

MARCH 2025

INVESTOR BRIEF:
**BANK OF
MONTREAL
(BMO)**
CLIMATE LOBBYING
RESOLUTION

CO-FILED BY
INVESTORS FOR PARIS COMPLIANCE,
FRIENDS FIDUCIARY,
AND VANCITY INVESTMENT MANAGEMENT

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CO-FILERS

Investors for Paris Compliance
Friends Fiduciary
VanCity Investment Management

CONTACT

Matt Price
Investors for Paris
matt@investorsforparis.com

VOTING INFORMATION

Meeting date: **April 11, 2025**
Proxy cut off date: Intermediaries must receive instructions by
5:00 pm EST, April 9, 2025
Voting information: [here](#)

NOTE: This is NOT a solicitation of your proxy; it simply provides contextual information from public sources regarding the proposal. Please do not send us your proxy card—we are not able to vote your proxies nor does this communication contemplate such an event. We recommend shareholders follow voting instructions provided in management's proxy mailing.

ABOUT INVESTORS FOR PARIS COMPLIANCE

Investors for Paris Compliance (I4PC) is a shareholder advocacy organization that works to hold Canadian publicly-listed companies accountable to their net zero commitments. More information can be found [here](#).

SUMMARY

- BMO states that climate change poses a material risk to its business and has adopted a net zero commitment.
- BMO's analysis shows it will need supportive public policy to reach its sectoral climate targets and has pledged to push for it, including adopting a Paris-aligned lobby statement.
- Yet, there's no evidence this is happening since BMO doesn't show up publicly in any major climate policy debates beyond climate-related financial disclosures and does not conform to best practices in its disclosures.
- In fact, BMO is doing less than what it is asking of corporate clients and investees regarding climate lobbying.
- On the contrary, BMO is actively and publicly promoting the oil and gas industry as the sole sponsor of Canada's annual petroleum conference; it is also promoting fossil fuels via at least two of its industry associations.
- Peers and companies in other sectors are doing more, for example: US bank Truist, UK bank Barclays, TC Energy, and Enbridge.
- As Canada's bank regulator seeks credible transition plans this raises the prospect of compliance risk.
- This misalignment between commitment and action also raises reputational risk.

BMO'S ADMISSION OF MATERIAL CLIMATE RISK & NET ZERO COMMITMENT

For several years, BMO has identified climate change as a material risk to its business. For example, in its 2021 Annual Report, BMO states that it:

"...faces risks related to environmental events and extreme weather conditions that could potentially disrupt our operations, impact customers and counterparties, and result in lower earnings and higher losses."¹

In October 2021, BMO responded by adopting a net zero commitment as it joined the Net Zero Banking Alliance (NZBA). BMO subsequently left the NZBA, but states that it remains "fully committed to our climate strategy."²

Prior to 2021, BMO had engaged in climate analysis, such as scenario analysis and tracking its carbon-related investments.³ Following its 2021 net zero commitment, BMO added the disclosure of its financed emissions and set financed emissions reductions targets for key sectors.⁴

1 BMO, [Annual Report, 2021](#), at 75.

2 [BMO becomes first Canadian banks to withdraw from banking climate alliance](#), CP, January 17, 2025.

3 See, for example: BMO, [2020 Climate Report](#).

4 See for example: BMO, [2021 Climate Report](#).

BMO'S STATED CLIMATE LOBBYING LOGIC & PARIS LOBBYING COMMITMENT

In its first climate report following its net zero commitment, BMO stated:

*"Banks, including BMO, cannot align their portfolios with net-zero outcomes in isolation. Getting there depends on coordinated efforts between the public and private sectors. **We will continue to engage with governments and encourage clear climate policy to achieve ambitious decarbonization goals.**"⁵ [emphasis added]*

Digging deeper by sector, BMO's analysis lists a range of public policy initiatives necessary to the decarbonization of those sectors, for example carbon pricing in the case of the oil and gas sector, specific Canadian power sector regulations, and the Canadian government's 2035 zero emission vehicle pledge.⁶

In its 2022 climate report, we see a reiteration of this logic by BMO:

"Achievement of the goal of net-zero by 2050, and BMO's Climate Ambition, will depend on the successful efforts of many actors across the economy, including government, consumers, industry and the financial sector. Neither BMO, nor any bank, will be able to achieve this goal in isolation."⁷

In 2022 and 2023, BMO added additional sectoral analyses, continuing to point to the need for government policy, such as in the real estate sector.⁸

In 2023, BMO updated its Statement on Political Contributions and Lobbying⁹ to say that it will lobby "in a manner consistent with our support for the aims and objectives of the Paris Agreement."

