European SRI Transparency Code

The European SRI Transparency Code (the Code) focuses on SRI funds distributed publicly in Europe and is designed to cover a range of assets classes, such as equity and fixed income.

All information pertaining to the European SRI Transparency Code can be found at the following website: www.eurosif.org. The Code comes with a Guidance Manual for fund managers on how to best use and respond to the Code. The present version of the Code was approved by the Board of Eurosif in February 2018.

REVISION OF THE CODE

In 2017 the Code was updated to better reflect the continuing evolution of the European SRI market. A Working Group was set up to facilitate revision of the Code in line with the latest developments in the industry and in view of the latest work carried out by experts at the European and global level.

Applications to sign up to the Code will now be in line with key elements of the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), Article 173 of the French TECV Act and the latest recommendations made by the High-Level Group of Experts on Sustainable Finance (HLEG) in its final report published in January 2018. Questions that are specifically designed to reflect those recommendations/legislation are indicated in the Code with footnotes.

TWO KEY MOTIVATIONS UNDERPIN THIS CODE

1. The opportunity for retail SRI funds to provide clarification to investors and other stakeholders about their SRI approach in an easily accessible and comparable format.
2. Proactive strengthening of self-regulation to contribute to the development and promotion of SRI funds by setting up a common framework for transparency best practices.

GUIDING PRINCIPLE

Signatories to the Code should be open and honest and should disclose accurate, adequate and timely information to enable stakeholders, especially consumers, to understand the ESG policies and practices of the fund.

COMMITMENTS BY SIGNATORIES

- The order and exact wording of the questions should be followed;
- Responses should be informative and clear, and the resources and methodologies used should be described in as much detail and as precisely as possible;
- Funds should report data in the currency that they use for other reporting purposes;
- Reasons preventing the fund from providing all or part of the information to a given question should be clearly stated and, in such cases, signatories should state when they will be able to answer the question;

- Responses should be updated at least on an annual basis and should have a precise publication date;
- Responses to the Code should be easily accessible from the website of the fund and/or of the fund manager. In any case, signatories should make it clear where to find the information required by the Code;
- Signatories are solely responsible for the answers to the questions, and should state this in their response.

Statement of Commitment

Complete/modify the below section accordingly

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of BMO Global Asset Management. We have been involved in SRI since 1984 and welcome the European SRI Transparency Code.
This is our third statement of commitment and covers the period 12 months from approval. Our full response to the European SRI Transparency Code can be accessed below and is available in the annual report of the retail funds and on our website.

Compliance with the Transparency Code

BMO Global Asset Management is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. BMO Global Asset Management meets the full recommendations of the European SRI Transparency Code.

June 2020

Eurosif classification of Sustainable and Responsible Investment[1] strategies

Sustainability Themed Investment: investment in themes or assets linked to the development of sustainability. Thematic funds focus on specific or multiple issues related to ESG. Sustainability Themed Investments inherently contribute to addressing social and/or environmental challenges, such as climate change, eco-efficiency and health. Funds are required to perform an ESG analysis or screening of investments in order to come under this category.

Best-in-Class Investment Selection: approach according to which leading or best-performing investments within a universe, category or class are selected or weighted based on ESG criteria. This approach involves the selection or weighting of the best-performing or most improved companies or assets as identified by ESG analysis within a defined investment universe. This approach includes best- in-class, best-in-universe and best-effort.

Norms-Based Screening: screening of investments according to their compliance with international standards and norms. This approach involves the screening of investments based on international norms or combinations of norms covering ESG factors. International norms on ESG are those defined by international bodies, such as the United Nations (UN).

Exclusion of Holdings from Investment Universe: an approach that excludes specific investments or classes of investment from the investible universe, such as companies, sectors or countries. This approach systematically excludes companies, sectors or countries from the permissible investment universe if they are involved in certain activities based on specific criteria. Common criteria include weapons, pornography, tobacco and animal testing. Exclusions can be imposed at the individual fund or mandate level, but also increasingly at the asset manager or asset owner level, across the entire product range of assets. This approach is also referred to as ethical or values-based exclusion, as exclusion criteria are typically based on the choices made by asset managers or asset owners.

Integration of ESG Factors into Financial Analysis: the explicit inclusion by asset managers of ESG risks and opportunities in

1 Sustainable and responsible investment ("SRI") is a long-term oriented investment approach which integrates ESG factors in the research, analysis and selection process of securities within an investment portfolio. It combines fundamental analysis and engagement with an evaluation of ESG factors in order to better capture long-term returns for investors and to benefit society by influencing the behaviour of companies. Ref. Eurosif 2016

traditional financial analysis and investment decisions based on a systematic process and appropriate research sources. This category covers explicit consideration of ESG factors alongside financial factors in the mainstream analysis of investments. The integration process focuses on the potential impact of ESG issues on company financials (positive and negative), which in turn may affect the investment decision.

