

**Module: Introduction****Page: Introduction**

---

0.1**Introduction**

Please give a general description and introduction to your organization

Established in 1817 as Bank of Montreal, BMO Financial Group (TSX, NYSE: BMO) is a highly diversified financial services organization. With total assets of \$412 billion (CAD\$) as of October 31, 2010, and 38,000 employees, BMO provides a broad range of retail banking, wealth management and investment banking products and solutions. We serve Canadian clients through BMO Bank of Montreal®, our personal and commercial banking business, BMO Nesbitt Burns®, one of Canada's leading wealth management firms, and BMO Capital Markets™, our North American investment and corporate banking division. In the United States, clients are served through Harris, a major U.S. Midwest financial services organization with a network of community banks in the Chicago area and wealth management offices across the United States, as well as BMO Capital Markets™, our North American investment and corporate banking division. We help our customers "make money make sense" by delivering the broadest range of financial services through a single point of contact. Our financial service professionals provide access to any services our customers require across the entire enterprise. BMO has three operating groups: Personal and Commercial Banking (retail), BMO Capital Markets (institutional) and Private Client Group (wealth).

For [Cautionary Statement Regarding Forward-Looking Information](#), please see attachment entitled "[CDP - FLI statement.pdf](#)".

---

0.2**Reporting Year**

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

**Enter Periods that will be disclosed**

Sun 01 Nov 2009 - Mon 01 Nov 2010

---

0.3

**Country list configuration**

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response

Select country
Australia
Barbados
Canada
China
France
Hong Kong
Ireland
Mexico
Switzerland
United Kingdom
United States of America

---

0.4

**Currency selection**

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

CAD (\$)

---

0.5

**Please select if you wish to complete a shorter information request**

---

0.6

**Modules**

As part of the Investor CDP information request, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors and companies in the oil and gas industry should complete supplementary questions in addition to the main questionnaire.

If you are in these sectors (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will be marked as default options to your information request. If you want to query your classification, please email [respond@cdproject.net](mailto:respond@cdproject.net).

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see <https://www.cdproject.net/en-US/Programmes/Pages/More-questionnaires.aspx>.

---

**Further Information**

Note - the dates noted in our answer to 0.2 above should actually be November 1, 2009 - October 31, 2010. These dates align with our fiscal 2010 year period. The system would not allow us to save the dates and on the advice of CDP personnel, we recorded it as November 1, 2009 - November 1, 2010.

---

**Attachments**

<https://www.cdproject.net/Sites/2011/17/1417/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/Introduction/CDP - FLI statement.pdf>

**Module: Management [Investor]**

**Page: 1. Governance**

---

1.1

**Where is the highest level of direct responsibility for climate change within your company?**

Individual/Sub-set of the Board or other committee appointed by the Board

---

1.1a

**Please identify the position of the individual or name of the committee with this responsibility**

The Sustainability Council, comprised of executives representing each of the business areas (e.g. Retail, Wealth, and Capital Markets) and Corporate areas (e.g. Strategic Management, Legal, Human Resources, Marketing, etc.), provides oversight and guidance in the execution of our environmental strategy, the primary driver of which is climate change. The Chair of the Sustainability Council is a member of the bank's Management Committee (comprised of the CEO's direct reports) and provides linkage to senior leadership on the progress and direction of the work. The Sustainability Council meets quarterly, but on a day to day basis, the direct impacts of climate change (i.e. our own operations) are managed within the Environmental Sustainability group, while the indirect impacts (e.g. the impact our business activities may have) are managed within the Corporate Responsibility & Sustainability group. Both groups are represented as members of the Sustainability Council. Any issues requiring escalation are brought to the Management Committee. Further escalation to the Board is at the discretion of the CEO and depends on materiality.

---

1.2

**Do you provide incentives for the management of climate change issues, including the attainment of targets?**

Yes

---

1.2a

**Please complete the table**

<b>Who is entitled to benefit from these incentives?</b>	<b>The type of incentives</b>	<b>Incentivised performance indicator</b>
Environment/sustainability managers	Monetary reward	Carbon neutrality goal includes a 5% reduction in overall emissions from 2007 baseline. Collaborate with business areas to identify ways to achieve this goal.
Business unit managers	Monetary reward	Corporate real estate group internalized the 5% reduction challenges and how well this target is achieved is factored into their performance review and incentive payout.
Corporate executive team	Monetary reward	Reduction in expenses related to employee travel (commercial air) which also results in a

<b>Who is entitled to benefit from these incentives?</b>	<b>The type of incentives</b>	<b>Incentivised performance indicator</b>
		reduction in GHG emissions.
Facility managers	Monetary reward	Contractual agreement with 3rd party facilities provider for retail branches in Canada includes an incentive relative to energy efficiencies/resultant GHG reductions annually.

## **Page: 2. Strategy**

### **2.1**

**Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities**

Integrated into multi-disciplinary company wide risk management processes

### **2.1a**

**Please provide further details (see guidance)**

At the company level, the Corporate Responsibility and Sustainability group is responsible for identifying risks related to the effects of climate change. These risks are monitored as part of the regular sustainability issues monitoring that takes place on an ongoing basis. This is done by monitoring regulatory developments and their likelihood of occurrence through the review of literature (policy, legal opinion, research); participating in industry groups &/or conferences discussing the impacts of climate change; engaging stakeholders to further understand their perspective on the business impacts of climate change and benchmarking ourselves against best practice organizations to get a sense of what actions they are taking in this regard. The information gathered is then distilled to determine the impact to our business and in collaboration with the potentially affected areas, a determination of materiality (against other issues and priorities) is made. To the extent that the identified risks are deemed material, a mitigation plan is put in place. Regardless of materiality, reporting on climate change issues is provided to the bank's Sustainability Council at the quarterly meetings.

At an asset level, risks associated with climate change fall within the category of credit and counterparty risk. BMO's credit risk management begins with our professional lending and credit risk officers, who operate in a dual control structure to authorize lending transactions. When evaluating clients, we consider all risks in an integrated fashion, as applicable; however, specific guidelines related to climate change are applied to transactions with clients operating in emissions-intensive industry sectors. We seek to understand the borrower's climate change adaptation and mitigation strategies. We assess: (a) whether the borrower monitors and reports its greenhouse gas emissions, as well as the extent and quality of such monitoring and reporting; (b) the extent of the borrower's overall greenhouse gas emissions; (c) whether the borrower has a carbon mitigation plan, how it is being implemented and whether its Board of Directors was involved in its development; and (d) the borrower's preparedness to deal with forthcoming regulatory requirements regarding greenhouse gas emissions.

The output of our client evaluation/process is our credit risk profile which forms part of our overall risk reporting and quarterly disclosure directed at key stakeholders

including the Board, Regulators, and the Investor Community.

---

## 2.2

### **Is climate change integrated into your business strategy?**

Yes

---

#### 2.2a

##### **Please describe the process and outcomes (see guidance)**

While BMO Financial Group (Bank of Montreal) does not operate in an emissions-intensive industry, we have nonetheless developed a clear understanding of our direct impact on climate change and are actively managing it. From a communications perspective, we note in our most recent Annual Report to shareholders, "**Our Guiding Principle** - We aim to maximize shareholder return and balance our commitments to financial performance, our customers, our employees, the environment and the communities where we live and work."

Our strategic vision is "To be the bank that defines great customer experience" and our organization competes in a changing world. It's changing because people are reassessing their ideas of value. They want the freedom to do their banking everywhere and they expect a higher standard of social responsibility from companies than ever before. Our message in this regard is consistently communicated both internally and externally through a variety of medium. Internally, we use regular communication from our CEO via intranet and targeted email communications, and business groups are measured based on performance targets. Externally, we disclose information about our strategic direction and ongoing results by way of regular press releases, our external website, and annually in Annual Reports and Corporate Responsibility Reports.

Climate change aspects influencing our strategy includes both the rising costs of fuels for our own use and those borne by participants in our supply chain which may be passed on to us in the form of higher prices for their goods and services. We also see the opportunity to differentiate our organization, potentially resulting in additional brand recognition/profitability, by offering new products/business services relating to climate change. BMO has been very active in supporting our clients' development of renewable energy - raising over \$4.5 billion for wind, hydro-electric and biomass projects since 2001. We also recently introduced a new ECO Smart Mortgage product (focused on energy efficiency) to benefit our retail customers.

The most important component of our short term strategy that has been influenced by climate change relates to our focus on carbon emissions reduction activities concerning own operations. We believe it is important to "walk the talk" and as such have been extremely focused on reducing our operational footprint as a starting point. Emissions from the buildings that we occupy represent 90% of our footprint, with the balance attributed to business travel by employees. As the organization is currently targeting growth by acquisition, controlling operating costs is a critical element of this strategy. Energy consumption, the associated costs and reduced emissions are all key factors, particularly as we expect that energy costs will continue to increase and fossil fuel based resource availability comes under pressure.

Operationally we continue to focus on improving our practices. From a standards perspective, we have developed, documented and are now executing and governing retail and office build-outs to meet aggressive performance specifications. The revised office standards, which now include branding, functionality and

sustainability elements have been communicated across the various business groups and are used to guide floor refresh activities.

The most important components of our long term strategy, influenced by climate change build on our short term goals. We intend to remain extremely focused on the rising energy costs resulting from the diminishing supply of fossil fuel based resources while at the same time continuing to look for opportunities, from both our own and our customers' perspective, in the area of alternative/ renewable energy sources. We will also be monitoring the changes to the regulatory environment which may provide additional opportunities to enter new markets from a trading perspective.

Our 2010 financial results confirm that we are on the right path. BMO is well positioned with a clear strategy, and a brand promise common to every business. As we reach important milestones our aspirations remain ambitious. From a governance perspective, it is not a coincidence that Canadian banks are recognized for their quality, and we are proud that BMO ranks among the top companies in Canada for governance. Our internal focus on the reduction of operating costs relating to energy consumption has contributed to not only the bottom line but also to BMO's reputation as an organization that considers climate change important. We also succeeded in meeting two significant milestones in 2010, the achievement of our Carbon Neutrality goal, enterprise-wide, as well as an absolute reduction in emissions of almost 8%, versus our target of 5% over 2007 baseline levels.

