Resolved: Shareholders request that BMO adopt a policy by the end of 2022 in which the company takes available actions to help ensure that its financing does not contribute to new fossil fuel supplies that would be inconsistent with the IEA's Net Zero Emissions by 2050 Scenario.

Supporting statement:

Investors welcome BMO's target of net zero emissions by 2050 as well as joining the Partnership for Carbon Accounting Financials and the Net-Zero Banking Alliance (NZBA). Investors also welcome BMO's pledge to mobilize $300 billion in sustainable finance by 2025 and await information about how that connects quantifiably to BMO's emissions reductions targets.

At the same time, BMO is heavily exposed to fossil fuels. The global Banking on Climate Chaos report ranks BMO 16th in the world for fossil fuel lending since the Paris Agreement at a figure of US$97 billion, including US$43 billion into fossil fuel expansion.[1] On the investment side, researchers found that from 2015 to 2020, BMO held between CAD$13.3 billion and CAD$24 billion in oil and gas investments and between CAD$3 and CAD$4 billion in coal investments.[2]

In 2021, the International Energy Agency (IEA) released its net zero roadmap, concluding, "There is no need for investment in new fossil fuel supply in our net zero pathway"[3] because "no new oil and gas fields are required beyond those already approved for development."[4]

The IEA analysis builds on others that show the world already has enough fossil fuels to exceed the carbon budget for 1.5 or 2 degrees of warming, including a study in *Nature* that found oil and gas production needs to fall by 3% each year until 2050 to meet the goals of the Paris Agreement.[5]

The United Nations Environmental Program Finance Initiative (UNEP-FI), which convenes the NZBA, published recommendations for "credible net zero commitments" of banks: "A financial institution establishing a net-zero commitment should begin aligning with the required assumptions and implications of IPCC 1.5°C no/low overshoot pathways as soon as possible….All no/low overshoot scenarios indicate an immediate reduction in fossil fuels, signaling that investment in new fossil fuel development is not aligned with 1.5°C."[6]

BMO has set a precedent of limited fossil fuel exclusions, avoiding financing of exploration and development in the Arctic National Wildlife Refuge and some coal operations more generally. A further exclusion of new fossil fuel supply is required by BMO to be consistent

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[1] https://www.ran.org/wp-content/uploads/2021/03/Banking-on-Climate-Chaos-2021.pdf
[2] https://www.greenpeace.org/static/planet4-canada-stateless/2021/08/a0d71ee1-canadian-banks-fossil-fuel-financing-greenpeace-canada-july-2021.pdf
[3] https://www.iea.org/reports/net-zero-by-2050
[4] https://www.iea.org/reports/world-energy-outlook-2021/executive-summary
[5] https://www.nature.com/articles/s41586-021-03821-8
[6] https://g20sfwg.org/wp-content/uploads/2021/10/2021-UNEP-FI.-Recommendations-for-Credible-Net-Zero-Commitments.pdf

with the math of net zero as defined by the IEA, UNEP-FI and others, and to meet its own emissions reductions targets.

Conversely, continuing to finance new fossil fuels would take BMO further away from its net zero targets, help create more systemic risk affecting its business, and expose the bank to reputational risk as its words and actions diverge.

We urge shareholders to vote FOR this proposal.