Engagement and Voting on Sustainability Matters: engagement activities and active ownership through voting of shares and engagement with companies on ESG matters. This is a long-term process that seeks to influence behaviour or increase disclosure. Engagement and voting on corporate governance are necessary, but are not sufficient in themselves for inclusion in this category.

Impact Investing: impact Investments are investments in companies, organisations and funds with the intention of generating a social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market-to-market rate, depending upon the circumstances[2]. Investments are often project-specific and distinct from philanthropy, as the investor retains ownership of the asset and expects a positive financial return. Impact investing includes microfinance, community investing, social business/entrepreneurship funds and French *fonds solidaires.*

Contents

[2] Global Impact Investing Network (GIIN), "What is Impact Investing?", http://www.thegiin.org/cgi-bin/iowa/investing/index.html, 2012

1. List of funds covered by the Code

Name of the fund(s): BMO Responsible Asian Equity Fund					
Dominant/preferred SRI strategy (Please choose a maximum of 2 strategies)	**Asset class**	**Exclusions standards and norms**	**Fund capital as at 31 December**	**Other labels**	**Links to relevant documents**
☐Best-in-Class Investment section ☒Engagement & Voting ☐ESG Integration ☒Exclusions ☐Impact Investing ☐Norms-Based Screening ✓ Leading to exclusions ✓ Leading to risk management analysis/engagement ☐Sustainability Themed	**Passively managed** ☐Passive investing - core benchmark: specify the index tracking ☐Passive investing - ESG/SRI benchmark: specify the index tracking **Actively managed** ☐Shares in a euro area country ☐Shares in an EU country ☒International shares ☐Bonds and other debt securities denominated in euro ☐International bonds and other debt securities ☐Monetary assets ☐Short-term monetary assets ☐Structured funds	☒Controversial weapons ☒Alcohol ☒Tobacco ☒Arms ☒Nuclear power ☒Human rights ☒Labour rights ☒Gambling ☒Pornography ☐Animal testing ☐Conflict minerals ☒Biodiversity ☒Deforestation ☒CO2 intensive (including coal) ☐Genetic Engineering ☐Global Compact ☐OECD Guidelines for MNCs ☒ILO Conventions ☒Other (Please refer to our Responsible Investment: Summary criteria)	Please note that the BMO Responsible Asian Fund was launched on 29th May 2020 – following rebranding and adoption of its current responsible mandate. As at end of May 2020, the fund had assets of €1.87 million.	☐French SRI ☐label ☐French TEEC label ☐French CIES label ☐Luxflag Label ☐FNG Label ☐Austrian Ecolabel ☐Other (please specify)	- (KIID) - Prospectus - Management report - Financial and non-financial reporting - Corporate presentations - Other (please specify) Please refer to Key Documents and Literature via the following link: https://www.bmogam.com/gb-en/intermediary/capabilities/responsible-investing/

2.1. Name of the fund management company that manages the applicant fund(s)

BMO Global Asset Management.

2.2. What are the company's track record and principles when it comes to integrating SRI into its processes?

Please provide a hyperlink to any of the company's sustainable investment webpages. https://www.bmogam.com/gb-en/intermediary/capabilities/responsible-investing/

BMO Global Asset Management has been a pioneer and leader in responsible investment for more than three decades. Responsible investment is central to our corporate identity and integral to our overall investment philosophy. We are, therefore, fully committed to integrating ESG factors into our investment processes. We take ESG issues seriously, both as part of our responsibility as an investor and a participant in the global financial system. Importantly, we see the identification and, where possible, mitigation of ESG risks as part of a robust investment process underpinning long-term returns.

Our 19-strong Responsible Investment team is an in-house source of experience and expertise on the implications of ESG issues for investment. Responsible Investment team members and fund managers collaborate closely including through joint company meetings and regular internal seminars discussing key ESG trends such as climate change, bribery and corruption and tax policies, and their relevance to company valuation and active ownership activities.

With regards to integrating ESG factors into our investment analysis across asset classes including equities, corporate credit, sovereign credit, private equity and real estate, we take a tailored approach depending on the nuances of each asset class. Our approach to integration is fund manager-led and based on identifying material ESG issues as part of the standard investment process.

Our research analysts and portfolio managers follow a process that considers the potential impact of ESG issues related to investments. They have access to a range of ESG data and research, including both third-party data and proprietary information, as well as support in interpreting this information, provided by the specialist Responsible Investment Team. This analysis informs our asset allocation, stock selection, portfolio construction, shareholder engagement and voting.

Our obligations as investors do not end at the point where an investment decision is made. Having identified the issues presenting the greatest threats to long-term investor value, we use in-depth dialogue to encourage investee companies to improve performance and move towards best practice in the management of ESG issues. Our engagement encompasses a broad spectrum of ESG issues, covering companies across sectors and geographies.

