

Investing for a sustainable future



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Championing sustainability through headwinds

At BMO Global Asset Management (BMO GAM), we continue to monitor sustainability developments at every level to ensure we are managing all material risks that may impact our clients' investments.



This year proved to be as challenging as the last, with increasing geopolitical conflicts, catastrophic weather events, and a high volume of proposed Environmental, Social and Governance (ESG) legislation/standards globally. Leaning into these developments, we covered a lot of ground as reflected in the responsible investment activities outlined within this report.

As our business evolves, we believe that having a steadfast approach to responsible investment, and climate in particular, is key to enabling our strategic priorities. Our focus on climate action as a systemic risk was recognized with the Climate Change Partner award received at the inaugural Institutional Connect Awards in late 2023, a testament to how serious we are when it comes to managing sustainability risks and opportunities.

We have an inherent responsibility to be stewards of our clients' capital and take pride in embedding oversight of sustainability risks throughout the investment life cycle in relevant mandates. Our track record in evaluating and monitoring ESG performance post-investment through our engagement and proxy voting activities is showcased throughout this report. We hope the transparency of these activities and others described within this report will give our clients confidence that their investments are being managed to improve long-term outcomes.

A handwritten signature in black ink, appearing to read "Bill Bamber".

Bill Bamber
Chief Executive Officer

Keeping our eyes on the horizon

As an active manager, we make a point to understand all drivers of investments we're evaluating, and recognizing how different attributes influence investment outlooks is part of our job. A space like sustainability is not uniform and we do not expect it to behave in one way. There are many nuances across ESG factors that need to be carefully considered.



Looking back on 2023, our responsible investment team and active portfolio managers dug deep into certain trends and developments to understand the forces at play. Some examples include the pull back of capital-intensive companies looking to support the transition due to higher interest rates vs a sector like technology that outperformed and buoyed ESG branded strategies due to market reaction to Artificial Intelligence (AI). Labour management was also a central theme over 2023 due to the rise of unions pushing back on large corporations and the increased scrutiny of human rights due diligence practices. Disaggregating a space like sustainability is key to a sound investment strategy and enables us to price both risks and opportunities simultaneously.

This year's responsible investment annual report will dig deeper into some of the ESG trends we followed closely and continue to monitor.

A handwritten signature in black ink, appearing to read "Sadiq S. Adatia".

Sadiq S. Adatia
Chief Investment Officer

A desk setup featuring a spiral-bound notebook with a silver pen resting on it. In the background, a calendar is visible, and a small, spiral-bound notebook with a gold-colored spiral binding is prominently displayed in the foreground. The notebook's cover is a textured, light brown material, and the year '2023' is printed in large, white, sans-serif numerals. The overall scene is set against a light blue background with a large, faint circular graphic element.

A Look Back at 2023

"Persistent interruptions to global supply chains this past year were exacerbated by climate change, mounting geopolitical risks and human rights failures. Not considering ESG developments in the context of investment management can have serious consequences."

Nalini Feuilloley

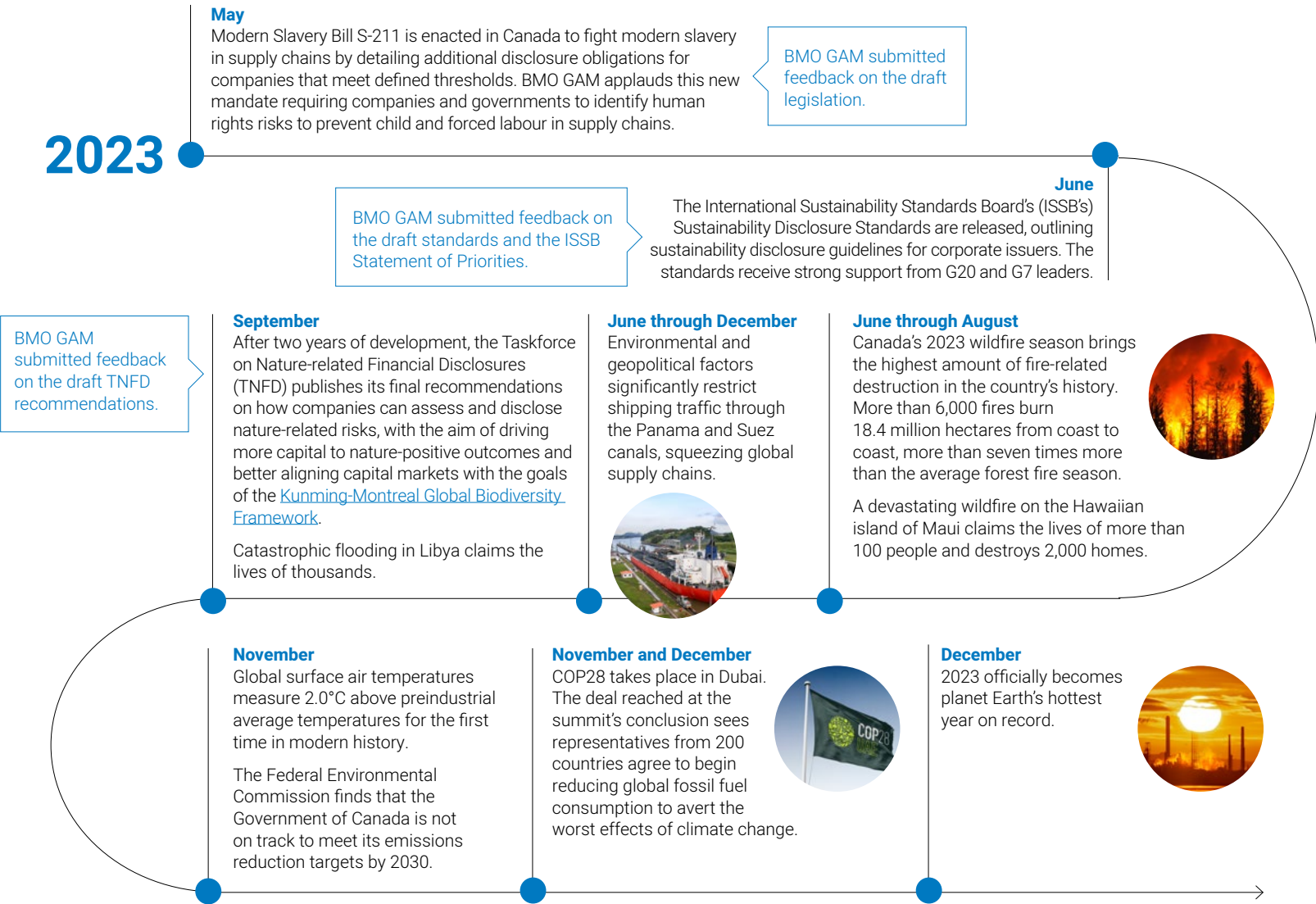
Head of Responsible Investment

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TIMELINE

A look back at 2023

Here is a roundup of major world events, ESG initiatives and regulatory developments that transpired during 2023. We monitored these events as they unfolded and incorporated relevant data and information across our investment activities.



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A LOOK BACK AT 2023

Evidence of responsible investment’s continuing resilience

2023 was a challenging year for global economies, but ESG policy development continued to progress at a quick pace and Canadian sustainable fund flows and assets demonstrated resilience.

Macroeconomic conditions weakened over the course of the year, marked by rising inflation and interest rates, the threat of a looming recession and the effects of global geopolitical conflicts such as the Russia-Ukraine and Israel-Hamas wars. In addition, the polarization of political views regarding ESG issues in the U.S. intensified as 2024 election campaigns began to mobilize.

In the face of these economic and political headwinds, the need for worldwide attention on ESG issues, particularly climate issues, was abundantly clear. Wildfires, floods and droughts occurred throughout the world with more frequency and greater severity than usual. Several regions experienced record-breaking heat, and ocean temperatures rose to epic levels. In light of these phenomena, companies were forced to assess and manage a wide range of material sustainability risks, from climate change fallout to increasing regulatory demands for human rights due diligence.¹

“The dog days of summer are not just barking, they are biting. Climate breakdown has begun.”

– António Guterres, United Nations Secretary-General



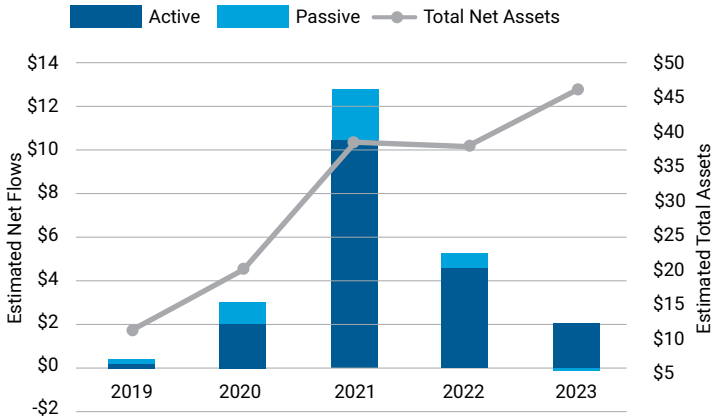
ESG policy continued to progress in 2023. The year was marked by several key developments, including the passage of Canada’s new modern slavery bill, the incorporation of ESG into the Canadian Association of Pension Supervisory Authorities’ (CAPSA’s) draft Guideline for Pension Plan Risk Management, the International Sustainability Standards Board’s (ISSB’s) new ESG disclosure standards and the Taskforce for Nature-related Financial Disclosures’ (TNFD’s) new disclosure framework. These developments all point to increasing accountability regarding companies’ assessment and disclosure of ESG risks.

¹ Berman, Noah, “The Weather of 2023 Was the Most Extreme Yet,” Council on Foreign Relations, 18 Sep. 2023, <https://www.cfr.org/article/weather-summer-2023-was-most-extreme-yet#:~:text=The%20summer%20of%202023%20was,wildfires%2C%20flooding%2C%20and%20droughts.>

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Sustainable Fund Flows & Assets (\$Billions CAD)



Source: Morningstar Direct Data as of December 31, 2023. Includes funds that have liquidated. Excludes funds of funds. All data reported in CAD.

² Morningstar Canada Sustainable Funds Landscape 2023 in Review, Morningstar, <https://www.morningstar.ca/ca/news/246857/canadian-investors-stuck-with-esg-in-2023.aspx>

“Despite a challenging market backdrop, 2023 was an important year for ESG policy development and continued investor interest, evidenced by resilient RI net flows.”

– Jeff Shell, Head of Alternatives, Commercial ESG and Innovation, BMO Global Asset Management

Morningstar’s *Canada Sustainable Funds Landscape 2023 in Review* report showed that Canadian sustainable fund flows for the year were positive, adding nearly CAD 2.0 billion. In addition, the valuation of Canadian sustainable fund assets exceeded CAD 45 billion, a new high. This represents a 21% increase since 2022 and a 290% increase since 2019.² This data, which comes during a time of economic challenges and ongoing geopolitical turmoil, shows that responsible investment continues to demonstrate resilience.

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OUR APPROACH

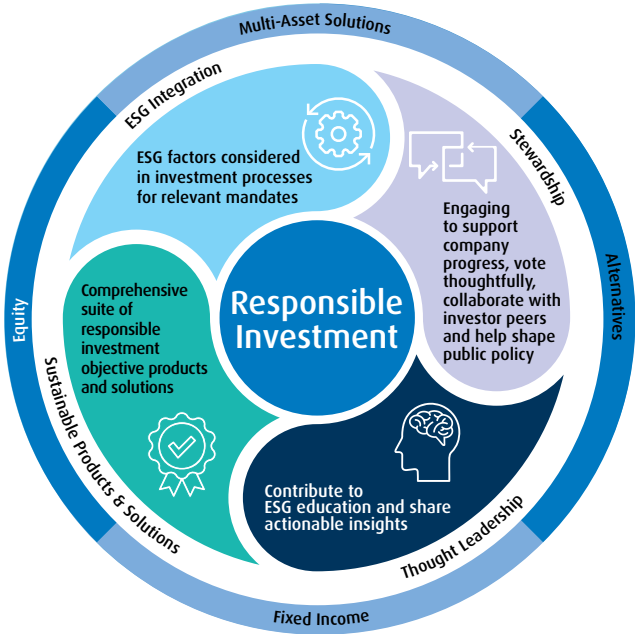
BMO GAM’s responsible investment approach

We have reached a pivotal point in time for many global challenges, and our path to a sustainable future depends heavily on progress made today. Accordingly, our approach to responsible investment is grounded in the belief that sustainability considerations are key to long-term risk management and value creation.

Our RI team, led by Nalini Feuilloley, works on behalf of our investor clients to understand, assess and manage the risks and opportunities related to sustainability forces at play across the portfolios we manage. This entails collaboration with our portfolio management teams to consider and manage ESG risks for relevant mandates, and to develop sustainable solutions and products that meet the evolving needs of our clients. This includes developing proprietary tools to assess material ESG risks, working with investee companies to improve ESG practices and publishing data-informed thought leadership that reflects real-world events. We also take deliberate action to express our views through proxy voting and participation in investor-led collaborative initiatives. In addition, we track our activities and progress against best practices and pride ourselves in our transparent reporting on such activities.

Governance and oversight

BMO GAM’s RI team reports to the firm’s chief investment officer (CIO). The firm has integrated RI activities into its governance structure that applies to all investment activities overseen by the CIO. The CIO chairs both the Investment Committee, which governs the investment functions at BMO GAM, and the Responsible Investment Working Group (RIWG). The RIWG supports, approves and oversees the adoption and application of the firm’s responsible investment activities, including all RI-related policies and approaches.



Our responsible investment approach

Our guiding policies and approaches

As we undertake our RI activities on behalf of our clients for relevant mandates, we believe it is important for them to know the guiding policies and approaches we have created. We make these documents publicly available on our website and hope to encourage this as best practice for other investors. See our policy and approach documents under Resources [here](#).

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OUR APPROACH

In focus: advancing climate action and social equality

Our RI approach, which is aligned with BMO Financial Group’s purpose to **Boldly Grow the Good** in business and life, centres on climate action and social equality. These themes are aimed at mitigating systemic risks and capturing emerging opportunities in the transition to a low-carbon economy. Climate change and social inequality are significantly impacting our planet, society and economy and will continue to do so if unaddressed. Focusing investor due diligence efforts to mitigate these risks and seize related opportunities, alongside more traditional asset management practices, is an important part of our comprehensive approach to investment management.



Climate action

Climate change is one of the greatest systemic threats to the global economy, society and prosperity for today’s citizens and future generations. Bold action from all stakeholders is needed to successfully transition to a low-carbon economy. Without strong action, the impacts of climate change will not only increase but become irreversible. We recognize that this transition will present both challenges and opportunities for investors. As part of our commitment to support the transition to a sustainable future, we became a founding signatory to the Net Zero Asset Managers Initiative (NZAM) in 2020. NZAM aims to achieve net-zero greenhouse gas emissions by 2050, in line with global efforts to limit global warming to 1.5°C. Our climate action strategy supports this ambition by focusing on five sub-themes: **attaining net-zero emissions, clean energy transformation, climate resiliency, protecting nature, and advancing a circular economy.**



Social equality

Social inequality is a systemic risk to society, economic stability and democracies. While businesses and capital markets generate incalculable social gains for many around the world, at the same time, adverse impacts on people continue to persist, including the unequal distribution of economic benefits. As part of our commitment to address social inequality, we work to support widespread adoption of international human rights, labour rights as well as Indigenous rights, standards and practices. Our efforts to promote social equality are focused on these five sub-themes: **human rights, Indigenous rights, a just transition, diversity, equity and inclusion, and wealth inequality.**

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Pursuing a
sustainable
future by taking
action today.

