



2008 Employment Equity Narrative Report

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BMO Financial Group (BMO)

GENERAL OVERVIEW

Established in 1817 as Bank of Montreal, BMO Financial Group (TSX, NYSE: BMO) is a highly diversified North American financial services provider. With total assets of \$416 billion at October 31, 2008 and more than 37,000 employees (including 26,145 federally regulated permanent 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, and BMO Nesbitt Burns, one of Canada's leading full-service investment and wealth management firms.

Our Vision is to be the Bank that defines great customer experience. We pursue our vision through a unique culture based on BMO's Our Way leadership model and our long-held Corporate Values.

Ensuring we have a talented, engaged and diverse workforce is one of the highest priorities for BMO Financial Group. BMO's people strategies focus on the importance of talented, engaged, and high performing employees. Developing an equitable and supportive workplace, which reflects the diversity of the communities in which we do business, are objectives that are explicitly aligned with strategic initiatives from the top and are carefully measured and connected to performance.

In 2008, we continued to pursue our objectives of improving performance and placing our customers at the centre of everything we do. By embracing many diverse experiences and cultures, we reflect the communities where we work and live, and we also create an opening for ideas and insights that inform our decision-making. Diversity will help us be the bank that defines great customer experience.

QUANTITATIVE REVIEW

The following comments are offered to assist with interpretation of this report.

Application of NOC System

The Occupational Code data must be analyzed in the context of the National Occupational Classification (NOC) system prescribed by the Employment Equity Act. The NOC system does not include "sales and service" job descriptions that accurately capture the skills, expertise, and responsibilities required for the positions occupied by the majority of BMO's front-line employees. In the absence of an appropriate financial services sales and service NOC, we have captured these employees under the "Administrative and Senior Clerical" EEOG, which is a misrepresentation of their roles. A proposal to address this concern and amend the NOC system was forwarded to Human Resources and Skills Development Canada from the Canadian Bankers Association in 2000. A similar submission will be forwarded in response to the government's 2008 NOC review.

Statistical Progress¹

Women – Representation remains strong

Representation remains strong at all senior levels. (No gaps were noted during the audit process in 2003). In 2008, the representation of women on BMO’s Canadian-based “Senior Managers” executive team is 34% — significant progress from 1991 when the representation of women in executive roles was 9%².

With an overall reduction in hiring taking place in 2008, promotion data confirms efforts for the advancement of women at BMO. Promotion rates for women in the “Middle and Other Managers” and “Professional” EEOGs continue to surpass their representation at these levels (See Table 1).

Table 1 Comparison of Women’s Representation to Levels of Promotions of Women in Middle and Other Managers and Professional to Overall Workforce		
EEOG	Representation	Promotions
Middle and Other Managers	47%	50%
Professional	51%	54%

Visible Minorities – steady increase in representation

Members of visible minorities continue to be well represented at 25%. An actual increase of 4% in the population of visible minorities occurred, while Total BMO population increased by 2%. This higher than Total population growth was experienced by visible minorities in “Senior Managers”, “Middle and Other Managers”, “Professionals” and “Administrative and Senior Clerical” categories.

The representation of visible minorities in the “Middle and Other Managers” EEOG has increased to 19%, further surpassing representation of 15.6% that was required to close the gap noted during the audit process in 2003.

The hiring data further confirm efforts that have closed the gap noted during the audit. (See Table 2).

Table 2 Comparison of the Hiring and Population Levels of Visible Minorities in Middle and Other Managers to Overall Workforce				
EEOG	Hiring Overall	Hiring of Visible Minorities	Population Overall	Population of Visible Minorities
Middle and Other Managers	Up 24%	Up 30%	Up 4%	Up 9%

The advancement of visible minorities is also evidenced in the “Senior Managers” (Executive) and “Professional” categories. Executive representation increased to 10% with the number of visible minorities increasing by 27%, while the total population of this category increased by 4%. In the “Professional” category as well, representation continued its steady increase to 33% in 2008. In 2008, the numbers of visible minorities increased in

¹ Changes in population not reflected in Form 4 and 6 activities are principally the result of movements into and out of EEOGs and changes in employment status. Further details are provided with the mailing of Form 1.

² In 1991 BMO released the findings of its employee *Task Force on the Advancement of Women*.

the “Professional” category by 7% while the population of this category in Total BMO increased by 3%.

The gap noted in the “Clerical” EEOG during the audit process was closed with representation reaching 20% in 2004. Representation remains at 20% in 2008.

Aboriginal Employees - Representation remains steady

In 2008, the overall representation of Aboriginal people held at 1.3%. (No gaps were noted during the audit process). An increase in the population of Aboriginal employees occurred in the “Professional” category at a higher rate than that experienced in this EEOG in the Total BMO population (See Table 3).

Table 3 Comparison of the Population Levels of Aboriginal People in Professional to Overall Workforce		
EEOG	Population Overall	Population of Aboriginal People
Professional	Up 3%	Up 5%

In addition, Aboriginal employees continue to be strongly represented in higher salary ranges. In 2008, 37% of BMO’s Aboriginal employees earned more than \$50,000 per year compared to 33% in 2007, 30% in 2003 and 8% in 1997.

The termination rate of Aboriginal employees remained below 2% for the eighth year in a row - remaining significantly down from peak of 3.1% in 1999.