Probably the most substantial business decision made during the reporting year is the pending acquisition of Marshall & Ilsley (M&I) Bank in the United States. Although this acquisition will influence the climate change driven aspects of our strategy, such as managing expenses, we see this as a significant opportunity to grow our revenue base. In August 2010, BMO also announced that it had achieved its stated goal of being carbon neutral, relative to the emissions resulting from energy (buildings) and transportation for business purposes. The acquisition of M&I Bank will not jeopardize this commitment, and while it may result in an increase in our absolute carbon emissions, we see significant opportunities for further efficiencies. And, with an expanded customer base across a more diverse geographic area, we also expect to benefit from longer term opportunities as they relate to new product offers, again supporting our climate change strategy.

---

## 2.2b

Please explain why not

---

## 2.3

**Do you engage with policy makers to encourage further action on mitigation and/or adaptation?**

Yes

---

## 2.3a

**Please explain (i) the engagement process and (ii) actions you are advocating**

## ISO 50001 Framework Development

Later this year, ISO will publish a new global standard for energy management. ISO 50001 will establish a framework for industrial plants, LEED green buildings of all types, commercial facilities and utilities to manage energy. Its aim is to help organizations improve their energy performance, increase energy efficiency and reduce the environmental impacts of energy-related consumption.

BMO personnel participate on the Canadian Standards Association (CSA) Technical Committee responsible for developing energy management standards. The standards are applicable to organizations of any size and are intended to enable organizations to improve energy performance, reduce greenhouse gas emissions and lower energy costs. Bank of Montreal supports this effort because, as an organization, we acknowledge that this initiative leads to greater environmental standardization and provides a larger value add to the environmental sustainability and energy management sector as a whole.

## Page: 3. Targets and Initiatives

### 3.1

**Did you have an emissions reduction target that was active (ongoing or reached completion) in the reporting year?**

Absolute target

#### 3.1a

**Please provide details of your absolute target**

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
20101	Scope 1+2+3	100%	5%	2007	169606	2010	Achieved.
20102	Other: Carbon Neutral in 2010	100%	100%	2007	169606	2010	Achieved.

#### 3.1b

**Please provide details of your intensity target**

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
----	-------	-------------------------	----------------------------	--------	-----------	------------------------------------------	-------------	---------

**3.1c**

Please also indicate what change in absolute emissions this intensity target reflects

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comments
----	---------------------------------------------------------------------------------------	------------------------------------------------------	-------------------------------------------------------------------------------------	----------------------------------------------------	----------

**3.1d**

**Please provide details on your progress against this target made in the reporting year**

ID	% complete (time)	% complete (emissions)	Comment
20101	100%	100%	Target exceeded. Absolute emissions reduction of 7.9% recorded vs. base year.
20102	100%	100%	In August 2010 BMO publicly announced that it had achieved its Carbon Neutrality goal. This goal was originally announced in September 2008. BMO achieved Carbon Neutrality through a combination of consumption reduction activities, the purchase of renewable electricity (Renewable Energy Certificates) and closed the remaining gap via the purchase of high quality voluntary carbon offset credits.

**3.1e**

**Please explain (i) why not; and (ii) forecast how your emissions will change over the next five years**

**3.2**

**Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?**

Yes

---

**3.2a**

**Please provide details (see guidance)**

BMO Financial Group offers electronic banking services which allow customers to consume fewer resources and reduce their carbon footprints. These services allow customers to complete banking transactions online, transfer funds electronically, view/pay bills and opt out of receiving paper statements (e.g. view statement details electronically). Our online services provide customers with electronic alternatives, thereby avoiding travel to BMO branch locations, facilitating reductions in their carbon footprint. While quantifying customers' carbon emissions savings relative to travel avoided is difficult, we can estimate the impacts of paperless account statements. For those customers currently opting to view their account information electronically, we estimate the annual emissions reductions to be about 5 tonnes CO<sub>2</sub>e per year, versus the baseline established as fiscal 2008. Calculations have been completed using the Environmental Paper Network's online Paper Calculator v3.0, using the weight and delivery frequency of those paper statements avoided. The calculator has built into it the relative emissions factors and global warming potentials.

---

**3.3**

**Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and/or implementation phases)**

Yes

---

**3.3a**

**Please provide details in the table below**

Activity type	Description of activity	Annual monetary savings (unit currency)	Investment required (unit currency)	Payback period
Process emissions	This initiative is part of a larger lighting program exercise and focused on retrofitting an existing	1717	10171	>3 years

Activity type	Description of activity	Annual monetary savings (unit currency)	Investment required (unit currency)	Payback period
reductions	lighting system (T12 fluorescent fixtures and lamps) with new T8 electronic ballasts and 30W T-8 lamps for specific floors at a major office location in Toronto, Canada. The existing T12 based fixtures were replaced with T8 technology. The new lighting technology is more efficient and provides both cost savings and emissions reductions. This voluntary (completed) initiative results in reduced Scope 2 (electricity) emissions and associated energy savings. The savings will continue to accrue over the useful life of the upgraded fixtures/bulbs.			
Energy efficiency: processes	As part of a larger energy based infrastructure review, this initiative targeted the upgrade of existing air compressor equipment at a processing centre located in Toronto, Canada. The compressors (2) control air to all building fan systems. This voluntary (completed) initiative results in reduced Scope 2 (electricity) emissions and associated savings. The savings are expected to accrue over the useful life of the equipment, expected to be in excess of 15 years.	9457	6235	<1 year
Energy efficiency: processes	As part of an overall energy based infrastructure equipment review at an office tower location in Toronto, Canada, BMO upgraded the existing Cooling Tower and installed more efficient variable speed drive motors, replacing existing drive motors. In addition, the project also integrated these upgrades with the existing building automation system, to further improve energy efficiency. This voluntary (completed) initiative results in reduced Scope 2 (electricity) emissions and associated savings. The savings are expected to accrue over the useful life of the equipment, expected to be in excess of 10 years.	4171	44450	>3 years
Energy efficiency: building fabric	As part of a review for building envelope opportunities at a 500,000 s.f. office tower in Toronto, Canada, we have upgraded windows on a number of floors to provide for better thermal efficiency. This voluntary (completed) initiative results in reduced Scope 1 (natural gas - heating) and Scope 2 (electricity - cooling) emissions and associated savings. The savings are expected to accrue over the useful life of the windows.	17500	97000	>3 years
Energy efficiency: building services	In fiscal 2009, we completed comprehensive energy audits for 52 retail branch banking facilities across Canada. These units were selected based on their noted high energy consumption (ekwh/square foot). Building envelope components, mechanical and electrical equipment as well as the surrounding environment were analyzed. As a direct result of these audits, a national lighting retrofit program was developed to target all 52 branches. Depending on configuration, the buildings were the recipients of either T5 or T8 lighting upgrades. Mechanical infrastructure efficiencies (e.g. HVAC upgrades, programmable thermostats, etc.) were developed on the local level to ensure that all upgrades would be climate sensitive and provide the best savings for the climatic zone. Building envelope upgrades (e.g. windows, roofs, etc.) followed the same approach as the mechanical upgrade initiatives. This voluntary (completed) initiative results in reduced Scope 1 (heating) and Scope 2 (electricity for lighting/cooling) emissions and associated savings. The program has been completed for these specific locations and savings are expected to accrue over the useful life of the various components affected. Paybacks range from under 2 years to in	79000	850000	>3 years

Activity type	Description of activity	Annual monetary savings (unit currency)	Investment required (unit currency)	Payback period
Energy efficiency: building services	<p>excess of 10 years, depending on the components addressed. We have recorded the more conservative payback for the "payback period".</p> <p>In fiscal 2010, leveraging the success of our original 52 retail branch facilities energy audit program in Canada, we initiated the next phase. For this phase, we initiated comprehensive energy audits for an additional 305 retail branch banking facilities across Canada. Building envelope components, mechanical and electrical equipment as well as the surrounding environment were analyzed. At the end of our fiscal 2010 year, this round of energy audits (voluntary initiative) was still in progress. We anticipate that the results will be similar to those audits completed for the first wave and should result in the identification of energy conservation measures to reduce Scope 1 (heating) and Scope 2 (electricity for lighting/cooling). One nuance for this phase, we also included leasehold facilities which by virtue of our reporting boundary of "Financial Control", will impact Scope 3 emissions. Implementation of the recommended energy conservation measures is expected to start in the spring of our fiscal 2011 year.</p>			>3 years
Energy efficiency: building services	<p>In the latter part of fiscal 2010, a building automation retrofit project with a remote monitoring and control interface was piloted at 11 retail branch banking facilities in Southern Ontario, Canada. The web based interface allows BMO to centrally monitor and control heating and cooling (HVAC), interior lighting and exterior signage at the 11 selected locations. The pilot targets savings for both Scope 1 (heating) and Scope 2 (electricity for lighting/cooling) are in the range of 15% - 20% annually. Additionally, we expect to realize significant maintenance cost savings as physical visits by maintenance contractors can now be addressed (in many instances) via the remote interface.</p> <p>At the end of our fiscal 2010 year, this pilot (voluntary) was still in progress. The pilot ended at the beginning of March 2011 and the energy savings and maintenance call reduction cost results were as anticipated. We expect to incorporate this technology into our new retail branch banking standard for implementation starting in 2011.</p>	77000	146000	1-3 years
Energy efficiency: building services	<p>In fiscal 2010, at our Harris N.A. (subsidiary of BMO Financial Group) branch/office locations, a review was undertaken for the existence and/or setup of programmable thermostats. A total of 42 locations were identified where action was required (e.g. new programmable thermostats installed or existing equipment reprogrammed). This voluntary (completed) initiative results in reduced Scope 1 (natural gas - heating) and Scope 2 (electricity - cooling) emissions and associated savings. The savings are expected to accrue over the useful life of the new thermostats installed.</p>	88633	87227	<1 year
Low carbon energy purchase	<p>In early fiscal 2010, Harris N.A. (subsidiary of BMO Financial Group) purchased 91,400 Renewable Energy Certificates (3 year contract) to support the development of renewable electricity in the United States. This voluntary (completed) initiative, while not affecting the electricity grid factors used to calculate Scope 2 emissions (electricity for lighting/cooling), allows us to reduce our reported Scope 2 emissions for the purposes of our Carbon Neutrality goal achievement.</p>			>3 years
Transportation:	For the last several years, BMO has been refreshing its service fleet of vehicles with hybrids. As			>3 years

Activity type	Description of activity	Annual monetary savings (unit currency)	Investment required (unit currency)	Payback period
fleet	conventional gas powered vehicles are refreshed they are replaced with hybrid sedans or SUV's, dependent on the business purpose. In fiscal 2010, BMO added 36 hybrids to the service fleet. This initiative reduces our Scope 1 emissions and is a voluntary activity. At the end of fiscal 2010, approximately 60% of our vehicle fleet has been converted to hybrids, with vehicles being continuously refreshed based on the lesser of 3 years in service or 90,000 km driven.			

