



Responsible
about
investment

BMO Global Asset Management

We believe that responsible investment is a mindset: as asset managers, we have a privileged and trusted position as stewards of capital, which gives us both influence and responsibility.

We take this responsibility seriously. We consider the impact of our investments on society and the environment, and the extent to which it affects long-term value creation. We work closely with the companies we invest in as active owners, to improve the management of environmental, social and governance (ESG) issues. We support this work with the thoughtful exercise of our voting rights. We strive to be thought leaders on these issues and their relevance to us as investors.

- Leaders in responsible investment
- Being active owners
- Integrating ESG into how we invest
- Thought leaders
- Our ESG products

Risks to consider

The value of your investments and any income from them can go down as well as up and you may not get back the original amount invested. Changes in rates of exchange may also reduce the value of your investment.

Screening out sectors or companies may result in less diversification and hence more volatility in investment values.

Leaders in responsible investment

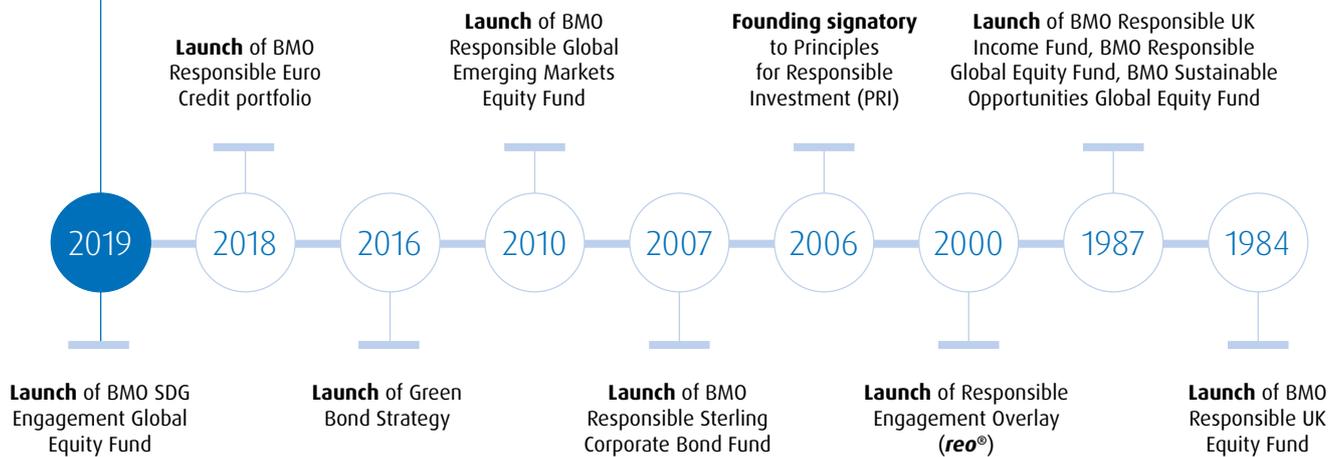
From the launch of Europe's first ethically screened fund in 1984 and our position as a founding signatory of the UN PRI, to the comprehensive suite of ESG specialist funds and services available today, we have a strong heritage in sustainability.

A history of innovation

A growing range of ESG orientated client focused solutions

- **17-strong** Responsible Investment team
- **A+ Rated** by UN Principles for Responsible Investment
- **30+ years** of investing responsibly
- **£3.3bn*** under management in ESG specialist funds

*As at 30 September 2019



Award winning



Being active owners

We believe that our responsibility as investors does not end when an investment is made. Following investment, we operate an active ownership policy, and seek to influence positive change and support best practice through engagement (dialogue with investee companies) and voting. We engage on company specific issues, sector and broader thematic issues and at public policy level.

Our aim is to reduce risk, to enhance long-term performance, and to encourage a positive contribution to broader social and environmental issues. We are proactive in how we engage with companies around ESG issues like climate change and gender equality and we are thoughtful in how we exercise our voting rights on behalf of our clients.