We use a range of engagement tools and methods including in-person and phone meetings, written correspondence and emails, at different levels through organisations depending on the nature of our objectives, including board level, executive management and operational specialists. Typically, our engagement is one-to-one with companies, but where we see scope to collaborate with other investors or through stakeholder groups, we may do so if this is in line with our objectives and will be more effective in achieving the desired outcome. Our approach is based on constructive and confidential dialogue, and on building a relationship of trust, where over time we gain a sound understanding of how key ESG issues fit into companies' business strategies.

2.3. How does the company formalise its sustainable investment process?

Please provide a link to the sustainable investment policy.

Please provide a link to the voting rights policy.
Please provide a link to the engagement policy[3].

Our approach towards responsible ownership and integrating ESG-criteria in our investment process is described in our Responsible Ownership Approach. The guidelines cover:

- integrating analysis of relevant ESG issues into investment processes, as appropriate
- engaging in dialogue with companies on significant matters related to ESG issues, so as to reduce risk, improve performance, encourage best practice and underpin long-term financial, social and environmental value creation
- voting in line with our corporate governance guidelines across global holdings
  taking a transparent approach to our responsible investment activities, both to clients and the wider public.

Our Global Corporate Governance Guidelines establish a consistent philosophy on what we expect of our investee companies in terms of their own corporate governance structure. The document also details guidelines for the exercising of voting rights in line with this philosophy.

All updates to our responsible investment approach and related policies are conducted by the Global Investment Committee (GIC), the members of which include our Global CIO, CIO North America and other senior investment representatives from across BMO Global Asset Management representing our respective regulated entities.

2.4. How are ESG risks and opportunities - including those linked to climate change - understood/taken into account by company?[4]

As a long-term investor, we aim to build an understanding of the fundamental factors shaping the risks and opportunities of the companies we invest in. We believe that ESG issues can have a material impact on company performance and on the economy as a whole, and that robust ESG management by companies is an integral part of good risk management.

Companies that neglect ESG issues such as fraud, bribery and corruption, environmental compliance, human rights, labour standards and public health may suffer litigation and operational costs, damage to their reputation and brand value, and sometimes even a threat to their license to operate. Conversely, companies managing these issues well may be better placed to identify and act on ESG trends and turn these into business opportunities.

Portfolio managers, with the support of members of the Responsible Investment team, lead the integration of ESG factors into the investment process.

BMO Global Asset Management's response to climate change risks
BMO Global Asset Management, a founder signatory to the UN Principles for Responsible Investment, has a commitment to take financially-material ESG issues – including climate change – into account in all relevant investment strategies.

BMO Global Asset Management has responded by taking specific steps to address climate risk. These include:

- Publishing our engagement strategy document at the start of 2020, summarising our approach to tackling climate change.

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[3] Reference to Article 173 of the French TECV Act and the HLEG recommendations on INVESTOR DUTIES
[4] Reference to Article 173 of the French TECV Act and the TCFD recommendations (risks and opportunities section)

- Integrating ESG factors, including climate change, into the **investment analysis process** for all relevant asset classes.
  - Support for the **Task Force on Climate-related Financial Disclosure.** Our parent company, BMO Financial Group, has formally supported the TCFD recommendations. In 2019, it took concrete action to implement the recommendations of the TCFD and published a Climate Report. These commitment and actions cover BMO Global Asset Management as a subsidiary. BMO Global Asset Management is currently co-chairing a project by the Institutional Investors Group on Climate Change to develop a user guide to scenario analysis for investors, aimed at supporting the implementation of TCFD recommendations.
- Developing **investment products which allow investors to avoid exposure to companies with fossil fuel reserves** – for example our Responsible Funds range, which includes products in equity and fixed income.
- Developing **investment products which allow investors to direct capital towards climate solutions**. These include the Climate Opportunity Partners private equity fund, which is entirely invested in solution providers, and two dedicated Green Bond mandates for institutional investors.
- **Engagement and proxy voting** approach aimed at encouraging investee companies to address climate risks. BMO Global Asset Management is an active participant in the US$40trn Climate Action 100+ initiative, which aims to improve companies' governance, strategy and disclosure in relation to climate change.
- Support for **public policy statements** on climate change as well as interventions on specific policies such as European emissions trading reforms.
- **Transparency,** including the publication of carbon footprints for two of our Responsible Funds as part of wider impact reporting. BMO Global Asset Management will also be publishing its own response to the TCFD recommendations.

2.5. How many employees are directly involved in the company's sustainable investment activity?

The Responsible Investment team is responsible for planning and implementing the firm's sustainable investment activity, with oversight from the Executive Committee.

Our dedicated in-house Responsible Investment (RI) team is one of the largest and most experienced teams of its kind in Europe. The 19-member team manages our dedicated engagement and voting service ***reo®*** and has been instrumental in the integration of ESG related considerations across a wide range of our investment processes. The team is co-led by Claudia Wearmouth and Alice Evans and is the 2018 and 2019 Investment Week Sustainable & ESG Investment Awards winner for Best ESG Research Team.