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We made our involvement count in 2023.

3

awards received
in 2023³

1,698

engagements⁴

249

milestones achieved⁵

6,527

company meetings voted

51%

of shareholder
proposals supported

16

thought leadership
pieces produced

9

policy submissions
or statements

20

industry memberships
or associations;
3 new in 2023



270

engagements with
Canadian companies

900

company meetings
voted in Canada

70

milestones at
Canadian companies

³ Please refer to the Awards section of this report to find more information on the awards' criteria and methodology.

⁴ 274 engagements conducted by BMO GAM; 1,424 engagements conducted by **reo**®

⁵ A milestone is considered when a company makes tangible improvements in its policies and practices that align with our voting and engagement activities. 70 milestones achieved by BMO GAM; 179 milestones achieved by **reo**® that align with our voting and engagement activities.

Stewardship

"The investor voice carries weight. We use ours responsibly to address risk, help companies improve and advocate for better market standards in support of sustainable value creation."

Rosa van den Beemt

Director, Stewardship
Responsible Investment



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Supporting robust sustainability standards and outcomes

2023 was a year in which we deepened our investment stewardship focus in support of global and local adoption of international standards and sustainability frameworks.

Our investment stewardship efforts form the core of how we translate our expectations of best practices into real results. Under our stewardship umbrella, we thoughtfully vote our proxies, engage with investee companies to support their progress, collaborate with investor peers, and advocate for relevant public policy and standards. This includes addressing responsible investment matters, advancing positive sustainability outcomes and contributing to more equitable and resilient economies. Given our broad investment universe, we believe that a systemic stewardship approach is key to addressing broad-reaching challenges that are not contained to single companies, portfolios or markets, such as climate change or social inequality. Our work is guided by our Stewardship Policy, [Engagement and Proxy Voting Policy \(Conflicts of Interest\)](#), Corporate Governance Guidelines (proxy voting guidelines), and Climate Action and Social Equality Approach documents, which can be found on our website under [Resources](#). We are pleased that the UN Principles for Responsible Investment (PRI)'s evaluation of our stewardship program remained strong in 2023.⁶

Stewardship definition

The use of influence by investors to maximise overall long-term value, including the value of common economic, social and environmental assets, on which returns and clients' and beneficiaries' interests depend.
– UN Principles for Responsible Investment

Deepening our focus

In 2023, we intentionally deepened our focus across all stewardship efforts in support of international standards and robust sustainability frameworks and outcomes. For example, we engaged both companies and policy makers to look to the UN Guiding Principles for Business and Human Rights (UNGPs) as a practice-based framework to integrate human rights into their standard-setting and reduce adverse impacts to people.

1,698
engagements

274 by BMO GAM
1,424 by external service provider **reo**[®]

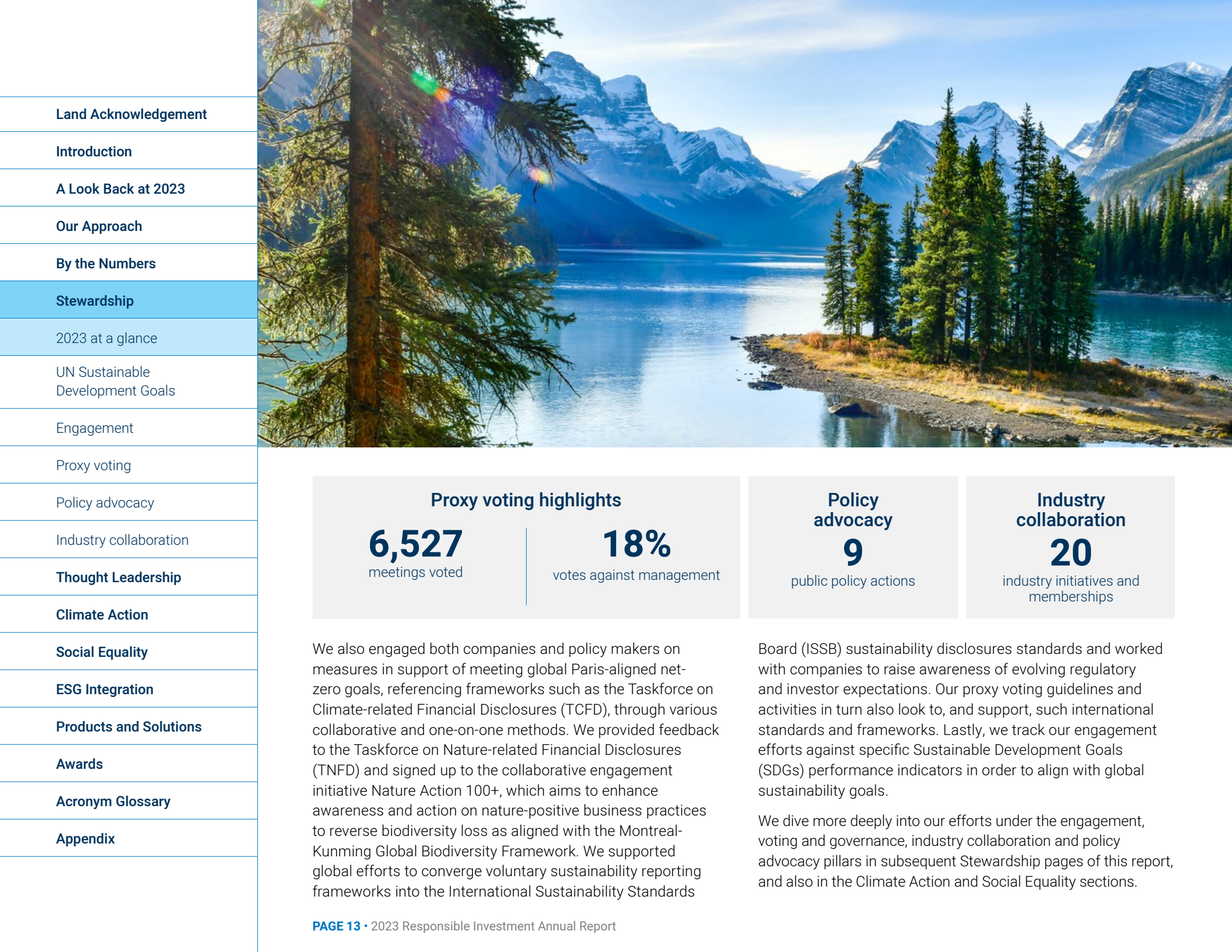
1,034
companies engaged

139 by BMO GAM⁷
911 by **reo**[®]

249
milestones achieved

70 by BMO GAM
179 by **reo**[®]

⁶ Please refer to the UN PRI's [website](#) for more information on reporting and assessment
⁷ Count includes duplication in cases where companies were engaged by both BMO GAM and **reo**[®].



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Proxy voting highlights

6,527

meetings voted

18%

votes against management

Policy advocacy

9

public policy actions

Industry collaboration

20

industry initiatives and memberships

We also engaged both companies and policy makers on measures in support of meeting global Paris-aligned net-zero goals, referencing frameworks such as the Taskforce on Climate-related Financial Disclosures (TCFD), through various collaborative and one-on-one methods. We provided feedback to the Taskforce on Nature-related Financial Disclosures (TNFD) and signed up to the collaborative engagement initiative Nature Action 100+, which aims to enhance awareness and action on nature-positive business practices to reverse biodiversity loss as aligned with the Montreal-Kunming Global Biodiversity Framework. We supported global efforts to converge voluntary sustainability reporting frameworks into the International Sustainability Standards

Board (ISSB) sustainability disclosures standards and worked with companies to raise awareness of evolving regulatory and investor expectations. Our proxy voting guidelines and activities in turn also look to, and support, such international standards and frameworks. Lastly, we track our engagement efforts against specific Sustainable Development Goals (SDGs) performance indicators in order to align with global sustainability goals.

We dive more deeply into our efforts under the engagement, voting and governance, industry collaboration and policy advocacy pillars in subsequent Stewardship pages of this report, and also in the Climate Action and Social Equality sections.

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UN SUSTAINABLE DEVELOPMENT GOALS⁸

Responding to a global call to action

Since the 2030 Agenda for Sustainable Development was adopted by all United Nations (UN) Member States in 2015, much progress has been made. However, at the current trajectory the world is not on track to meet the 2030 Agenda’s goals. With 2030 fast approaching, all stakeholders must focus on decisive action. While many companies have aligned their strategies with the UN Sustainable Development Goals (SDGs) framework, robust implementation and an acceleration toward meaningful and lasting change continue to be imperative. Through our engagements, 91% of which were linked to SDG targets, we aim to help contribute to this ambitious global agenda.

“Unless we act now, the 2030 Agenda will become an epitaph for a world that might have been. ...We are at a moment of truth and reckoning. But together, we can make this a moment of hope.”

- António Guterres, UN Secretary-General, 2023 SDGs Report⁹

<div> <div>5 GENDER EQUALITY</div> <div>20% of our SDG engagement topics were on goal 5 (Gender equality)</div> </div> <p>In support of goals to close the gender gap by 2030, we engaged many companies across different markets where they have less than 30% female representation on the board of directors and/or executive teams. We expect companies to have robust plans in place to address lack of diversity at top levels and throughout the workforce, including targets and timelines.</p>	<div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>15% of our SDG engagement topics were on goal 12 (Responsible consumption and production)</div> </div> <p>Disclosure and transparency by our investee companies continued to be a focus throughout our engagements this year, which varied from budget transparency at oil sands producers to disclosure of human rights due diligence in supply chains. This aligns with Target 12.6, which is to encourage companies to undertake sustainability practices and reporting.</p>	<div> <div>13 CLIMATE ACTION</div> <div>17% of our SDG engagement topics were on goal 13 (Climate action)</div> </div> <p>Amidst global climate developments, our focus on climate action as a key theme was unwavering. We continued to engage on net zero strategy, resilience and adaptation and emissions management. Our engagements on the topic were primarily linked to target 13.2, many of which were through collaborative engagements including through Climate Engagement Canada (CEC).</p>
<p>In 2023, women represented</p> <p>25.8%</p> <p>of board seats across companies in the MSCI All Country World Index¹⁰</p>	<p>99%</p> <p>of S&P 500 companies are reporting ESG information¹¹</p>	<p>Continued ocean warming and melting of glacial ice have pushed the global mean sea level to a</p> <p>record high</p> <p>in 2023¹²</p>

⁸ This includes engagement conducted on behalf of BMO GAM by Responsible Engagement Overlay (reo®), a third-party pooled engagement service provider.

⁹ <https://unstats.un.org/sdgs/report/2023/>

¹⁰ <https://www.msci.com/documents/1296102/43943104/MSCI+Women+on+Boards+and+Beyond+2023+Progress+Report.pdf>

¹¹ <https://www.thecaq.org/sp-500-and-esg-reporting>

¹² <https://wmo.int/news/media-centre/2023-shatters-climate-records-major-impacts>

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SDGs: A framework for investors

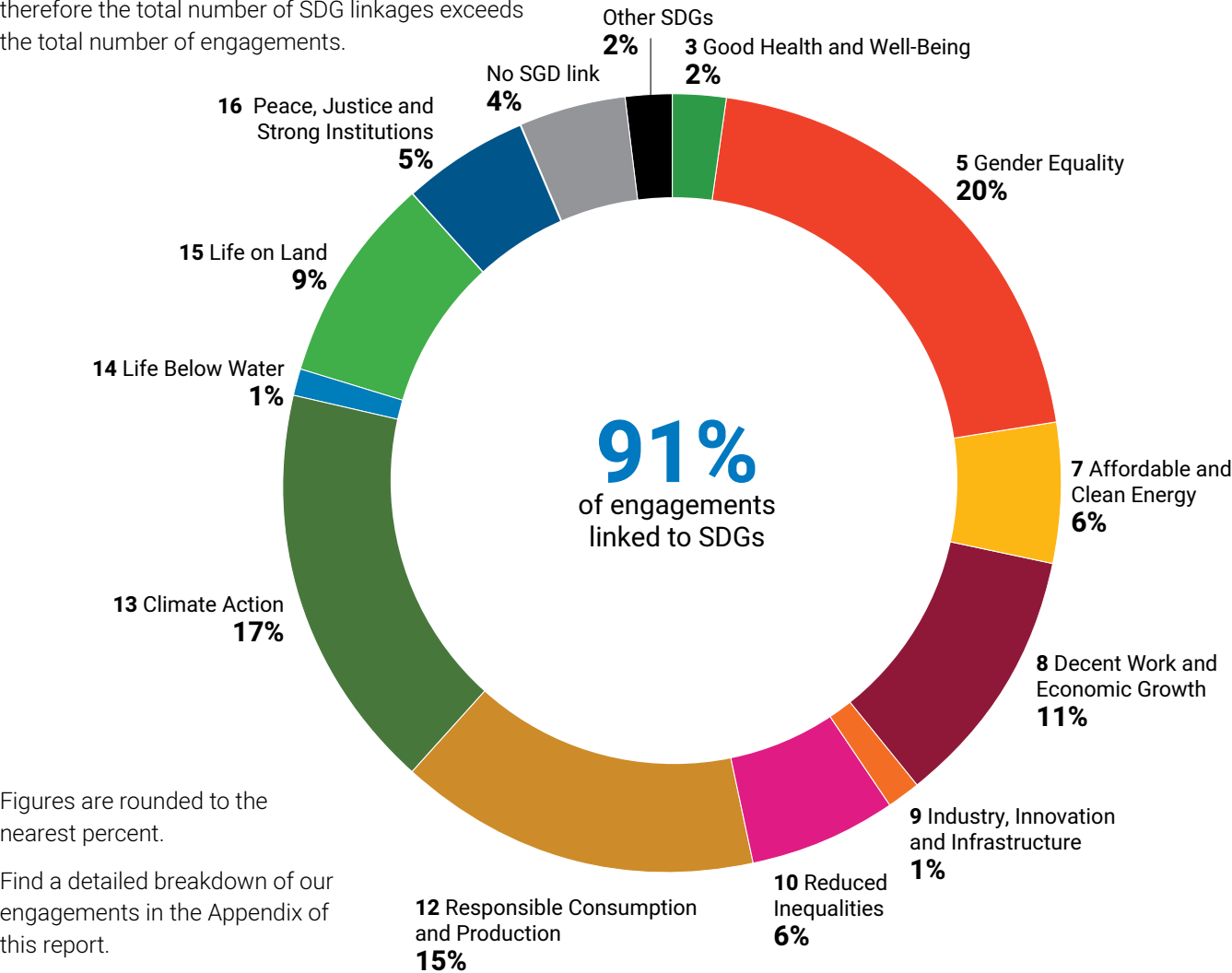
The SDG framework provides an ambitious roadmap towards a more sustainable world. We believe it is a useful tool for companies and institutional investors to contribute to achieving the objectives of the 2030 Agenda through their engagement activities. The framework has created a common language between stakeholders, and we continue to see this within our engagements.

How BMO GAM’s engagement topics link to UN SDGs

Engagements can be linked to more than one SDG, therefore the total number of SDG linkages exceeds the total number of engagements.

No SDG link

Certain engagements did not have a direct link to a specific SDG target. Most of these engagement activities were on corporate governance, an essential building block in creating more sustainable, better run companies. For these particular engagements, we engaged with the companies on general governance and ESG oversight, which has a broader application in achieving the SDG goals.



Figures are rounded to the nearest percent.

Find a detailed breakdown of our engagements in the Appendix of this report.

