

BMO Global Asset Management excludes companies with fossil fuel reserves from Responsible Funds range

LONDON, 15 May 2017 BMO Global Asset Management has today announced it will exclude all companies with fossil fuel reserves from its Responsible Funds range, as part of an updated climate change policy.

The policy will take immediate effect for the Global and Emerging Market strategies within the Responsible Funds range, and will extend to the full fund range from 1 January 2020. It forms part of a new policy approach focused on how investors in the Responsible Funds can support the transition to a low-carbon global economy, covering the Funds' approach across all the greenhouse gas-intensive sectors.

BMO Global Asset Management's Governance and Sustainable Investment Team developed the new policy, working closely with its external Responsible Investment Advisory Council, whose members include the Most Revd Justin Welby and Chair, Howard Pearce, formerly of the Environment Agency Pension Fund.

The new policy comes as investors in ethically screened funds increasingly look to avoid investing in companies involved in fossil fuel extraction, with over \$5 trillion in institutional assets having some form of divestment strategy in place¹.

The funds that will be covered by the updated policy are:

- Responsible UK Equity Growth Fund
- Responsible UK Income Fund
- Responsible Global Equity Fund
- Responsible Sterling Bond Fund
- Responsible Global Emerging Markets Equity Fund

The new policy will extend to all UK-orientated strategies² within the Responsible Funds range from 1 January 2020, reflecting that fossil fuel extracting companies make up a large part of the UK benchmark. The entire Responsible Funds range will be fossil fuel free from 1 January 2020.

Commenting on the updated climate change policy, Vicki Bakhshi, Director in the Governance and Sustainable Investment team, said:

¹ Gofossilfree.org. As at April 2017

² Responsible UK Equity Growth Fund, Responsible UK Income Fund, Responsible Sterling Bond Fund

“If all current known reserves are extracted and burnt, we know that the world would not meet the 2 degrees temperature limit established under the Paris Agreement. As such, we have come to the view that investment in companies with fossil fuel reserves is increasingly incompatible with the ethical and sustainability objectives of the Responsible Strategies range that we run.

We also see a growing investor demand, from both institutions and individuals, for investment strategies that allow them to avoid investment in these companies, yet there is a distinct lack of choice of such strategies in the market. By implementing this policy not just on a single fund but our entire Responsible range, we are offering a set of investment strategies that allow investors to align their beliefs with their desire for long-term returns.

Having said this, it is not just about what we exclude. On climate change, as with other issues, these funds aim to positively direct capital towards companies operating in a sustainable way, or delivering solutions to global challenges, including climate change.

We also believe in being a responsible owner of capital. Both in the Responsible Strategies, and more widely across our investments, we continue to use our voice as an investor to engage with companies and policymakers to encourage them to adopt strategies to make the transition to a low-carbon global economy”

Most Revd Justin Welby, President, BMO Global Asset Management Responsible Investment Advisory Council, added:

“This policy is a most impressive piece of work and puts BMO Global Asset Management in the front line as a leader on the issue of climate change.”

BMO Global Asset Management’s Responsible Funds range has a set of ethical and sustainability criteria governing which companies the strategies can invest in. These criteria are set by the Governance and Sustainable Investment team.

BMO Global Asset Management offers a range of solutions in addition to the Responsible Funds range that address climate change including its Responsible Engagement Overlay (reo™) ownership service; green bonds strategies; green property approaches and its Fossil Fuel Free mutual fund in Canada.

- ends -

Notes to editors

The Viewpoint on the changes made to BMO Global Asset Management’s fossil fuel policy is found at: <http://www.bmogam.com/responsible-investing/>

Media Contacts:

Campbell Hood
campbell.hood@bmogam.com
Tel: +44 (0)20 7011 4243

FTI Consulting
bmo@fticonsulting.com

Tel: +44 (0) 20 3727 1888

About BMO Global Asset Management

BMO Global Asset Management is a global investment manager with offices in more than 25 cities in 14 countries, delivering service excellence to clients across five continents.

Our four major investment centers in Toronto, Chicago, London and Hong Kong are complemented by a network of world-class boutique managers strategically located across the globe: BMO Real Estate Partners, LGM Investments, Pyrford International Ltd. and Taplin, Canada & Habacht, LLC. BMO Global Asset Management is a signatory of the United Nations-supported Principles for Responsible Investment initiative (UNPRI).

BMO Global Asset Management is a part of BMO Financial Group, a highly diversified financial services provider based in North America with total assets of CDN \$692 billion as of January 31, 2017, and over 45,000 employees. BMO Wealth Management has worldwide assets under management of CDN \$402 billion as of January 31, 2017.