People with Disabilities – heightened focus on recruitment

The representation of people with disabilities decreased to 2.3% in 2008. Together with our recruitment partner, we are implementing strategies to increase hiring of people with disabilities. An example is our Pre-employment Training Program (described later in the report). The success of the initial program resulted in 2 more programs being offered in 2008. Hiring data for 2008 continues to confirm the positive impact of this work particularly in the “Administrative and Senior Clerical” category noted during the audit. In 2008, the number of people with disabilities hired and retained in this category was 21 – the highest number ever attained. Additional hiring data further confirms the impact of this work (See Table 4).

Table 4 Comparison of the Hiring and Population Levels of People with Disabilities in Administrative and Senior Clerical to Overall Workforce				
EEOG	Hiring Overall	Hiring of People with Disabilities	Population Overall	Population of People with Disabilities
Administrative and Senior Clerical	Down 2%	Up 110%	Up 5%	Up 15%

In addition, the number of people with disabilities hired in “Professionals” category increased 36% compared to a decrease of hires in this category in Total BMO of 18%.

This hiring activity is of note in a year when Total hiring at BMO was down 12%. The decrease experienced in the total hiring of people with disabilities was not adversely impacted but was an equivalent 12%.

In 2008, the number of employees with disabilities earning more than \$50,000 per annum increased to 52% compared to 47% in BMO's total workforce.

PLANNING AND ACCOUNTABILITY

BMO's commitment to establishing and sustaining a diverse workforce and an equitable, supportive and inclusive workplace was first articulated in 1989's Corporate Strategic Plan. It gained strength and focus with the establishment of four Task Forces from 1991-1995 that identified the barriers faced by designated groups, and articulated action plans for both communication of findings and resolution of issues.

To ensure continued progress, the leadership provided from the "top of the house" is supported by a comprehensive infrastructure, which includes goal setting, monitoring and evaluation. Through an extensive suite of online management information reports, the CEO and BMO executives monitor progress towards these goals on a quarterly basis. Via annual performance appraisals, executives – including those managing provincially regulated lines of business – are accountable for achieving these objectives.

The quarterly Diversity Performance Tracker for Executives, which was added to the suite of executive reports in 2007 assesses, and scores by individual metrics, performance in terms of hiring, promotions, separations and overall representation of the four designated groups. This heightened focus on accountability, enables executives to plan and respond to diversity goals as they do other business goals. The enterprise level diversity results are also included in the CEO's Performance Tracker which is submitted to the Board.

Executives have key accountability for ensuring that employment decisions support a more diverse workforce, and for developing an inclusive and supportive workplace. At the same time, responsibility for diversity is under the direction of the Senior Vice-President for Talent Management and Diversity so that BMO can ensure that diversity is considered in all processes that support employment decisions.

QUALITATIVE REVIEW

Recruitment

Strengthening the infrastructure for recruitment

- ***Bank-Wide Student Training Program***

BMO continued its award-winning Bank-Wide Student Training Program for students currently enrolled in colleges and universities across Canada. The goal of the program is to attract, develop and retain students early through summer internships, and ultimately offer them permanent positions upon graduation. As at December 31st, 50 graduates of the programs are now employees, with a representation of 36% women, 22% visible minority, 4% Aboriginal people and 2% people with disabilities.

In 2008, BMO hosted 93 summer students; 38% were women, 24% visible minorities, 2.2% people with disabilities, and 4.3% Aboriginal students. This strong representation of Aboriginal students in one year was the result of focused efforts that saw the creation of the Ron Jamieson Internship Program in 2008 (described later in the report) integrated with the successful Bank-wide Student Training Program.

- ***Effective On-boarding***

In 2008, BMO created a new online orientation program. The redesign incorporated diverse perspectives in a short, engaging and informative introduction to BMO. Multiple languages and closed captioning were incorporated into the accessible online modules. A key focus of the orientation was having individuals share their personal perspective on each of the values: Take Pride – In what we do and where we work; Keep Your Word – Never waver from our commitments to our customers and each other; Embrace Diversity – Gain strength through our people and our perspectives; Do the Right Thing – Demonstrate respect for all and earn trust through integrity of our actions; Have Courage to Win – Focus on what makes us successful.

- ***Monitoring diversity in the recruitment process***

To support diversity in ongoing recruitment, BMO continues to work with our recruitment partner to monitor our success in attracting designated groups and tracking the diversity of the candidate pool during the recruitment process through to the slate of candidates that are presented to hiring managers.

Recruitment Strategies for Aboriginal Talent

Recognizing the relationship between education and employment/income levels, BMO has taken a multi-faceted approach to encourage Aboriginal students to stay in school. This includes scholarship and internship opportunities, sponsorship of university and college initiatives, and supporting innovative campus and industry recruitment approaches.

- ***Scholarship and Internship Programs***

In recognition of the contributions of BMO's former Head of Aboriginal Banking, BMO created the Ron Jamieson Scholarship and Internship Program. The intent of the scholarship and internship program is to provide talented Aboriginal youth with a scholarship and the opportunity to compete for a summer internship while in school with the view to offering a permanent placement as Financial Services Managers at graduation. The Financial Services internship allows students to gain front-line experience in structured training programs while benefiting from a supportive work environment, on the job coaching and mentoring. In 2008, there were 5 students involved in the program.

BMO continues sponsorship of the Inroads program in Saskatchewan to support Aboriginal intake. In 2008, two students from the University of Saskatchewan were sponsored in the program, which also included the opportunity to gain work experience through part-time work.

