

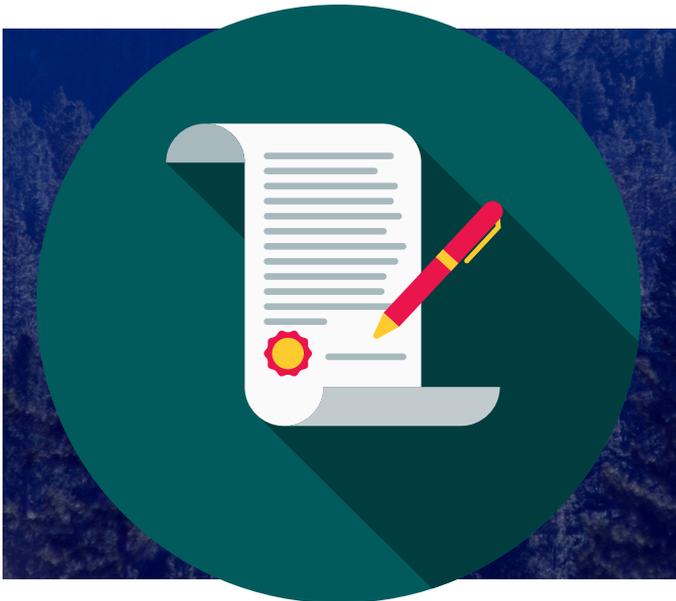
Bringing the Code of Conduct to Life

Updating and Sharing a Code of Conduct to Become a Values-Based Document

Interview with:

Ula Ubani
Chief Ethics and Conduct Officer
BMO Financial Group

Terry McCaig
Senior Adviser, Ethics and Conduct
BMO Financial Group



We recently had the opportunity to connect with Ula Ubani and Terry McCaig at BMO Financial Group, a 2018 World's Most Ethical Company, who shared with us some of the ways that BMO adapted its Code of Conduct to become a principles, rather than rules-based document, as well as how the ethics and conduct office at BMO uses ongoing communications and training on the Code to ensure it resonates with a diverse and global employee population. The excerpts below are highlights from our conversation.

E: Could you share with us the background on BMO's current Code, such as when did it launch, and what was the process you undertook to bring it together?

UU: We've had a Code of Conduct since 2000. Early versions of it were detailed and prescriptive. Five years ago we decided to use behavioural and values-based decision making to modernize the Code to better reflect the bank's values. Our intent – move employees from simply knowing the rules to taking accountability for the decisions they make.

By 2015, the Code was completely transformed into a principles-based document. At the same time, the bank realigned its corporate values and introduced "Being BMO", an internal behavioral model with actions our employees are encouraged to follow. Aligning the Code with the thinking of Being BMO tied everything together.

TM: Being BMO unifies our vision, values, brand, and Code of Conduct with the actions that support the behaviors that will lead us to fulfilling our strategic goals.

E: The ethics function at BMO is separate from the compliance function. Did that separation happen in line with the work around creating principle and values-based programs and processes?

UU: We separated ethics from the compliance function a few years ago because each serves a distinct purpose for an organization. Ethics is about values and the intersection of values and behaviours. Compliance is about the observance of laws and regulations and the related checks and balances.

E: We will sometimes see a function or a role serve as the "owner" of the Code and have overall responsibility for it. Was there an owner within BMO when launching the current Code, or was there a cross-functional approach?

UU: The Ethics Office, which reports to the General Counsel, serves as the owner of the Code. However, because our Code covers many different areas it takes a collaborative effort to bring it together. Contributors to the Code include legal, compliance, privacy, anti-corruption, anti-money laundering, risk, HR, and our businesses.

One interesting challenge we face with a single, enterprise-wide Code is how to deal with employees in foreign countries who are subject to different laws or requirements. Our solution has been to create a Code that everyone can follow. We've achieved this by recognizing local laws in a way that preserves the core values in our Code.