The team has extensive experience gained in financial services, charities, the media, consultancy, public policy and industry, and is responsible for all ESG research, engagement and voting activities. The Responsible Investment team forms part of the Investment Management department as we believe the monitoring and analysis of ESG data is a core part of investment processes across our business. The heads of each investment desk, together with their analysts, are responsible for the ultimate implementation of ESG research and data into portfolio construction.

We organise the Responsible Investment team on a matrix structure which includes:

- Experienced **sector specialists** for the highest-risk sectors (including oil & gas, mining, food & beverage, retail, pharmaceuticals and financial services);
- **Regional specialists**; including team members originally from Hong Kong, Continental Europe, Colombia and North America with multiple language capabilities to effectively engage companies internationally.

- **Issue specialists**, covering in particular corporate governance, climate change, human rights, business ethics and labour standards;
- Six members of the team conduct both **governance and voting** – with voting split by regional responsibility.

BMO Responsible Asian Equity Fund
The fund is managed by three distinct teams with the process led by the investment team, as follows:

1. The **Investment team** manages the fund using fundamental, bottom-up research to construct a portfolio of companies from the acceptable universe. The investment team initially identifies companies for possible inclusion and they submit the companies to the Responsible Investment team for assessment against the ethical and sustainable screening criteria. Following approval for inclusion in the fund, the investment team is then responsible for deeper investment analysis, portfolio construction and ongoing monitoring.
2. The **Responsible Investment team** (described above) undertakes extensive research on ethical and environmental, and social and governance issues for each company proposed for inclusion or actively held within the Fund as outlined above. The Responsible Investment team is then responsible for managing ongoing engagement and proxy voting for all companies owned in the fund.
3. The independent **Responsible Investment Advisory Council** is an external body of sustainability experts who focus on providing advice on ethical and sustainability criteria, helping the firm maintain the integrity of the standards by which the funds are run.

Investment team
The 16-member investment team is based in London, with portfolio management duties shared between Gokce Bulut and Christopher Darling. Our process is highly interactive, reflecting the fact that our portfolio managers also conduct company research and on-site visits. Our portfolio managers and analysts work as a team and follow a single process and philosophy, and often contribute to research across more than one strategy. Analysts are all generalists, although they have a regional focus complemented by sector knowledge and expertise to allow for a more insightful comparison of companies across markets. The Responsible Asia portfolio managers' research analysis is not unique to the strategy; all of our investment team members contribute toward the strategy.

Daily desk discussion of ideas and news-flow monitoring is supplemented by a more formal weekly Stock Review Meeting and Portfolio Construction Meeting; ensuring that monitoring and review at team level takes place.

Responsible Investment Advisory Council
The Council is a six-member committee of experts, who are leaders in their fields and bring international experience across responsible investment, ethical, environmental and social issues. Their primary role is to provide advice on the ethical criteria for our specialist Responsible Fund range. The Responsible Investment team is also able to draw on their expertise in informing our broader engagement and responsible investment approach.

The Council's President is the Most Reverend Justin Welby, Archbishop of Canterbury. The Chair, who heads the quarterly meetings, is Howard Pearce, formerly Head of Environmental Finance and Pension Fund Management at the UK's Environment Agency Pension Fund (EAPF).

2.6. Is the company involved in any RI initiatives?

General Initiatives	Environmental/Climate Initiatives	Social Initiatives	Governance Initiatives
☐ECCR - Ecumenical Council for Corporate Responsibility ☐EFAMA RI WG ☐European Commission's High-Level Expert Group on Sustainable Finance ☒ICCR - Interfaith Center on Corporate Responsibility ☐National Asset Manager Association (RI Group) ☒PRI - Principles For Responsible Investment ☒SIFs - Sustainable Investment Fora ☒Other (please see below)	☒CDP - Carbon Disclosure Project (please specify carbon, forest, water etc.) ☐Climate Bond Initiative ☒Green Bond Principles ☒ IIGCC - Institutional Investors Group on Climate Change ☐ Montreal Carbon pledge ☐ Paris Pledge for Action ☐ Portfolio Decarbonization Coalition ☐ Other (please specify)	☒ Access to Medicine Foundation ☒ Access to Nutrition Foundation ☒ Accord on Fire and Building Safety in Bangladesh ☒ Other (please see below)	☒ ICGN - International Corporate Governance Network ☒ Other (please see below)

We are currently members of the organisations in the table below. In addition, we also work collaboratively with other investors and with NGOs on an issue-by-issue basis.