Recognizing the importance of stay in school initiatives, BMO has continued to provide Aboriginal high school students from communities across Canada with bursaries. In 2008 we provided 22 bursaries to students through the Foundation for the Advancement of Aboriginal Youth (FAAY).

BMO continues to support the scholarship programs established at Vancouver Island University in Nanaimo (formerly called Malaspina College). These are two \$1,000 awards annually for students entering Canada's universities from high school. Also, at the University of Northern British Columbia, three scholarships a year at \$1500 each are awarded. BMO also sponsors a \$1,000 annual award at Capilano University, North Vancouver.

Further, BMO works collaboratively to support individual Aboriginal communities fund education for their local candidates of choice. Communities that we work with include the Akwesasne Mohawk Territory, the Nuu-chah-nulth Tribal Council and the Six Nations of Grand River.

- ***Industry Initiative***

Several years ago, BMO entered a partnership with the other major financial institutions to create Financial Industry Partnering for Aboriginal Relationships (FIPAR). The objective of this group is to advance opportunities for employment of Aboriginal people within the financial services industry. A newly created website encourages Aboriginal youth to explore career opportunities, as well as to learn about scholarship and internship opportunities that lead to permanent roles. The website is advertised in Aboriginal newspapers, magazines and through a national fax service to Aboriginal schools and communities.

- ***University and College Initiatives:***

To support higher education, BMO has established strong relationships with several post secondary institutions. BMO is a founding sponsor of the Aboriginal MBA program at the University of Saskatchewan. This program is focused on Aboriginal business and economic development.

BMO also pledged \$550,000 over seven years to the University of Victoria to construct its First Peoples House. This educational facility will be a center for cultural and academic support programs that assist Aboriginal students in accessing and completing a post-secondary education.

- ***Campus Recruitment***

In 2008, the Aboriginal Lynx program – a partnership BMO developed with the University of Calgary, made plans to expand its program to add several colleges in addition to the original 9 western universities. An online, interactive recruitment service has been developed to provide students a contemporary forum to post resumes, gain access to career and employment seeking strategies, and meet employers seeking candidates of Aboriginal heritage. As the only financial institution invited in 2007 to be a founding member, BMO strongly believes this leading edge network will allow us to leverage BMO's long-standing reputation in the Aboriginal community to access top talent in this highly competitive labour market.

- ***Awareness of programs***

To support awareness of our programs, BMO continued to advertise in national media (i.e. First Nations College Guide, Aboriginal Times and SAY Magazine), and national job boards (e.g., Aboriginal Human Resources Council job board), and leveraged sponsorships such as the Canadian Council for Aboriginal Business dinner series. The Canadian Council for Aboriginal Business has recognized BMO with a gold-level Progressive Aboriginal Relations (PAR) accreditation for BMO's efforts to build a mutually beneficial, sustainable relationship from both a business and employment perspective. This accreditation has been confirmed at the gold level for a number of years in succession.

- ***Presence in Aboriginal Communities***

Recognizing the affirmative impact that the provision of banking services can have on local economies, BMO has eleven full service branches, three community banking outlets, and one in-store branch within Aboriginal communities. Ten of these branches are located on First Nations territories and most are staffed by members of the communities. These facilities not only reflect a valued business relationship but also provide employment opportunities for members of the Aboriginal community.

BMO also continued its membership in the Canadian Aboriginal and Minority Supplier Council. Membership in CAMSC allows the bank to be responsive to this important market by providing both financial services and new business opportunities to help them grow their businesses.

Recruitment Strategies Focused on New Immigrants

- ***Partnerships with Community Agencies***

In order to assist new Canadians in breaking down barriers to employment, BMO has established a number of partnerships with key community agencies that help BMO access top talent from the new immigrant communities. These agencies offer access to highly qualified professionals and managers, and conduct candidate searches on behalf of BMO. BMO is currently working with St. Stephen's House, Skills International, Canadian Immigration Integration Project (CIIP), and Accessible Community Counseling & Employment Services (ACCES). We also work with Career Bridge which runs an internship program for new experienced immigrants.

To help business groups connect with candidates, BMO has hosted two recruitment breakfasts, including one in early 2008. Through these events, 24 and 15 candidates respectively had the opportunity to hear about roles first hand from BMO's business leaders; and business leaders had the opportunity to meet, network with and interview candidates. These breakfasts and partnerships have resulted in 15 hires to date with 60% representation of visible minorities.

In partnership with ACCES Employment Services, BMO also hosted a speed mentoring event. The event was designed to help newcomers develop a strong network of professional contacts. Jobseekers met individually with twenty senior employees of the bank to have one-on-one coaching sessions for 10 minutes at a time.

Recruitment Strategies for People with Disabilities

- ***Pre-Employment Training Programs***

In 2008, BMO continued its successful pre-employment training program for people with disabilities in partnership with JVS (Jewish Vocational Services) and JOIN (Job Opportunity Information Network). JVS, JOIN and BMO's Human Resources team collaborated on sourcing the candidates. The program provides coaching and training to close the gap so often experienced by candidates with little or no work experience. From the 2007 program in Direct Banking, we have seen a retention rate of 86%, which is considerably higher than the retention normally experienced in this environment.