The Code is principles-based. As a result, we guard against the desire to include every situation you can think of into the Code. Initially this created a bit of back and forth internally. But we give our employees credit. We are a financial services company and everybody has a high level of awareness and understanding. By following the Code's principles, we believe our employees are able to make the right choices and decisions when faced with a problem.

E: You mentioned translation and some of the localization that needed to be done to make the Code effective and resonate globally. What

kind of buy in did you get from regional leaders as you were building out your current Code?

UU: On one occasion, following the acquisition of a foreign business, we had to recognize the application of our Code within the context of local laws. Once we addressed various issues, we worked together with the regional teams to make it work. This collaboration ensured buy in. The Code is a foundational document that supersedes all policies and procedures within the organization and we expect everyone to embrace and support its application.

E: How did you launch the Code, and are there things you do to continually communicate and drive awareness of the Code to the workforce throughout the year?

TM: Our CEO launches the Code annually in an email to all employees across the bank. We follow his message with specific Code communications throughout the year. The content of these messages is designed to offer employees more clarity in applying the Code to their daily roles. The variety of communication is broad and uses engaging formats such as videos, animated graphics and interactive job aids. We work with our corporate communications team to create bank-wide communication strategies that include Code-related messages whenever the opportunity presents itself. We measure each message's effectiveness by tracking web statistics. In addition to our communications program, we conduct mandatory ethics training for all 45,000 employees annually that includes an assessment and an attestation.

E: What kind of lessons did you learn from the process in creating and launching your current Code? And were there any challenges you experienced that maybe you didn't expect?

UU: Launching the Code is just the beginning of the process. Ongoing communications reinforce the principles and support deeper engagement.

TM: In-person presentations are valuable. The messages are more striking with this human touch. It also creates a level of trust and comfort for employees who may want to raise a concern.

UU: With a prescriptive Code, you need to include detail on every possibility – which is challenging. A principles-based Code offers flexibility and provides guidance for employees as they use their judgement in making ethical decisions.

E: Thanks so much for speaking to us about this!



About the Expert

Ula Ubani is Chief Ethics and Conduct Officer at BMO Financial Group



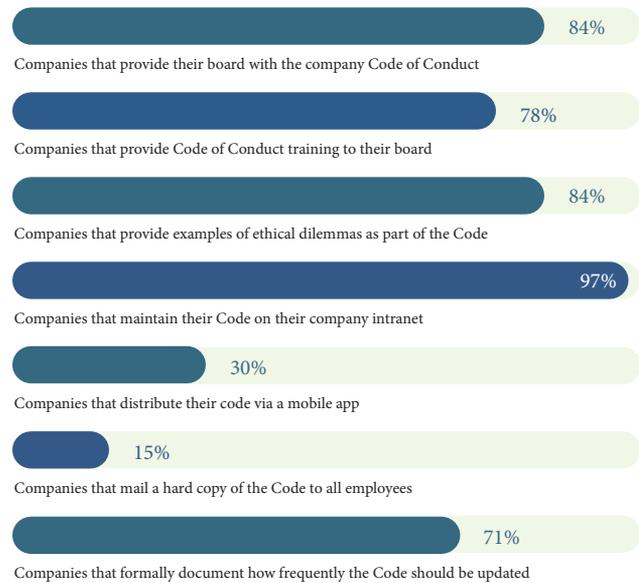
About the Expert

Terry McCaig is Senior Adviser, Ethics and Conduct at BMO Financial Group



MORE ON THIS TOPIC: Stats & Data from Ethisphere

The Code of Conduct remains one of the most important tools for communicating your company's values and compliance expectations. Below are additional stats around how the 2018 World's Most Ethical Companies further engage their global workforce with their Codes of Conduct.



Resources for BELA Members

Ethics and compliance teams are increasingly leverage their global colleagues to help amplify ethics and integrity messaging, and to reinforce the importance of key pieces of the compliance program, including the Code of Conduct. BELA member **Thrivent Financial** has shared how it trains its managers to help promote the code, and the resources the organization shares with managers to help them do so effectively. BELA members can click the below image to access the code training tools provided by Thrivent.

