

SYLVAIN: Good afternoon, everyone. The pandemic has changed many aspects of our lives, including how we interact with people, how we work, how we shop and how we bank. As we adapt to it on a daily basis, we still don't know what changes it will bring to our day-to-day lives. What new methods, technologies and habits does the future have in store for us? Will we return to the way we used to do things? What will our new normal look like? Good afternoon, my name is Sylvain Brisebois, National Sales Manager with BMO Private Wealth, and I'm delighted to be speaking with you this afternoon. First of all, let's welcome our three speakers. First of all, Charles de Brabant. In 2017 he joined McGill University to co-lead the creation and development of the Bensadoun School, whose goal is to be the world's premier university institution dedicated to the retail trade. Charles has over 25 years of experience, working primarily in Europe and more recently in China and Southeast Asia. His passion and expertise include brand marketing, executive and leadership development and retail consulting. Born and raised in Montreal, Charles holds a B.Com. from McGill, an MLA from Oxford University and an MBA from Stanford Business School. Welcome, and good afternoon, Charles.

CHARLES: Thank you very much, Sylvain, for that wonderful introduction.

SYLVAIN: Next, Victor Pellegrino, okay, thank you. Next, Victor Pellegrino is the Regional President, Personal Banking, Quebec and Eastern Ontario Region. Based in Ottawa and Montreal, Victor leads the Bank of Montreal's personal banking operations. He's responsible for overseeing the performance of other customer service associates in BMO Bank of Montreal's network. He holds a Bachelor of Science, no, actually a B.A. from McGill University and an MBA from Dalhousie University. And last, but not least, Dr. Suzanne Morin graduated from the Faculty of Medicine at Laval University in Quebec City, trained in internal medicine, and obtained a Master's degree in epidemiology and biostatistics from McGill University. She's an Associate Professor in the Department of Medicine, Director of the Division of Internal Medicine at the McGill University Health Centre and a Researcher at the Centre for Outcomes Research and Evaluation, McGill University Health Centre Research Institute. Being both a researcher and a clinician, as well as a recipient of the FRSQ (Fonds de recherche du Québec en santé), I imagine Dr. Morin knows quite a bit about our topic today. So, without further ado, I'd like to get the ball rolling with a question for Dr. Morin. Where are we at now, in terms of the pandemic?

DR MORIN: First of all, thank you very much for inviting me to be part of this discussion. Right now, as you know from the news and everything we see in the newspapers, and so on, we understand that the virus is spreading and that it continues to spread quite rapidly in different parts of the country, but also throughout the world. Certainly, for the next year, the virus will continue to spread through different countries, through our communities, and governments and public health departments will continue encouraging us to practice social distancing and try to reduce the spread of the virus. So, I believe that our activities, our ability to meet, to work, to work as a team, will continue to be shaped by these new guidelines that will – in fact, that will have to – continue to be in effect. Why? Because, as a society, we must continue to protect our most vulnerable populations, i.e., the elderly and people with pre-existing conditions and, at the same time, maintain the health services we consider important. Obviously, that means essential health services, but also those that are less essential. Right now, because hospitals are overwhelmed by patients with either mild or severe COVID infections, their ability to provide surgeries, etc., is greatly diminished. However, I definitely want to underline the enormous step forward we have just made by soon having access to three

vaccines, which will certainly help us get the pandemic under control. About 15 vaccines are under development right now, but three of them will soon be available in the United States and also in the United Kingdom, and will certainly be available in Canada by early next year. The speed with which we were able to develop the vaccines is a big win for science. In my opinion, it's technology, and science, and cross-sectoral collaborations that have enabled us to develop a vaccine so quickly. Developing a vaccine that's ready to distribute within a year is truly extraordinary. So, I would say that those are the two main points. Our way of life will definitely continue to be disrupted for another year or so, for sure.

SYLVAIN: Okay, so a big win for science and health in a difficult time. Thank you, Suzanne [Dr. Morin]. Over to you, now, Victor. Our workplaces have changed a lot since March 13 compared to what we were used to before that. How did essential, front-line, financial employees experience that transition? And, how about those employees whose job didn't necessarily require them to be physically present on-site? How did that pan out in your office?