The 2008 program was implemented in Card Products and in the Greater Toronto Area branch network. Approximately 120 resumes were reviewed for the Card Products program, and 130 for the Greater Toronto Area program. Over 100 people attended two

Open Houses. These information sessions gave individuals an opportunity to better understand the work environment and job requirements, to meet and interact with hiring managers, and to get a preliminary appreciation of the resources and support available to help them succeed. Managers, in turn, were provided extensive coaching on how to effectively recruit, onboard and support employees with disabilities. The 2 programs resulted in a total of 25 hires.

Throughout training, on boarding and placement, both the managers and candidates were supported by a dedicated coach who helped ensure that barriers were quickly identified and addressed. In addition, training was provided to managers involved in the program by members of the Diversity team. This support was instrumental in building confidence for both managers and employees in a successful outcome, improving time to performance and understanding the link between accommodation and achieving performance standards. The support is ongoing for managers and their new employees, as we continue to monitor retention.

Given the success of this initiative to date, two pre-employment programs are planned for 2009.

- ***Transitioning from Campus to Workplace***

Successful transition from school to work is key for Canadian post-secondary students and graduates with disabilities. To help with this transition, NEADS (National Educational Association of Disabled Students), with support from BMO Capital Markets' Equity Through Education Program, held Job Strategies Forums in Vancouver, Fredericton, Saskatoon, and a national conference in Ottawa in 2008. The forums averaged about 60 participants and the conference yielded over 160 participants.

These fully accessible interactive forums focus on preparing for the job market, dealing with disclosure, developing resumes, conducting a job search, arranging workplace accommodations, promoting skills sets, and mentoring opportunities for students and employers. To date, more than 1,000 individuals have benefited from the strategic alliance between BMO Capital Markets and NEADS.

In 2008, BMO participated in two campus events organized by LIME Connect, a not-for-profit group that supports intake and career progression of people with disabilities. These events hosted students from the University of Toronto, Ryerson, George Brown College, York University as well as the University of Waterloo and Laurier University. The co-chair of BMO's Waves Affinity Group (focused on the deaf, deafened and hard of hearing community) shared her personal experiences and career progression at BMO.

Outreach - Encouraging Education

BMO Financial Group invests substantially in scholarships and bursaries to support high potential individuals who would not otherwise have access to further learning. Through education, we help build a qualified, diverse workforce for the future.

- ***Equity Through Education Program***

BMO Capital Markets continued their "Equity Through Education" program. All of the institutional equity trading commissions earned in one day are donated through the program. In 2008, a total of \$1.5 million was raised. Of this, \$1,050,000 million was donated to 6 Canadian charities focused on each of the 4 designated groups: Foundation for the Advancement of Aboriginal Youth Scholarships (FAAY), National Aboriginal

Achievement Foundation, NEADS Scholarships, Pathways Canada, Canadian Merit Scholarship Foundation, and Youth in Motion's Top 20 Under 20 Program. The program financially supports people who have the ambition to pursue educational opportunities that may be out of reach. To date, the program has raised \$6.6 million to assist nearly 2,000 students through scholarships, bursaries, mentoring programs and job search strategy forums.

- ***Other Scholarships and Bursaries***

BMO is a long-time supporter of the Harry Jerome Scholarships. In 2008, BMO continued to partner with the Black Business and Professional Association (BBPA) offering two scholarships through the Harry Jerome Scholarship Fund to African Canadian youth.

Further, through the Harmony Movement, June Callwood Harmony Scholarships were awarded to graduating high school students from across Canada. These students are highly influential in promoting programs that address the diversity of their communities and help combat racism, and discrimination.

Retention

Creating a Supportive Work Environment

BMO's commitment to creating an inclusive and supportive workplace has always been reflected in our values. Updated in 2008, the values now reflect this commitment as "Embrace Diversity – gain strength through our people and our perspectives" and "Do the Right Thing – demonstrate respect for all and earn trust through integrity of our actions". With an inclusive and supportive workplace employees will be able to perform to their full potential. Efforts range from supportive policies to employee-led Diversity Councils and Affinity Groups to training and development initiatives.

- ***Workplace Accommodation for people with disabilities***

An important element of BMO's commitment to an inclusive, supportive workplace is accommodation for people with disabilities. In 2008 a review of our Accommodation policy indicated that although our current funding model was successful, there was an opportunity to improve upon the decentralized management of the policy. In response, we centralized our workplace accommodation expertise within the Diversity and Workplace Equity (DWPE) team. The DWPE team is accountable for the end-to-end process: assessment, coordination and fulfillment of accommodations. As part of this change, the role of a Workplace Accommodation Advisor was created. The Advisor works with both employee and manager to ensure the successful implementation of workplace accommodation needs. The improvements to our Workplace Accommodation Policy expedite the response time for accommodations, and provide a single point of contact, resulting in better support for both managers and employees with disabilities.

To ensure BMO's workplace is technologically inclusive, the Adaptive Technology Services (ATS) team continues its ongoing work to create a technologically inclusive, barrier-free environment by establishing standards, processes and implementing systemic technological solutions. The ATS team was established in 2004, the result of a recommendation of EnVision, BMO's Affinity Group focused on issues of vision loss.