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ENGAGEMENT

Supporting companies to navigate increasing complexities

Companies and their investors increasingly have to navigate complex regulatory environments and evolving sustainability expectations. In 2023, much of our engagement work focused on encouraging increased transparency and accountability on climate and social equality-related efforts and impacts to help companies reduce related risks and increase alignment with international standards.

Engagement enables us to better understand the companies we invest in, address material and systemic ESG and sustainability risks and encourage positive change in support of long-term value creation. Internally, we use a three-pronged approach to prioritize our responsible investment team-led engagements. We work closely with relevant portfolio managers where appropriate.

Material risk	Systemic risk	Governance foundations
<ul style="list-style-type: none"> • Bottom-up • Engaging to help companies improve ESG performance • Addressing headline risks and controversies 	<ul style="list-style-type: none"> • Top-down • Climate action campaigns • Social equality campaigns • Relevant collaborative engagements 	<ul style="list-style-type: none"> • Bottom-up and top-down • Proxy voting-related engagement • Relevant collaborative engagements

We undertook 1,698 engagement activities in 2023. This encompasses engagement done directly by our RI team and investment teams, as well as engagements conducted on behalf of BMO GAM by Responsible Engagement Overlay (**reo**[®]) service, a third-party pooled engagement service provider with global reach that helps us amplify our impact on behalf of our clients. Our team engaged with companies primarily in Canada and the United States, whereas **reo**[®] focused largely on international markets.

Our overall engagement activity was slightly lower than last year mainly due to holdings changes. However, our internal team’s engagement activity increased by 5% and led to the achievement of more milestones: 70 in 2023 compared to 30 in 2022. As for

Engagement highlights

1,698
total engagements

274
by BMO GAM

1,424
by **reo**[®]

our results, we collectively achieved 249 milestones and these ranked from “1 Star”, indicating a small instance of change, to “3 Stars”, indicating a significant instance of change. Various engagement case studies and milestone examples are noted throughout this report.

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Climate action

759

engagements linked to Climate action

482

companies engaged on Climate action

100

milestones linked to Climate action

Social equality

678

engagements linked to Social equality

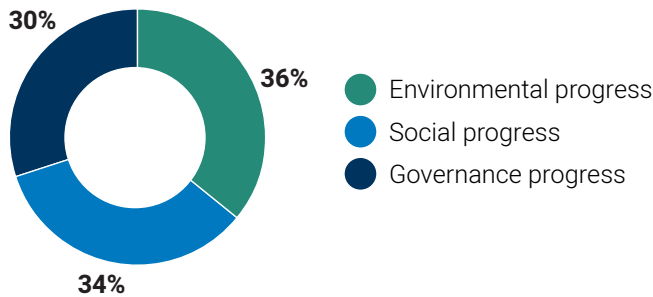
456

companies engaged on Social equality

117

milestones linked to Social equality

Milestones – breakdown by E, S and G



	249 milestones achieved		
	★	★★	★★★
Combined	118	95	36
BMO GAM-led	41	21	8
reo®-led	77	74	28

	ENVIRONMENTAL	SOCIAL	GOVERNANCE
Engagements ¹³	748	711	1,053
% of engagements	30%	28%	42%

¹³ Some engagements cover multiple categories across environmental, social and governance.

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ENGAGEMENT CASE STUDIES

Reporting on engagement progress and milestones

Positive engagement starts with the willingness of companies to work collaboratively with investors to take positive action to improve ESG performance. We appreciate all companies we engaged with throughout 2023, including those highlighted below and in the subsequent sections of this report.

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ENGAGEMENT

Engagement case studies

● Environmental



VOLKSWAGEN
Target: 13.2
Milestones: ★★☆☆

Volkswagen – climate-related lobbying

Conducted on our behalf by our external service provider reo®



Germany’s **Volkswagen (VW)** is the largest automotive company globally, with significant influence on automotive climate policy, especially in Europe.

However, VW had been lagging peer companies with regards to lobbying disclosure. Industry peers such as General Motors, Ford, Mercedes, BMW, Volvo and Toyota have all published reports detailing their positioning on public policies and company lobbying on climate-related policies directly and through industry associations. **Reo®** has engaged VW bilaterally and through Climate Action 100+ (CA100+) on this topic since 2019 through letters, a series of meetings, participation in reviewing early drafts of the company’s lobbying disclosures, and by voting against certain items at the annual general meeting. VW eventually published its *Association Climate Review 2023*. This report received one of the highest ratings in its sector from InfluenceMap, an organization that analyzes climate-related corporate lobbying practices.

● Environmental



ROYAL BANK OF CANADA
Target: 13.2
Milestones: ★★☆☆

Executive compensation tied to climate strategy

In 2023, **Royal Bank of Canada (RBC)** announced in its proxy circular that it would tie executive compensation to climate strategy targets. We previously indicated this as a best practice in our investor feedback to the company.



Specifically, RBC is including a medium-term, climate-based objective related to progress against the strategic priorities of the RBC Climate Blueprint as an additional consideration in their mid- and long-term incentive grant modifier for the CEO and other Group Executives. We view tying corporate-wide sustainability goals to executive incentive programs, specifically when these goals are related to a company’s business strategy, as a good demonstration of alignment between publicly stated commitments and practice. Our main criterion for evaluating such metrics in compensation plans is that they are treated with a similar rigour as financial metrics and are not a check-the-box exercise.

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● Social



KINROSS
Target: 16.7
Milestones: ★★

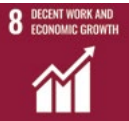
Kinross Gold – Free, Prior and Informed Consent

We have engaged with **Kinross** and other companies in the same sector on free, prior and informed consent (FPIC) for several years.



In 2023, Kinross advised us that the company had updated its policies to more clearly align with the principles of the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) by committing to FPIC. While a previous version of the policy referenced free, prior and informed consultation, this new public commitment to consent is best practice in the mining industry and gives investors such a better understanding of how the company approaches Indigenous rights.

● ● Social and Governance



ALIBABA
Targets: 8.5, 12.6
Milestones: ★★
(enhanced reporting)
Milestones: ★★
(separation of CEO/chair)

Human Capital Management and Governance

*Conducted on our behalf by our external service provider **reo***



Alibaba is one of the world’s largest retailers and e-commerce companies. It has a strong presence in China and is also increasing its international reach. Despite its growing global footprint, the company previously had not been as open to engaging with its investors, but this is changing.

Reo engaged Alibaba multiple times on the importance of attracting and retaining skilled talent in light of recent public scrutiny of an alleged “996” work culture, where employees work from 9 am to 9 pm six days a week. The company is undergoing a restructuring overhaul that will split the group into six units and is set to significantly increase its hiring in the coming period. Therefore, ensuring and maintaining employee morale and integration will be key to the company’s success. **Reo** raised the importance of conducting employee satisfaction surveys and asked for more detailed disclosure on human capital metrics. Alibaba has made several improvements, such as providing a psychological counselling hotline and disclosing more enhanced data on employee turnover by gender and age in its 2023 ESG report.

Additionally, **reo** has been engaging Alibaba on the separation of CEO/chair roles to ensure a proper balance of authority and responsibility between executive management and the board. In 2023, the combined CEO/ chair stepped down from the board and appointed a new board chair and a CEO successor. While this is an improvement to the board structure, **reo** will continue to engage the company to ensure optimal independence going forward.

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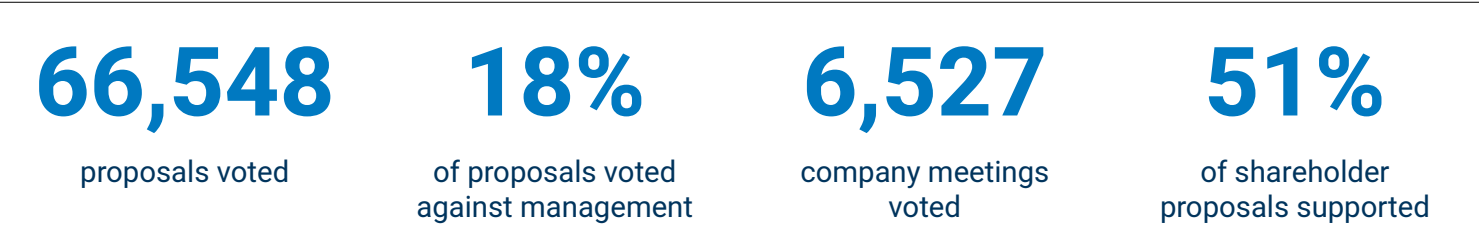


PROXY VOTING

Advancing good governance of “E” and “S”

Our Corporate Governance Guidelines guide our proxy voting decisions. Public details of all our voting activity, including the rationale for votes against management, are available on our proxy voting dashboards for our [mutual funds](#) and for our [exchange-traded funds](#). We continued to promote the development of governance best practices through our memberships of, and active participation in, influential bodies such as the Council of Institutional Investors (CII) and Canadian Coalition for Good Governance (CCGG).

The 2023 proxy voting season was one of opposites. As in 2022, while the number of ESG shareholder proposals on the ballot at Canadian and U.S. companies increased, there was also lower average investor support for these proposals. Proposals that called to restrict or reverse ESG practices were also at an all-time high; however, support for these proposals was on average even lower than in 2022. For a more detailed background of how we voted during the season, see [our review of proxy season 2023](#).

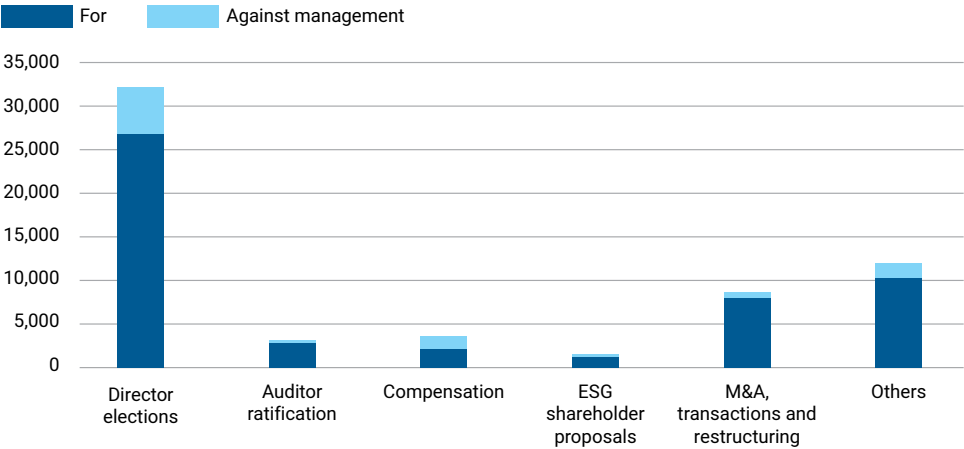


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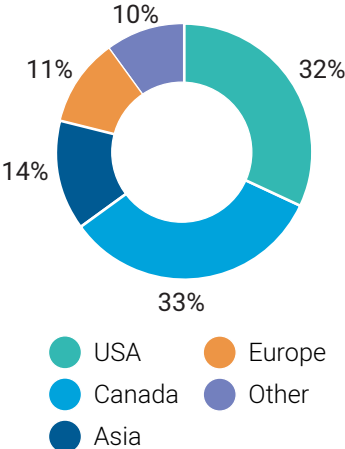
PROXY VOTING

2023 Proxy voting data

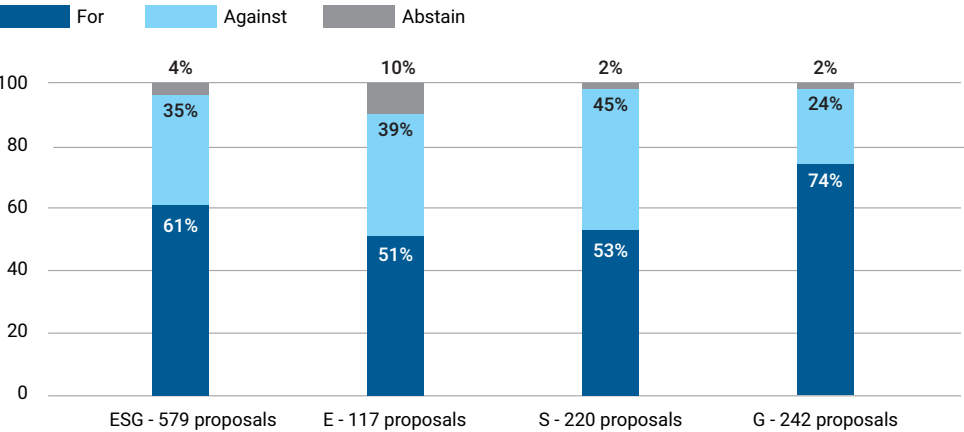
Breakdown of Votes For and Against Management by Proposal Type



Meetings Voted Across Markets



Breakdown of Votes Cast on ESG Shareholder Proposals in the U.S. and Canada



Source: BMO Global Asset Management, January 1 to December 31, 2023

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PROXY VOTING

Case studies

Governance



STANTEC
Targets: 10.2
Milestones: ★★

WSP GLOBAL
Targets: 10.2
Milestones: ★★

Board diversity at Canadian issuers

We are pleased to report that, while progress is still slow, 2023 saw a marked uptick in both female and racially diverse director nominees.

During the proxy voting season, we withheld support from 239 chairs of nominating committees at Canadian company boards for lack of gender and/or racial diversity, compared to 108 in 2022. However, we also supported 33 of the 108 nominating committee chairs we voted against in 2022, due to progress their boards have since made on increasing diversity—three more than the 30 directors we supported in 2022 due to progress made since the prior year. To assess progress on board diversity, we look for positive momentum, such as the addition of a diverse candidate in the year under review or the board meeting our expectation of 30% gender diversity and one racially diverse nominee.

Board diversity at **Stantec**: In 2022, we withheld support from the chair of the nominating committee at Stantec due to the absence of racial diversity on the board. While the company did have 33% female representation on the board and made significant progress on executive diversity, there was no robust target or time frame to address progress on diversity beyond gender. In 2023, we were pleased to see that the company added two new female and racially diverse nominees to the board, bringing gender diversity to 50% and racial diversity to 20%. This progress enabled us to support the chair of the nominating committee in 2023.



Board diversity at **WSP Global**: In 2022, we encouraged WSP Global to enhance diversity on its board, choosing not to withhold support from the nominating committee chair for lack of diversity because the board committed to address the issue before the next annual general meeting (AGM). In 2023, the board added a new nominee to the director slate, which introduced racial diversity to the board for the first time. We commended the company for meeting its commitment and showing progress in this area.



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Executive compensation

In the Canadian market, 17% of our votes against management in 2023 were related to executive compensation concerns. That compares to 28% in the U.S. market, where executive pay packages tend to be more egregious.

When considering whether to support a company’s executive compensation proposal, we look for compensation plans that are designed to incentivize performance that is aligned with shareholder experience, do not significantly reward underperformance relative to peers and include good pay governance practices such as change-in-control and clawback mechanisms, among other features.

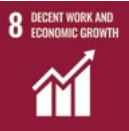
Say on pay at a Canadian gold mining company: We voted against the advisory vote on executive compensation (“say on pay”) at a Canadian gold mining company due to problematic pay practices, including one-off, high-quantum cash bonuses awarded to the CEO and executive chair without predetermined metrics and vesting conditions, as well as a 60% increase in total compensation for all named executive officers. The former and current executive chair’s combined total compensation amounted to over CAD \$20 million, which far exceeded peer compensation in the metals and mining industry. Although the company cited a successful merger with another gold mining company as the reason for the payouts and committed to no longer awarding one-off bonuses in the future, the say-on-pay proposal failed for the second year in a row, with close to 75% of shareholders voting against. The compensation committee chair’s nomination was removed from the ballot shortly before the AGM, therefore the vote results for this nominee are not known. This is only the second time in Canadian history that a company has lost two consecutive say-on-pay votes.