### 3.3b

#### What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	Annually, we set aside a specified capital amount which is used to fund energy efficiency activities across the enterprise.
Dedicated budget for other emission reduction activities	As an organization committed to carbon neutrality (achieved in 2010), we recognize that the achievement of this goal relies on funding other emission reduction activities such as the purchase of offsets. BMO specifically budgets for these expenditures on an annual basis.
Employee engagement	Employee engagement is a key element in our overall strategy to reduce emissions across the organization. Our Environmental Ambassadors (employee volunteers) act as champions in the field to promote our sustainability efforts. Our employees participate in driving down emissions by promoting behavioural change and also feed back ideas to the Sustainability Office for deployment consideration on a broader basis. BMO invests annually in internal communication support medium (e.g. intranet, newsletters, etc.) to support employee engagement efforts.
Financial optimization calculations	As an organization (financial institution) with access to capital, we have the opportunity to move beyond normal capital restrictions where there is a positive impact from a cash flow perspective on the annual expense line. We regularly assess initiatives using this cash flow basis or life-cycle approach which allows for extended ROI projects to be approved.
Internal price of carbon	For the last three years, BMO has been monetizing the value of carbon emissions savings (based on an internally established price of carbon) and including the benefits as part of every energy related business case.
Lower return on investment (ROI) specification	There are a variety of means by which we determine whether emissions reductions initiatives receive funding. While not the only reason, ROI specification is one of them. We do look at extended ROI for owned assets, particularly in the case of real estate assets where there is an expectation that we will occupy beyond the short term.
Marginal abatement cost curve	The typical marginal abatement cost curve (MACC) analysis methodology is another method we use to asses potential emissions reduction activities. We continue to move from left to right on the MACC as initiatives are completed.

---

3.3c

If you do not have any emissions reduction initiatives, please explain why not

**Page: 4. Communication**

---

**4.1**

**Have you published information about your company's response to climate change and GHG emissions performance for this reporting year in other places than in your CDP response? If so, please attach the publication(s)**

Publication	Page/Section Reference	Identify the attachment
In voluntary communications (complete)	17-21	BMO_CRPAS2010en[1].pdf
In voluntary communications (complete)	all (2 pages)	BMO - GHG Emissions Summary Report - Fiscal 2010.pdf
In voluntary communications (complete)	all (2 pages)	BMO - Operational Summary Report Fiscal 2008 - 2010.pdf

---

**Further Information**

We publish detailed GHG information in the Environment section of our Corporate Responsibility Website:  
[http://www2.bmo.com/content/0,1089,divId-7\\_langId-1\\_navCode-4890,00.html](http://www2.bmo.com/content/0,1089,divId-7_langId-1_navCode-4890,00.html)

---

**Attachments**

<https://www.cdproject.net/Sites/2011/17/1417/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/BMO - Operational Summary Report Fiscal 2008 - 2010.pdf>  
<https://www.cdproject.net/Sites/2011/17/1417/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/BMO - GHG Emissions Summary Report - Fiscal 2010.pdf>  
[https://www.cdproject.net/Sites/2011/17/1417/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/BMO\\_CRPAS2010en\[1\].pdf](https://www.cdproject.net/Sites/2011/17/1417/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/BMO_CRPAS2010en[1].pdf)

## Module: Risks and Opportunities [Investor]

### Page: 5. Climate Change Risks

#### 5.1

Have you identified any climate change risks (current or future) that have potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Risks driven by changes in regulation

Risks driven by changes in physical climate parameters

Risks driven by changes in other climate-related developments

#### 5.1a

Please describe your risks driven by changes in regulation

ID	Risk driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
51001	Fuel/energy taxes and regulations	Rising costs for the use of electricity &/or natural gas as consumed in our real estate premises occupied.	Increased operational cost	1-5 years	Direct	Likely	Low
51002	Fuel/energy taxes and regulations	Rising costs for the use of electricity &/or natural gas borne by participants in our supply chain may be passed on to us in the form of higher prices for their goods and services.	Increased operational cost	1-5 years	Indirect (Supply chain)	More likely than not	Low
51003	Carbon taxes	In the event that regulation around emissions reductions in the form of carbon taxes for our clients operating in emissions intensive industries occurs; it may increase their operational cost which could put financial pressure on their ability to repay loans they have outstanding with Bank of Montreal.	Other: impact on credit risk profile	Unknown	Indirect (Client)	Unknown	Low
51004	Product efficiency	Building regulations concerning energy efficiency. While not currently regulated in North America, there is clearly a	Increased capital cost	1-5 years	Direct	More likely than not	Low

ID	Risk driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
	regulations and standards	move towards a variety of voluntary rating systems such as LEED, BOMABest, Energy Star, etc. As a financial institution occupying office space, future regulation could be a factor.					

### 5.1b

**Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions**

51001

According to one source cited by the Canadian Broadcasting Corporation, energy prices may increase by over 50% by 2020 across Canada. Similar and varying predictions have been made for energy prices within the United States. Regulations aimed mainly at the consumption of fuel and/or other energy types would impact our operational costs, however as an office based financial institution, we would not expect the financial implications to be significant. BMO Financial Group's fiscal 2010 reported operating costs totalled approximately \$7.6 billion, with less than \$100 million relating to annual energy costs. While energy costs represent a small percentage (about 1%) of our total operating costs on an annual basis, BMO actively seeks to maximize cost savings wherever possible. We currently manage escalating fuel/electricity costs as part of our annual budgeting process and have undertaken some very specific measures to hedge against price escalations and/or measures to continually drive down consumption. For select facilities, in specific areas of North America where opportunities exist, we have entered into bulk fuel/electricity purchase contracts at the wholesale level to insulate the organization against price increases. In addition, we continue to concentrate our efforts on consumption reduction efforts, focusing on retrofits to building envelope, HVAC systems and lighting, as a way of reducing our ongoing operating costs, as well as emissions. Recently we commissioned energy audits for approximately 33% of our retail facilities in Canada and the United States. Proceeding with all recommended energy conservation measures identified is forecasted to yield energy consumption/cost savings of between 15% - 20% annually. From a cost to manage perspective, these are not viewed to be significant either. Consumption reduction initiatives are business cased as normal, and the infrequency of the bulk energy/electricity contract purchases is not a drain on resources, either financially or from a personnel perspective.

We believe that by focusing on both price (costs of fuels/electricity) and demand (consumption), the product of which is "expense", we will be in a good position to deal with any future regulatory/tax changes.

51002

As a financial institution, with an approximate annual spend of \$3 billion (CAD), for all goods and services, regulations aimed mainly at the consumption of fuel and/or other energy types which affect our suppliers would likely impact our operational costs. The financial magnitude of this increase is difficult to estimate as the determining factors would include the size of the increase and its pervasiveness across the geographic areas in which we operate. To manage the escalating costs of goods and services provided by suppliers, whether due to regulatory/tax changes or other, we employ a very rigorous sourcing process. This process includes a formal competitive bid process for spend beyond threshold levels, back to market activities and regular communication with our supplier base. Contractual arrangements also exist to protect the organization against price variability, at least for the current term of the arrangement.

Beyond the contract completion, BMO also works strategically with vendors to encourage ongoing supply chain related efficiencies and environmental benefits. One such example is the partnership established with our preferred office supplies vendor in Canada. After analysing the delivery data (frequency & volume) of office supplies for large office locations across the country, we mutually agreed to restrict deliveries to twice per week (previously daily). By consolidating orders and visiting our locations less frequently, our supplier has reduced the number of trucks on the road as well as the associated greenhouse gas emissions. GHG reductions are estimated to be approximately 34% as a result of this initiative. We are also investigating the use of a reusable tote for office supply deliveries to reduce recycling waste (currently cardboard boxes) within our facilities. By reducing the amount of resources consumed within our supply chain, we encourage the consistency of pricing offered by our vendors.

From a cost to manage perspective, there is little additional cost/effort required to keep abreast of the potential regulatory changes as this is a function of our current risk management process. Managing the impacts of increasing operational costs within our supply chain, whatever the reason, is also an existing process so again no expected additional costs.

#### 51003

The credit risk arising from potential carbon taxes imposed on our clients is captured within our enterprise wide risk management framework. Specific guidelines related to climate change are applied to transactions with clients operating in emissions-intensive industry sectors. In addition to other factors mentioned earlier, We assess: (a) whether the borrower monitors and reports its greenhouse gas emissions, as well as the extent and quality of such monitoring and reporting; (b) the extent of the borrower's overall greenhouse gas emissions; (c) whether the borrower has a carbon mitigation plan, how it is being implemented and whether its Board of Directors was involved in its development; and (d) the borrower's preparedness to deal with forthcoming regulatory requirements regarding greenhouse gas emissions. In the absence of regulation and clear guidance right now, we have not isolated the potential financial implications associated with this risk. There is no additional cost to manage this risk as it is within the context of our existing risk management framework.