Examples of the accommodations provided in 2008 include large-screen monitors, JAWS, ZoomText, ASL interpreters, note takers, electronic organizers, Kurzweil etc. to help address visual, hearing, dexterity and learning disabilities. To support employees with

muscular skeletal and circulatory conditions, accommodations such as ergonomic chairs, motorized sit/stand desks and workstation modifications were provided. Supportive work environments are also about accessibility and ease of communication. To facilitate ongoing communication with hearing managers and colleagues, employees who are deaf, deafened or hard of hearing are provided with Blackberries.

- ***Awareness Building***

To ensure HR staff has a comprehensive understanding of diversity and inclusion, the HR Professional Development Curriculum continues to be delivered. Components include a case study entitled, “Fulfilling BMO’s Corporate Commitment to Create a Diverse Workforce and an Equitable, Supportive Workplace” and a half day devoted to diversity and workplace equity. Participants learn about the legislative requirements of employment equity and their role in becoming a diversity champion.

In 2008, members of the Office of Diversity and Workplace Equity continued to provide diversity awareness training to newly hired associates and analysts in BMO Capital Markets, and to new Investment Advisors in our Private Client Group. In total, over 100 employees participated in the training.

The DWPE team worked closely with BMO’s Private Client Group to launch the Registered Disability Savings Plan. In December 2008, BMO was the first major financial institution to offer Canadians the RDSP, a new government initiative to enhance the long term financial security of people with disabilities. DWPE supported the launch team by providing coaching to Steering Committee members to raise awareness of accessibility requirements. In addition, a guide on inclusive language protocols was developed and shared with front-line staff to help them deliver optimal customer service.

- ***Personal Well-Being***

Recognizing the importance of employee well-being, BMO has an accessible website designed to help employees in making informed decisions about their personal well-being. Information on BMO’s principles, practices and supportive policies is provided on the site, which can also be accessed from home, to ensure privacy and convenience.

Examples of supportive policies and practices include:

- **People Care Days:** Allows paid time off for personal matters, which cannot be scheduled outside of work hours
- **Flexible Work Arrangements:** Provides employees an opportunity to work offsite, work shortened weeks and/or share jobs
- **Taking Care:** Offers a free, 24-hour childcare telephone referral service and free eldercare information, counselling and referral service
- **Multi-Purpose Quiet Rooms:** Accommodate employees' needs for a private retreat facility for nursing mothers and for activities such as multi-faith prayer, quiet meditation and spirituality in the Greater Toronto area and Montreal
- **Employee Assistance Program:** Third party provider of supports to employees and their families. In addition to the counselling support provided, lunch and learn sessions are offered to employees at no cost to the unit. In 2008, 78 lunch & learn sessions on a variety of topics were facilitated in BMO’s different Business Groups. Topics offered include “Learning about depression”, “Staying Healthy at a Desk Job”, and “Work Life Solutions”.

Career Development and Training

- ***Succession Planning and Talent Roundtables***

BMO proactively addresses the need to enhance objectivity in the advancement process, to help ensure that diverse slates of candidates are considered for promotions.

The leadership team at BMO is engaged in open and constructive discussions, called Talent Roundtables, initiated by the Talent Management and Diversity (TMD) group. The discussions cover current and future demand for talent, and how to best prepare the supply of talent to meet business needs. For each senior role at BMO, a succession plan is prepared identifying potential candidates. TMD works with the hiring executive to ensure that diverse candidates are considered in the selection process. Through the Roundtables, multiple views are provided on the assessment of individuals, thereby helping to ensure the impact of subjective views is reduced.

Discussions at the Talent Roundtables also focus on development of emerging leaders - individuals with Strategic Leadership/VP (and above) potential. The intent is to ensure these individuals are given appropriate opportunities to acquire the skills necessary to execute the current business strategy while preparing them to take on increasingly complex roles in the future. These opportunities include such things as work experience, relationship opportunities and education based opportunities.

To ensure that BMO is developing a diverse leadership team, TMD is reaching deeper into the organization and identifying talent earlier. For BMO Canada, the emerging leader pool at the end of 2008 was 40% women, 12% visible minority, 1% Aboriginal people and 2% people with disabilities.

- ***Enhancing Leadership Effectiveness***

Recognizing the critical role of leaders in defining strategy, leading change, and coaching our teams for success, BMO has introduced a new Advanced Leadership Program (ALP) in partnership with the Rotman School of Management. The ALP is specifically designed to strengthen leadership skills aligned with newly defined Leadership Capabilities. One of these key capabilities is Talent Management, and includes supporting others in achieving their full potential as well as building strong, diverse and effective teams.

In 2008, to further support emerging leaders and Executives, we launched an improved 360 feedback survey. The renewed survey directly aligns the behaviours with the expectations of our new Leadership Capabilities. Upon completion of the process participants will receive an enhanced feedback report which will provide specific feedback on strengths and development areas and includes normative data for comparison purposes. The 360 process is one of the methods BMO uses to help ensure broad feedback from multiple sources.

Emerging leaders and executives at BMO also have access to internal and external coaches through BMO's Coaches Network. The Coaches work with the 360 participants to help develop plans to address issues identified. The Coaches also participate in forums to ensure they have the appropriate business context and understanding of BMO values and culture. The forum also facilitates the sharing of trends and lessons learned, so the Coaches can enhance their capabilities in supporting 360 participants.

In 2008, 100% of the BMO Financial Group executives and emerging leaders participated in the 360 process. 99% rated the 360 debrief session Good-Excellent, while 88% felt equipped to have a development conversation with their manager.