Organization / Initiative	Key Areas of Focus	Start date
ICCR - Interfaith Center on Corporate Responsibility	Coalition of over 300 global institutional investors currently represents more than $500 billion in managed assets focusing on shareholder advocacy.	Summer 2020
Investor Alliance on Human Rights	Investor initiative with the focus on development of tools for investors on human and labour rights aspects of investments, as well as engagement working groups	May 2020
Platform Living Wage Financials	Coalition of financial institutions that encourages and monitors investee companies to address the non-payment of living wage in global supply chains.	April 2020
UN Principles for Responsible Investment (UN PRI)	The world's leading organization for responsible investors. We were a founder signatory.	2006
Carbon Disclosure Project (CDP)	Global disclosure system for companies, cities, states and regions to manage their environmental impacts and for investors or purchasers to access environmental information for use in financial decisions.	2000
Institutional Investors Group on Climate Change (IIGCC)	Provides investors with a collaborative platform to encourage public policies, investment practices, and corporate behaviour that addresses long-term risks and opportunities associated with climate change. Vicki Bakhshi, RI team member, serves on the Board.	2001
Global Network Initiative (GNI)	GNI seeks to safeguard freedom of expression and personal privacy against government restrictions. The protections are facilitated by a coalition of companies, investors, civil society organizations, academics, and other stakeholders.	2008
Eumedion	Eumedion is an independent foundation, whose objective is to maintain and further develop good corporate governance in the area of the responsibility of asset owners and asset managers established in the Netherlands.	2009
International Corporate Governance Network (ICGN)	Key network for monitoring global policy developments and best practice.	2007

Asian Corporate Governance Association (ACGA)	Essential source of information on Asian corporate governance.	2004
Global Investor Governance Network (GIGN)	Key network for monitoring global policy developments and best practice.	2006
Council of Institutional Investors (CII)	Focused on US governance. David Sneyd, RI team member, sits on the CII Corporate Governance Advisory Council.	1996
The UK Sustainable Investment & Finance Association (UKSIF)	Network focused on the UK sustainable investment market. Vicki Bakhshi, RI team member, chairs the Policy Committee.	2000
Investor Forum	Facilitates comprehensive, proactive engagement between companies and investors. The intention is to address mid- to long-term issues at an earlier stage and to identify solutions that enhance value.	2005
Responsible Investment Association (RIA)	Canada's membership association for Responsible Investment (RI). Members include mutual fund companies, financial institutions, asset management firms, advisors, consultants, investment research firms, asset owners, individual investors and others interested in RI.	2016
Corporate Governance Advisory Committee (QCA)	Independent membership organization comprising corporates and investors that champions the interests of small to mid-size quoted companies.	
30% Club	Campaigns for greater representation of women on company boards.	
Investment Association	Member of the Remuneration and Share Schemes Committee.	

Source: BMO Global Asset Management, 31 March 2020.

2.7. What is the total number of SRI assets under the company's management?

€4,073 million as at 31.03.2020 (based on AuM in the Responsible Fund range and other dedicated ESG strategies).

Within the Responsible Fund range, we currently manage €2,980 million (as at 31.03.2020) in the following strategies:

- BMO Responsible Global Equity
- BMO Responsible Global Emerging Market Equity
- BMO Responsible UK Equity Growth
- BMO Responsible UK Income
- BMO Responsible Sterling Corporate Bond
- BMO Responsible Euro Corporate Bond

We also offer the following dedicated ESG strategies:

- BMO Sustainable Opportunities Global Equity
- BMO Sustainable Opportunities European Equity
- BMO Green Bond
- BMO Emerging Market Debt – screened
- BMO Women in Leadership
- BMO SDG Engagement Global Equity
- BMO Sustainable Multi Asset

Please note that the BMO Responsible Asian Fund was launched on 29th May 2020 – following rebranding and adoption of its current responsible mandate. As at end of May 2020, the fund had assets of €1.87 million.

3.1. What is (are) the fund(s) aiming to achieve by integrating ESG factors?

By integrating ESG factors, we aim to build an understanding of the fundamental factors shaping the risks and opportunities of the companies we invest in. We believe that ESG issues can have a material impact on company performance and on the economy as a whole, and that robust ESG management by companies is an integral part of good risk management.

Companies that neglect ESG issues such as fraud, bribery and corruption, environmental compliance, human rights, labour standards, and public health, may suffer litigation and operational costs, damage to their reputation and brand value, and sometimes even a threat to their license to operate. Conversely, companies managing these issues well may be better placed to identify and act on ESG trends and turn these into business opportunities.

3.2. What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?

Our in-house Responsible Investment team conducts in-depth ESG research into every company considered for the Fund.

We also use ESG research providers to complement the in-house research. These include

- MSCI - MSCI ESG is our primary source for ESG data. We use ESG research providers as a starting point in our analysis, but make sure that our investment desks in collaboration with our ESG experts in the Responsible Investment team verify and complete the data with additional information gathered through in-house research, engagement, participation in industry groups and multiple research providers.
- Institutional Shareholder Services (ISS) - ISS supplies us with custom research based on our own in-house corporate governance guidelines (which are updated annually based on country-specific best practice standards). Research provided by ISS is used to inform our vote execution as well as company engagement.
- Broker Research – The team uses this content to stay on top of market trends, identify companies for engagement and to inform company, market or topic specific research.
- Sustainalytics – We use Sustainalytics for landmine and cluster munition screening.
- Bloomberg – Bloomberg terminals are used to perform qualitative as well as quantitative analysis on a multitude of topics. In particular, Bloomberg has proven useful for linking ESG with financial data to determine the materiality of particular ESG issues.
- Non-Governmental Organisations (NGOs) – Examples include Transparency International (anti-corruption), Oxfam, CERES and Human Rights Watch.
- Other - Our research is also informed by our networks that may provide briefings and publications, including the UN PRI, International Corporate Governance Network (ICGN) and Asian Corporate Governance Association (ACGA)

The Responsible Investment team also draws on an independent Responsible Investment Advisory Council, a group of experts who are leaders in their fields, bringing international experience across responsible investment, environmental, social and ethical issues.