#### 51004

As a financial institution with approximately 14.5 million square feet of occupancy (owned and leased) mainly in North America, the introduction of building regulations could result in additional costs for our organization. That said, we currently view the move to making buildings more efficient as a positive step. The implementation of improved standards (e.g. building code, standardized labelling, etc.) while marginally increasing our capital costs would likely result in lower ongoing operating costs. We would not expect the costs to be significant as any new regulation is likely to be forward looking with the current building stock to be addressed over time. We continue to monitor the regulatory landscape and if enacted, would incorporate the new requirements into our existing processes.

---

#### 5.1c

**Please describe your risks that are driven by change in physical climate parameters**

ID	Risk driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
51005	Sea level rise	The bulk of our operations are in Canada where the Atlantic, Pacific and Great Lakes coastal regions are	Increased operational cost	1-5 years	Direct	Likely	Low

ID	Risk driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
		more vulnerable to rising water levels and increased flooding than other parts of the country.					
51006	Change in temperature extremes	Potential for increased energy costs for the organization as a result of extreme temperature fluctuations which may have an impact on workforce as well. Prolonged heat waves and associated airborne pollution could potentially lead to increased workforce absenteeism.	Increased operational cost	1-5 years	Direct	More likely than not	Low
51007	Uncertainty of physical risks	Physical risks affecting our suppliers could ultimately impact not only our own operations but our provision of products or services to our customers as well, depending on the circumstances. We view the range of impacts as follows: (a) minor delay in service or delivery (e.g. if paper supplies are impacted, internal processes and perhaps paper based deliverables to customers could be delayed); (b) supply chain issues resulting in need to switch to alternate supplier which may result in delayed delivery, process workarounds, increased costs and differences in quality of materials (better or worse) and; (c) complete cessation of service or delivery in the short to medium term.	Reduction/disruption in production capacity	1-5 years	Indirect (Supply chain)	Unlikely	Low

#### 5.1d

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions

##### 51005

As a result of weather related impacts we could be faced with flood remediation costs of \$50k-\$100k per unit depending on the severity of the damage. Costs could escalate if not addressed right away as mold or decay could be an issue in the future. Our Business Continuity Management (BCM) team manages this risk by monitoring the weather situation in the potentially affected regions and ensuring that if a flood does occur we deal with the effects immediately so as to limit the overall financial impact. In the event that our branches are unable to operate, we rely on our wide distribution network as well as alternate delivery channels (online banking, telephone banking) to provide service to our customers. These activities take place within our existing BCM infrastructure and do not represent additional cost to the organization.

51006

We have not modelled the financial implications of this risk but based on current experience, we do not expect it to be material to our financial condition. Modelling the financial implications would seem difficult and inaccurate since temperature fluctuations could vary greatly on large geographic scales; cost of energy would have to be factored in, as well as employee preferences. We are managing this by reducing the level of lighting in some common areas of our buildings and adjusting the thermostat settings for heating/cooling in facilities throughout the organization. These activities are taking place within our existing real estate and facilities management infrastructure and do not represent additional cost to the organization. Additionally we are piloting building automation systems within our retail branches. The additional costs of approximately \$30k per facility allow us to remotely monitor and control HVAC systems and interior lighting. Targeted savings, per facility are in the range of 15% - 20% of ongoing utilities costs, as well as reduced maintenance costs. In terms of the potential increase in workforce absenteeism, we have not modelled the financial implications of this risk but based on our current experience we do not anticipate that it would be material to our financial condition. To manage the risks, all units develop business continuity plans appropriate to the time sensitivity of the activity being performed (e.g. employees working from home, split operations). This is part of our ongoing business continuity planning and does not represent additional cost to the organization.

51007

For the vast majority of goods supplied, our supply base is relatively diverse and we would anticipate the ability to move to an alternate provider with relative ease and at cost competitive pricing, so no material financial implication is expected. For more significant suppliers/partner relationships, where there is perhaps more risk associated with the failure to perform, we classify and manage these vendors as "high risk". One of the key governance focuses for these relationships is on the business contingency plans in effect. For large suppliers, including outsourced arrangements we pay particular attention to the need to have documented and tested business contingency plans (BCP) in place. We also request confirmation of annual testing of the BCP plans as part of our annual attestation exercise with these suppliers. In addition, the internal supplier relationship manager is responsible for ensuring that there are plans in place to deal with disruption of service in the event that the supplier or partner encounters issues. Questions such as how quickly or easily the relationship could be replaced, either externally or in house, are critical to the assessment. These activities are performed as part of our ongoing procurement, outsourcing, and BCP functions and do not represent additional cost to the organization.

---

5.1e

Please describe your risks that are driven by changes in other climate-related developments

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
51008	Reputation	Reputation risk based on our financial relationships with customers in emissions intensive industries.	Other: customer impact, reduced market valuation	Unknown	Direct	Unlikely	Unknown

---

5.1f

**Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; (iii) the costs associated with these actions**

51008

It is difficult to accurately quantify the financial impact of reputation risk however we do value our reputation and strive to protect it in all we do. Our operations are predominantly in North America where cohesive regulations related to climate change do not currently exist. The potential impact to reputation is our association with customers in industries that are emissions-intensive. To manage this risk, specific guidelines related to climate change are applied to transactions with clients operating in emissions-intensive industry sectors. In addition to other integrated risk factors, we assess: (a) whether the borrower monitors and reports its greenhouse gas emissions, as well as the extent and quality of such monitoring and reporting; (b) the extent of the borrower's overall greenhouse gas emissions; (c) whether the borrower has a carbon mitigation plan, how it is being implemented and whether its Board of Directors was involved in its development; and (d) the borrower's preparedness to deal with forthcoming regulatory requirements regarding greenhouse gas emissions. We also monitor the regulatory landscape to ensure that should change occur, we are ready to incorporate the effects into our business. These activities performed by the Corporate Responsibility and Sustainability / Risk Management teams are within existing infrastructure and work plans so do not represent additional costs to the organization. We also actively work towards promoting our brand and protecting our reputation by demonstrating environmental leadership. Our achievement of Carbon Neutrality in 2010 comes with a cost. In addition to the annual capital costs (upwards of \$3 million) related to ongoing conservation efforts, we spend just under \$3 million annually on the purchases of renewable energy (RECs) and high quality voluntary carbon offset credits.

---

5.1g

**Please explain why you do not consider your company to be exposed to risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure**

---

5.1h

**Please explain why you do not consider your company to be exposed to risks driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure**

---

5.1i

**Please explain why you do not consider your company to be exposed to risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure**

## Page: 6. Climate Change Opportunities

### 6.1

**Have you identified any climate change opportunities (current or future) that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply**

Opportunities driven by changes in regulation

Opportunities driven by changes in physical climate parameters

Opportunities driven by changes in other climate-related developments

#### 6.1a

**Please describe your opportunities that are driven by changes in regulation**

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
61001	Fuel/energy taxes and regulations	Support for our clients involved in the generation of alternative/ renewable energy.	Increased demand for existing products/services	Current	Direct	Virtually certain	Medium
61002	Cap and trade schemes	BMO Financial Group is a North American based organization with a current presence in the global capital markets. Introduction of legislation may present opportunities for participation in new emission trading markets. To date there has been limited opportunities in North America as legislation is unclear and existing markets are very thin.	New products/business services	Unknown	Direct	Unknown	Unknown

#### 6.1b

**Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions**

61001

We have the opportunity to take advantage of increasing demand for alternative/renewable energy sources in the North American market. BMO Capital Markets, and its predecessor firms, has been a trusted financial advisor to power and utility companies since the early financing of hydro-electric development in Canada almost a century ago. Today, we continue to be a leader in the financing of renewable energy projects, having been one of the first financial institutions to finance the development of wind power generation. Since 2001, BMO Capital Markets has been involved in raising over \$4.5 billion to finance renewable energy projects, including wind, hydro-electric and biomass. This opportunity is managed by BMO Capital Markets' Power & Utility Group with team members located in Toronto, Calgary, Montreal, Vancouver, Houston and New York.

In addition, we have guidance in place on the characteristics of the Ontario government's Micro Feed in Tariff Program for small scale renewable energy projects and how it would fit within current customer financing needs. This is being managed by our Commercial Account managers.

Financial advisory and financing services are part of our regular client offering and as such, there are no additional costs to the organization.

61002

The introduction of legislation that could drive economic incentives or lead to the creation of robust new markets can be viewed as an opportunity by BMO Financial Group. Our current position is to monitor the evolution of cap and trade legislation, primarily in North America, and assess the opportunities for participation in new emission trading markets when there is more certainty. To date there has been limited opportunities in North America as legislation is unclear and existing markets are very thin.

As a global trading organization, there would be costs associated with developing carbon trading capabilities (resources, systems, etc.) however the magnitude of these costs has not been defined at this point. The financial benefits associated have also not been defined at this point. Responsibility for managing this would lie with our Trading Products group.

---

#### 6.1c

**Please describe the opportunities that are driven by changes in physical climate parameters**

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
61003	Other physical climate drivers	As an organization that occupies mainly office space or smaller scale retail space, we are constantly looking for ways to take advantage of changes in physical climate parameters for our buildings. As we construct and retrofit facilities across the enterprise portfolio we attempt to take advantage of opportunities	Reduced operational costs	Current	Direct	Likely	Low

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
		related to changes in natural weather elements. A specific example would include retrofitting our buildings to take advantage of "free cooling". Specifically we bring lower temperature outside air into the facility to relieve the electricity demand to cool indoor air (via base building chillers) and reduce operating costs. We also see more conventional building retrofits as ongoing opportunities to take advantage of changing conditions.					

#### 6.1d

**Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions**

61003

In January, 2008 we outsourced the facilities management of our Canadian retail branches to a third party, the costs of which are not for public disclosure. A key aspect of the relationship is environmental sustainability management across these facilities. An efficiency performance benchmark (consumption intensity/m<sup>2</sup>) has been completed for the majority of these facilities and a 5 year capital improvement plan is in place to deal with specific actions and initiatives we can undertake to take advantage of ongoing operating cost reduction opportunities. Annually we implement upgrades to building envelope (roof, windows, etc.), HVAC systems (unit replacements, heating/cooling zoning) and lighting retrofits (T12 to T8/T5 or LED).