Understanding the importance of building managerial capability and confidence at all levels of management, BMO introduced an on-line interactive learning series called Performance Management Conversations @ BMO. It is focused on having effective conversations – getting started, engaging and motivating employees, diagnosing performance blocks and keeping focused on what matters most. It also consists of just-in-time access to a video coach that guides through the content. The learning is equipped with closed captioning and is compatible with JAWS.

- ***The Dalhousie MBA Program***

The partnership between BMO's Institute for Learning and Dalhousie University continues. Originally developed in 1996, this specialized MBA program for BMO's emerging leaders combines the rigour and functional content of an MBA with learning specific to financial services.

The program is assessed against the dynamic curricula offered at various business schools and also against BMO's strategic priorities to ensure it is providing the required development and critical skill/knowledge necessary for our future leaders. Of the 30 graduates in 2008, 27% are women and 20% are visible minorities.

- ***Managerial Leadership Learning System***

Recognizing the critical impact that managers have on the success of the business and the culture of the workplace, BMO offers the Managerial Leadership Learning System (MLLS). This program is designed to strengthen managerial leadership capability. Understanding that the single most important driver of healthy work environments is managers, BMO's MLLS includes a component on employee health and well-being.

Practical application is provided through the use of case studies covering harassment, accommodating individual needs with a flexible work arrangement, religious accommodation, and accommodation of low vision. Participants gain an understanding of the role of the manager and the individual in each of these situations, explore the issues and concerns, and offer solutions. Pre-reading includes the article "An Overview of the History of Diversity at BMO". Since its inception in 2000/2001, approximately 877 managers have graduated from this program. In 2008, of the 129 graduates, 49% were women, 16% visible minorities, 2% Aboriginal people and 1% people with disabilities.

The full program experience spans fifteen months and includes e-learning, classroom learning, handouts, text books, videos, and simulations. Through the collaboration of numerous constituents in this complex learning process, the full accessibility of this program has been addressed. Accessibility guidelines developed for the MLLS program are now used to assist course developers and instructors in ensuring accessibility of other training offered at BMO's Institute for Learning. The guidelines cover accommodations that support sensory disabilities, varying physical disabilities, learning disabilities, psychiatric and mental health disabilities and considerations for other health issues.

- ***Access to Career Opportunities***

BMO's Career Discovery site was significantly enhanced in 2008. Career Discovery offers a suite of tools and extensive information to support both employees and managers in having effective career conversations. A self-assessment tool helps employees understand their strengths, areas for development, and career interests, clarify career options and prepare for productive and meaningful career conversations.

On BMO's myCareer site, employees can create profiles which will allow them to receive e-mail notifications of vacancies that match their specified criteria, or they can directly search through the inventory of roles available. The site creates open access to job opportunities, and can be accessed by employees from work or home, allowing them to search items of interest at their own pace.

The BMO Career Center, available to external candidates, was also enhanced to clearly articulate BMO's commitment to diversity and an inclusive and supportive workplace. Information is provided on the CEO's Council on an Equitable Workplace, on Diversity Councils and Affinity Groups, and policies, programs and practices such as flexible workplace arrangements, people care days, and accessibility.

Employee Engagement

- ***Diversity Councils and Affinity Groups and Networking Forums – Structure***

Employees across BMO Financial Group are actively involved in increasing awareness and advocacy for diversity and workplace equity. Employees are encouraged and supported to participate in the Aboriginal Networking Forum, the ten Diversity Councils and the four Affinity Groups. The Councils are formed within business groups to focus on diversity in the context of the specific business group, while affinity groups span the country and focus on specific constituencies. BMO Affinity Groups include EnVision (focus on vision loss issues), Step Ahead (focus on mobility issues), WAVES (focus on the deaf, deafened, and hard of hearing community), and BMO Pride LGBT (focus on the gay, lesbian, bisexual, and transgendered community). Membership in Affinity Groups is open to all BMO employees.

Most Diversity Councils and Affinity Groups are sponsored by an executive, and are supported by a representative of the Office of Diversity and Workplace Equity who facilitates communication and the consultation process.

- ***Diversity Councils and Affinity Groups and Networking Forums – Sponsorships***

BMO actively supports events and organizations that matter to our employees.

BMO Financial Group's President and CEO serves on the Catalyst Canadian Advisory Board and the Catalyst Board of Directors. Catalyst is a leading international organization dedicated to addressing barriers to advancement of women. Catalyst has expanded its focus to address barriers to visible minorities and the LGBT community. Through Catalyst, BMO employees have access to leading research, events and forums focused on diversity and inclusion.

In 2008, BMO partnered with Catalyst to sponsor "Catalyst Connects", a series of events that brought together high-potential women from BMO and other Catalyst member

organizations to hear some of North America's most senior female executives speak about their career experiences. The aim was to provide promising women with powerful role models, as well as opportunities to network with other high-potential women. In Canada, the events took place in Vancouver and Calgary, with an attendance of 75 and 84 respectively. A subsequent event is planned for Toronto (in March 2009).

Throughout the year, the BMO Capital Markets Diversity Council sponsored a series of forums, inviting employees to learn more about relevant issues. The Women's Sub-Committee, as an example, sponsored the "Own It – tools for career success" series. These forums were designed to support women in the workplace, and included sessions on 'The Art of Receiving Feedback' and 'Returning to Work after Maternity leave'. In recognition of International Women's Day, an event featuring filmmaker and author Sally Armstrong, drew about 70 employees and guests.