Engagement is a powerful tool for investors to achieve positive sustainability impacts. At BMO we have engaged for many years on topics such as climate change, human rights and labour standards, and since 2016 we have been reporting on how this engagement supports the Sustainable Development Goals (SDGs).

In 2018 we:

- Engaged 655 companies on ESG issues
- Achieved 237 'milestones' (improvements)
- Voted 10,600 times across 70 countries

The 17 goals were developed by the United Nations and cross-industry stakeholders to provide a roadmap towards a more sustainable world. They are ambitious, high-level goals with 169 granular targets endorsed by all 193 UN member states. We believe the SDGs provide an ideal framework to analyse wider impact, by providing a comprehensive taxonomy for describing sustainability objectives that is commonly understood by investors, companies and governments.



Our scale gives us the opportunity to talk directly with key company decision makers.

Alice Evans, co-head Responsible Investment



Investing to improve

Our BMO SDG Engagement Global Equity Fund invests globally in 40-60 carefully selected small and medium sized companies. Our Responsible Investment team engage with every company in the portfolio, focusing their efforts on specific SDGs and underlying targets with a view to driving improvement.

Integrating ESG into **how we invest**

The identification of financially material ESG issues is an integral part of our investment processes. It's hard-wired into our analysis and decision-making, with a view to gaining a comprehensive understanding of risk and long-term opportunity. We use ESG as a framework for issues so we can examine related factors in an investment context.

Environmental

Including the carbon footprint of companies, climate change scenario planning, water risk, energy and resource efficiency, environmental impact and staying in front of regulation.

Social

Understanding how companies are treating their employees, customers, suppliers and the communities they operate in, impacts on public health and human rights, and how companies are working to prevent bribery and corruption.

Governance

Assessing the level and structure of executive pay, how well boards are structured to position the company for success, providing effective oversight, and protection of minority shareholder interests.

We take a tailored approach depending on the nuances of each asset class and strategy. Our approach to integration is fund manager-led and based on identifying material ESG issues as part of the standard investment process.

Our investment teams have access to a range of ESG data and research and can draw on the support provided by our 17-strong Responsible Investment team.



Our team contains experts on a host of ESG issues including human rights, climate change, water, supply chains and corporate governance.

Claudia Wearmouth, co-head Responsible Investment

Hard-wiring ESG into our processes

ESG scores sit alongside other key metrics when we work to evaluate businesses and their investment potential.



ESG Scores	Weight	Total	Ind. Rel.	Main Issues	Red Flags = 0
Environmental	64%	58	79	Carbon Emissions, Water Stress, Toxic Emissions & Waste, Opportunities in Clean Tech	
Social	17%	67	88	Chemical Safety	
Governance	19%	81	91	Corporate Governance	
Total	100%	64	93	Trend: Stable	
Key Issues		Water Stress			
Governance Flags		Poison Pill, Annual Incentive Measures			
Controversies		-			

Thought leaders in responsible investment

Vicki Bakhshi of our Responsible Investment team discusses company engagement at our 2019 conference



Our ambition is to be a leading voice for responsible investment, actively contributing to discussion and debate. Members of our Responsible Investment team participate in a range of industry associations and bodies, speaking at events and collaborating with other asset managers when appropriate.

Public policy & advocacy

Engagement with policymakers is essential in raising standards of ESG management beyond what is possible through engaging with individual companies. We contribute to standard setting in public policy and seek to be a constructive investor voice. Over the last year, we focused on governance, as regulators worldwide have consulted on proposals to improve practices.

Measuring our impact

Investor interest in social and environmental outcomes has been growing, including how we should try to understand impact in the context of the investments we make. In response to this, in 2016 we published our first ESG Profile and Impact Report for two of our strategies: Responsible Global Equity and Responsible Emerging Markets Equity. We now publish these reports annually for a growing range of our sustainability focused strategies.