In our office towers and other critical facilities (operations centres) we continue to actively assess building infrastructure for similar opportunities to upgrade equipment, retrofit for improved efficiency and refine operating processes to reduce our costs and overall emissions impacts. "Free cooling" is a practice that we have implemented in a number of our facilities across the network. In certain geographic areas, we have also completed bulk energy purchases, at the wholesale level, to proactively manage our costs in the face of rising fuel costs.

Costs associated with these energy upgrade opportunities can amount to significant dollars (e.g. \$2 - \$4 million annually), dependent on the scope and volume of projects. We typically observe utility savings in the range of 15% - 20%, again dependent on the scope of the specific initiative. As we are continually focused on reducing ongoing operating costs, these activities form part of our existing infrastructure so no significant additional costs are required.

#### 6.1e

**Please describe the opportunities that are driven by changes in other climate-related developments**

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
61004	Changing consumer behaviour	As our retail customers seek ways to limit their impact on the environment, providing them with financial products that can assist in that way creates opportunities for us in the North American market.	New products/business services	Current	Direct	Virtually certain	Unknown
61005	Reputation	BMO attempts to maximize shareholder return and balance our commitments to financial performance, our customers, our employees, the environment and the communities where we live and work. We believe that measuring, managing, setting reductions to reduce our carbon impacts as well as being transparent about our climate change policies and practices, could potentially improve our reputation with stakeholders.	Increased stock price (market valuation)	1-5 years	Direct	Unknown	Unknown

#### 6.1f

**Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions**

61004

BMO recently introduced the BMO Eco Smart Mortgage™, a 5-year fixed closed mortgage at a market leading reduced rate, to reward customers for making smart choices for their home and the environment. To qualify for the BMO Eco Smart Mortgage, the home must meet requirements outlined in the BMO Eco Smart Mortgage checklist as confirmed by a third party appraiser (or energy auditor) arranged by BMO. This is managed by the retail loan products group as part of their regular activities so no additional cost to organization. It is too early to determine the financial impact. BMO currently offers two sustainable mutual funds, the BMO Sustainable Climate Class and the BMO Sustainable Opportunities Class. They provide exposure to climate and environmentally conscious technologies, products and services, as well as other sustainable themes, including healthy living, alternative energy and natural resources. These funds are managed within the Mutual Funds group normal activities and as such do not result in any additional cost to the organization. The financial impact of the opportunity is proprietary information which we do not disclose.

We also offer our customers the option of full capability online banking eliminating the need for paper statements or hard copies of cheques. This is managed through our retail banking area. The introduction of this capability was part of a larger offering so we have not isolated the cost. There are also no additional costs to manage.

61005

BMO attempts to maximize shareholder return and balance our commitments to financial performance, our customers, our employees, the environment and the communities where we live and work. We believe that measuring, managing, setting reductions to reduce our carbon impacts as well as being transparent about our climate change policies and practices, could potentially improve our reputation with stakeholders.

The potential financial implications of our actions are hard to quantify as there are clearly other factors that impact our share price. We transparently report our progress internally to personnel and externally to customers, shareholders and other stakeholders via medium such as CDP, our Annual Report, Corporate Responsibility Report, external website and regular news releases as appropriate. The marginal costs of these activities – those specific to climate related elements are not considered significant as such costs are embedded within existing processes and resources.

---

6.1g

Please explain why you do not consider your company to be exposed to opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

---

6.1h

Please explain why you do not consider your company to be exposed to opportunities driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

---

6.1i

Please explain why you do not consider your company to be exposed to opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

**Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading [Investor]**

**Page: 7. Emissions Methodology**

---

7.1

**Please provide your base year and base year emissions (Scopes 1 and 2)**

Base year	Scope 1 Base year emissions (metric tonnes CO2e)	Scope 2 Base year emissions (metric tonnes CO2e)
Mon 01 Jan 2007 - Mon 31 Dec 2007	25380.03	48236.88

---

## 7.2

**Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions**

**Please select the published methodologies that you use**

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)  
ISO 14064-1

---

## 7.2a

**If you have selected "Other", please provide details below**

---

## 7.3

**Please give the source for the global warming potentials you have used**

Gas	Reference
CO2	IPCC Second Assessment Report (SAR - 100 year)
CH4	IPCC Second Assessment Report (SAR - 100 year)
N2O	IPCC Second Assessment Report (SAR - 100 year)
HFCs	IPCC Second Assessment Report (SAR - 100 year)

7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data

Fuel/Material/Energy	Emission Factor	Unit	Reference
Natural gas	50.61	Other: kg CO2e per GJ	GHG Protocol - Facilities - 2000
Distillate fuel oil No 2	73.91	Other: kg CO2e per GJ	GHG Protocol - Facilities - 2000
Motor gasoline	2382.20	Other: kg CO2 per m3	GHG Protocol - Facilities - 2000
Jet kerosene	2552.00	Other: kg CO2 per m3	GHG Protocol - Facilities - 2000
Other: Purchased Electricity - Australia	245.36	Other: kg CO2e per GJ	International Energy Agency - 2008
Other: Purchased Electricity - Barbados	201.20	Other: kg CO2e per GJ	GHG Protocol - Electricity - 2006
Other: Purchased Electricity - China	206.93	Other: kg CO2e per GJ	International Energy Agency - 2008
Other: Purchased Electricity - France	22.98	Other: kg CO2e per GJ	International Energy Agency - 2008
Other: Purchased Electricity - Hong Kong	206.93	Other: kg CO2e per GJ	International Energy Agency - 2008
Other: Purchased Electricity - Ireland	135.06	Other: kg CO2e per GJ	International Energy Agency - 2008
Other: Purchased Electricity - Mexico	122.21	Other: kg CO2e per GJ	International Energy Agency - 2008
Other: Purchased Electricity - Switzerland	7.61	Other: kg CO2e per GJ	International Energy Agency - 2008
Other: Purchased Electricity - United Kingdom	135.26	Other: kg CO2e per GJ	International Energy Agency - 2008
Other: Purchased Electricity - Alberta, Canada	246.34	Other: kg CO2e per GJ	Environment Canada - 2008
Other: Purchased Electricity - British Columbia, Canada	4.22	Other: kg CO2e per GJ	Environment Canada - 2008
Other: Purchased Electricity - Manitoba, Canada	3.36	Other: kg CO2e per GJ	Environment Canada - 2008
Other: Purchased Electricity - New Brunswick, Canada	127.32	Other: kg CO2e per GJ	Environment Canada - 2008
Other: Purchased Electricity - Newfoundland, Canada	5.87	Other: kg CO2e per GJ	Environment Canada - 2008
Other: Purchased Electricity - Northwest Territories, Canada	17.55	Other: kg CO2e per GJ	Environment Canada - 2008
Other: Purchased Electricity - Nova Scotia, Canada	218.81	Other: kg CO2e per GJ	Environment Canada - 2008
Other: Purchased Electricity - Ontario, Canada	44.76	Other: kg CO2e per GJ	Environment Canada - 2008
Other: Purchased Electricity - Prince Edward Island, Canada	0.00	Other: kg CO2e per GJ	Environment Canada - 2008
Other: Purchased Electricity - Quebec, Canada	0.57	Other: kg CO2e per GJ	Environment Canada - 2008

Fuel/Material/Energy	Emission Factor	Unit	Reference
Other: Purchased Electricity - Saskatchewan, Canada	196.34	Other: kg CO2e per GJ	Environment Canada - 2008
Other: Purchased Electricity - Yukon, Canada	17.55	Other: kg CO2e per GJ	Environment Canada - 2008
Other: Purchased Electricity - Arizona, United States	149.18	Other: kg CO2e per GJ	US EPA - 2007
Other: Purchased Electricity - California, United States	71.54	Other: kg CO2e per GJ	US EPA - 2007
Other: Purchased Electricity - Colorado, United States	228.79	Other: kg CO2e per GJ	US EPA - 2007
Other: Purchased Electricity - Florida, United States	159.16	Other: kg CO2e per GJ	US EPA - 2007
Other: Purchased Electricity - Georgia, United States	177.69	Other: kg CO2e per GJ	US EPA - 2007
Other: Purchased Electricity - Illinois, United States	140.18	Other: kg CO2e per GJ	US EPA - 2007
Other: Purchased Electricity - Indiana, United States	259.87	Other: kg CO2e per GJ	US EPA - 2007
Other: Purchased Electricity - Iowa, United States	225.62	Other: kg CO2e per GJ	US EPA - 2007
Other: Purchased Electricity - Maryland, United States	169.53	Other: kg CO2e per GJ	US EPA - 2007
Other: Purchased Electricity - Massachusetts, United States	151.89	Other: kg CO2e per GJ	US EPA - 2007
Other: Purchased Electricity - Nevada, United States	146.86	Other: kg CO2e per GJ	US EPA - 2007
Other: Purchased Electricity - New Jersey, United States	88.61	Other: kg CO2e per GJ	US EPA - 2007
Other: Purchased Electricity - New York, United States	95.09	Other: kg CO2e per GJ	US EPA - 2007
Other: Purchased Electricity - Texas, United States	165.35	Other: kg CO2e per GJ	US EPA - 2007
Other: Purchased Electricity - Utah, United States	245.14	Other: kg CO2e per GJ	US EPA - 2007
Other: Purchased Electricity - Virginia, United States	144.25	Other: kg CO2e per GJ	US EPA - 2007
Other: Purchased Electricity - Washington, United States	32.85	Other: kg CO2e per GJ	US EPA - 2007

Fuel/Material/Energy	Emission Factor	Unit	Reference
Other: Purchased Electricity - Wisconsin, United States	201.66	Other: kg CO2e per GJ	US EPA - 2007
Other: Steam	0.15	metric tonnes CO2e per metric tonne	CANMET Energy Diversification Laboratory - 2000
Other: HFC-134A	1300	metric tonnes CO2e per metric tonne	IPCC - 2000

