

BMO CAPITAL MARKETS LIMITED

STRATEGIC REPORT (continued)

Statement by the Directors in Performance of Their Statutory Duties in Accordance with S172 (1) of the Companies Act 2006

Directors of the Company are required to act in a way that they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its stakeholders as a whole. This requires the Directors to have regard to the:

- Likely consequences of any decision in the long term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers, customers and others;
- Impact of the company's operations on the community and the environment;
- Desirability of the company maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between members of the company.

The Directors also consider the views and interests of a wider set of stakeholders including its shareholders, regulators and counterparties.

When taking key decisions, the Directors receive information from across the Company and the wider BMO Financial Group. Information is shared by stakeholder engagement at an operational level and helps the Directors gain a better understanding of the impact of their decisions on relevant stakeholder interests.

Whilst considering a broad range of interests is an important part of their decision making, the Directors acknowledge that decisions may not result in a positive outcome for all stakeholders.

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Our Purpose: Boldly Grow the Good in Business and in Life

BMO has a deep sense of purpose – to be a champion of progress and a catalyst for change. We leverage our position as a leading financial services provider to create opportunities for our communities and our stakeholders to make positive, sustainable change – because we believe that success can and must be mutual. Our bold commitments for a thriving economy, a sustainable future and an inclusive society are reflected in our active, direct response to today’s most pressing challenges:

The Purpose Statement

- **Thriving economy** – Providing access to capital and valuable financial advice – investing in businesses, supporting home ownership and strengthening the communities we serve, while driving innovation that makes banking easier
- **Sustainable future** – Being our clients’ lead partner in the transition to a net zero world, delivering on our commitments to sustainable financing and responsible investing.
- **Inclusive society** – Committing to zero barriers to inclusion through investments, products, services and partnerships that remove systemic barriers for under-represented customers, employees and communities – and drive inclusion and equitable growth for everyone.

Ambition 2025 is the cornerstone of BMO’s five-year strategy to deliver world class loyalty and growth; a winning culture; increased digitalisation; becoming a lead partner in our clients’ transition to net zero; and superior management of risk and capital.

Directors consider BMO’s Purpose (above) and Ambition 2025 when taking key decisions.

Examples of how stakeholder interests were considered for the year ended 31 October 2023 are included by stakeholder group below.

Customers

The Directors receive regular updates from each line of business as part of their Board materials. These updates highlight issues impacting our clients as well as opportunities to enhance client experience.

This year, with uncertainty on the pace and direction of rate rises, conflicts in Europe and the Middle-East and several high-profile bank failures, the Company helped its clients to navigate ever challenging geopolitical and macroeconomic conditions. The Board supported this through approval of updated risk and liquidity thresholds and bespoke stress scenarios designed to mitigate the impact of client harm.

With the launch of the BMO European Electronic Trading platform last year, the Company was able to offer clients more choice and flexibility in how they trade. This year, the Company expanded this offering with access to Continental European exchanges. The Board also supported enhancements to client trade processing and transaction reporting through new technology investment. This client focus was reflected in various industry awards including Best Algo provider (Market Media Choice), Best Customer Support and Consulting and Best Access to Markets (Trade).

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The Board's commitment to improved client experience was further demonstrated in their decision to appoint a new onboarding vendor this year. The appointment followed a nine-month pilot centred on simplifying process whilst effectively managing risk.

Building a sustainable future and becoming our clients' lead partner in the transition to a net zero world is central to BMO's and the Company's purpose. The year, this was reflected in Director discussions on Critical Minerals and Energy Transition opportunities.

Employees

The Board is committed to maintaining a strong culture aligned with BMO's values. In addition to employee representation in board meetings and strategy sessions, the Executive Directors engage with employees through regular town halls. The Board also receives employee feedback from employee surveys as part of regular Management reporting. This year, the Directors received a report on the Ambition 2025 Winning Culture check-up where the Company had scored highly on themes involving "I feel cared for beyond work" and "I am proud to work at BMO"

The Directors remain committed to talent development within the workforce. This was reflected through their support for the 10k coffees networking platform and associated mentoring programmes and their discussions on leadership planning. They also continue to prioritise a high standard of workplace safety recognising employees' physical and mental health needs.

The Directors are strong advocates for a more inclusive society and continue to champion Diversity, Equity and Inclusion ("DEI") to initiatives. The BMO Engage Diversity and Inclusion, Women in BMO and Human Resources Groups held various events over the year including an interactive panel discussion on Investing in Women and a Women in Banking event hosted by BMO's Chief Human Resources Officer.

Suppliers

Throughout the year the Directors received regular updates on key third-party vendors. This included reports on the risks associated with key supplier relationships and how those risks are managed. Once again, particular attention was given to operational resilience with Directors approving an updated operational resilience Framework with a focus on important business services and impact tolerances. The Directors also received updates on new and prospective vendor relationships with a view to enhancing controls and delivering efficiencies.

Community and Environment

Community

The Company is committed to giving back to the communities in which it operates. The Chief Executive provides regular updates to the Board on the Company's community and charitable giving initiatives. Many of the Directors are also actively involved in fundraising and volunteering activities.

This year, the Company supported volunteering opportunities and helped raise funds for Ronald McDonald House Charities, the British Red Cross and Unicef Syria and Tukey Earthquake Appeals, Barts Charity, the Lord Mayor's Appeal, Movember and Farms for City Children.

BMO also entered into a second corporate partnership agreement with the Brokerage, a social mobility charity working with young people and employers to drive positive change in the workplace and remove barriers to inclusion. Funded partly by the Company, the partnership provides support for two new BMO scholarships, a summer internship programme and employee led masterclasses for students.

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The BMO Engage Corporate Social Responsibility Group also donated laptops and iphones to schools and orphanages in Ukraine.

Environment

In addition to supporting clients with their energy transition goals, the Company is also committed to improving sustainability in its own business operations. This year, through its membership of the Sustainability Trading Group several employees participated in working groups to develop a new set of Environment, Social and Governance (“ESG”) best practices and accompanying measurement framework for financial markets trading.

Staff also participated in sustainability forums and in a ‘Cycling for Sustainability Challenge’ where they pedalled over 3.9 thousand km to plant 8,000 trees for the charity One Tree Planted.

Regulators

The impact of regulatory developments and compliance with regulatory requirements are key areas of focus and attention for the Board. During the year, the Board received regular updates on areas of regulatory interest. This included updates on Trade and Transaction Reporting, Financial and Operational Resilience, Conduct Risk, Market Abuse and Climate Risk. The Board also received updates on regulatory engagement including responses to Financial Conduct Authority (“FCA”) surveys and Dear CEO letters.

With the introduction of the Investment Firm Prudential Regime (“IFPR”) on 1 January 2022, the requirement for the Directors to review and approve the Internal Capital Adequacy Assessment Process was replaced with the requirement to implement, review and approve an Individual Capital and Risk Assessment (the “ICARA”). When taking these decisions, the Directors considered the long-term consequences and the impact on relevant stakeholder interests. This includes a review of governance process and procedure to ensure the Company has in place adequate own funds and liquid assets throughout the economic cycle and during an orderly wind down. To ensure appropriate time and attention was given to these decisions, the Directors held a separate ICARA specific Board meeting. They also received additional training on the evolution of the ICARA Framework.