BEST PRACTICES VS. BMO'S LOBBY DISCLOSURE GAPS

Best practices for climate lobbying have been laid out in initiatives such as the investor-led Global Standard on Responsible Corporate Climate Lobbying.¹⁰ Key provisions include:

- Making a public commitment to climate-aligned lobbying;
- Providing a detailed annual review of climate-related lobbying activities and those of industry associations; and
- Committing to align the climate lobbying of industry associations.

5 Ibid, at 31.

6 Ibid, at 23, 38, and 40.

7 P. 4 at BMO, [2022 Climate Report](#).

8 P. 50 a BMO, [2023 Climate Report](#).

9 BMO, [Statement on Political Contributions and Lobbying](#), ND.

10 [The Global Standard on Responsible Climate Lobbying](#), ND.

There have been four years of reporting since BMO made its net zero commitment. In 2021, 2022, and 2023 BMO released both a climate report and a sustainability report. Each has been characterized by:

- Listing a range of climate and ESG-related organizations and initiatives that BMO participates in;
- Vague references to engaging with government as a "stakeholder" to discuss general climate or ESG themes;
- Slightly more disclosure regarding policy advocacy by BMO GAM, listing the number of policy interventions and the themes, and in 2023 listing engagement on the US EPA's methane standards;¹¹
- Otherwise, stating that BMO is engaging in climate-related financial disclosure development rather than economy-wide climate policy, although with few details on positions provided.

This falls well short of informing shareholders what positions BMO is taking on specific climate policies, and, indeed, BMO has not shown up publicly in any major climate policy debate over the past several years.

BMO lists industry association memberships costing more than \$50,000 per year separately in its Global Reporting Initiative Content Index.¹³ There is no effort to either document the climate-related work of these associations, nor to indicate how BMO handles the misalignment of such associations on climate lobbying.

In 2024 InfluenceMap produced a report on Canadian banks, including BMO.¹⁴ The report concludes that:

"...none of them have publicly advocated for ambitious climate-related policy in Canada. In fact, the banks belong to industry associations that are working to block or dilute climate-related policies in Canada and globally."

In the case of BMO, InfluenceMap notes that the bank maintains memberships in the Business Council of Canada and the Canadian Chamber of Commerce, two organizations that promote the expansion of fossil fuel infrastructure. BMO does not disclose how these associations are influencing or obstructing climate policy.¹⁵

In its 2022 and 2023 climate reports, BMO discloses its "actions to achieve targets" for high carbon sectors like oil and gas, power generation, and motor vehicles. None of those actions include public policy advocacy by BMO.

BMO EXCLUSIVE CAPP SPONSOR

BMO is the exclusive sponsor of the annual conference of the Canadian Association of Petroleum Producers (CAPP). InfluenceMap has ranked CAPP as the 5th most negative and influential industry associations on climate in the world.¹² This sponsorship implies to the average investor and to the general public an alignment between BMO and CAPP.

- 11 See 43 at BMO, [2021 Sustainability Report](#) and p. 29 at BMO, [2023 Climate Report](#).
- 12 InfluenceMap, [Corporate Climate Policy Footprint](#), 2022.
- 13 See for example BMO, [2023 Global Reporting Initiative \(GRI\) Context Index](#).
- 14 InfluenceMap, [Canada's Big 5 Banks: Heading to Net Zero?](#) March 2024.
- 15 Ibid at pp 32-33

Nor does BMO's CDP disclosure fill in the gaps. For example, in the relevant section 12.3, BMO admits that it engages directly and indirectly via industry associations in ways that could influence policy, law, or regulation that affect the climate, and then only refers back to its inadequate other disclosures when asked for details.¹⁶

BMO does comply with certain bare minimum legal requirements regarding lobbying disclosure, such as with Canada's Registry of Lobbyists.¹⁷ There one can find out who in government BMO is meeting with, and general topics discussed, but not the positions the company has taken.

BMO DOING LESS THAN WHAT IT ASKS FROM CLIENTS AND INVESTEES

As seen above, BMO acknowledges the logic of lobbying for supportive public policy to reach its net zero commitment, and despite its major disclosure gaps in this regard, the bank carries forward this logic to its client engagement framework.

BMO has developed Environmental & Social Risk Rating (ESSR) assessment templates¹⁸ to evaluate the transition readiness of its clients, which it integrates into its commercial lending process. BMO has five evaluation components: Governance, Foundations, Implementation Strategy, Engagement Strategy, and Metrics and Targets.

Under Engagement Strategy, BMO asks about clients':

- Policy engagement aligned with the goals of the Paris Agreement;
- Summary of engagement activities, including consultations and partnerships; and
- Disclosure of trade association memberships.