**Page: 8. Emissions Data - (1 Nov 2009 - 1 Nov 2010)**

**8.1**

**Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory**

Financial control

**8.2a**

**Please provide your gross global Scope 1 emissions figure in metric tonnes CO2e**

16545.66

**8.2b**

**Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e - Part 1 breakdown**

Boundary	Gross global Scope 1 emissions (metric tonnes CO2e)	Comment

**8.2c**

**Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e - Part 1 Total**

Gross global Scope 1 emissions (metric tonnes CO2e) - Total Part 1	Comment
--------------------------------------------------------------------	---------

---

8.2d

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e - Part 2

Gross global Scope 1 emissions (metric tonnes CO2e) - Other operationally controlled entities, activities or facilities	Comment
-------------------------------------------------------------------------------------------------------------------------	---------

---

8.3a

**Please provide your gross global Scope 2 emissions figure in metric tonnes CO2e**

48362.21

---

8.3b

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e - Part 1 breakdown

Boundary	Gross global Scope 2 emissions (metric tonnes CO2e)	Comment
----------	-----------------------------------------------------	---------

---

8.3c

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e - Part 1 Total

Gross global Scope 2 emissions (metric tonnes CO2e) - Total Part 1	Comment
--------------------------------------------------------------------	---------

---

8.3d

Please provide your gross global Scope 2 emissions figures in metric tonnes CO<sub>2</sub>e - Part 2

Gross global Scope 2 emissions (metric tonnes CO <sub>2</sub> e) - Other operationally controlled entities, activities or facilities	Comment

---

#### 8.4

Are there are any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

---

#### 8.4a

Please complete the table

Reporting Entity	Source	Scope	Explain why the source is excluded

---

#### 8.4

Are there are any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

Yes

---

#### 8.4a

Please complete the table

Source	Scope	Explain why the source is excluded
HFC's (Scope 1) for facilities	Scope	HFC data related to HFC leakage (if any) is not yet available for owned facilities located in the United States. Fiscal

Source	Scope	Explain why the source is excluded
located in the United States have not been reported.	1	2010 was the first year in which we have attempted to gather and report this information and our focus was on owned facilities located in Canada. While we are currently unable to quantify the resulting GHG emissions from leakage incidents that may have occurred in our owned, U.S. based facilities, we estimate that this exclusion represents less than 1% of our total reported Scope 1 emissions. For fiscal 2011 reporting, we expect to have the complete set of data.

## 8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and Scope 2 figures that you have supplied and specify the sources of uncertainty in your data gathering, handling, and calculations

Scope	Uncertainty Range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 1	More than 2% but less than or equal to 5%	Data Gaps Metering/ Measurement Constraints Data Management	We consider the main sources of uncertainty with respect to our data as follows: Data gathering/management: 1) Completeness – we still estimate a small percentage of our Scope 1 emissions due to the lack of available data (data gaps & metering/measurement constraints). Consumption data for Scope 1 facilities/transportation equipment emissions is gathered internally by BMO personnel or via facilities managers (for facilities). 2) Accuracy - there is a degree of risk that data provided by 3rd party providers (facilities managers) is not completely accurate. We rely on the internal controls implemented by our facilities managers and periodically audit their processes to provide a reasonable level of assurance regarding their activities. Data handling: 1) Collection and transposition of data from original utility invoices to consolidation spreadsheets also introduces the risk of error. For internally gathered information, we task one individual to gather and consolidate the monthly data to a spreadsheet record with verification checks performed by separate individuals on a spot check basis. We focus the spot checks on those facilities with the largest consumption in order to mitigate any significant misstatements. We request the same processes be followed for information provided by our facilities managers (e.g. where they have responsibility for utility bill handling for our owned facilities). We attempt to mitigate transposition risk when uploading to the GHG:ID Tool by using automated methods to perform the data loading activities and use check totals, comparing before and after. Data collected from across the enterprise and from 3rd party providers is populated in a data collection template. Any gaps requiring estimation are identified during this process. The populated data collection template is then loaded into the GHG:ID Tool where data integrity checks are completed (facility counts, record counts and consumption total checks) to ensure that the data has been loaded consistently from one program to another. For internally developed spreadsheet driven calculations, we mitigate these risks by segregating the responsibilities for creation and verification between separate individuals.
Scope 2	More than 2% but less than or equal to 5%	Data Gaps Metering/ Measurement	We consider the main sources of uncertainty with respect to our data as follows: Data gathering/management: 1) Completeness – we still estimate a small percentage of our Scope 2 emissions due to the lack of available data (data gaps & metering/measurement constraints). Consumption data for

Scope	Uncertainty Range	Main sources of uncertainty	Please expand on the uncertainty in your data
		Constraints Data Management	Scope 2 facilities emissions is gathered internally by BMO personnel or via facilities managers. 2) Accuracy - there is a degree of risk that data provided by 3rd party providers (facilities managers) is not completely accurate. We rely on the internal controls implemented by our facilities managers and periodically audit their processes to provide a reasonable level of assurance regarding their activities. Data handling: 1) Collection and transposition of data from original utility invoices to consolidation spreadsheets also introduces the risk of error. For internally gathered information, we task one individual to gather and consolidate the monthly data to a spreadsheet record with verification checks performed by separate individuals on a spot check basis. We focus the spot checks on those facilities with the largest consumption in order to mitigate any significant misstatements. We request the same processes be followed for information provided by our facilities managers (e.g. where they have responsibility for utility bill handling for our owned facilities). We attempt to mitigate transposition risk when uploading to the GHG:ID Tool by using automated methods to perform the data loading activities and use check totals, comparing before and after. Data collected from across the enterprise and from 3rd party providers is populated in a data collection template. Any gaps requiring estimation are identified during this process. The populated data collection template is then loaded into the GHG:ID Tool where data integrity checks are completed (facility counts, record counts and consumption total checks) to ensure that the data has been loaded consistently from one program to another. For internally developed spreadsheet driven calculations, we mitigate these risks by segregating the responsibilities for creation and verification between separate individuals.

## 8.6

**Please indicate the verification/assurance status that applies to your Scope 1 emissions**

Verification or assurance complete

---

## 8.6a

**Please indicate the proportion of your Scope 1 emissions that are verified/assured**

More than 90% but less than or equal to 100%

---

## 8.6b

**Please provide further details of the verification/assurance undertaken, and attach the relevant statements**

Type of verification or assurance	Relevant standard	Relevant statement attached
Reasonable assurance	ISO14064-3	Verification statement attached - BMO Emissions Verification Fiscal 2010 (Morrison Hershfield).pdf Please note that the verification covers our fiscal year November 1, 2009 through October 31, 2010 which is correct. The CDP on-line response system would not allow us to save the correct dates in the Introduction (section 0.2) and on the advice of CDP personnel we recorded the dates as November 1, 2009 - November 1, 2010 to allow completion.

---

**8.7**

**Please indicate the verification/assurance status that applies to your Scope 2 emissions**

Verification or assurance complete

---

**8.7a**

**Please indicate the proportion of your Scope 2 emissions that are verified/assured**

More than 90% but less than or equal to 100%

---

**8.7b**

**Please provide further details of the verification/assurance undertaken, and attach the relevant statements**

Type of verification or assurance	Relevant standard	Relevant statement attached
Reasonable assurance	ISO14064-3	Verification statement attached - BMO Emissions Verification Fiscal 2010 (Morrison Hershfield).pdf Please note that the verification covers our fiscal year November 1, 2009 through October 31, 2010 which is correct. The CDP on-line response system would not allow us to save the correct dates in the Introduction (section 0.2) and on the advice of CDP personnel we

Type of verification or assurance	Relevant standard	Relevant statement attached
		recorded the dates as November 1, 2009 - November 1, 2010 to allow completion.

## 8.8

**Are carbon dioxide emissions from the combustion of biologically sequestered carbon (i.e. carbon dioxide emissions from burning biomass/biofuels) relevant to your company?**

No

## 8.8a

Please provide the emissions in metric tonnes CO<sub>2</sub>e

## Attachments

[https://www.cdproject.net/Sites/2011/17/1417/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/8.EmissionsData\(1Nov2009-1Nov2010\)/BMO Emissions Verification Fiscal 2010 \(Morrison Hershfield\).pdf](https://www.cdproject.net/Sites/2011/17/1417/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/8.EmissionsData(1Nov2009-1Nov2010)/BMO Emissions Verification Fiscal 2010 (Morrison Hershfield).pdf)

## Page: 9. Scope 1 Emissions Breakdown - (1 Nov 2009 - 1 Nov 2010)

### 9.1

**Do you have Scope 1 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?**

Yes

### 9.1a

Please complete the table below

Country	Scope 1 metric tonnes CO2e
Canada	12182.85
United States of America	4362.81

---

## 9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

- By business division
- By facility
- By GHG type

---

## 9.2a

Please break down your total gross global Scope 1 emissions by business division

Business Division	Scope 1 metric tonnes CO2e
Bank of Montreal	12182.85
Harris NA	4362.81

---

## 9.2b

Please break down your total gross global Scope 1 emissions by facility

Facility	Scope 1 metric tonnes CO2e
Retail Facilities (Branches, ABMs)	8362.26
Office Facilities	3384.28
Special Purpose Facilities (Operations Centres, Data Centres, Learning Centres)	3138.65
Transportation Equipment	1660.47

---

**9.2c**

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 metric tonnes CO2e
CO2	16430.20
CH4	29.39
N2O	11.77
HFCs	74.30

---

**9.2d**

Please break down your total gross global Scope 1 emissions by activity

Activity	Scope 1 metric tonnes CO2e

---

**Page: 10. Scope 2 Emissions Breakdown - (1 Nov 2009 - 1 Nov 2010)**

---

**10.1**

**Do you have Scope 2 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?**

Yes

---

**10.1a**

Please complete the table below

Country	Scope 2 metric tonnes CO2e

Country	Scope 2 metric tonnes CO2e
Canada	23219.15
United States of America	25143.06

---

**10.2**

**Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)**

By business division  
By facility

---

**10.2a**

**Please break down your total gross global Scope 2 emissions by business division**

Business division	Scope 2 metric tonnes CO2e
Bank of Montreal	23219.15
Harris NA	25143.06