BMO's Personal and Commercial Canada Diversity Council celebrated Black History Month with lunchroom and wall displays highlighting significant African Canadians & African Americans and their achievements. Employees were challenged with a quiz to test their knowledge; sixty responses were received, with 5 winners.

On June 21st, BMO's Private Client Group Diversity Council hosted a celebration in honour of National Aboriginal Day at the Waterfall Stage at First Canadian Place, BMO's corporate headquarters. Employees of BMO as well as many others in the building complex had the opportunity to listen and learn from the Elder, and to become better acquainted with the cultural diversity of Inuit, Métis and First Nations peoples and celebrate their significant contribution to Canadian society.

BMO's Technology & Operations Diversity Council sponsored 2 diversity and wellness fairs, entitled "Hidden Disabilities at Work". Employees in the Toronto area had an opportunity to learn about the different support services available to help people with non-visible disabilities succeed in the workplace.

BMO was the title sponsor of the Job Opportunity Information Network's (JOIN) Annual Conference in October 2008. The Conference provided an opportunity for BMO employees and others to learn about key initiatives and best practices, including the Accessibility for Ontarians with Disabilities Act, Universal Design Principles and Accessibility Audits, and Developing an Accessible Website. In June 2008, BMO further hosted the first JOIN Business Leader Network Employer Breakfast, entitled "Innovative Workforce Sourcing: Talent Acquisition and Persons Living with Disabilities". The keynote speaker was a senior executive of BMO's Wealth Management Group who, as a person with a disability, spoke of his experiences working at BMO.

In June 2008, the BMO Pride LGBT Affinity Group hosted a Pride and Remembrance event for over 150 BMO employees, community members and customers. The successful event included a panel discussion with four highly respected professionals who spoke openly of their personal experience on the topic of exclusivity and inclusion. The audience took the opportunity to ask a number of sensitive questions, and the dialogue provided thought-provoking insights into the challenges experienced by members of the LGBT community at work. The discussion was moderated by the Executive Sponsor of the Group.

Employees continued to actively participate in Junior Achievement's *Diversity in Action* program. The full day program delivered in grade 7 classrooms across the GTA consists of five modules: Gender, Age, Ethnicity, Persons with Disabilities, and Sexual Orientation. 66 BMO volunteers delivered the program to 35 classrooms in 17 Toronto area schools, reaching 931 students. BMO employees also participated in Junior Achievement's *Economics of Staying in School* program.

Throughout 2008, BMO participated in and sponsored a large number of events celebrating diversity. Diversity Council members and many other colleagues were active participants and volunteers at these events. A few examples are: Mayfest (an annual celebration of deaf culture); Pride and Remembrance Run (dedicated to supporting Toronto's gay and lesbian community), Fashion Cares (Canada's largest gala fund-raiser in support of the Aids Committee of Toronto); Shelter from the Storm (a Canadian Women's Foundation campaign to stop violence against women); Harry Jerome Awards (a national event of the Black Business and Professional Association that recognizes and honours excellence in achievement).

Employee Communication & Consultation

Communication

BMO's commitment to diversity and workplace equity is built into our Corporate Values. Regular communication by senior leadership, through a multitude of communication initiatives, reinforces this commitment. In 2008, the CEO articulated his vision of diversity in a video that was broadcast online to employees across the company. Key messages were that we place a high value on diversity – it's embedded in our values, and core to understanding our customers. He acknowledged that more work needs to be done to keep pace with our expectations on improving the diversity of our workforce. The CEO emphasized that each employee has a job to do in building the quality of our work environment, and that he is counting on everyone to do their part.

The CEO's message was reinforced through a number of communication vehicles, including posters in branches across the company, an online brochure, and banner messaging on our BMO-Harris Central intranet portal. The poster emphasized diversity in its broadest sense – diversity of experiences and culture that adds up to better conversations, better ideas, and ultimately better solutions and greater success for our customers.

Internally, BMO's Diversity Intranet site was updated to provide easier access to information for managers and employees on key initiatives, policies, and opportunities to get involved.

BMO's CEO and members of his senior leadership team are committed to frequent, open two-way communication to all employees. In addition to the communication vehicles listed above, employees can engage in an on-line discussion at the "Watercooler" through our corporate intranet. The Watercooler is an interactive communication site for employees to share their insights and concerns directly with the CEO of BMO Financial Group. In January, 2008, the CEO launched a discussion on diversity, and asked about ways to better serve BMO's diverse customers. In the introduction to the topic, the CEO talked about

how the subject of diversity came up consistently during his Company Meetings in seven cities across North America, where he spent time with nearly 4000 employees. Diversity proved to be the most popular topic to date; there were over 100 responses within the first 24 hours, clearly an indication of the interest and understanding of BMO employees of their customers. BMO's diversity initiatives are also included in its Annual Report and Public Accountability Statement, which are available to external constituencies.

Consultation

BMO's CEO and the most senior level of leadership participate in the CEO's Council for an Equitable Workplace. This Council sets the strategic direction for diversity at BMO Financial Group. Through this forum, Talent Management and Diversity (TMD) presents diversity strategies and annual plans for review, raises issues and concerns, and identifies opportunities to further workforce representation and an inclusive work environment.