3.3. What ESG criteria are taken into account by the fund(s)?

We have developed a detailed policy with product-based and conduct-based criteria to determine if stocks meet the criteria for inclusion in the fund. Each company considered for the portfolio is screened by the Responsible Investment team to ensure it meets our criteria. The [Responsible Investment Strategies: Summary criteria] outlines our ESG criteria including revenue thresholds and guidance on the positive and negative screens for this fund. The BMO Responsible Asian Fund was launched on 29th May 2020 – following rebranding and adoption of its current responsible mandate. The fund follows the same Emerging Markets Strategies screening criteria as the BMO Responsible Global Emerging Markets Equity Strategy.

3.4. What principles and criteria linked to climate change are taken into account in the fund(s)?[5]

Our Responsible Fund Range employ the following exclusion criteria, linked to climate change:

Product-based exclusions

Fossil Fuels

Achieving the Paris goal of keeping climate change below 2 degrees Celsius requires transformational change in the way the world produces and uses energy. We will exclude companies:

- With ownership of geological reserves of oil/gas/coal.
- That derive over 50% of revenue from oil refining or equipment and services for the exploration and production of oil, and/or any revenue from exploration and production in areas of high environmental sensitivity, including the Arctic.

Electricity Generation

All our responsibly labelled funds exclude:

- Electricity utilities with coal in their electricity generation mix, unless they commit to the objective of phasing out unabated* coal-fired power by 2030 for OECD countries and 2050 for non-OECD countries.

Additionally, the Fund also exclude electricity utilities:

- With a carbon intensity greater than 408 gCO_2/kWh. The maximum carbon intensity permitted will be reviewed on an annual basis and revised downwards in accordance with a below 2 degrees scenario.
- With expansion plans that would increase their negative environmental impact(s) and/or are contrary to a below 2 degrees scenario.
- Constructing any coal-fired power stations.

In the event that carbon intensity data are not available, we do not invest in electricity utilities for these Funds where:

- More than 10% of the power production is based on coal. In line with the criteria outlined above, if a company has any coal-fired power production, we need it to commit to a phase out by 2030 for OECD countries and 2050 for non-OECD countries.
- More than 30% of the power production is based on oil and gas

[5] Reference to Article 173 of the French TECV Act see paragraphs 3 and 4 of Article D.533-16-1 of Chapter III of the French Legal Code): https://www.legifrance.gouv.fr/affichCodeArticle.do?cidTexte=LEGITEXT000006072026&idArticle=LEGIARTI000031793697

Conduct-based exclusions

We exclude companies in high impact sectors that do not have comprehensive climate change strategies that seek to measure and control their greenhouse gas emissions, as well as those in their supply chains, and demonstrate an understanding of the impact of climate change on their business strategy.

3.5. What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?

The process starts with the investment team members generating ideas. We find that a rich source of ideas stems from considering long-term social and environmental themes, looking across industries and along value chains. We believe that companies contributing to solutions to key sustainability challenges and building successful business models around this will see a long-term tailwind to their growth opportunities. Furthermore, we identify key themes, such as energy transition, resource efficiency, and technological innovation.

The identification of themes helps us to focus our analytical efforts rather than imposing a strict thematic structure on the portfolio. We consider investing in companies which do not fit a particular theme, but we think have the potential to show meaningful improvement in how they manage key ESG issues.

All stocks considered for investment first undergo screening by members of the Responsible Investment team, to determine if they meet the criteria for inclusion in the portfolio. The Responsible Investment team has created a thorough and robust process to analyse companies to determine whether they meet the fund’s criteria:

- The fund will exclude companies with exposure to any business activities deemed to be socially or environmentally damaging, with particular tolerance thresholds. These excluded activities have adapted over time with the development of major social and environmental issues.

- The fund will also exclude companies which do not meet sufficiently high standards in how they operate, based on a detailed assessment of their policies and performance with respect to overall sustainability management. The focus will vary by sector according to relevance and includes certain absolute exclusions in company behaviour but is otherwise often a qualitative judgement. In order to make these assessments, BMO Global Asset Management have established particular positions on a range of relevant issues, such as climate change and what we consider to be progressive approaches to these issues by companies. These positions are based on a range of inputs that include evolving international norms and agreements, extensive primary research, including field visits and the input of our Responsible Investment Advisory Council.