---

**10.2b**

**Please break down your total gross global Scope 2 emissions by facility**

Facility	Scope 2 metric tonnes CO2e
Retail Facilities (Branches, ABMs)	32952.30
Office Facilities	4536.94
Special Purpose Facilities (Operations Centres, Data Centres, Learning Centres)	10872.97

---

**10.2c**

Please break down your total gross global Scope 2 emissions by activity

Activity	Scope 2 metric tonnes CO2e

## Page: 11. Emissions Scope 2 Contractual

11.1

**Do you consider that the grid average factors used to report Scope 2 emissions in Question 8.3 reflect the contractual arrangements you have with electricity suppliers?**

Yes

11.1a

You may report a total contractual Scope 2 figure in response to this question. Please provide your total global contractual Scope 2 GHG emissions figure in metric tonnes CO2e

11.1b

Explain the basis of the alternative figure (see guidance)

11.2

**Has your organization retired any certificates, e.g. Renewable Energy Certificates, associated with zero or low carbon electricity within the reporting year or has this been done on your behalf?**

Yes

11.2a

Please provide details including the number and type of certificates

Type of certificate	Number of certificates	Comments
Renewable Energy Certificates	115213	For the reporting period, BMO Financial Group has purchased a cumulative total of 23,812,740 kwh of renewable electricity (23,813 RECs) in Canada from energy retailer - Bullfrog Power Inc. The RECs represent power from EcoLogo-certified wind and low-impact hydro generators. BMO has thus far deployed this renewable energy in retail branches in the provinces of Ontario, British Columbia, Alberta, Nova Scotia, New Brunswick and Prince Edward Island. The Renewable Energy Certificates associated with these purchases have been retired as per the legal contract between BMO Financial Group (legal entity Bank of Montreal) and Bullfrog Power Inc. The current contract runs for a 3 year term and provides assurance that RECs will only be retired and will not be sold or transferred by Bullfrog Power Inc. to any party. In the USA, BMO Financial Group, via its Harris N.A subsidiary, has purchased a cumulative total of 91,400,000 kwh of renewable electricity (91,400 RECs) from NextEra Energy Power Marketing. The RECs represent power generated from wind turbines. The Renewable Energy Certificates associated with these purchases have been retired as per the legal contract between BMO Financial Group (legal entity Harris N.A.) and NextEra Energy Power Marketing. The current contract runs for a 3 year term and provides assurance that RECs will only be retired and will not be sold or transferred by NextEra to any party.

## Page: 12. Energy

### 12.1

What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

### 12.2

Please state how much fuel, electricity, heat, steam, and cooling in MWh your organization has consumed during the reporting year

Energy type	MWh
Fuel	84684.88
Electricity	182589.53
Heat	0.00
Steam	818.25
Cooling	0.00

---

**12.3**

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Natural gas	70974.69
Distillate fuel oil No 2	7295.47
Jet kerosene	3052.81
Motor gasoline	3361.91

---

**Page: 13. Emissions Performance**

---

**13.1**

**How do your absolute emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?**

Decreased

---

**13.1a**

Please complete the table

Reason	Emissions value (percentage)	Direction of change	Comment
Emissions reduction activities	2.74	Decrease	The majority of the decrease is attributed to Scope 1 & Scope 2 emissions reduction activities relative to energy consumed within real estate facilities. Real estate related emissions reduction activities focused primarily on lighting retrofits, building envelope upgrades and HVAC equipment retrofits/upgrades. The balance of the decrease was the result of lower Scope 1 transportation assets emissions which decreased 0.17% versus 2009 levels.
Acquisitions	2.86	Increase	Amcore Bank acquisition in United States by BMO Financial Group (Harris N.A. subsidiary) effective April 23, 2010. Scope 1 & Scope 2 emissions increase associated with increase in real estate footprint and associated

Reason	Emissions value (percentage)	Direction of change	Comment
			consumption.
Other: Data corrections	1.61	Decrease	The improvement in our processes and data capture is an ongoing activity. For those Scope 1 or Scope 2 emissions where we have identified corrections necessary to previously reported data, these have been incorporated. In some instances, we may have estimated data in the prior year and now have the actual consumption data available for the current year – thereby contributing to a portion of this reported change. The decrease shown is a net amount for all updates captured.
Other: Weather	.57	Increase	While our GHG Emissions calculation tool does not offer the ability to calculate weather specific impacts, we attribute the remaining difference (net change) to the weather related impacts on our Scope 1 & Scope 2 emissions.

### 13.2

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Explanation
0.0000053160	metric tonnes CO2e	unit total revenue	10.21	Decrease	Revenues increased 10.36% in 2010 versus 2009 as BMO continues to grow its business. Absolute emissions (tCO2e - Scope 1 & Scope 2) decreased by 0.91% over the same period. Emissions decreased as a result of successes noted in emissions reductions activities and data corrections as processes continue to improve/evolve. These were offset somewhat by Acquisitions activities in 2010 and the impacts of weather. While this information has been provided, as requested, we don't believe that this is the most relevant indicator. We consider the relativity measures of tCO2e per employee and tCO2e per m2 of premises occupied (see Q13.3 & 13.4 below) as more meaningful.

### 13.3

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per full time equivalent (FTE) employee

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Explanation
1.7105	metric tonnes CO2e	FTE Employee	5.55	Decrease	Number of employees increased by 1,774 or 4.9% (2010 vs. 2009) with acquisitional and organic growth being the reasons. Absolute emissions (tCO2e - Scope 1 & Scope 2) decreased by 0.91% over the same period. Emissions decreased as a result of successes noted in emissions reductions activities and data corrections as processes continue to improve/evolve. These were offset somewhat by Acquisitions activities in 2010 and the impacts of weather.

#### 13.4

Please provide an additional intensity (normalized) metric that is appropriate to your business operations

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Explanation
0.1042	metric tonnes CO2e	square meter	5.47	Decrease	Intensity measure relates to Scope 1, Scope 2 and Scope 3 real estate based emissions per square meter of real estate occupied. Scope 3 real estate based emissions relate to our occupancy of leasehold premises as defined by our "Financial Control" reporting boundary.
.3573		Other: FTE employee	13.05	Increase	Intensity measure relates to tCO2e Scope 3 transportation for business purposes (air/ground) emissions per FTE employee. Number of employees increased by 1,774 or 4.9% (2010 vs. 2009) with acquisitional and organic growth being the reasons. Transportation for business purposes emissions (tCO2e) also increased by approx. 18.5% over the previous period.

#### Page: 14. Emissions Trading

#### 14.1

**Do you participate in any emission trading schemes?**

No, and we do not currently anticipate doing so in the next two years

---

14.1a

Please complete the following table for each of the emission trading schemes in which you participate

Scheme name	Period for which data is supplied	Allowances allocated	Allowances purchased	Verified emissions in metric tonnes CO2e	Details of ownership

---

14.1b

What is your strategy for complying with the schemes in which you participate or anticipate participating?

---

14.2

**Has your company originated any project-based carbon credits or purchased any within the reporting period?**

Yes

---

14.2a

Please complete the following table

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits retired	Purpose e.g. compliance

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits retired	Purpose e.g. compliance
Credit Purchase	Energy efficiency: industry	Greening Canada Fund - Toronto District School Board (TDSB)	Other: ISO 14064-2	26923	26923	Yes	Voluntary Offsetting
Credit Purchase	Other: Cogeneration/district energy	Greening Canada Fund - Hamilton Community Energy (HHSI)	Other: ISO 14064-2	3542	3542	Yes	Voluntary Offsetting
Credit Purchase	Landfill gas	Greening Canada Fund - City of Guelph (COG)	Other: ISO 14064-2	41538	41538	Yes	Voluntary Offsetting
Credit Purchase	Energy efficiency: industry	Greening Canada Fund - Commission Scolaire Marguerite-Bourgeoys (CSMB)	Other: ISO 14064-2	8241	8241	Yes	Voluntary Offsetting
Credit Purchase	Energy efficiency: industry	Greening Canada Fund - Aeroport de Montreal (MTLA)	Other: ISO 14064-2	18618	18618	Yes	Voluntary Offsetting
Credit Purchase	Methane avoidance	Greening Canada Fund - St. Felicien (SF)	Other: ISO 14064-2	30000	30000	Yes	Voluntary Offsetting
Credit Purchase	Biomass energy	Greening Canada Fund - Merom Farms Ltd. (MRM)	Other: ISO 14064-2	15385	15385	Yes	Voluntary Offsetting
Credit Purchase	PFCs and SF6	Meridian	VCS	50	50	Yes	Voluntary Offsetting

## Page: 15. Scope 3 Emissions

### 15.1

Please provide data on sources of Scope 3 emissions that are relevant to your organization

Sources of Scope 3 emissions	metric tonnes CO2e	Methodology	If you cannot provide a figure for emissions, please describe them
Leased assets (upstream, not	78572.85	Based on our reporting boundary (Financial Control) and contractual obligations per leased facilities (per GHG	

Sources of Scope 3 emissions	metric tonnes CO2e	Methodology	If you cannot provide a figure for emissions, please describe them
included in Scope 1 or 2)		<p>Protocol Standard), emissions from leased premises have been classified as Scope 3. The emissions relating to fuel combusted and purchased electricity used in our leased facilities (Scope 1 &amp; Scope 2 emissions of the lessor), form a significant portion of our total Scope 3 emissions reported. For the past three years BMO has used a customized version of ICF International's GHG:ID Tool for the calculation of greenhouse gas emissions. The ICF International GHG:ID Tool for BMO is fully compliant with both: "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)" developed by the World Resources Institute and the World Business Council for Sustainable Development ("the GHG Protocol") and; ISO 14064 Part 1: Greenhouse gases — Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals. At our request, consumption data is provided annually by the landlord/facilities managers for the facilities occupied by BMO Financial Group. In those instances where check meters are installed, actual consumption information for fuels/electricity is used to reflect our actual consumption. In the absence of this specific level of information, we receive consumption information for the entire facility and based on the area occupied by BMO Financial Group, we determine our prorated portion for each of the fuels/electricity consumed. We also ask for confirmation from our landlords that the information provided accurately reflects the consumption figures provided and for a number of facilities, we receive the actual source utility data. We retain a detailed calculation worksheet for each of the leased properties where information has been gathered in this manner. The consumption data provided is routinely reviewed for intensity (consumption/square foot) to identify any obvious anomalies for further investigation. Finally, the consumption information is then input to the ICF International GHG:ID tool to calculate the relevant emissions.</p>	