VICTOR: Good morning Sylvain. Yes, indeed, we learned a lot in a very short timeframe. It started pretty abruptly, as you can imagine. We were not at all prepared, and had no clear plan at the beginning because we were adapting to changes on a daily basis. I believe we have evolved rapidly from crisis management to a period of what I would call creative adaptation. Employees have been affected in one of two ways. Obviously, some of our employees could work from home, so a significant percentage of our staff shifted to telework. On the flip side, we also had the branches that remained open. So, our goal was to keep the essential network open throughout the pandemic. Of course, at first, it was a learning process. People had to adapt; we weren't sure how to respond to it. Things changed in the following weeks but I would say that the March-April period was very difficult. By the time May rolled around, we were feeling more hopeful. The Plexiglas screens that we saw in so many stores and banks, these reassured employees who felt a need for them, but they were still anxious. Our first priority was to create a safe and healthy environment for our employees, and also for our customers. I would say we handled the shift to remote working well. We were not really ready to suddenly transfer tens of thousands of people to telework, so it was quite a technological feat. We learned what worked. We learned, as I'm sure you know, we learned to work – as we're doing right now – by teleconference. I would say that what I found most inspiring during that time was how quickly people were able to adapt. We made decisions, we tried new things, we accomplished things in 5 or 6 weeks that previously might have taken us anywhere from 2 to 3 years, so we increased the pace of technological change. This enabled us to learn, and to see how we could better meet the demand by keeping the focus on the safety of our people. I would say that the situation continues to evolve, that our increased sense of confidence enables us to envision a good future. We are planning big changes for next year, but it will be a different kind of adaptation that will take place at the same time.

SYLVAIN: A fantastic achievement for you, Victor. I think the Bank of Montreal has between 45,000 and 50,000 employees, so shifting them all to telework must not have been easy. Congratulations on a job well done! Thank you, Victor. Now Charles de Brabant, let's talk a bit about retail. Anyone who has been inside a store lately has seen a difference just in terms of what's on the shelves. Talk to us about consumer and merchant behaviour, and how they have adapted.

CHARLES: First of all, thank you for asking me to be on this panel. I want to thank Dr. Morin and all the medical teams for everything they've done since the beginning of the pandemic, and for everything they continue to do. I sometimes listen to CNN and I see what's happening south of the border and, clearly, the situation for U.S. healthcare workers is getting desperate, and I think we're getting a bit [inaudible]. Now Canada is becoming something of a model country, at least for North America and Europe, so thank you for everything you do for us. Getting back to retail, it's clear that a lot of things have changed, based in part on the remarks made by Dr. Morin and by Victor. First of all, retail stores in general have had to respond to the situation with different health and hygiene initiatives. So, if we look at the stores themselves, they've had to reconfigure, set up hand sanitizer stations, install panes and signs, etc. And then the factor that had the most impact on the sector – a part from the omnichannel factor, which we'll discuss later – is the change in demand, that has been totally transformed in a way that we've never seen before in part because.... well, in the early days of the pandemic, you simply couldn't find any toilet paper or disinfectants like Clorox and Lysol, so that's clearly.... Those products are still not available, or else have been replaced with alternatives. This is not always the case. It's when people begin to feel scared that they start hoarding, or trying to buy as much as they possibly can, so purchasing limits have been put in place that restrict how many items of a particular product shoppers can buy. Some people have tight budgets. The pandemic has hit some people harder than others. Right now, we're in a so-called K-shaped recovery so, depending on their situation, some people are looking to buy less often and in bulk. There is also the change in demand, which is related to what Victor was just talking about. People are working from home now, we are in our homes almost 24 hours a day, so everything that is related to the home, to well-being, etc., has experienced unbelievable growth. I don't want to take up too much time, but the final point I'd like to make is about buying local. This is certainly a global pandemic, but it is playing out in communities. Quebec has always been proud of its local retailers and products, but the pandemic has really accentuated that. Since the start of the pandemic, Legault and Fitzgibbon have been talking about buying Quebec products. Some of you have heard about the so-called "blue basket". Well, it currently lists two million Quebec products, so perhaps that basket will become the new Amazon, at least for the Quebec.

SYLVAIN: It's an inspiring approach, thank you. I'd like to stay with you, Charles, for a bit longer, and ask you another business question. Many organizations took a hit at the beginning, but the good news is that it increased the pace of innovation. So, which projects have been implemented and how are consumers going to react, now, when we talk about digital transformation, changes in the supply chain, etc.? What can you tell us about that?