As a result of the screening process, there are structural biases, such as an underweight position relative to the benchmark in extractive industries, but we do not consider it necessary to actively monitor the extent to which the investment universe is restricted as a consequence of our robust investment process incorporating screening as a key step. We are focused on identifying companies which meet the criteria with proven business models, delivering consistent returns and stable cash flows, where management team members have proven themselves to be responsible capital allocators with high standards of sustainability management.

3.6. How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?

International codes and standards

In assessing ESG practices we refer to international codes and standards where relevant, such as the International Labour Organization Core Conventions, the OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, the Norges Bank excluded companies list and the UN Global Compact.

Ongoing monitoring

The screening criteria evolve over time, and individual criteria points are updated after careful consideration by the Responsible Investment team and feedback provided by the Responsible Investment Advisory Council.

To ensure companies held in the Responsible strategies continue to meet our criteria, we conduct ongoing monitoring of all held companies. Each quarter we review whether companies continue to meet the criteria, any involvement in recent controversies that might indicate systematic or poor ESG practices; and any merger and acquisition activity that might change our ratings. Furthermore, companies held are monitored quarterly for new or ongoing UN Global Compact breaches. Breaches are assessed on a case-by-case basis, and any security found to be in breach will be engaged as appropriate. Adjustments to the approval status of a security will be made as necessary.

4. Investment process

4.1. How are the results of the ESG research integrated into portfolio construction?

The output of the fundamental analysis forms the basis of portfolio construction. The investment team considers ESG factors directly in the analysis of the business model and in the assessment of management quality, and flex assumptions and discount rates based on these factors where appropriate. Portfolio sizing driven by combination of risk, conviction, upside and role in portfolio.

4.2. How are criteria specific to climate change integrated into portfolio construction?[6]

The fund excludes companies with ownership of geological reserves of oil, gas and coal and/or with involvement in exploration or production activities that have significant environmental impacts (e.g. oil sands) or in areas of high environmental sensitivity (e.g. Arctic). As a result of this exclusion policy, we are structurally underweight to extractives.

The fund also excludes companies in high impact sectors that do not have comprehensive climate change strategies that seek to measure and control their greenhouse gas emissions, as well as those in their supply chains, and demonstrate an understanding of the impact of climate change on their business strategy.

We will assess the climate change-related risk and opportunity exposures of each company that we research on a case-by-case basis. This will involve assessing the level to which a company might be exposed to carbon emissions and the potential long-term costs of those carbon emissions relating to regulatory outlook and carbon pricing. Equally, we will also look at how that company might be positively positioned to evolutions in energy production.

[6] Reference to Article 173 of the French TECV Act and HLEG recommendations on DISCLOSURE

4.3. How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)?[7]

Please specify how much the funds can hold.

Not applicable. All stocks considered for investment first undergo screening by members of the Responsible Investment team, to determine if they meet the criteria for inclusion in the portfolio.

4.4. Has the ESG evaluation or investment process changed in the last 12 months?

We have expanded the scope of our product-based exclusion criteria around fossil fuels and electricity generation. These criteria are outlined in our response to question 3.4.

More generally speaking, we have recently deepened ESG integration throughout the process. Our search for companies' positive sustainability credentials has intensified: we seek to identify companies proactively and effectively managing their own ESG risks and opportunities, and having a positive impact on the world. We are not currently implementing, nor do we envisage for the near future, any material changes to the investment process.

4.5. Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?

Yes. The fund ultimately seeks to invest in companies making a positive contribution to society, while avoiding investment in companies with damaging or unsustainable business practices.

We find a rich source of ideas comes from considering long-term social themes, looking across industries and along value chains. Key themes include health and wellness and responsible finance. The identification of themes helps to focus our analytical efforts rather than imposing a strict thematic structure on the portfolio.

We additionally try to look for companies who are leaders, or have the potential to show meaningful improvement, in how they manage key ESG issues, whether or not their business fits a particular theme. Additional input into idea generation comes from the experience available through other internal equity teams. Research and company meetings are shared across all equity desks. External input includes sell-side research, conferences, industry experts and macro considerations.

4.6. Does (do) the fund(s) engage in securities lending activities?

Yes, the fund is permitted to lend securities. Below is a summary of our collateral parameters:

- Non- Cash Collateral Only
- Governments and Sovereign Debt versus equity loans -105%
- Equity Indices -105% minimum for six main indices (can request a minimum of 108%).
- Fixed income loans versus fixed income collateral (sovereign and corporate debt) – 102% same currency 105% cross currency margin

[7] Reference to Article 173 of the French TECV Act and the TCFD recommendations (delivering on investor and stakeholder demands for climate-related information)

- All collateral indemnified
- Collateral received against Fixed Income consists of Sovereign debt as per SLAA, Corporate Bonds rated at least Investment Grade (BBB-) and UK Equity FTSE 250 DBV's.