Failed say on pay at a U.S. video streaming service company: 2023 marked the second year running of a failed say-on-pay proposal at a U.S. video streaming service company, with 28.8% of shareholders voting in favour of the company’s executive compensation plan, compared to 27% in 2022. The company was one of 12 Russell 1000 companies with less than 50% support for say-on-pay proposals in 2023. In its 2023 proxy statement, the company did disclose efforts made to engage shareholders after its first failed say-on-pay vote. These efforts led to the company making some improvements, such as ensuring that base salaries for co-CEOs remain at a reasonable level. However, persistent concerns, including a lack of pre-set performance vesting criteria for equity awards to executives, resulted in our vote against the proposal yet again. BMO GAM has voted against the say-on-pay proposal at this company since 2019.

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● Governance



STARBUCKS
Targets: 8.5
Milestones: ★★☆☆



CENOVUS
Targets: 13.2
Milestones: ★★☆☆

ESG shareholder proposals

In 2023, we voted on 50 ESG shareholder proposals in the Canadian market, up from 32 in 2022. Of these, we voted in favour of 32%, abstained from 22% and voted against 46%.

These abstentions represented cases where we agreed with the intent of the proposal but not with the proposed solution. Eight of the proposals we supported were climate and climate lobbying-related and three were related to human rights. Other proposals we supported were related to racial equity, single-use plastics and tax transparency. In the U.S., there were many more shareholder proposals than in Canada because in the U.S., filing shareholder proposals is considered more of a norm than a last-resort escalation mechanism, which is how Canadian institutional investors have traditionally approached it. In 2023, we voted on 529 ESG shareholder proposals in the U.S. market, and of those, we supported 64%, abstained from 2% and voted against 34%.

Freedom of association at Starbucks: BMO GAM supported a shareholder proposal at Starbucks asking the company to commission a third-party assessment of its adherence to workers’ rights to freedom of association and collective bargaining. The proposal passed with 52% shareholder support, a good example of how even the votes of minority shareholders can make a deciding difference. Starbucks, in its Global Human Rights Statement, has made a commitment to provide workers’ rights that are modeled on the International Labour Organization’s Core Labour Standards. Starbucks’ employees have alleged that the company has interfered with these rights, deploying coercive practices including the illegal exclusion of unionized employees from wage and benefit increases. Respecting workers’ rights to freedom of association and collective bargaining is a component of BMO GAM’s RI expectations for social practices. Further, the apparent misalignment between Starbucks’ public commitments and its reported conduct represents material reputational, legal and operational risk and may impact long-term shareholder value.



Climate lobbying at Cenovus: We supported a shareholder proposal at Canadian company Cenovus Energy Inc. asking whether and how it is aligning its direct and indirect lobbying and public policy advocacy with its net-zero goal. Cenovus’ climate commitments include an ambition for net-zero emissions by 2050 and support for Canada’s Paris Agreement commitments. The proposal referenced third-party climate lobbying benchmarks, noting that the company scored an average of 29% on a range of indicators, including transparency and alignment on climate. In a rare move, which we commended, the Cenovus board recommended that shareholders support the shareholder proposal. As a result, it received 99% votes in favour. In addition to viewing management’s endorsement positively, we viewed the proposal’s asks as in-line with our expectations that a company’s political advocacy be aligned with its sustainability strategy. We had previously engaged the Pathways Alliance initiative, of which Cenovus is part, to encourage member company transparency on climate-related lobbying.



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● Governance



Targets: 8.7, 13.2, 15.2

Voting against directors for climate, deforestation and human rights concerns

When we have significant concerns about companies’ environmental or social practices, especially when they operate in high-risk sectors or countries, we may choose to vote against directors on the board who are responsible for ESG risk management.

Responsible Engagement Overlay (**reo**®), a third-party service provider appointed by us, annually compiles lists of companies lagging on climate change, biodiversity, labour rights and human rights, using ESG data providers as well as publicly available benchmarking data from sources such as CDP (formerly the Carbon Disclosure Project).

During the 2023 season, we withheld support from 107 directors globally at companies that did not demonstrate adequate mitigation of severe human rights and nature-related risks. This included eight directors at companies that did not have proper policies in place to prevent child and forced labour operating in sectors at high risk for human rights abuses. We also withheld support from or voted against 81 directors responsible for overseeing climate-related risks at companies operating in high-emitting sectors that did not have adequate emissions reduction targets in place, including reduction targets for Scope 3 emissions for relevant sectors. Lastly, given the strong link between biodiversity and climate change, we withheld support from or voted against 18 directors responsible for overseeing sustainability-related risks at companies operating in high-biodiversity impact sectors that failed to respond to the CDP questionnaires on climate change, forests and/or water security. The majority of these companies were based in the U.S. and Asia.

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POLICY ADVOCACY

Using our voice in policy development

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policy submissions or statements

Through policy advocacy, we provide our institutional investor perspective on proposed regulatory developments and industry standards to raise the bar across sectors and jurisdictions. In 2023, several highly anticipated standards were released.

In Canada, the Office of the Superintendent of Financial Institutions (OSFI) released its final version of *Guideline B-15: Climate Risk Management*. The ISSB released final climate and sustainability disclosure guidelines and requested feedback on what to prioritize next. Following a similar format to the TCFD, the TNFD rounded off a multiyear consultation period and published the first version of its reporting framework on biodiversity and other nature-related financial risks and opportunities. The ISSB has indicated that it plans to add biodiversity to its climate-related standards in later iterations, likely using the TNFD as a reference. In Canada, the Canadian Sustainability Standards Board (CSSB) was created to adapt the ISSB standards to local context, laying grounds for mandatory Canadian sustainability reporting in the future. In Europe, the Corporate Sustainability Reporting Directive (CSRD) came into

effect, requiring EU companies and subsidiaries of non-EU companies to report on the environmental and social impacts of their business activities. The directive is in part based on the TCFD and the United Nations Guiding Principles on Business and Human Rights (UNGPs).

Looking forward, we expect 2024 to be another ground-breaking year for policy developments, with the SEC slated to release its climate-related disclosure requirements, *Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act* coming into effect and the Canadian government's active consultations related to methane regulations and a potential oil and gas emissions cap. We also hope to see regulatory movement on mandatory disclosures related to diversity beyond gender in Canada.

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POLICY ADVOCACY

Policy Submissions/Statements in 2023



Environmental Protection Agency's methane regulation

Reducing methane pollution in the oil and gas industry is a cost-effective and pragmatic way to slow climate change while mitigating transition risks to oil and gas investments. To this end, we sent a letter to the U.S. Environmental Protection Agency conveying support for its proposed methane regulation and encouraging strong methane emission performance standards.



TNFD's disclosure framework

We provided investor feedback on the TNFD's proposed framework for companies and financial institutions to report on nature-related dependencies and impacts. In general, we supported the framework but suggested minor tweaks, including stronger links to materiality and location data, as well as clearer definitions of general stakeholders and impacted stakeholders.



OSFI's financial climate disclosures

We attended a live consultation meeting with OSFI and provided our investor feedback on climate risk management guideline B-15.



ISSB's Statement of Priorities

We participated in the ISSB's consultation on its Statement of Priorities. We encouraged the ISSB to focus on strong adoption and implementation of its climate and sustainability baselines before working on integrating new topics. We also advised that when formulating a draft baseline on social matters, the ISSB should use human rights as an umbrella approach rather than a separate pillar.



Letter to the Ontario Minister of Finance about diversity disclosure

As part of a Canadian investor group, we advocated for more robust disclosure requirements on diversity beyond gender on Canadian corporate boards and executive offices. We wrote to the Ontario Minister of Finance to encourage developments in this area.



ISSB's climate baseline

We signalled support for the ISSB's climate baseline by signing an ISSB-led statement. The statement was presented at COP28 as part of an example of effective collaborative, multi-stakeholder efforts on climate change.



Meeting with the Ontario Securities Commission about diversity disclosure

As part of a Canadian investor group, we advocated for more robust disclosure requirements on diversity beyond gender on Canadian corporate boards and executive offices. We met with the Ontario Securities Commission to share our views and encourage developments in this area.



Consultation with the UN Working Group on Business and Human Rights

Human rights regulations and standards are developing rapidly around the world. We contributed to the UN Working Group on Business and Human Rights' consultation on Investors, ESG and Human Rights as part of the group's stocktaking exercise on how the UNGPs are being implemented in the decade since their adoption. We shared examples of existing best practices, as well as areas where investors and financial institutions can use more guidance on implementing human rights due diligence and operationalizing the UNGPs.



The Global Reporting Initiative's mining standards

The Global Reporting Initiative is a voluntary best practice disclosure framework. We provided investor feedback on proposed updates to its mining standards. In particular, we supported the standards' approach to Indigenous rights and free, prior and informed consent.

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POLICY ADVOCACY

Modern slavery

Passage of Bill S-211, Canada's first modern slavery legislation

Canada's first modern slavery legislation is now in place. Having received royal assent in May 2023, Bill S-211, the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, came into effect on January 1, 2024.

Starting May 31, 2024, government institutions and business entities that produce, purchase or distribute goods in Canada or elsewhere, or that import goods produced outside of Canada, will have to file their first report on what they are doing to identify and address forced labour risks. The implementation of the Act comes at a time when many global supply chains continue to grapple with forced and child labour, including recent cases of migrant child labour being discovered at factories and retail stores of large corporations in the U.S. We commented on the draft legislation back in 2021. Our recommendations included widening the scope from forced and child labour to include all material human rights issues, reporting on all human rights due diligence outcomes and measures to remediate adverse impacts, and creating accountability for companies that fail to take steps to address adverse human rights impacts.

While we believe that the current Act is a good starting point, we believe it can go further to better align with recent advances in

human rights-related regulation in other regions. Currently, the Act mainly mandates reporting on the steps taken to prevent or reduce the risk that forced and child labour are used but does not mandate the companies to have formalized processes in place. This omission puts Canada behind countries such as Germany, the Netherlands, France, and the EU more broadly, where regulation has started to mandate that companies conduct human rights due diligence as per the UNGPs. The UNGPs provide a process-based framework that can position companies to effectively manage the most significant impacts of their business activities on people and the planet. In so doing, they can also help secure and maintain social licence to operate and reduce financially material risks.

In addition, it is estimated that more than 1,000 Canadian companies may need to begin reporting to the CSRD in the EU, some as early as 2025. We will therefore continue to closely monitor regulatory developments in this space.

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INDUSTRY COLLABORATION

Collective influence for positive outcomes

Collaborating with other like-minded investors through joint initiatives, industry associations and/or engagements is key to accelerating positive change. Doing so enables investors to share knowledge with peers, address industry challenges and communicate broadly held expectations from the investor community to companies and/or standard setters. Some memberships also allow access to in-depth expertise on niche or emerging topics. We actively participate in many networks and support commitments made around the world.

3

new memberships/associations
joined in 2023

20

memberships/associations
in total

16%

engagements done in
collaboration

In 2023, we continued to represent BMO GAM's perspective on boards, advisory councils and leadership committees at the Responsible Investment Association (RIA), the Canadian Coalition for Good Governance (CCGG), Climate Engagement Canada (CEC) and the Investor Alliance for Human Rights. We also continued our collaborative engagement activities, including those with CEC, where we are currently leading engagements with five Canadian companies and are an active participant in engagements with seven others. Through the Principles for Responsible Investment Advance initiative, which focuses on human rights and social impacts in the mining and renewable energy sectors, we are leading engagements with three companies. We also joined several new initiatives to build out our coverage of nature-related risks, including Nature Action 100 and the Valuing Water Finance Initiative.

Sharing our perspective

Our RI team represents BMO GAM on the:

- Board and Leadership Council of the RIA
- Environmental and Social Committee of the CCGG
- Steering Committee of CEC
- Advisory Council of the Investor Alliance for Human Rights

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INDUSTRY COLLABORATION

New 2023 initiatives

Valuing Water Finance Initiative

Valuing Water Finance Initiative
The Valuing Water Finance Initiative (VWFI) encourages sustainable water practices and address risks related to water supply. Ensuring better water security can help contribute to resilience in investment portfolios.



Net Zero Engagement Initiative

Net Zero Engagement Initiative
The Net Zero Engagement Initiative (NZEI) aims to engage mainly European companies not covered by Climate Action 100+ on their road to net zero and encourages credible transition plans aligned with the Paris Agreement.

Nature Action 100



Nature Action 100
Nature Action 100 is a new initiative focused on reversing nature and biodiversity loss. Its purpose is to engage companies operating in sectors deemed systemically important to reversing such losses, to encourage nature-positive outcomes and to address biodiversity-related risks.

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All memberships and initiatives

INDUSTRY

- UN Principles for Responsible Investment (UN PRI)
- Responsible Investment Association (RIA) (Sustaining Member)

ENVIRONMENTAL

- Climate Action 100+
- Climate Engagement Canada (CEC) (Founding Member)
- Net Zero Asset Managers Initiative (NZAM)
- Net Zero Engagement Initiative (NZEI)
- Valuing Water Finance Initiative (VWFI)
- Ceres investor network
- CDP (formerly the Carbon Disclosure Project)
- The Institutional Investors Group on Climate Change (IIGCC)
- Farm Animal Investment Risk and Return (FAIRR)
- Nature Action 100

SOCIAL

- 30% Club
- Interfaith Center on Corporate Responsibility (ICCR)
- Investor Alliance for Human Rights (IAHR) (Advisory Council)
- Human Capital Management Coalition
- The Workforce Disclosure Initiative (WDI)
- UN PRI Advance

GOVERNANCE

- Canadian Coalition for Good Governance (CCGG) (Environmental and Social Committee)
- Council for Institutional Investors (CII)



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Thought Leadership

"Our RI team's primary research helps investors understand the risks and opportunities associated with important ESG issues. The volume of thought leadership produced and the variety of topics covered is a real differentiator for BMO GAM."

Samantha Cleyn, CFA, MBA

Head of Institutional Sales and Service



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THOUGHT LEADERSHIP

Knowledge, shared

Managing material sustainability risks and opportunities begins with forming an understanding of how these global issues may affect our clients’ investments. We do this by analyzing the past, present and probable future state of these issues, as well as by staying up to date on industry best practices and studying real-world examples. Our research covers ESG issues at both the company level and the systems level, where risks manifest across industries and economies.

Our thought leadership allows us to share what we have learned with our stakeholders about the biggest risks and opportunities in the responsible investment (RI) landscape. This year, our work largely focused on three key themes:

1. Indigenous reconciliation

The human rights of Indigenous peoples have historically been largely unrecognized, and in many cases this population group has been economically marginalized. Pressure is growing to understand the legacy of colonization and to prevent adverse impacts from business activities on Indigenous populations in Canada and around the world. Soft and hard law in many regions is evolving to reflect this shift, and we realize the importance of investors and companies keeping pace with regulation. In 2023, we shared our perspective on best practices for upholding principles such as free, prior and informed consent (FPIC) and pursuing mutually beneficial economic development during the low-carbon transition. We also shared our view on how an increased understanding of historic and current Indigenous land and title rights can enable more sophisticated assessments of risks and opportunities in investment-related and stewardship activities. Education on such matters is an important element of reconciliation.