In developing the strategies and plans, TMD consults with the Council of Councils (COC) which is comprised of executive sponsors, chairs of the Diversity Councils and Affinity Groups, key Business Group executives and Human Resources Business Partners. The COC meets quarterly, and through a two-way dialogue:

- Communicates BMO's diversity strategies, annual plans, programs, and obtains input;
- Provides opportunities for Diversity Councils and Affinity Groups to unite their efforts for championing diversity, share best practices; and
- Develops and recognizes diversity champions.

The COC also enables BMO Financial Group executives and senior leaders to receive open and honest feedback from Council members regarding diversity initiatives within the company. The COC participants, in turn, cascade the key messages to their teams and business groups.

In 2008, a more formal consultation process was introduced to discuss key initiatives with the Diversity Councils and Affinity Groups. This process was used to engage Affinity Groups and Diversity Council members in assessing the career development workshop. Three of the Affinity Groups – enVision (focused on employees with vision loss), Step Ahead (focused on employees with visible and invisible disabilities) and Waves (focused on deaf, deafened and hard of hearing employees) were involved in the consultation. Their insights were also shared more broadly with the Council of Councils membership at a quarterly meeting and have led to specific changes in the workshop delivery. For example, the topic of Accommodations is built into the Career Development Workshop for Managers. Additionally, feedback from the sessions was incorporated into the workshop tools prior to their launch more broadly through the Career Discovery site.

The formal consultation process was also used with four Diversity Councils to gain insights into opportunities for enhancing career development for designated groups and LGBT employees in different groups within BMO. These insights provided further support for programs under consideration, such as the back-up childcare program to be introduced in 2009.

In addition to the consultation forums, BMO uses surveys to gauge employee satisfaction. For example, to ensure that employees are satisfied with BMO's Accommodation Policy

and process, BMO annually surveys employees who have received accommodation support during the year. For 2008, the results indicate a satisfaction rate of 88%.

To understand how all employees are experiencing the workplace, BMO uses its Annual Employee Survey (AES). The survey is available to employees via the Internet and is accessible using adaptive technologies such as JAWS and Zoomtext. In 2008, the participation in the AES survey was at 82% - an excellent representation of our workforce.

Employee perceptions of diversity (those of the entire population and specific designated groups) are important in assessing progress towards building an equitable and supportive workplace. For several years, BMO has monitored these perceptions through a Diversity Index (DI) comprised of key questions that are included in the AES survey. Our research shows that the DI is strongly related to the Employee Engagement Index (EEI) and that improvement in the DI will have a positive effect on the EEI and employee retention.

In 2008, Diversity Index questions included:

- At BMO Financial Group, I am treated with honesty and respect.
- My manager supports me in balancing my work and life commitments.
- I have equitable opportunities to advance regardless of gender, sexual orientation, race, age, or disability.
- My manager is committed to creating an equitable, diverse and inclusive culture so that all employees can contribute fully.

The DI has continued to increase, and stood at 80% in 2008. BMO also monitors diversity-related items to better understand employees' perceptions as to how employment systems and management practices affect the experience and participation of employees at BMO. The Diversity Index and diversity-related item results are provided to all managers to help increase their understanding of the issues and their role in creating a diverse workforce and supportive workplace.

AES results are also analyzed by categories that include gender, age, and designated group membership enabling executives to celebrate progress and develop strategies to address any existing barriers.

To further understand employees' experiences of the workplace, BMO introduced in 2008 an Exit Interview Survey. In addition to questions on reasons for leaving, the exit survey also asks former employees to consider and rate their satisfaction with the objective "At BMO FG we are committed to creating an equitable, diverse and inclusive culture so that all employees can contribute fully". Encouragingly, 83% rate being satisfied to extremely satisfied with the median response being 4, Very Satisfied, on a scale of 1-5. We also offer the opportunity for individuals to comment on the following statement: "At BMO Financial Group we are committed to creating a positive work environment and we value any additional comments you would like to add". All comments are reviewed to identify key themes that provide opportunities for improving the workplace.

In 2008, BMO conducted extensive research to arrive at a common understanding and articulation of what differentiates BMO as an employer. As part of this research process, discussion groups were held with Aboriginal employees and employees with disabilities. The resulting insights were used alongside other research inputs to inform outputs that will reflect and shape the culture of BMO Financial Group now and in the future.

CONCLUSION

As a leader in diversity, BMO proactively advocates for the advancement of diversity in Canada. Therefore in 2007 BMO agreed to become the premier sponsor of a new national award for diversity best practices – Canada’s Best Diversity Employers. In 2008 BMO Financial Group presented the award to 25 employers leading the way in Canada in creating diverse and inclusive workplaces. The 2008 list of Canada’s Best Diversity Employers singles out these 25 employers for exemplary initiatives among five groups: women, visible minorities, persons with disabilities, Aboriginal peoples, and Lesbian, Gay, Bisexual and Transgendered / Transsexual (LGBT) peoples. As the funding sponsor of the award, BMO was not eligible to compete. However, with this sponsorship, BMO actively promotes diversity not just internally, but also in companies and communities across Canada.

In 2008 BMO was named one of Greater Toronto’s Top 75 Employers for the fourth year in a row by Mediacorp Canada Inc. Three of BMO’s most senior women executives were listed on WXN’s “Canada’s Most Powerful Women: Top 100” in 2008.

At BMO, we understand that diversity of experiences and culture leads to better ideas, better debate, and better decisions – helping us to be the best at serving customers everywhere we do business.