If so,

(i) is there a policy in place to recall the securities so as to exercise the voting rights?

Yes. Given sufficient notice (usually 5 days), we can recall the securities in time to exercise voting rights. This timescale is flexible and can be narrowed in times of urgency (AGM / EGM) etc

(ii) does the process for selecting the counterparty(ies) integrate ESG criteria?

We have been integrating Responsible Investment into the counterparty risk management process for over 5 years. All new counterparties are subject to a due diligence process in which the counterparties' legal and regulatory status, financial strength, operational capability and anti-money laundering bona fides are verified. The counterparties' credit scores (as assigned by our Credit Analysts) are also considered.

Additionally, our Responsible Investment team engages with key counterparties on a regular basis. Topics and themes covered include governance, culture and business ethics, risk and compliance, and AML. Outcomes have included: executive compensation reform, changes in board composition, and improvements in risk and compliance mechanisms.

4.7. Does(do) the fund(s) use derivative instruments?

If so, please describe

(i) their nature;

(ii) their objectives;

(iii) the potential limits in terms of exposure;

(iv) if appropriate, their impact on the SRI nature of the fund(s).

No.

4.8. Does (do) the fund(s) invest in mutual funds?

If so, how do you ensure compatibility between the policy for selecting mutual funds and the SRI policy of the fund(s)? How many funds can be held?

No.

5. ESG controls

5.1. What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?[8]

To ensure companies held in the Responsible strategies continue to meet our criteria, we conduct ongoing monitoring of all held companies. Each quarter we review whether companies continue to meet the criteria, any involvement in recent controversies that might indicate systematic or poor ESG practices; and any merger and acquisition activity that might change our ratings. Furthermore, companies held are monitored quarterly for new or ongoing UN Global Compact breaches. Breaches are assessed on a case-by-case basis, and any security found to be in breach will be engaged as appropriate. Adjustments to the approval status of a security will be made as necessary.

[8] Reference to Article 173 of the French TECV Act

The approved list of companies is hard-coded into our dealing system to avoid inadvertently investing in unacceptable securities.

6. Impact measures and ESG reporting

6.1. How is the ESG quality of the fund(s) assessed?

- The Responsible Investment team maintains a list of the companies which are acceptable for the fund (i.e. meet the screening criteria) and those which are not.
- We can use a proprietary system to generate an ESG portfolio analytics report. This report contains information about:
  - The companies with the highest and lowest ESG scores in the universe
  - The largest upward and downward momentum shifts over the previous quarter, including new controversies
- We map the activities of the companies we invest into the underlying targets of the Sustainable Development Goals (SDGs), using an in-house methodology. Considerations such as revenue and strategy determine whether or not we link specific business segments to SDG targets.

6.2. What ESG indicators are used by the fund(s)?[9]

Carbon performance; gender diversity; water consumption; alignment with the SDGs

6.3. What communication resources are used to provide investors with information about the SRI management of the fund(s)?

As well as regular interactions with our client base, the following documentation is available through our company website (https://www.bmogam.com/gb-en/intermediary/capabilities/responsible-investing/):

Annual Responsible Investment Review: This is an annual report (https://www.bmogam.com/wp-content/uploads/2020/04/ri-2019-review-.pdf) which reviews our responsible investment activities and achievements over the year. Topics include:

- Investor engagement and engagement outcomes for the year;
- Voting and corporate governance activity over the year;
- Public policy interactions;
- A discussion of themes to watch in the upcoming year.

Responsible Funds Summary Criteria: Each company considered for the portfolio is screened by the Responsible Investment team to ensure it meets our criteria. This document (https://www.bmogam.com/gb-en/intermediary/wp-content/uploads/2020/02/responsible-investment-strategies-summary-criteria.pdf) outlines our exclusion criteria including revenue thresholds and guidance on the positive and negative screens for this strategy.

Webinars: ESG issues, including engagement insights, are also discussed and tackled during regular webinars. Available via our website (https://www.bmogam.com/gb-en/intermediary/webinars/), recent webinars include 'COVID-19 - what's next for sustainable investment?' and 'Climate Change Engagement – is it working?'

[9] Reference to Article 173 of the French TECV Act

6.4. Does the fund management company publish the results of its voting and engagement policies?[10]

If so, please include links to the relevant activity reports.

Voting:
We believe in a transparent approach to responsible investment and publish all our voting decisions, as well as the rationale for these. We have been publishing statistics of our annual voting activities for the past 16 years. All of our votes are publicly disclosed on the following webpage the day after the shareholder meeting with voting records available back to 2012:

http://vds-staging.issproxy.com/SearchPage.php?CustomerID=3660&StagingPassword=TRiTenpXpo

Engagement: In support of our engagement activity we publish an annual Responsible Investment Review. The report contains an overview of our engagement activities, outcomes during the year and upcoming themes.

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[10] Reference to Article 173 of the French TECV Act and the HLEG recommendations on GOVERNANCE