Related articles:

- Understanding and Respecting Indigenous Rights during the Low-Carbon Transition – [Read article](#)
- Reconciliation, Reflection and Action – [Read article](#)
- Getting to Net Zero Requires Action on Indigenous Reconciliation – [Read article](#)

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2. Climate change

The year was met with alarming temperature anomalies, adverse effects around the world due to climate events and major climate regulations and disclosure requirements for companies. We continued our focus on climate change across our RI activities, including the publication of several climate-related articles. We shared our perspectives on a broad range of climate topics, including our thoughts on why climate action matters, the need for investors to have access to climate-related data across holdings and the importance of gender-responsive climate action.

Related articles:

- Why Climate Action Matters for Investors – [Read article](#)
- Assuring Earth – How Mandatory Climate Disclosure Moves Us Closer to a Sustainable Future – [Read article](#)
- Fighting Climate Change ‘Like a Girl’ – [Read article](#)



3. Biodiversity

Biodiversity-related risks were front and centre in 2023. Developments aiming to combat such risks included the publication of the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations, multiple countries announcing targets aligned with the Kunming-Montreal Global Biodiversity Framework and the signing of the High Seas Treaty at the United Nations. In various thought leadership pieces, we explored ways in which investors can understand, assess and manage biodiversity-related risks. We also shared our progress on tackling pollution, another serious environmental risk, through our proxy voting program.

Related articles:

- Why Investors Should Care about Biodiversity – [Read article](#)
- Seeing the Forest through the Trees – How Investors Can Address Biodiversity Risk – [Read article](#)
- How We Voted: Recapping the 2023 Proxy Season – [Read article](#)

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THOUGHT LEADERSHIP



2023 Publications

ESG ISSUES

- EXTERNAL – *Your Guide to Responsible Investing* magazine: Live Long and Prosper: Responsible Investing’s Contribution to Sustainable Cities and Communities – [Read article](#)
- Voluntary to Mandatory: Key Developments in ESG Regulation in 2023 – [Read article](#)

ENVIRONMENTAL ISSUES

- Why Investors Should Care about Biodiversity – [Read article](#)
- Assuring Earth – How Mandatory Climate Disclosure Moves Us Closer to a Sustainable Future – [Read article](#)
- Why Climate Action Matters for Investors – [Read article](#)
- EXTERNAL: *Pension & Benefits* magazine: The 2023 Climate Change Roundtable: Net Zero Promises Investment Opportunities – [Read article](#)
- Seeing the Forest through the Trees – How Investors Can Address Biodiversity Risk – [Read article](#)
- EXTERNAL – *RIA Magazine*: How Asset Managers Are Pushing Companies towards Meeting Their Net-Zero Targets – [Read article](#)
- What to Look For at COP28 – [Read article](#)

SOCIAL ISSUES

- Understanding and Respecting Indigenous Rights during the Low-Carbon Transition – [Read article](#)
- Fighting Climate Change ‘Like a Girl’ – [Read article](#)
- As New Laws Approach, Canadian Issuers Can Boost Human Rights Due Diligence Practices – [Read article](#)
- Reconciliation, Reflection and Action – [Read article](#)
- EXTERNAL – *RIA Magazine*: Food Insecurity at Home: What Can Investors Do? – [Read article](#)
- Getting to Net Zero Requires Action on Indigenous Reconciliation – [Read article](#)

GOVERNANCE ISSUES

- How We Voted: Recapping the 2023 Proxy Season – [Read article](#)



Podcast

- BMO Sustainability Leaders* – Understanding the Inner Workings of AI – [Listen to podcast or read transcript](#)

To stay up to date with our latest commentary and resources, visit our [website](#).



Climate Action

“Our approach to climate action helps our clients navigate from the uncertainty of today’s volatile climate towards new opportunities in the transition to a low-carbon economy.”

Graham Takata

Director, Climate Change
Responsible Investment

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CLIMATE ACTION

Our climate action approach

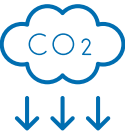
At BMO GAM, working toward a climate-secure future is integral to our purpose to **Boldly Grow the Good** in business and life. As an asset manager, we recognize that climate change represents a systemic risk to the global financial system and that inaction can cause economic damage that will impact our ability to deliver long-term financial returns.

We believe that investors can play a pivotal role in the journey to a decarbonized global economy, which is why we consider the evaluation of climate risks and opportunities to be an essential component of both investor due diligence and our approach to responsible investing (RI). We are committed to playing our part to support the transition, recognizing that climate change presents both risks and opportunities to investors.

BMO GAM was proud to receive Institutional Connect's 2023 Climate Change Partner Award in recognition of our innovative and progressive approach to addressing climate change.



This commitment is manifested through our [Climate Action Approach](#). We regularly engage with investee companies, policymakers and standard setters to push forward an agenda that advances best practices and manages climate risks and opportunities. Our climate action work is structured around five key subthemes, each of which addresses a class of what we believe are material underlying issues. These subthemes, noted below, help inform our ESG-related research and stewardship activities.



Attaining net zero emissions

Accelerating decarbonization of the economy toward net-zero emissions before 2050



Clean energy transformation

Transforming energy supply systems and use to power a sustainable future



Climate resiliency

Building capacity to adapt and thrive in current and future climate conditions



Protecting nature

Being responsible stewards of biodiversity, our natural capital and critical ecosystem services



Advancing a circular economy

Fostering supply chain innovation and efficiency to minimize waste and advance toward a circular economy

2023 was a defining year for climate action. Amid record-breaking heat waves, wildfires and storm events, we witnessed positive global action on climate. Nations around the world, including Canada, began to focus on providing real-world economic and policy solutions to support the goals of the Paris Agreement. In addition, at COP28 in Dubai, several nations committed to transition away from fossil fuels by tripling their renewable energy capacity, accelerating technologies such as carbon capture and storage, and reversing deforestation. As we reflect on these events, we are proud to have aligned our work with global actions to enable the transition to a more sustainable future.

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CLIMATE ACTION

Taking collaborative climate action

Climate Collaborations

BMO GAM works collaboratively with other investors at home and abroad to support the transition to net zero.

The global transition to net zero requires investors across the industry to work collaboratively, sharing expertise and differing viewpoints. We share our expertise with our financial sector peers through collaborative engagements and advance climate best practices through thought leadership. Here are some of the ways we contributed in 2023:

Collaborative engagements

Climate Engagement Canada

Climate Engagement Canada (CEC) is a collaborative finance-led initiative representing approximately \$4.9 trillion in assets. As a founding signatory and member of CEC’s Steering Committee, BMO GAM is actively sharing our expertise with other investors through 12 collaborative engagements, more than any other financial institution in Canada. Through these engagements, BMO GAM is supporting Canadian companies in their transition to a low-carbon future.

Net Zero Engagement Initiative

In 2023, we expanded our collaborative engagement strategy to European companies through the Net Zero Engagement Initiative (NZEI) of the Institutional Investors Group on Climate Change (IIGCC). Through this initiative, BMO GAM is working with other investors to engage with four companies on the development of meaningful and measurable net-zero transition plans, which describe how each company will progress toward net zero. NZEI leverages the Net Zero Investment Framework, the same globally recognized and Paris-aligned framework we use to assess companies as part of our own net-zero commitments through NZAM.

“If you want to go fast, go alone. If you want to go far, go together.”

– African proverb

Net Zero Asset Managers Initiative

BMO GAM is committed to playing our part to helping deliver the goals of the Paris Agreement and ensure a just transition. As a founding signatory of the Net Zero Asset Managers Initiative (NZAM), we are working toward achieving net-zero emissions across all our assets under management by 2050. Currently, not all asset classes and fund mandates can be measured for alignment with a net-zero pathway. That’s why BMO GAM has been working alongside global investor peers to develop best practices to advance net-zero strategies as part of our climate strategy.

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Canadian Oil and Gas Working Group oil sands engagement

In 2022, BMO GAM helped launch the Canadian Oil and Gas Working Group’s first collaborative engagement with Canada’s largest oil sands companies through the Pathways Alliance. Continuing as chair in 2023, BMO GAM convened financial sector leaders and Pathways’ representatives to discuss progress toward Pathways’ net-zero ambition, its foundational carbon capture and storage project, positions on climate policy, as well as economic challenges and proposed solutions – including Investment Tax Credits and Carbon Contracts for Difference. Our work has resulted in greater public disclosure of Pathways’ lobbying activities and contributed to management support of a climate-related shareholder proposal from a Pathways’ member company.

Other collaborative platforms

We continue to engage top global emitters through Climate Action 100+. In addition, in 2023 we engaged companies on environmental themes through a variety of other initiatives, including Farm Animal Investment Risk and Return (FAIRR)’s Waste & Pollution Engagement and Ceres’ Valuing Water Finance Initiative (VWFI).

Collaborating to advance RI best practices

Leveraging our in-house climate expertise, we are actively contributing to advancing climate practices through our work on various technical working groups. Alongside members of IIGCC, Ceres and CDP, we are engaging on topics including climate accounting best practices, the development of net-zero and Paris-aligned benchmarks, circular plastics pollution and asset risk obligations. The IIGCC’s Net Zero Benchmark Working Group’s report, Enhancing the Quality of Net Zero Benchmarks, brings together the advice of 30 global asset management firms, including BMO GAM, to describe the current state of play of net-zero benchmarks and identifies five key principles to improve these benchmarks going forward. The report is available on the IIGCC website, located [here](#).



BMO GAM’s new Global Climate Transition Fund

In May 2023, we were proud to launch the BMO Global Climate Transition Fund. The fund invests primarily in equity securities of companies from around the world that may focus on the global low-carbon transition. This global shift will require substantial transition capital and presents a significant investment opportunity. It has the potential to accelerate both technology obsolescence and adoption, making way for new leadership in the global economy. Leading adopters and enablers can benefit from strong tailwinds, while failure to adapt presents significant risks.

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Engagement case studies

● Environmental



SUNCOR ENERGY INC.
Targets: 7.a, 12.6, 13.a, 13.2

Suncor reaffirms net-zero ambition and capital commitments



Along with peer Climate Action 100+ investors, we engaged with Suncor’s CEO to reaffirm the company’s commitment to net zero and the energy transition, following statements made to investors that suggested a potential withdrawal from decarbonization efforts in favour of conventional oil sands production.

Through our engagement, Suncor reaffirmed its net-zero commitment and near-term target for capital investments in decarbonization initiatives through both the Pathways Alliance and its own strategies. BMO GAM continues to engage with various Canadian oil sands companies about their energy transition plans.

● Environmental



CANADIAN PACIFIC KANSAS CITY
Targets: 7.a, 12.6, 13.1, 16.6

Canadian Pacific Kansas City expands net-zero commitment to U.S. and Mexico



We engaged with Canadian Pacific Kansas City (CPKC) (formerly CP Rail) on the eve of its merger with Kansas City Southern Railway Co. to discuss the company’s new transnational climate strategy and lobbying efforts, as well as its new safety standards in the wake of the Norfolk Southern disaster in February 2023.

We are pleased to see that CPKC is expanding its net-zero ambition from Canada across the U.S. and Mexico and continues to make progress in reducing emissions through innovative approaches, including North America’s first hydrogen-powered line-haul locomotives. CPKC has also reiterated its commitment to the highest standards in safety across its entire network.

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● Environmental



TRANSALTA
Targets: 7.a, 8.8, 13.1
Milestones: ★★ ★

TransAlta accelerates net-zero target and energy innovation



TransAlta owns and operates electrical generation assets in Canada, the U.S. and Australia. As part of our engagements through CEC, we met with TransAlta’s CEO, board chair and investor relations team on advancing the company’s emissions targets and decarbonization initiatives as well as ensuring affordability and reliability as the company grows.


With strong investments in pumped hydro for energy storage and coal plant conversions, TransAlta has been able to accelerate its net-zero target by five years and achieve upgrades to its CDP and MSCI ESG ratings. In addition, TransAlta’s low-carbon fly ash repurposing project with Lafarge Inc. will repurpose waste fly ash from TransAlta’s former coal-fired plants as a component in concrete production, creating new green jobs.

● Environmental



WASTE CONNECTIONS INC.
Targets: 7.a, 12.6, 13.1
Milestones: ★★ ★

Waste Connections Inc. expands renewable natural gas capabilities and commits to science-based targets



In response to our engagements through CEC, Waste Connections Inc. (WCI) enhanced its public disclosures to delineate its emissions reductions achieved from operations, displaced emissions and carbon sequestration.

In doing so, WCI has aligned with best practices and is now able to pursue a science-based target, which it committed to in the fall of 2023. This enhancement also better captures the company's successes, which include a 14% year-over-year reduction in greenhouse gas emissions (GHGs) and growing renewable natural gas (RNG) generation, with over a dozen new RNG facilities expected to commence operations by 2026.

Additional climate-related case studies can be found in *Climate Action: Engagement campaigns* and *Stewardship: Engagement case studies*.

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CLIMATE ACTION

Engagement campaigns

Accelerating climate action through sector-based engagements

BMO GAM considers the management of climate risks and opportunities to be an essential component of corporate governance and critical to contributing to sustainable, long-term financial returns. Last year, we launched two climate action campaigns, which delve more deeply into material climate issues relevant to specific sectors. This sector-based approach provides deeper due diligence on our investments and accelerates the adoption of leading sustainability practices by contextualizing investee performance relative to global peers. Below, we describe these climate action campaigns and share some of the successes we achieved through partnering with our investee companies in 2023.

● Environmental



Climate resiliency in real estate and construction

The world’s built infrastructure, such as roads and buildings, is vulnerable to physical climate risks like fires, floods and storm events, necessitating strong management practices to prevent and mitigate damage. In addition, advancing green building design and construction is essential to reducing GHG emissions and costs, while also protecting long-term asset value. Our climate resiliency engagement campaign focuses on companies in the real estate and construction industries, evaluating the management of climate-related risks and opportunities in some of Canada’s largest REITs and construction companies.

AtkinsRéalis

We engaged with AtkinsRéalis (formerly SNC-Lavalin), a world-leading engineering firm, on its role as a key facilitator of the transition to net zero. AtkinsRéalis is addressing climate resiliency in its infrastructure design and construction. Through its expertise in nuclear energy, the company is well positioned to support its clients in the global energy transition. We also engaged with AtkinsRéalis on its growing role in enabling the energy transition, and on the management of physical



climate risks to infrastructure through resilient design. Climate-related services are a clear area of growth for AtkinsRéalis, and the company is serving multiple sectors globally through its net-zero “Decarbonomics” services.

RioCan REIT

RioCan REIT is a diversified property portfolio and developer with assets across Canada. We engaged with RioCan on establishing a science-based net-zero target as a key component to advance its climate performance through its green building design and operations and were pleased to see RioCan commit to a science-based target in 2023. RioCan’s commitment to and vision for a more sustainable future is exemplified through its innovative building designs like The Well, a combined residential, retail and office space that integrates a massive underground water reservoir to provide heating and cooling to the building and neighbouring assets at 80% fewer emissions than conventional means.



Targets: 7.a, 10.3, 12.5, 12.6, 13.1



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● Environmental



Protecting natural capital in food and agriculture

Our natural capital engagement campaign focuses on the food and agriculture sector. Through this initiative, we are encouraging companies to better assess their vulnerabilities to physical climate risks, increase the adoption of best practices for land and water conservation and improve the sustainability of their products and supply chains.

METRO Inc.

METRO Inc. is a food and pharmacy leader in Québec and Ontario with a network of more than 1,600 stores.