Yet, as this memo has shown, BMO itself:

- Does not disclose whether it is engaging in policy engagement aligned with the goals of the Paris Agreement, with no visible engagement on key climate issues of the day;
- Does not provide a summary of such engagement activities with any specificity; and
- Only discloses trade association memberships outside of its climate reporting, with no effort to address the opposition of such associations regarding climate action.

If BMO was evaluating itself under its own client engagement framework, it would not score very well. This is a problem because clients may rightfully ask BMO to walk the talk before being asked to do so.

16 See pp. 94-97 at BMO, [CDP Climate Change Questionnaire 2023](#).

17 Office of the Commissioner of Lobbying of Canada, [Registry of Lobbyists](#). ND.

18 P. 38 at BMO, [2023 Climate Report](#).

Moreover, in its 2023 Responsible Investment Report, BMO GAM lists a victory it helped achieve with one of its investees, Volkswagen, on climate-related lobbying.¹⁹ BMO GAM noted that Volkswagen lagged its peers in disclosing climate positions taken directly and via industry associations, but then improved. These are actions that BMO currently itself does not do.

Indeed, BMO GAM is a member of Climate Engagement Canada which has a benchmark that includes public policy engagement on climate.²⁰ The sub indicators for that include adopting a commitment to lobby in line with the Paris Agreement, disclosure of positions taken on climate, and a commitment to align its industry association memberships. BMO does not meet these indicators.

PEERS AND OTHER COMPANIES

BMO's climate lobbying disclosure gaps mean the company has fallen behind peers and companies in other sectors — even oil and gas.

US Bank Truist publishes an annual report detailing the climate alignment of industry associations it has memberships in, with a commitment to engage regarding misalignments, and reevaluate membership if that cannot be resolved.²¹ Barclays catalogues positions it has taken in government consultations and relationships with public affairs agencies.²²

Canadian oil and gas companies now also have better climate lobbying disclosure than BMO. Enbridge, for example, details high-level positions it takes on things like carbon pricing, and discusses alignment of its industry association memberships.²³ TC Energy likewise discloses its assessment of alignment of its industry association memberships.²⁴

As seen above, BMO GAM points to the greater climate disclosures of automakers in the example of it pressing Volkswagen to catch up — to a level that BMO itself does not achieve.

RESULTING COMPLIANCE AND REPUTATIONAL RISK

Canada's Office of the Superintendent of Financial Institutions (OSFI) has established B-15, the Climate Risk Management Guideline.²⁵ B-15 states:

"The [Federally Regulated Financial Institution — FRFI] should develop and implement a Climate Transition Plan (Plan) in line with its business plan and strategy, that guides the FRFI's actions to manage increasing physical risks from climate change, and the risks associated with the transition towards a low-GHG economy."

- 19 P. 19 at BMO GAM, [2023 Responsible Investment Annual Report](#).
- 20 Climate Engagement Canada, [Benchmark](#), ND.
- 21 Truist, [2023 Climate Lobbying Summary](#).
- 22 Barclays, [Public policy engagement](#), ND.
- 23 Enbridge, [Climate Lobbying Report](#), May 2023.
- 24 TC Energy, [Report on Climate-related Lobbying](#), July 2023.
- 25 OSFI, [Climate Risk Management](#), March 31, 2023.

For Climate Transition Plans, OSFI refers to the Financial Stability Board's Task Force on Climate-Related Financial Disclosures Guidance on Metrics, Targets, and Transition Plans.²⁶ That in turn stresses the need for transition plans to be aligned with strategy, and credible.

By stating the need for supportive public policy, pledging to press for that, and not following through, BMO runs the risk of not aligning with its own strategy, nor being credible. OSFI may conclude that BMO's Climate Transition Plan therefore falls short of compliance.

Moreover, BMO is courting reputational risk at various levels. One includes the corporate clients and investees it deals with, and from whom it is asking for more robust climate-related lobbying disclosure than itself provides. This can be seen as a form of hypocrisy.

Another level includes its retail clients in the general public, who fail to see BMO engaging publicly to support climate policy, but do see the bank sponsoring the oil industry's main annual conference. This gives the appearance of not being serious about its net zero target.

ENGAGEMENT WITH BMO, OPPOSITION STATEMENT, AND REBUTTAL

The co-filers of this proposal had two cordial meetings with BMO where the bank indicated an unwillingness to address the issues. No reasons were given during those sessions.

Subsequently, BMO has published its proxy circular, including a brief opposition statement on page 96. BMO makes two short arguments:

1. That BMO complies with lobbying laws; and
2. That BMO discloses its trade association memberships over \$50,000.

Unfortunately, neither of these points addresses the content of the proposal. We acknowledge that BMO complies with lobbying laws, as addressed above, but this does not equate to disclosure regarding positions taken on climate policy. We acknowledge, again as addressed above, that BMO lists its industry association memberships, but the bank does nothing to describe any positions such associations take on climate nor discuss any misalignment.

