

Expectations for social practices

June 2022

BMO Global Asset Management (BMO GAM) is committed to respecting human and labour rights through our investment practices, as well as through our engagement and voting activities.

Well-run companies have formal systems to identify, assess and manage significant risks and opportunities associated with social factors, as well as wider societal impacts. A robust approach to managing social issues can help companies retain their social licence to operate, ensure continuity in business operations and supply chains, avoid legal and regulatory fines, enhance employee productivity, improve both employee and customer satisfaction, and maintain the companies' reputations. Ultimately, we believe this will contribute to sustainable long-term value creation by the companies in which we choose to invest.

We recognize that some of our expectations are aspirational and that companies will be at different stages of managing social issues. However, we will use our influence as investors through our engagement program to encourage companies to adhere to best practice standards and monitor companies' progress against them.

Our expectations reference international standards¹ and industry commitments and are supported by internal guidance and training.

Core to our expectations on how companies should manage the social aspects of their operations and supply chains is a commitment to:

- respect **human rights** and remediate any breaches,
- uphold **labour rights**, and
- safeguard **public health**

Amongst others, this should be implemented by:

- Provision of a **healthy and safe work environment**
- Provision of **fair wages**
- **Responsible business conduct**, including on issues such as anti-bribery and anti-corruption, anti-money laundering, tax transparency, data privacy and security, responsible marketing and sales, and responsible lobbying activities

¹ Among them: the UN's Universal Declaration of Human Rights; UN Guiding Principles on Business and Human Rights; the ILO's International Labour Standards including conventions 29 (forced labour), 138 (minimum wage), and 182 (worst forms of child labour); OECD Guidelines for Multinational Enterprises; UN Declaration on the Rights of Indigenous People.

- Effective **stakeholder engagement**, including with regulators, investors, customers, employees, rights holders, and civil society
- Company-wide and effective **grievance mechanisms** and whistleblowing procedures
- Protection of the rights of vulnerable communities, including **Indigenous peoples**
- Elimination and prevention of **modern slavery** as well as forced and child labour
- Respecting rights of **freedom of association** and **collective bargaining**
- Effective **diversity and inclusion** programme
- Ensuring that **neither discrimination nor harassment** takes place in the workplace

To meet the above expectations a robust policy and governance framework which supports oversight and implementation of social management practices and ensures monitoring and reporting on performance is required. Corporate reporting should evidence strategies and targets to achieve good social practice and include a narrative account about the trends and factors affecting the performance and future development of the business.

This document will be reviewed annually by BMO GAM's Responsible Investment team and published externally following approval by the Investment Committee.

This document is for information purposes only. The information contained herein is not, and should not be construed as, investment, tax or legal advice to any party. Particular investments and/or trading strategies should be evaluated relative to the individual's investment objectives and professional advice should be obtained with respect to any circumstance

Any statement that necessarily depends on future events may be a forward-looking statement. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Although such statements are based on assumptions that are believed to be reasonable, there can be no assurance that actual results will not differ materially from expectations. Investors are cautioned not to rely unduly on any forward-looking statements. In connection with any forward-looking statements, investors should carefully consider the areas of risk described in the most recent prospectus.

BMO Global Asset Management is a brand name that comprises BMO Asset Management Inc. and BMO Investments Inc. Certain of the products and services offered under the brand name, BMO Global Asset Management, are designed specifically for various categories of investors in Canada and may not be available to all investors. Products and services are only offered to investors in Canada in accordance with applicable laws and regulatory requirements.

®/™ Registered trademarks/trademark of Bank of Montreal, used under licence.