ESG Viewpoints

We are keen to share our perspectives on a range of ESG-related issues. The team's research and insights are promoted via our 'ESG Viewpoints' – a series of thought leadership pieces across a host of topics such as ocean plastics, modern slavery and climate change.



July 2019

After travelling to India, we reported on our engagement with companies on climate change and how this topic is moving up their strategic agendas.



August 2019

One year on from the EU's ban on bee-harming pesticides, we reviewed our engagement with agrochemical companies to gauge their response to the new rules.

ESG products – philosophy

At BMO Global Asset Management, we apply our active approach to ownership and integration of ESG factors within investment processes across all our funds and strategies. We also offer a specialist range of funds with an investment universe defined by ESG criteria.

Across a range of asset types, our suite of ESG-orientated investment solutions includes screened funds with defined exclusion criteria as well as funds emphasising sustainability-orientated themes.

Each fund is orientated around an overarching philosophy.



Avoid

Avoid assets with damaging or unsustainable business practices



Invest

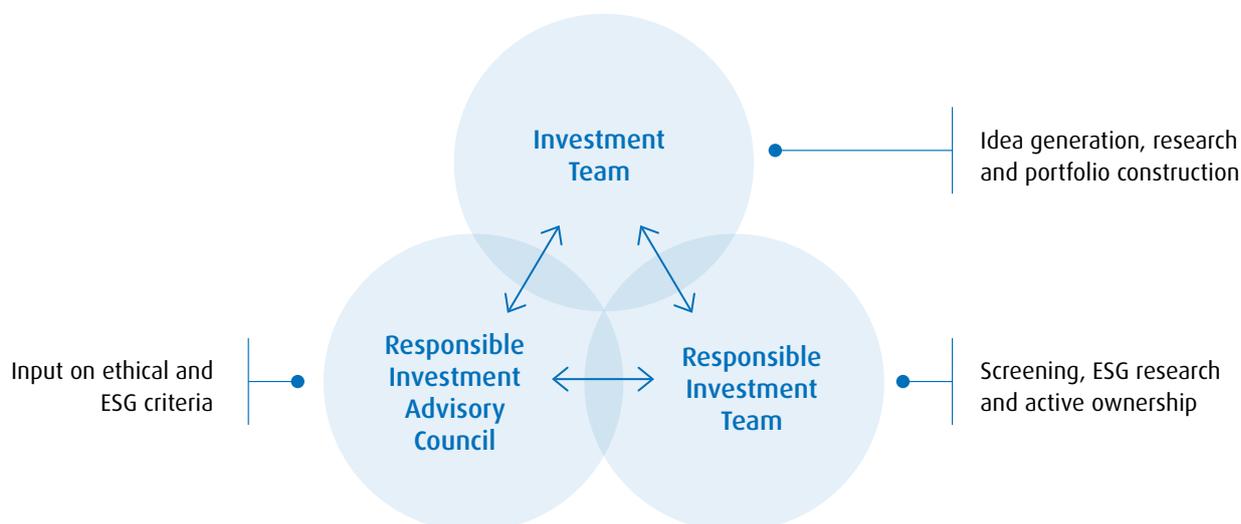
Select assets that make a positive contribution to society and the environment



Improve

Encourage best practice management of ESG issues through engagement and voting

And each responsible fund provides investors with access to three layers of expertise:



We offer investors a broad and credible range of specialist ESG funds

	BMO Responsible Global Emerging Markets Equity Fund	BMO Responsible Global Equity Fund		BMO Responsible Sterling Corporate Bond Fund	BMO Responsible UK Equity Fund
Summary	This fund seeks to deliver long-term capital growth by investing in the world's emerging markets.	This fund aims to provide capital growth by investing in an ethically-screened and diversified portfolio of sustainable global equities. It uses positive themes to drive portfolio construction.		This fund aims to deliver an attractive level of income through investment in a portfolio of ethically-screened UK corporate bonds. The fund aims to deliver the same level of returns as an unscreened portfolio.	This fund aims to achieve long-term capital growth with some income from ethical investment in a diversified portfolio of equities.
Aim	Long-term growth	Long-term growth		Income with some scope for long-term growth	Long-term growth
Invests in	Emerging market equities	Global equities		Investment grade corporate bonds	UK equities
Structure	SICAV	OEIC	SICAV	OEIC	OEIC
Sector	Lipper Global Equity Emerging Market Global	IA Global Growth	Lipper Global Equity Global	IA £ Corporate Bond	IA UK All Companies
Launch date	01/07/1994	13/10/1987	12/12/2005	01/10/2007	01/06/1984
At a glance	  	  		 	 



Thematic – The portfolio is orientated around defined themes such as technology, resource efficiency and sustainable mobility.



Screened – Companies involved in areas like tobacco and gambling are excluded. Each company must be 'approved' before the fund manager invests.



Engagement – Active ownership to address ESG risk and opportunity.

“As responsible investment moves mainstream we believe that demand for ESG orientated products is set to grow. We’re rightly proud of our heritage and continue to innovate new offerings across all asset types.”

**Rob Thorpe, Head of Distribution,
Intermediary, UK and Europe**

BMO Responsible UK Income Fund	BMO SDG Engagement Global Equity Fund	BMO Sustainable Opportunities Global Equity Fund
This fund aims to achieve income with capital growth from ethical investment in a diversified portfolio of equities and bonds.	This fund aims to provide capital growth by investing in a well-diversified selection of global small and mid-sized companies. The fund seeks to achieve a positive impact through targeted, impact-focused, active engagement with companies, using the SDG framework.	This fund aims to achieve medium to long-term capital growth, with some income.
Income and long-term growth	Long-term growth	Long-term growth
UK equities (up to 20% corporate bonds)	Global equities	Global equities
OEIC	SICAV	OEIC
IA UK Equity Income	Lipper Global Equity Small/Mid Cap	IA Global
13/10/1987	01/03/2019	09/09/1987
 	 	 

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Screening out sectors or companies may result in less diversification and hence more volatility in investment values. Investing in emerging markets is generally considered to involve more risk than developed markets due to the possibility of low liquidity, high currency fluctuation, the adverse effect of social, political and economic security, weak supervisory structures and weak accounting standards.

Investments in smaller companies carry a higher degree of risk as their shares may be less liquid and investment values can be volatile.

The OEIC funds are sub-funds of the BMO Investment Funds (UK) ICVC V, an open-ended investment company with variable capital (ICVC) incorporated with limited liability and registered in England and Wales under registered number IC 118.

The SICAV funds are sub-funds of the BMO Investments (Lux) I Fund, a limited liability company organised as a société d'investissement à capital variable ("SICAV") under the laws of the Grand Duchy of Luxembourg.

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

reo[®] is a service which allows institutional investors to receive world-class 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 into one single, powerful voice. **reo**[®] allows clients to utilise our in-depth expertise and almost two-decade track record to drive positive change at investee companies in their own equity and bond portfolios, in a consistent way wherever these are managed.

In total, **reo**[®] covers

£128bn

of assets under
advice*.

Why BMO Global Asset Management and **reo**[®] for stewardship services?

- Three-decade track record in responsible investment and 19 years of providing an engagement and proxy voting service
- Global coverage, cross-sector across the market cap spectrum
- Systematic analysis of ESG risks in client portfolios, which informs engagement priorities
- Measurable, evidence-based outcomes with assessment of impact
- Local language reporting available
- Engagement reporting mapped against the UN SDGs
- Flexible service levels of reporting based on consistency, transparency and responsiveness to client needs

* As at 30 June 2019

Wild fire approaches
houses in Southern
California

“I am proud of our heritage
and track record in responsible
investing, which allow us to
offer our clients a range of
market-leading funds.”

**Kristi Mitchem, Chief Executive Officer
BMO Global Asset Management**

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BMO  **Global Asset Management**

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