast-moving consumer goods companies, palm oil producers and others, as well as participating in various collaborations too.

Themes for 2020

The next decade is critical for meeting the Paris Agreement goals of limiting global warming to well below 2°C. Therefore, our overriding engagement priority for 2020 is climate change, focusing across sectors and working collaboratively where we can. We will use our influence to engage with investee companies; offer opportunities for our clients to invest in solutions; and encourage strong action by policymakers.

Focusing on:

- Financial institutions and climate risk
- Coal phase-out
- Marine transport
- Strategically important high-emitting companies
- Sustainable food systems

We will also continue to engage with companies across a wide range of projects on topics including:

- Responsible drug pricing
- Living wage
- Antimicrobial resistance

Thought leadership

We are keen to share our perspectives on a range of ESG-related issues, including but also extending beyond our key themes for the year. Our research and insights are promoted via our 'ESG Viewpoints'—a series of thought leadership pieces.

[For more information and our latest viewpoints click here](#)

Our stewardship work in 2020 will of course be impacted by the COVID-19 pandemic. We will continue to pursue our priorities, sensitive to the exceptional circumstances that companies find themselves in. Our Viewpoint 'ESG Implications of the COVID-19 pandemic' sets out our initial views on how the ESG agenda will be affected, and sets some principles for how companies should respond in areas including treatment of staff.



“I am incredibly proud of our responsible heritage, the integrity of ESG products we offer and in co-leading our dedicated Responsible Investment team which is made up of inspiring, bright and motivated individuals”

**Claudia Wearmouth, Managing Director,
Co-Head, Responsible Investment**

Celebrating change over 20 years

This year we celebrate 20 years of running our investor engagement program.

Engagement since 2000: 30% Environmental, 30% Social, 40% Governance

5,588

companies engaged

40%

of engagement has been with companies in the extractives, financial, and retail industries

87

countries covered by engagement

We are proud to have played a role in driving change at over 1,600 companies across industries on a wide range of ESG issues. We consider instances of change related to ESG issues as milestones, and constantly strive to achieve more.

Milestones since 2000: 28% Environmental, 18% Social, 54% Governance

3,763

instances of positive change in ESG practices recorded since 2000

54%

of milestones linked to improvements in governance standards

468

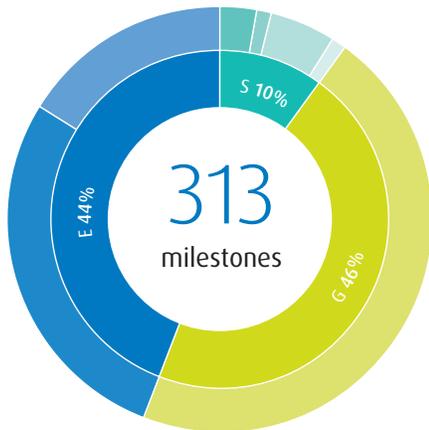
companies have improved their approach to managing climate risk

Within the environmental and social spheres, climate change is the theme for which we have recorded the largest number of milestones, at over 670. This is a reflection of our continued focus on this important theme, as well as the growing urgency companies rightly feel to address material climate-related issues.

Milestones achieved are not indicative of future company or investment performance.

Responsible Investment in action

2019 milestones



Climate change	28%
Environmental stewardship	16%
Business conduct	2%
Human rights	1%
Labor standards	6%
Public health	1%
Corporate governance	46%

Source: BMO Global Asset Management, as at Dec 31 2019

We use the UN Sustainable Development Goals to plan, implement and report on our engagement. In 2019, 72% of our engagement linked to the SDGs. The remaining 28% of our engagement did not have a direct link to a specific SDG target. The majority of this is on corporate governance, which we view as an essential building block in creating a more sustainable economy.

Public policy

Our team plays an active role in public policy development across the world on a wide range of issues from deforestation to human rights. We do this through engagement with regulators, as we believe that policy and regulatory change are often the catalysts for improved corporation behaviour. We participate in collaborative investor engagements and initiatives, which can be key to improving ESG standards at a larger scale.

Voting and corporation governance

Exercising the right to vote is a key part of our stewardship responsibilities, and an opportunity to influence change. We regularly engage companies before and after voting to explain our expectations and invite comment, and to explain our reasons for any votes against management. In 2019, we engaged with 496 companies on corporation governance topics:

113,241

resolutions voted

22%

of all resolutions where we voted against management

55% of these related to pay
25% related to director elections

145

milestones achieved

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