We engaged with METRO on establishing science-based targets, reducing refrigerant emissions and improving the management of natural capital across its supply chain through land use, water conservation and waste management practices. We were very pleased with METRO’s progress in 2023, which included setting new near-term science-based targets, with new forest, land and agriculture commitments, as well as establishing supplier expectations for biodiversity. METRO has also responded to our assessment of refrigerant use and has spent the past year analyzing



the feasibility of expediting refrigerant conversions in existing renovation projects.

Loblaw Companies Limited

Loblaw Companies Limited is Canada’s largest food and pharmacy retailer, with more than 2,400 locations. We engaged with Loblaw on its net-zero commitment, scope 3 emissions, sustainable products, biodiversity, and on improving the sustainability of its supply chain through waste minimization. We are pleased to see Loblaw making considerable progress on reducing plastic packaging, having assessed more than 10,000 products in the past year, and maintaining this progress well in advance of anticipated global regulations, such as [UNEP Resolution 5/14](#). In addition, Loblaw increased food waste diversion by 12% in a single year and has committed to eliminate its food waste sent to landfills by 2030.

Targets: 7.a, 12.2, 12.5, 13.1, 14.1, 15.3, 15.5



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Social Equality

"Equality is at the heart of human rights. Emerging human rights due diligence regulation in Canada and around the globe can help reduce inequality through ensuring greater accountability throughout business value chains."

Sarah Morris Lang, MBA
Manager, Social Equality Initiatives
Responsible Investment

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SOCIAL EQUALITY

Our social equality approach

Systemic inequality limits equal access to services, opportunities and the benefits of economic value creation. As stewards of capital, we can combat this by promoting the adoption of business practices that respect human rights and enhanced benefit sharing with employees, communities, stakeholders, and rightsholders.

There is a great need for collaboration and innovation to mitigate existential threats to people posed by factors such as climate change and biodiversity loss. However, in 2023, escalating

geopolitical conflict, persistent inflation and the increasing cost of living added more layers of complexity to the task of tackling these challenges. Failure to meet fundamental human needs for safety, security and access to the basic social determinants of health diverts focus from equally important systemic issues like the climate transition. For this reason, good governance to effectively manage social risks is just as important as efforts to mitigate the effects of climate change. Further information on our approach is documented in our [Social Equality Approach](#). The social equality subthemes noted below serve as focus areas in our approach.



Human rights

Promoting respect for international human rights standards and the implementation of practices that respect international human rights in operations, products and services throughout the entire value chain



Indigenous rights

Encouraging respect for Indigenous rights through education on international standards, implementation of free prior and informed consent, ensuring equal access to opportunities, and equitable sharing of benefits from economic development



Just transition

Advocating for strategic collaboration with workers, communities and rightsholders to ensure that no one is left behind in the transition to a low-carbon economy



Wealth inequality

Ensuring fair wages and benefits, appropriate executive compensation, responsible tax practices and equitable access to products and services



Diversity, equity and inclusion

Promoting the inclusion of diverse perspectives and backgrounds across the workforce and at leadership levels to improve problem-solving and ensure more equitable opportunities and outcomes

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Advancing social equality

In 2023, many of our social equality-related stewardship and market education activities focused on promoting the adoption of the United Nations Guiding Principles on Business and Human Rights (UNGPs).

The UNGPs provide a systematic means by which companies can conduct effective human rights due diligence (HRDD) to help advance social equality and better manage specific risks related to forced and child labour, safety and security issues, systemic racism, discrimination, working conditions and labour force matters, climate change, biodiversity loss, and other adverse environmental and social impacts to people that may be linked to business activities. Through wide adoption of UNGPs-aligned business practices, we can generate greater holistic, long-term value to be more equally enjoyed by all stakeholders and rightsholders.

Collaborative initiatives

This past year, we were very active in the UN PRI’s Advance initiative to promote the adoption of the UNGPs, responsible political engagement and decent work. The first phase of this initiative focuses on mining and renewable energy, two sectors with a high risk of adverse human rights impacts at a time when exponential growth within both these sectors is needed to meet energy transition needs. As co-leads for three collaboration groups, we worked with other major Canadian, U.S. and European investors to set strategic direction and identify priority focus areas for engaging various mining companies. Active dialogues with these companies’ sustainability management and investor relations teams began in August 2023 and are ongoing for this multiyear engagement.



Market education

Our market education efforts over the past year focused mainly on two initiatives: first, providing investors and investee companies with guidance on respecting human rights and Indigenous rights and second, encouraging benefit-sharing mechanisms. For example, in a panel discussion with the First Nations Major Projects Coalition, we explored the importance of understanding treaty history in Canada, with the goal of mitigating risks related to Indigenous rights and the energy transition. In our Deep Dive research report [Respect and Protect: The State of Corporate Human Rights Due Diligence in Canada](#), we shared the results of our primary benchmarking research on the adoption of UNGPs-aligned HRDD practices by Canada’s largest public issuers across six sectors. This research provided us with a snapshot of corporate performance that informed our engagements with Canadian companies to promote further adoption of the UNGPs in light of evolving investor and regulatory expectations. We also published an article to help peers and market participants consider gender equity and inclusion in climate change adaptation and mitigation efforts, as well as an article about preventing food insecurity in Canada.



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Policy actions

In response to the Global Reporting Initiative’s call for input on its newly developed disclosure standard for the metals and mining sector, we provided our perspective on the need for disclosure of employment practices at the mine site level. We also recommended disclosure on how a mining company engaged stakeholders who would be impacted by a tailings dam breach, and how these views were integrated into the company’s monitoring and emergency response approaches. In addition, we provided feedback on the ISSB’s Statement of

Priorities, including the recommendation that any social-related baseline that the ISSB develops should use human rights as an umbrella approach to all ‘S’ issues rather than capture human rights as a separate ‘S’ category. We also submitted a survey response to the UN Working Group for Business and Human Rights’ call for input on Investors, ESG and Human Rights to help inform the group’s report on these issues, which will be presented at the 56th session of the UN’s Human Rights Council in June, 2024.

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SOCIAL EQUALITY SPOTLIGHT

Social license to operate proves critical to energy transition efforts

Encouraging mechanisms co-designed by communities and other stakeholders

As part of the UN PRI’s Advance initiative to promote adoption of the UNGPs, responsible political engagement and decent work, we have been engaging since late 2022 with producers of transition minerals to encourage best practices that support their continued social license to operate in regions around the world. Recent public mining backlash in Latin America, home to significant mineral reserves, highlights the importance of consent in being able to conduct business in this sector. Among other practices, we have been promoting effective stakeholder and rightsholder engagement on an ongoing basis, even after initial consent may have been granted. For example, we have encouraged the establishment of co-designed grievance mechanisms, an industry best practice for building and maintaining trust. Under this model, a company collaborates with communities, employees, rightsholders and other stakeholders to design the mechanism through which concerns related to the company’s operations can be filed. Effective grievance mechanisms enable early detection of problems that, if acted on in a timely manner, can prevent escalation, reducing adverse impacts on people and the planet—and subsequently reducing company risk. While these mechanisms can lead to more grievances being filed, informed investors typically view this as evidence that the process is working.

In December 2023, one of our companies in scope, a Canadian mining company, was ordered by a Latin American government to close one of its copper mines, which produced approximately 1.5% of the global copper supply and represented about half of the company’s annual revenues. This closure order followed a series of escalating protests across the country by local citizens opposed to the renegotiated terms of the company’s mining

contract. Public distrust lingered despite the company’s role as a major source of employment, its significant contribution to GDP in the region and its renegotiation of contract terms to address the public’s concerns. Protesters cited several concerns, including adverse environmental impacts and lack of respect for Indigenous land rights.

We had already been actively engaging with the company to encourage adoption of proactive UNGPs-aligned HRDD practices and to implement effective grievance processes, core investor expectations of all companies engaged under the UN PRI Advance umbrella. We spoke about the benefits of education on Indigenous rights for workforces and shared industry best practices on collaboration with local stakeholders and rightsholders to manage adverse impacts from mining, such as the co-development of environmental and social impact monitoring and management systems and examples of innovative tripartite partnerships between government, local Indigenous peoples and mining issuers in Canada.

Although it is unclear at the time of writing if the company can maintain its operations in the Latin American country, we will continue to engage with the company to promote adoption of the UNGPs, which we hope might help the company in its journey to regain a social license to operate in the region.



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SOCIAL EQUALITY

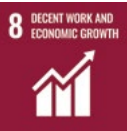
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Engaging with Canadian issuers on human rights and supply chain due diligence best practices

Last year, we had discussions with BRP Inc., Canadian Tire Corporation and Magna International Inc. to promote the adoption of best practices in preparation for Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act, as well as the implementation of stronger HRDD in other regions where these companies may be accountable.

In early 2023, we published [Respect and Protect: The State of Corporate Human Rights Due Diligence in Canada](#), in which we benchmarked Canadian companies across six sectors on their human rights due diligence (HRDD) practices. This research provided us with a good snapshot of where Canadian companies were in adopting and implementing best practices to prepare for mandatory reporting required by Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, enacted January 1, 2024. Overall, our assessment was that Canadian companies have made decent policy commitments to respect and uphold human rights within their operations and supply chains; however, implementation of best practices for effective supply chain due diligence could be improved. Over the course of the year, we did observe notable progress by some major Canadian companies that depend on manufacturing supply chains, which are at high risk for human rights abuses.



Targets: 8.7, 8.8
BRP INC.
Milestones: ★

CANADIAN TIRE CORPORATION
Milestones: ★

MAGNA INTERNATIONAL INC.
Milestones: ★

BRP Inc.

BRP, a company that manufactures recreational vehicles, undertook a process to comprehensively map its supply chain to better understand the most significant and salient human rights risks. This mapping exercise, known as a human rights impact assessment (HRIA), helps ensure that companies focus efforts and resources on the most serious human rights impacts associated with business activities.



Canadian Tire Corporation

Canadian Tire Corporation, like BRP, undertook a process to better understand the most predominant human rights risks throughout its complex supply chain. The company identified region-specific and thematic issues and proceeded to commit to conducting more enhanced human rights due diligence to manage these issues.



Magna International Inc.

Magna International Inc. is another company that has demonstrated enhanced practices to manage supply chain human rights risks. The company shared that it was actively collaborating with industry peers in Europe given its operations located in Germany and pursuing accountability to not only Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* but also Germany’s more comprehensive *Supply Chain Due Diligence Act*. In collaboration with industry peers in Europe, Magna is now leveraging artificial intelligence to better identify human rights risk hot spots throughout its supply chain.



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● Social

Engaging with Canadian issuers on human rights and supply chain due diligence best practices

In 2023, we met with three of Canada’s major grocery chains and other issuers from the consumer staples sector to discuss the implementation of HRDD practices. General retail manufacturing, agriculture and food manufacturing are high-risk industries for forced and child labour. Migrant workers, of which there are many in Canada, are at high risk for human rights infractions due to their lack of citizenship status. Loblaw Companies Limited and Empire Companies Limited both demonstrated considerable progress in taking steps to implement UNGPs-aligned HRDD practices to protect the rights of workers in their respective operations and supply chains.



Targets: 8.7, 8.8, 12.6
LOBLAW COMPANIES LIMITED (LOBLAWS)
Milestones: ★★



EMPIRE COMPANIES LTD. (SOBEYS)
Milestones: ★★

Loblaw Companies Limited (Loblaws)

BMO GAM has engaged with Loblaws on human rights due diligence since April, 2020. In 2022, the company undertook an independent HRIA. Last year, Loblaws posted the high-level findings of this assessment, outlined key thematic focus areas and committed to stronger due diligence and resourcing going forward.



Empire Companies Ltd. (Sobeys)

We also engaged with Sobeys on its HRDD practices, and in 2023 the company demonstrated some noteworthy movement on this front. In its 2023 sustainability report, Sobeys made a public commitment to implement an HRDD program in 2024. The program will include training supplier-facing teams on human rights, embedding ethical sourcing considerations into procurement practices, training supplier partners on compliance with human rights expectations, conducting an HRIA on its supply chain, and providing annual reporting on the progress of these initiatives.



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ESG Integration

"We view ESG data as being inextricably tied to long-term value. Our ESG integration approach involves the use of all relevant and material data, including ESG data, to make informed investment decisions in relevant mandates."

Gustavo Bernal Torres, CFA, MBA

Vice President, ESG Integration
Responsible Investment



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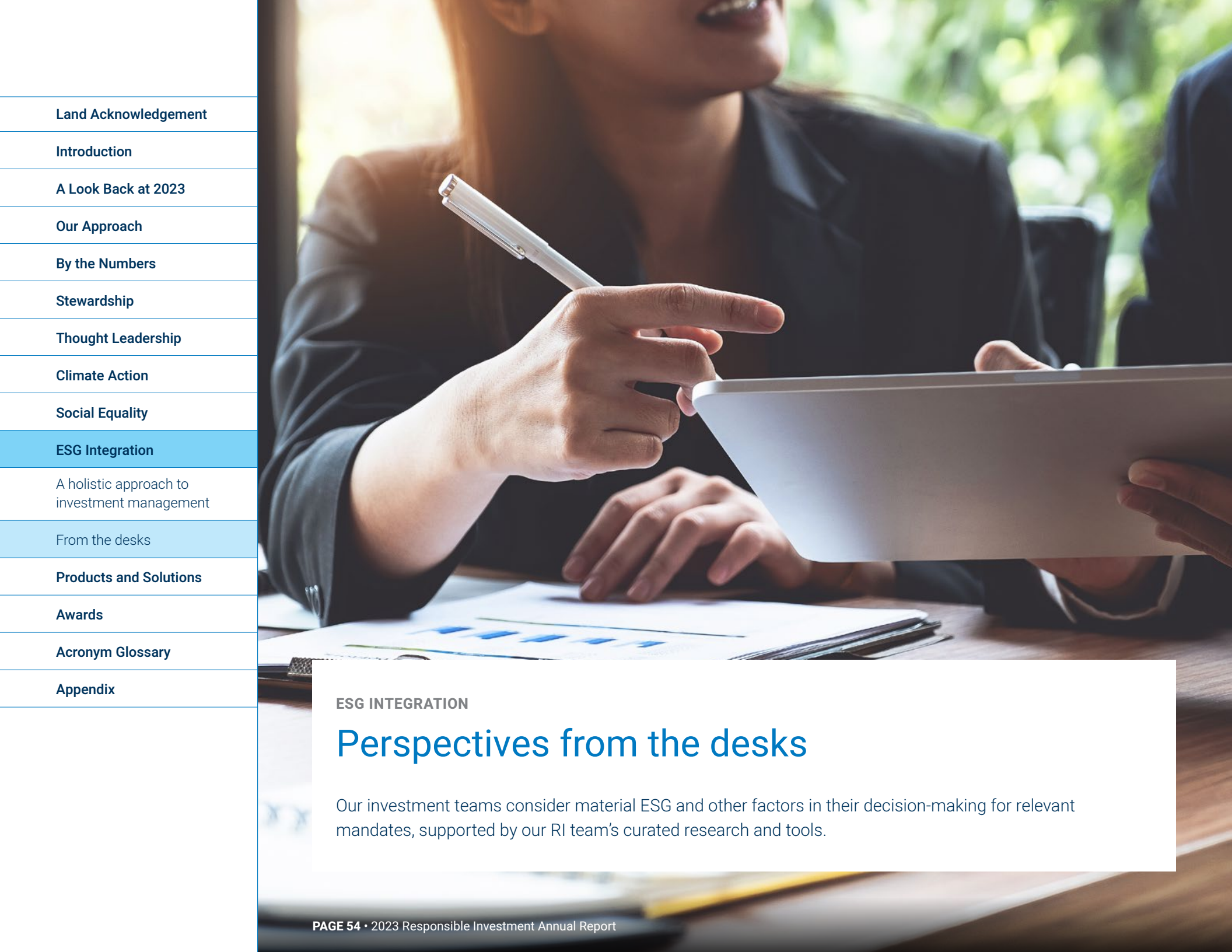
A holistic approach to investment management

These factors can have material implications for financial performance and investor returns. From the damaging effects of climate-related disasters to the benefits of innovation stemming from a diverse workforce, considering ESG factors can both mitigate risk and generate long-term opportunities.