Sources of Scope 3 emissions	metric tonnes CO2e	Methodology	If you cannot provide a figure for emissions, please describe them
Business travel	13558.27	<p>As a financial institution, our most significant Scope 3 emissions relating to employee business travel include the following: commercial air, ground travel (incl. employees' occasional use of personal vehicles for business, rental vehicles, and rail). For the past four years BMO has used a customized version of ICF International's GHG:ID Tool for the calculation of greenhouse gas emissions. The ICF International GHG:ID Tool for BMO is fully compliant with both: "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)" developed by the World Resources Institute and the World Business Council for Sustainable Development ("the GHG Protocol") and; "ISO 14064 Part 1: Greenhouse gases — Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals". For transportation data, we utilize the following data collection methodology: Commercial Air Travel data for business purposes is provided by our preferred travel supplier on an annual basis. The data provided consists of one-way flight segment distances and the number of instances of each segment travelled. This information is used to calculate the relevant emissions within the ICF International GHG:ID Tool for short haul, medium haul and long haul flights. Ground Travel 1) Employee travel for business purposes using personal vehicles – all data is captured via our internal expense reimbursement system as claims are submitted. Annually we extract this data and use kilometres travelled and a proxy for vehicle type (mid-sized automobile efficiency) within the ICF International GHG:ID Tool for calculation of emissions. 2) Rail travel data for business purposes is provided directly by our rail service supplier on an annual basis. The data provided consists of one-way rail segment distances and the number of instances of each segment travelled. This information is used to calculate the relevant emissions within the ICF International GHG:ID Tool. 3) Rental vehicles – data is provided by our two preferred suppliers on an annual basis. The data consists of vehicle type and</p>	

Sources of Scope 3 emissions	metric tonnes CO2e	Methodology	If you cannot provide a figure for emissions, please describe them
		total distance travelled. The data combined with a proxy for vehicle type (mid-sized automobile efficiency) is used within the ICF International GHG:ID Tool for calculation of the relevant emissions. Emissions are reported as tCO2e.	
Waste generated in operations	90.07	<p>BMO Financial Group is indirectly responsible for the emissions created by the solid waste generated from our operations. In 2010, we made progress by measuring and reporting the emissions resulting from solid waste generated from seven of our owned office buildings. These buildings represent 1.2 million square feet of real estate. In future years, we expect to expand the scope of our review. To gather the raw waste data, we contracted third party providers to conduct waste audits at the selected facilities. The content of the waste audit reports provided us data detailing the break-down of waste to landfill/recycling. The waste to landfill data was annualized and input to the ICF International GHG:ID Tool to calculate the resulting emissions. The emission factor used by the GHG:ID Tool is specifically calibrated for corporate GHG inventories, based on the EPA published WaRM tool. The mixed Municipal Solid Waste factor incorporates all emissions associated with transporting the waste, dumping it in a landfill, degrading and releasing methane as it decomposes in anaerobic conditions, and finally the residual biogenic carbon "credit" for the biogenic carbon that gets stored in the landfill long term. The factor accounts for not only methane, but also CO2 as well (all converted and expressed as the CO2 equivalent factor).</p>	
Transportation and distribution of sold products	575	<p>Data relates to the transportation and distribution of Annual Report and Corporate Responsibility Report only for fiscal 2010. For the past three years (2007 through 2009), the emissions associated with the production and delivery of our Annual Reports and Corporate Responsibility Reports have been completely neutralized via the purchase of carbon offset credits from credible third parties. For 2007 through 2009, BMO Financial Group contracted with a third party to calculate the</p>	

Sources of Scope 3 emissions	metric tonnes CO2e	Methodology	If you cannot provide a figure for emissions, please describe them
		<p>emissions and associated offsets necessary to neutralize the production and delivery emissions related to these reports. Details of the volumes, materials used, transportation methods and destinations were provided to the third party for the purposes of calculating the total emissions and resultant impacts to be neutralized. The following methods and calculation tools were used to complete the analysis on behalf of BMO Financial Group: A total lifecycle approach was followed to calculate the emissions associated with the collection and processing of virgin and recycled paper, residual disposal at the processing plant, transportation of paper to market, printing of the reports and distribution of same.</p> <p>Calculations of emissions included emissions factors from the GHG Protocol, Mobile Combustion CO2 Emissions Calculation Tool, paper processing from Environmental Defense, Energy, Air Emissions, Solid Waste Outputs, Waterborne Wastes and Water Use Associated With Component Activities of Three Methods for Managing Office paper, and provincial electricity data from Environment Canada, Environment Canada Greenhouse Gas Inventory, 2006. In fiscal 2010, we experienced a marginal increase in terms of the number of reports produced/delivered. For fiscal 2010 we have not undertaken the detailed calculation exercise, however are relying on previous years calculations (fiscal 2009 in particular) with a conservative adjustment to reflect the increase in volumes.</p>	
Purchased goods and services			<p>BMO Financial Group's direct supplier emissions result from our purchase of goods and services including: - technology/telecommunications equipment (personal computers, servers, copiers, printers, routers, switches, etc.), - office supplies (e.g. pens, paper, etc.), - furniture and fixtures for premises (desks, chairs, lighting, building materials, etc.), - consulting services as provided by third parties and, - marketing and advertising materials. The primary reason BMO Financial Group has not focused on the specific measurement of emissions related to its supply chain is due to the lack of available source data. Since early 2008 we have</p>

Sources of Scope 3 emissions	metric tonnes CO2e	Methodology	If you cannot provide a figure for emissions, please describe them
			employed a Sustainable Procurement questionnaire as part of competitive bids (supply chain focus) and have scored the results to these questions as part of overall decision process. While this process does not provide results that would allow us to quantitatively answer this question, it has proved beneficial in affecting supplier behaviour for a number of our key relationships.
Employee commuting			BMO Financial Group is indirectly responsible for the emissions created by employees commuting to and from our offices. The lack of readily available information about their commuting modes and travel distances is the prime reason we do not currently report on emissions from this source.

**15.2**

**Please indicate the verification/assurance status that applies to your Scope 3 emissions**

Verification or assurance complete

**15.2a**

**Please indicate the proportion of your Scope 3 emissions that are verified/assured**

More than 90% but less than or equal to 100%

**15.2b**

**Please provide further details of the verification/assurance undertaken, and attach the relevant statements**

Type of verification or assurance	Relevant standard	Relevant statement attached
Reasonable assurance	ISO14064-3	Verification statement attached - BMO Emissions Verification Fiscal 2010 (Morrison Hershfield).pdf Please note that the verification covers our fiscal year November 1, 2009 through October 31, 2010 which is correct. The CDP on-line response system would not allow us to save the correct dates in the Introduction (section 0.2) and on the advice of CDP personnel we recorded the dates as November 1, 2009 - November 1, 2010 to allow completion.

### 15.3

#### How do your absolute Scope 3 emissions for the reporting year compare to the previous year?

Decreased

### 15.3a

Please complete the table

Reason	Emissions value (percentage)	Direction of Change	Comment
Emissions reduction activities	2.37	Decrease	Scope 3 Emissions include leased facilities as organizational reporting boundary has been established as "Financial Control". Reductions attributed to specific focus on those elements of facilities where BMO Financial Group has the ability to influence (leasehold improvements such as lighting retrofits).
Change in output	2.27	Increase	Scope 3 transportation (for business purposes by employees) emissions increased versus prior year. Increased travel with improving economic conditions to support revenue generation and organic/acquisitional growth activities are cited as contributing factors.
Change in output	1.78	Decrease	Scope 3 Emissions include leased facilities as organizational reporting boundary has been established as "Financial Control". Consolidation of office/processing facilities activities (e.g. exit leasehold facilities and consolidation of activities within other facilities - net change). Two significant building exits identified.
Acquisitions	.36	Increase	Scope 3 Emissions include leased facilities as organizational reporting boundary has been established as "Financial Control". Amcore Bank acquisition in United States by BMO Financial Group (Harris N.A. subsidiary) effective April 23, 2010. Scope 3 emissions change associated with increased leased real estate footprint and associated consumption.
Other: Change in	.10	Increase	Waste to landfill emissions data included in fiscal 2010 footprint for the first time. In 2010, we made progress

Reason	Emissions value (percentage)	Direction of Change	Comment
methodology			by measuring and reporting the emissions resulting from solid waste generated from seven of our owned office buildings. These buildings represent 1.2 million square feet of real estate. In future years, we expect to expand the scope of our review.
Other: Data corrections	.84	Decrease	Scope 3 Emissions include leased facilities as organizational reporting boundary has been established as "Financial Control". The improvement in our processes and data capture is an ongoing activity. For those Scope 3 emissions (leased facilities) where we have identified corrections necessary to previously reported data, these have been incorporated. In some instances, we may have estimated data in the prior year and now have the actual consumption data available for the current year – thereby contributing to a portion of this reported change. The decrease shown is a net amount for all updates captured.
Other: Weather - Leased Facilities	.75	Increase	While our GHG Emissions calculation tool does not offer the ability to calculate weather specific impacts, we attribute the remaining difference (net change) to the weather related impacts on our Scope 3 emissions associated with leased facilities. Scope 3 Emissions include leased facilities as organizational reporting boundary has been established as "Financial Control".

#### Attachments

[https://www.cdproject.net/Sites/2011/17/1417/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/15.Scope3Emissions/BMO Emissions Verification Fiscal 2010 \(Morrison Hershfield\).pdf](https://www.cdproject.net/Sites/2011/17/1417/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/15.Scope3Emissions/BMO Emissions Verification Fiscal 2010 (Morrison Hershfield).pdf)

**Module: Sign Off**

**Page: Sign Off**

**Please enter the name of the individual that has signed off (approved) the response and their job title**

Jim Johnston  
 Director, Environmental Sustainability & Compliance  
 BMO Financial Group