BMO's opposition statement is disappointing in that it avoids the issues, but this was consistent with our verbal engagement with the bank where no reasons were given why the bank would not improve its climate lobbying disclosure in line with its stated commitments and in line with what it asks of its clients and investees.

26 TCFD, *Guidance on Metrics, Targets, and Transition Plans*, October, 2021.

THE RESOLUTION

RESOLVED: Shareholders request that BMO complete its disclosures of lobbying and policy influence activities, both direct and indirect — through trade associations, coalitions, alliances, and other organizations — to fulfill its commitment to lobby "in a manner consistent with [its] support for the aims and objectives of the Paris Agreement."

SUPPORTING STATEMENT:

This resolution is consistent with the Global Standard on Responsible Corporate Climate Lobbying²⁷ and the Business Associations Climate Action Guide.²⁸

BMO made a commitment to net zero by 2050. BMO's sectoral decarbonization modelling shows that supportive government policy is necessary for BMO to meet its own net zero targets.²⁹

In its Statement on Political Contributions and Lobbying, BMO indicates that in engagement with elected officials it will "seek to do so in a manner consistent with our support for the aims and objectives of the Paris Agreement."³⁰

As part of its assessment of its client transition readiness, BMO tracks clients' "policy engagement aligned with the goals of the Paris Agreement, summary of engagement activities, including consultations and partnerships, and disclosure of trade association memberships."³¹

Yet, despite its own stated lobbying commitment and expectation of clients, BMO itself only discloses information on a few instances of climate-related lobbying, and only for BMO Global Asset Management.³² BMO also only discloses participation in select climate-related initiatives, omitting memberships in misaligned associations.³³

For example, BMO maintains memberships in the Business Council of Canada and the Canadian Chamber of Commerce which InfluenceMap finds "have engaged in opposition to real-economy climate policies in Canada and globally."³⁴ BMO neither discloses these memberships nor outlines how it is reconciling this contradiction.

BMO is also the exclusive sponsor of the Canadian Association of Petroleum Producers (CAPP) annual conference. InfluenceMap ranked CAPP the 5th most negative and influential industry associations on climate in the world.³⁵ BMO's sponsorship implies to the reasonable investor an alignment with CAPP.

27 <https://climate-lobbying.com/>

28 <https://exponentialroadmap.org/wp-content/uploads/2024/06/Business-associations-climate-action-guide-v-1.0-final.pdf>

29 Pages 47-50 at https://our-impact.bmo.com/wp-content/uploads/2024/03/BMO_2023_CR_EN.pdf

30 <https://our-impact.bmo.com/wp-content/uploads/2023/05/Stmt-Political-Contrib-Loybbing-EN-ACC-Feb2023.pdf>

31 Page 38 at https://our-impact.bmo.com/wp-content/uploads/2024/03/BMO_2023_CR_EN.pdf

32 Page 46 at https://our-impact.bmo.com/wp-content/uploads/2024/03/BMO_2023_SR_EN.pdf and page 28 at <https://bmo.bynder.com/m/601e470842d2335c/original/2023-responsible-investment-annual-report.pdf>

33 Pages 28-30 at https://our-impact.bmo.com/wp-content/uploads/2024/03/BMO_2023_CR_EN.pdf

34 <https://influencemap.org/report/Canada-s-Big-Five-Banks-26501>

35 https://influencemap.org/report/Corporate-Climate-Policy-Footprint-2022-20196?return_to=/report/Corporate-Climate-Policy-Footprint-2022-20196

Despite BMO's analysis that it needs supportive government policy to meet its net zero targets, the bank is absent during public debates on significant climate policy, such as carbon pricing. The bank does not disclose whether it discusses these specific policy issues during government meetings, nor what its positions are.³⁶

Truist³⁷ and Barclays³⁸ are examples of banks with more complete climate lobbying disclosure. Moreover, energy companies like Enbridge also provide greater climate lobbying disclosure than BMO.³⁹

Shareholders request that BMO complete its lobbying disclosures to remedy these gaps and omissions.

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- 36 BMO GAM does say it sent a letter to the U.S. EPA regarding methane regulation. See page 28 at <https://bmo.bynder.com/m/601e470842d2335c/original/2023-responsible-investment-annual-report.pdf>
- 37 https://filecache.investorroom.com/mr5ir_truist/871/Truist2023ClimateLobbyingSummary.pdf
- 38 <https://home.barclays/sustainability/esg-resource-hub/reporting-and-disclosures/public-policy-engagement/>
- 39 https://www.enbridge.com/~/_media/Enb/Documents/Reports/Sustainability-Report-2022/Climate_Lobbying_Report.pdf