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.

“A large team of experienced issue and sector experts

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

20 year track record

19 A large team of experienced issue and sector experts

35 reo® global clients

US$219bn of assets under advice*

**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 analyses 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.

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

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Stewardship highlights 2019

- **Companies engaged**: 765
- **Number of engagements**: 1,509
- **Milestones* achieved**: 313
- **Company meetings voted**: 11,131

**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.
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; 3.8 Access to medicines and health-care; 5.3 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; 8.9 Achieve greater productivity through innovation; 8.10 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; 13.3 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.

reo® is a registered trademark of BMO Asset Management (Holdings) PLC.

The services discussed are not suitable for, or applicable to, every individual.

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Past performance is not necessarily a guide to future performance.

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