In 2023, financial markets faced significant challenges due to tightening global monetary policies aimed at reducing inflation. This led to the exposure of vulnerabilities across sectors, particularly for business models that rely excessively on an environment of low interest rates. The aggressive rate cycle weighed especially heavily on thematic RI products that rely on emerging companies and industries, such as clean energy. However, large and established technology companies such as the “Magnificent Seven” (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla), which are often overweighted in best-in-class passive RI products, had a remarkable year. Many high-quality companies with stable earnings and strong balance sheets, often leaders in ESG metrics, also remained resilient, allowing several passive RI products to weather the year’s complex macroeconomic landscape well.

At BMO GAM, we believe consistency is crucial, mainly because we view ESG data as being inextricably tied to long-term value. Our ESG integration approach involves the use of all relevant and material data, including ESG data, to make informed investment decisions in relevant mandates. During 2023, our approach matured as we took it to the next level throughout BMO GAM by launching a new ESG dashboard, a proprietary dynamic materiality map and other custom ESG tools. Our new, more sophisticated suite of tools has allowed our investment teams to cut through the noise of thousands of ESG datapoints to find meaningful insights.





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ESG INTEGRATION

Perspectives from the desks

Our investment teams consider material ESG and other factors in their decision-making for relevant mandates, supported by our RI team’s curated research and tools.

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FROM THE DESKS

Active Fixed Income

“ESG risks are credit risks; if you overlook them, you are not fully assessing the creditworthiness of investments.”



Vishang Chawla, CFA, MFin
Portfolio Manager, Active Fixed Income

Investment framework

Fundamental framework



Sustainability framework



2023 ESG trend: On our radar

Importance of social issues

Given the complex macroeconomic landscape in 2023, social issues such as labour management and income inequality were top of mind for our fixed income team to better assess market expectations on inflation, credit risk and the timing of future changes in monetary policy decisions.

There were major labour strikes across industries in 2023, with employees demanding higher wages and better working conditions while central banks were simultaneously fighting higher inflation trends globally. The scope of the strikes, length of the strikes and the magnitude of the wage increases and other demands, as well as the potential consequences on production, presented varying levels of social and credit risk across industries. For example, our analysis of the United Auto Workers strike and its impact on the Detroit “Big Three” automakers (Ford, General Motors, Stellantis), using historical comparisons and trends, led us to conclude the following: 1) while the immediate impact to the business and credit spreads would be modest, over the long term, wage inequality would become an increasing concern; and 2) while negotiated wage increases would likely be offset by some job losses, the addition of agreed-upon benefits and talent programs would help mitigate social risks in the future.

Holdings

Buy: **Hydro One** 10-year and 30-year sustainability-linked bonds were purchased as new issues in 2023. Its inaugural issue was for a combined \$1.05 billion. The use of proceeds is planned to include clean energy and transportation, socioeconomic advancement of Indigenous peoples and access to essential services.

Sell: A **Canadian telecommunications company’s** bonds were sold in 2023. The issuer’s MSCI ESG rating has been at the BBB level since October 2020 and has not improved as anticipated. Its ESG rating lags peers primarily due to labour management issues, such as recent layoffs and employee accusations of retaliatory dismissal.

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Fundamental Equity

“When analyzing companies’ progress on diversity and inclusion, the types of roles matter. Our process goes beyond table stakes representation numbers to truly understand the power dynamics at play, specifically relating to senior and revenue-generating roles.”



Jennifer So, CPA, CA, CFA
Portfolio Manager, Fundamental Equity

Investment framework



Product-level frameworks

BMO Sustainable Opportunities Canadian Equity Fund Framework

Sustainability challenge

Revenue growth potential

Cost reduction potential

BMO Women in Leadership Fund Framework:

Senior Representation

Upward Mobility

Barriers to Advancement

Gender Pay Gap

2023 ESG trend: On our radar

Energy transition and Canadian opportunities

Over the past couple of years, net-zero commitments have rapidly shifted from aspiration to implementation. Many countries, including Canada, have enshrined their commitments into legislation and have provided regulatory guidance and incentives to companies in support of the energy transition. As companies work to reduce their climate risk exposure by investing in their own emissions reductions, asset managers are similarly working toward reducing the carbon footprint of their portfolio holdings in accordance with their clients’ investment guidelines.

The net-zero transition is creating several investment opportunities. This is primarily because creating a more sustainable energy system requires a diversified mix of energy sources, including “clean” baseload (hydro, nuclear), a phasing out of “dirty” baseload (coal, gas) and an increase in energy storage (e.g. batteries) to support intermittent wind and solar generation. Also important is the mix of established energy technologies and emerging technologies, such as hydrogen and even nuclear (e.g., small modular reactors), as well as the various critical minerals components.

Holdings

Cameco is one of the world’s largest producers of uranium. It also owns 49% of Westinghouse, a nuclear power services provider to approximately 50% of the global reactor fleet. Nuclear energy provides baseload power with no carbon emissions. As the global nuclear industry experiences a rebirth amid the global energy transition, the combination of Cameco’s uranium production and Westinghouse’s services create a full-service nuclear company that may benefit from increased investments in the sector over time.

Brookfield Asset Management has approximately US\$79 billion in AUM as of June 30, 2023, dedicated to renewable power and transition assets. Brookfield is also raising its second Global Transition Fund, which provides capital to help companies decarbonize.

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Quantitative Investments

“ESG continues to play a vital role in driving equity valuations. Having the RI team assist us with looking at ESG issues thoroughly and rigorously gives our portfolio managers more confidence when making investment decisions.”



Lu Lin, M.Fin, M.S.
Head of Quantitative Investments

The BMO Quantitative Investments team integrates third-party and proprietary ESG factors, alongside other factors, directly into most security selection models where the factors have demonstrated alpha opportunities.

2023 ESG trend: On our radar

Innovative Research

A central theme for the Quantitative Investments team in 2023 was innovative research. We have always integrated ESG

factors alongside other factors into our security selection model because our research indicates that companies with proactive investment in various stakeholders (e.g., customers, employees, suppliers and communities) often have higher ESG performance and deliver better risk-adjusted returns over the long term compared to those with less proactive stakeholder investment and lower ESG performance.

However, while the quality of ESG data has improved over time, it still has a lot of noise that requires delicate processing. As such, in 2023, our team developed new models focused on climate change alpha opportunities and designed a robust and efficient data transformation process that makes the environmental signal additive to our Canadian security selection model. As a result, we have implemented this proprietary environmental signal to automatically improve the attractiveness of Canadian environmental leaders and underweight environmental laggards in our process.

Holdings

Buy: **Dream Industrial REIT**, Canada’s largest landlord and property manager for logistic warehouses and distribution centres, was added to our portfolio after our Quantitative Investments team and the RI team performed a joint due diligence review.



Guiding Principle

The Quantitative Investments team believes that prudent management of environmental, social and governance (ESG) issues can have an important impact on the creation of long-term investor value.

Security selection model

- MSCI ESG rating
- MSCI's GMI accounting and governance factor

Portfolio construction

- Global exclusion list
- ESG rankings considered in trade reports and portfolio review process

Portfolio monitoring

- Portfolio ESG exposure
- ESG contributors/detractors and score changes

Engagement

- Proxy voting centralized through RI team
- Engagement executed jointly with RI team

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“We must think long-term and consider ESG factors alongside other factors for better risk management and alpha generation opportunities.”



Ariel Liang, CFA, M.S., LL.M.
Portfolio Manager, Quantitative Investments

Despite an attractive income and growth profile, the company had a poor third-party ESG rating due to limited green building certifications and the absence of a human capital development policy. We conducted a comprehensive assessment with the RI team involving on-site visits and in-depth management meetings. We observed that Dream Industrial actively pursued energy efficiency projects and green leases to reduce environmental impact and shared the same management team and human resources policies as its parent company,

Dream Unlimited Corp., which is rated much higher. Our joint efforts concluded that Dream Industrial is not an ESG laggard. Accordingly, we increased our allocation.

Sell: In the summer of 2023, we sold **a Canadian mining company**, a global copper producer with robust organic growth pipelines and free cash flow generation potential, and this decision was driven primarily by ESG factors. One of the company's mines based in Latin America accounted for over half of its net asset value, and the company needed approval from the nation's congress and president to renew its mining contract. However, public concerns about environmental impacts and lack of respect for Indigenous land rights, among other social factors, led to prolonged protests calling for the nationalization of this highly profitable mine. As a precaution, we exited our position before the battle over the legality of renewed terms for the mine eroded the company's stock price and total value. We will continue to monitor the stock's performance as the company continues to renegotiate in an effort to restore its social license to operate.

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Multi-Asset Solutions

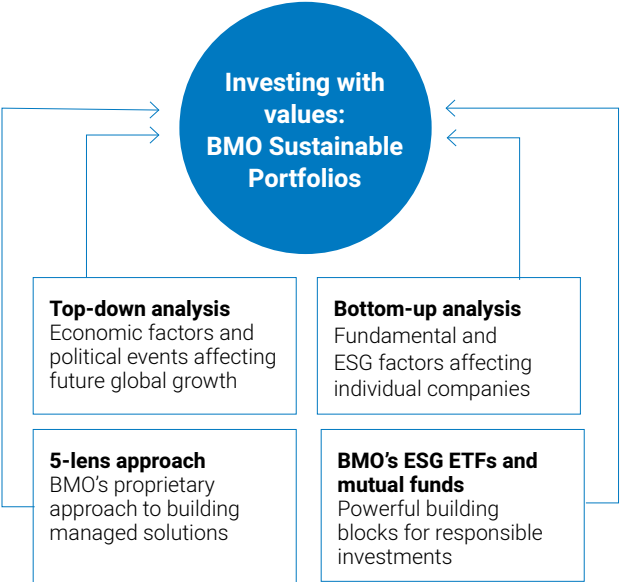
“With asset allocation being the primary driver of long-term performance, recognizing the impact of systemic environmental and social risks alongside other risks is crucial.”



Marchello Holditch, CFA, CAIA
Head of Multi-Asset Solutions

Investment Framework

The BMO Multi-Asset Solutions team (MAST) considers material ESG factors along with other relevant factors across its investment process. MAST analyzes a wide range of macroeconomic and geopolitical factors, including ESG mega trends, and identifies specific ESG factors that may affect individual companies held by these funds.



2023 ESG trend: On our radar

The ESG opportunities and risks of Artificial Intelligence

Artificial Intelligence (AI) was the buzzword of 2023, and our team placed a strong emphasis on understanding how this developing field affects our multi-asset solutions. Despite AI being in the early stages of discovery and experimentation, the expectation of its applications soon becoming part of regular business operations and end-user activities prompted a surge in tech holdings, driving impressive returns for the year. Potential benefits—and risks—are hard to quantify, but if AI is used with environmental and societal goals in mind, it could be truly transformative. The rapid rise of AI has caused concerns about the technology's environmental toll, as increased data processing entails higher energy consumption. However, we have also seen examples of how AI can create efficiencies that could help companies and industries meet a range of environmental goals. For example, AI is being used to create new models that better predict climate and weather patterns, and to improve the efficiency of transportation systems by finding optimal routes to deliver goods.

AI's societal benefits are also beginning to become clear. In health care, AI is assisting in advanced diagnostics and paving the way for personalized treatment plans. In developing countries, the technology is expected to raise productivity and shrink gaps in human capital. Ultimately, our view is that the possibility for AI to positively shape global industries is promising.

Holdings

For strategies and managed portfolios like the BMO Sustainable Portfolios, we have an innate bias toward quality companies that score well on ESG metrics. This means that the **BMO MSCI USA Leaders Index ETF (ESGY)** will always be an integral building block. Through ESGY, we have sizable allocations to the high-quality companies that are heavily invested in the AI revolution, which overlaps well with the “Magnificent Seven” (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla).

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Global Equity

“Providing polluting firms with the capital they need to improve their sustainability profile presents a significant investment opportunity and moves the needle forward.”



Massimo Bonansinga, MBA
Portfolio Manager, Global Equity

2023 ESG trend: On our radar

Enablers and adopters of cleaner technologies and solutions

Transitioning away from fossil fuels will require large capital investments for the next few decades, providing strong tailwinds for enablers and adopters of cleaner technologies and solutions. With key interim target dates like 2030 fast approaching, in 2023 our team observed how even small percentage improvements in emissions reduction from high emitters had a large environmental impact on the overall economy. Absolute carbon emissions are relatively higher for some sectors and companies. Drawing investment away from these sectors and companies, even as credible and reasonable plans to manage emissions are developed, can actually reduce their capability to decarbonize and innovate.

Our Global Equity team is well positioned to bank on these trends. In 2023, the team launched the **BMO Global Climate Transition Fund**, which aims to invest in companies that are at the forefront of developing and implementing innovative solutions to mitigate carbon emissions and are best placed to take advantage of the flow of public and private investments to build value for shareholders.

Holdings

Iberdrola is one of the largest electricity utility groups in the world, serving approximately 100 million people, mainly in Europe, Latin America and the U.S. With more than 60 gigawatts of generation capacity, and close to 80% of it being emission-free, the company is one of the world’s largest offshore wind developers and operators, and a pioneer in utility-scale hydrogen. With nearly 90% of its power generation in Europe coming from zero-emission sources, we believe its integrated strategy supports future growth estimates as a leader in the development and operation of renewable energy projects.

Equatorial Energia is one of the largest integrated electric utilities in Brazil, with steady expansion into the water and sewage segment since 2021. Equatorial is among the most efficient utilities in Brazil, with a strong track record involving extremely complex assets, as well as a robust balance sheet. We believe it is well positioned for future expansion in key industrial segments such as renewable energy generation assets, electrical grids and water and sewage operations.

Spotlight: Global Climate Transition Fund Investment Framework

This fund's objective is to increase the value of investments over the long term by investing primarily in equity securities of companies from around the world that may focus on the global low-carbon transition.

Low Carbon Enablers & Adopters

Invests in global companies that are enablers and/or adopters of a global transition to a low carbon economy

Multi Sector Opportunity

Targets companies across a range of sectors whose earnings growth may improve with increased investment and focus on global low carbon climate transition

Transitioning Companies

Investments may include carbon-intensive companies actively transitioning or enabling the transition to a lower-carbon future

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BMO Exchange-Traded Funds (ETFs)

“We aim to provide investors with the power of choice. We offer several ESG ETFs, across various asset classes, enabling investors to implement ESG into every segment of their portfolio.”



Matt Montemurro, CFA, MBA
Portfolio Manager, ETFs

2023 ESG trend: On our radar

Exposure to high-quality companies has strong potential to yield sustainable performance

During 2023, money market funds and short-term investment funds drew significant inflows as investors sought protection from a challenging market environment and expectations that central banks would maintain interest rates higher for longer. As these funds move from the sidelines, high quality companies with strong balance sheets and stable cash flows are often great alternatives for investors seeking higher risk-adjusted returns without taking outsized risks.

Our team often notes that it is no coincidence that these same high-quality companies often lead their peers in critical ESG categories and have high ESG ratings. Through our BMO ESG ETFs, we have built a platform offering investors a wide range of index-linked and actively managed ESG ETFs, not only to align their investment objectives with personal values, but also to gain exposure to high-quality companies that have strong potential to yield sustainable performance over the long term by properly managing their exposure to ESG risks.

BMO GAM also provides quarterly reporting, which includes the ETF’s ESG scores and relative performance directly on the respective [ETF product page](#). This further supports our commitment to transparency.



Fund highlight

BMO Balanced ESG ETF (ZESG)

This unique mandate uses ESG equity and sustainable bond indices to create a core balanced portfolio that minimizes exposure to controversial business practices while maintaining benchmark-like risk and return metrics. Explicit exclusions used by the selected index frameworks eliminate companies whose operations could imperil capital, and the weighting methodology ensures investors have broad sector and country exposures, similar to broad beta indices.

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BMO Exchange-Traded Funds (ETFs) (continued)

ESG considerations

BMO’s ESG Index ETFs employ a best-in-class approach benchmarked to indexes that select the top-rated companies in each sector, avoiding companies with controversial business practices that could pose short- and long-term ESG risks.

In choosing an ESG index provider, we take an in-depth approach to ensure that the index methodology focuses on the following:

- 1 Identifies the most relevant ESG risks by sector
- 2 Considers forward-looking sector materiality data, e.g. emerging ESG risks
- 3 Incorporates unique alternative data sources beyond company-disclosed data

The ESG considerations that are integrated during index construction are dependent on the asset class.

For BMO’s ESG ETFs that are based on MSCI ESG Leaders Indices

Sector representation	<ul style="list-style-type: none"> Isolates companies with the highest ESG scores to capture 50% market capitalization per GICs sector and sub-region (to avoid sectoral and regional biases), relative to the parent index
Minimum ESG rating	<ul style="list-style-type: none"> Minimum ESG rating BB
Minimum controversy score	<ul style="list-style-type: none"> Excludes companies involved in very severe controversies
Weighting scheme	<ul style="list-style-type: none"> Market cap weighted Rebalanced quarterly with ongoing event-related maintenance
Exclusions	<ul style="list-style-type: none"> The following activities will use the “Least Restrictive” (as defined in the MSCI ESG Research framework) screen: Alcohol, Gambling, Nuclear Power and Conventional Weapons. The following activities will use the “Moderately Restrictive” (as defined in the MSCI ESG Research framework) screen: Civilian Firearms, Tobacco. Nuclear Weapons will use the “Highly Restrictive” (as defined in the ESG framework) screen. Controversial Weapons will use the “Most Restrictive” (as defined in the MSCI ESG Research framework) screen. Companies involved in the mining of thermal coal, unconventional oil extraction and thermal coal-based power generation are also excluded.

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For BMO's ESG ETFs that are based on Fixed Income Indices

Sector representation	<ul style="list-style-type: none"> Methodology provides sector neutrality, capturing 50% of the market capitalization of each sector
Minimum ESG rating	<ul style="list-style-type: none"> Minimum ESG rating BBB
Minimum controversy score	<ul style="list-style-type: none"> Excludes companies involved in severe controversies
Weighting scheme	<ul style="list-style-type: none"> Market value weighted Rebalanced monthly
Exclusions	<ul style="list-style-type: none"> Excludes companies deriving a significant share of their revenues from: <ul style="list-style-type: none"> Alcohol Gambling Tobacco Controversial Weapons Conventional Weapons Nuclear Weapons Civilian Firearms GMOs Adult Entertainment Nuclear Power Companies involved in the mining of thermal coal, unconventional oil extraction and thermal coal-based power generation are also excluded.

Stewardship

Stewardship is a cornerstone of our responsible investment approach at BMO GAM. While the BMO ESG Index ETFs are passively managed, the ETF team regularly collaborates with the RI team on company engagements and proxy voting.



To learn more about BMO's ESG ETFs, visit [ETF Market Insights](#).



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PRODUCTS AND SOLUTIONS

Turning our depth of ESG expertise into real solutions

We believe investors need access to products and solutions that provide them with the returns they seek while also considering and mitigating long-term material ESG risks. On the next page, we have provided an overview of our responsible investment branded products and solutions.

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Responsible Investment Branded Products and Solutions	
Passive	Index
BMO MSCI ACWI Paris Aligned Climate Equity Index ETF (ZGRN) ¹³	MSCI ACWI Climate Paris Aligned Equity Index
BMO MSCI Canada ESG Leaders Index ETF (ESGA) ¹³	MSCI Canada ESG Leaders Index
BMO MSCI China ESG Leaders Index ETF (ZCH) ¹³	MSCI China ESG Leaders Index
BMO MSCI EAFE ESG Leaders Index ETF (ESGE) ¹³	MSCI EAFE ESG Leaders Index
BMO MSCI Global ESG Leaders Index ETF (ESGG) ¹³	MSCI World ESG Leaders Index
BMO MSCI India ESG Leaders Index ETF (ZID) ¹³	MSCI India ESG Leaders Index
BMO MSCI USA ESG Leaders Index ETF (ESGY/ESGY.F) ¹³	MSCI USA ESG Leaders Index
BMO ESG Corporate Bond Index ETF (ESGB)	Bloomberg ¹⁵ MSCI Canada Corporate Sustainability SRI Index
BMO ESG High Yield US Corporate Bond Index ETF (ESGH/ESGH.F)	Bloomberg ¹⁵ MSCI US High Yield Liquid Corporate Sustainability SRI Index
BMO ESG US Corporate Bond Hedged to CAD Index ETF (ESGF)	Bloomberg ¹⁵ MSCI US Corporate Sustainability SRI Index
BMO Clean Energy Index ETF (ZCLN) / BMO Clean Energy ETF Fund	S&P Global Clean Energy Index
Active	Description
BMO AM Responsible Global Equity ESG Fund (Institutional use only)	ESG-focused global equity pooled fund
BMO Sustainable Opportunities Canadian Equity Fund	ESG-focused Canadian equity fund
BMO Sustainable Opportunities China Equity Fund	ESG-focused Chinese equity fund
BMO Sustainable Opportunities Global Equity Fund	Sustainable global equity fund that excludes fossil fuel-related businesses
BMO Sustainable Bond Fund	ESG-focused Canadian fixed income fund
BMO Sustainable Global Multi-Sector Bond Fund (ETF Series: ZMSB)	Global multi-sector fixed income fund with a responsible investment approach
BMO Brookfield Global Renewables Infrastructure Fund (ETF Series: GRNI)	Global infrastructure equity fund that invests in companies that develop, own and operate renewable energy assets
BMO Global Climate Transition Fund	Global equity fund that invests in companies involved in the low-carbon transition
BMO Women in Leadership Fund (ETF Series: WOMN)	North American equity fund that invests in companies that promote a gender diverse leadership environment
BMO Balanced ESG ETF (ZESG)	Balanced asset allocation ETF of ESG index-based ETFs
BMO Sustainable Global Balanced Fund	Global balanced ESG-focused fund
BMO Sustainable Income Portfolio	ESG-focused strategic asset allocation fund of funds
BMO Sustainable Conservative Portfolio	ESG-focused strategic asset allocation fund of funds
BMO Sustainable Balanced Portfolio	ESG-focused strategic asset allocation fund of funds
BMO Sustainable Growth Portfolio	ESG-focused strategic asset allocation fund of funds
BMO Sustainable Equity Growth Portfolio	ESG-focused strategic asset allocation fund of funds

As of December 31, 2023

¹⁴ The ETF referred to herein is not sponsored, endorsed, or promoted by MSCI and MSCI bears no liability with respect to the ETF or any index on which such ETF is based. The ETF's prospectus contains a more detailed description of the limited relationship MSCI has with the Manager and any related ETF.

¹⁵ "BLOOMBERG®" and the Bloomberg Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the Index (collectively, "Bloomberg") and have been licensed for use for certain purposes by BMO Asset Management Inc. (the "Licensee"). Bloomberg is not affiliated with the Licensee, and Bloomberg does not approve, endorse, review, or recommend the ETF. Bloomberg does not guarantee the timeliness, accuracy, or completeness of any data or information relating to the ETF.

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AWARDS

Recognition

BMO GAM was proud to be the recipient of multiple awards in 2023 that applauded our innovative approach to responsible investment.

Institutional Connect’s 2023 Climate Change Partner Award

This award recognized our responsible investment team’s innovation and progress in our approach to addressing climate change in the firm’s investment management process, stewardship strategy and through market education initiatives and product development.

Read more about the award criteria and methodology [here](#).

Industry Recognition from Fundata

- Received **2023 FundGrade A+® Awards** from Fundata for the BMO MSCI Global ESG Leaders Index ETF (ESGG) and the BMO Sustainable Global Multi-Sector Bond Fund (read more about the awards [here](#))



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Acronym glossary

AI: Artificial Intelligence	IIGCC: Institutional Investor Group on Climate Change
AGM: Annual General Meeting	IRA: Inflation Reduction Act
AUM: Assets under management	ISSB: International Sustainability Standards Board
BMO GAM: BMO Global Asset Management	MAST: BMO Multi-Asset Solutions Team
CAPSA: Canadian Association of Pension Supervisory Authorities	N/A: Not Applicable
CCGG: Canadian Coalition for Good Governance	NGO: Non-Governmental Organization
CDP: formerly the Carbon Disclosure Project	NZAM: Net Zero Asset Managers Initiative
CEC: Climate Engagement Canada	NZEI: Net Zero Engagement Initiative
CII: Council of Institutional Investors	OSFI: Office of the Superintendent of Financial Institutions
CSRD: Corporate Sustainability Reporting Directive	reo®: Responsible Engagement Overlay, a third-party pooled engagement service provider
CSSB: Canadian Sustainability Standards Board	RI: Responsible Investment
DE&I: Diversity, Equity and Inclusion	RIA: Responsible Investment Association
ESG: Environmental, Social and Governance	RNG: Renewable natural gas
ETFs: Exchange-Traded Funds	SDGs: Sustainable Development Goals
EU: European Union	SEC: U.S. Securities and Exchange Commission
FAIRR: Farm Animal Investment Risk and Return	TCFD: Task Force on Climate-related Financial Disclosures
FPIC: Free, prior and informed consent	TNFD: Task Force on Nature-related Financial Disclosures
GHG: Greenhouse gases	UN: United Nations
GMO: Genetically modified organism	UNDRIP: UN Declaration on the Rights of Indigenous Peoples
HRDD: Human Rights Due Diligence	UNGPs: UN Guiding Principles for Business and Human Rights
HRIA: Human Rights Impact Assessment	UN PRI: UN Principles for Responsible Investment
IAHR: International Association for Human Rights	VWFI: Valuing Water Finance Initiative
ICCR: Interfaith Center on Corporate Responsibility	WDI: Workforce Disclosure Initiative

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Percentage of engagement topics on SDGs¹³

	1. NO POVERTY	
	1.4 Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources	0.0%
	2. ZERO HUNGER	
	2.1 End hunger and ensure access to safe, nutritious and sufficient food all year round	0.4%
	2.2 End all forms of malnutrition	0.2%
	2.4 Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, maintain ecosystems and strengthen capacity for adaptation to climate change	0.0%
	3. GOOD HEALTH AND WELL-BEING	
	3.3 End epidemics of AIDS, tuberculosis, malaria and other diseases, and combat hepatitis and other communicable diseases	0.2%
	3.4 Reduce by one third premature mortality from non-communicable diseases	0.2%
	3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol	0.1%
	3.8 Access to medicines and health-care	1.8%
	3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	0.1%
	5. GENDER EQUALITY	
	5.1 End all forms of discrimination against women and girls	15.6%
	5.5 Ensure full equality of opportunity for women, including at leadership levels	4.8%
	6. CLEAN WATER AND SANITATION	
	6.1 Achieve universal and equitable access to safe and affordable drinking water for all	0.0%
	6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials	0.4%
	6.4 Substantially increase water-use efficiency across all sectors	0.2%
	6.5 Implement integrated water resources management at all levels	0.1%
	6.6 Protect and restore water-related ecosystems	0.1%
	7. AFFORDABLE AND CLEAN ENERGY	
	7.1 Ensure universal access to affordable, reliable and modern energy services	0.0%
	7.2 Substantially increase the global share of renewable energy	0.1%
	7.3 Double the global rate of improvement in energy efficiency	0.7%
	7.a Enhance international cooperation to facilitate access to clean energy research and technology, promote investment in energy infrastructure and clean energy technology	4.8%

¹³ Source: BMO Global Asset Management, as at December 31, 2023

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8. DECENT WORK AND ECONOMIC GROWTH		
8.1	Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries	0.0%
8.2	Achieve greater productivity through innovation	0.5%
8.3	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation	0.1%
8.4	Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation	0.0%
8.5	Achieve full and productive employment for all	2.3%
8.6	Substantially reduce the proportion of youth not in employment, education or training	0.0%
8.7	Eradicate forced labour, modern slavery and human trafficking	6.4%
8.8	Protect and promote safe working environments for all workers	1.7%
9. INDUSTRY, INNOVATION AND INFRASTRUCTURE		
9.1	Develop quality, reliable, sustainable and resilient infrastructure	0.4%
9.4	Sustainable infrastructure and industries, with increased resource-use efficiency and adaptation of clean technologies	0.8%
9.c	Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020	0.0%
10. REDUCED INEQUALITIES		
10.1	Progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average	0.0%
10.2	Empower and promote the social, economic and political inclusion of all	0.6%
10.3	Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard	5.1%
10.4	Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	0.1%
10.7	Facilitate orderly, safe, regular and responsible migration and mobility of people	0.2%
10.a	Implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with World Trade Organization agreements	0.1%
11. SUSTAINABLE CITIES AND COMMUNITIES		
11.1	Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	0.1%
11.2	Provide access to safe, affordable, accessible and sustainable transport systems for all	0.0%
11.4	Strengthen efforts to protect and safeguard the world's cultural and natural heritage	0.1%
11.5	Significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters	0.1%
11.6	Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	0.1%

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	12. RESPONSIBLE CONSUMPTION AND PRODUCTION	
12.2	Sustainably manage and make efficient use of natural resources	4.0%
12.4	Manage chemical usage and waste throughout their life cycle	0.7%
12.5	Reduce waste through prevention, reduction, recycling and reuse	1.6%
12.6	Encourage companies to adopt sustainable practices and enhance ESG reporting	8.7%
12.7	Promote public procurement practices that are sustainable, in accordance with national policies and priorities	0.1%
	13. CLIMATE ACTION	
13.1	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	1.9%
13.2	Integrate climate change plans into policies and strategies	14.0%
13.3	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	0.0%
13.a	Address climate change mitigation for developing countries	1.1%
	14. LIFE BELOW WATER	
14.1	Prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution	1.0%
14.2	Sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts	0.1%
14.4	Effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices	0.1%
	15. LIFE ON LAND	
15.1	Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services	0.4%
15.2	Promote the implementation of sustainable management of forests	0.9%
15.3	Combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradationneutral world	3.1%
15.5	Take urgent and significant action to reduce the degradation of natural habitats	4.3%
	16. PEACE, JUSTICE AND STRONG INSTITUTIONS	
16.3	Promote the rule of law at the national and international levels and ensure equal access to justice for all	1.9%
16.5	Substantially reduce corruption and bribery in all their forms	0.2%
16.6	Develop effective, accountable and transparent institutions at all levels	1.1%
16.7	Ensure responsive, inclusive, participatory and representative decision-making at all levels	1.9%
16.10	Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements	0.1%
16.b	Promote and enforce non-discriminatory laws and policies for sustainable development	0.2%
	NO SDGS	4.4%

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