CHARLES: Clearly, there has been a shift towards so-called digital or ecommerce. However, I would echo the comments that Jean-Christophe Bedos, President and CEO of Birks, made in Montreal last week. He said, there was a time when everything stopped, at least for non-essential products, when all non-essential retail stores had to close. And so, we had an opportunity to move everything online. But that didn't happen. Clearly, there's a stronger shift towards online shopping as consumers adapt, but stores are not going to disappear, they're certainly not all going to disappear, in-store shopping will continue, so we can truly say that we're moving towards omnichannel retail. For instance, this Christmas, apparently, 33% of Quebecers want to do their shopping in-store, 27% online, and 40% want to do both, so that's one idea. Second, we're seeing new businesses. For example, Lululemon, a company that performs very well, bought

Mirror. For those who haven't heard of it, it's a bit like Peloton, but there's a mirror where you can work out, do online classes, etc. Smaller retailers, or companies that aren't even retailers, who were in the food sector, like CAN-AM Food Services, a company that sold primarily to restaurants, pivoted in one week to B2C, selling directly to consumers online. They used to specialize in fruits and vegetables, but in one week, they had 500 products available – disinfectants, meat, dairy products, etc. Within six weeks, they were making a profit. It's quite extraordinary; we're really seeing some dramatic changes. Finally, a word about supply chains: where possible, people are buying more and more locally. There's a lot of new click and collect services, or *buy online, pick up in-store (BOPUS)* </1719. In closing, I'd like to mention the *dark stores* phenomenon. These stores are no longer open to the public but, because they're well-positioned in the supply or delivery chain, they're used to house goods for online shopping orders. So, these are some of the innovations and changes that are happening right now.

SYLVAIN: It's certainly fascinating to follow this discussion. Thank you for those remarks. Now, I'd like to get back to the latest news. Dr. Morin, as you said earlier, people are talking about the second wave, about vaccines ... They are talking about the sometimes controversial topic of raising public awareness of the importance of getting vaccinated. In 6 or 12 months' time, what do you think life in a pandemic will look like?

DR MORIN: Thank you. Yes, so, I referred briefly to this topic earlier on. Look, I think it's obvious that it'll be necessary to continue imposing restrictions: on what people do and who they meet, on how they work – presumably from home. Some people are working based on a hybrid model. For example, in our hospitals, the administrative staff are coming in two days a week and working from home the other days. This shows that hybrid work models are being developed. Hospitals have obviously already discussed telework. However, while certain tasks can be accomplished remotely, many others cannot, so we must continue to ensure that people, patients and staff can come on-site, but in a safe way. There's a lot of talk about hand sanitizers, we see them in shops, in grocery stores, etc., but the people working in hospitals and health service areas take these things very seriously to ensure that people don't transmit any viruses. We've seen outbreaks in long-term care facilities, but there have also been outbreaks in hospitals. When that happens, the staff and the patients who are admitted for other reasons are exposed to the virus. So, as I said earlier, the vaccine could help control the spread of the virus. We were talking earlier about the United States. They have extremely high numbers of COVID-19 cases but, if you look at it in percentage terms, only 12% of Americans have been infected with the virus. Twelve percent is not a very large percentage of the population. To help us protect as many people as possible, the vaccine (or vaccines) will enable us to boost the herd immunity that people are talking about, so that at least 50% to 65% of people are immune to infection, that is to say, they have antibodies that will prevent them from getting infected, but especially to prevent them from transmitting the virus. That's why these vaccines are so important. Now, some of them work in different ways, so we'll have to see how that plays out in practical terms. Just making sure that people have access to the vaccine will be a pretty big challenge, but we'll also have to figure out how to get people to understand the importance of getting vaccinated. And, as you said, there are many different opinions out there in the world, people who think that vaccines are dangerous, so we'll have to make sure that the messages coming from public health bodies and governments are very transparent, very clear, and will not be politicized. I believe that aspect is really crucial. The message has to come from scientists, and be based in medical science, so that the pros and cons of getting vaccinated can be presented in a clear, transparent manner.

Then, as I said, different vaccines are also administered in different ways, some are one-shot, some are two, and so on. So, we will have to make sure that people understand or, at any rate, that we can explain that as clearly as possible to the public.

SYLVAIN: Clearly, there is still a lot of work to be done. Things are going well, but it's not over. Thank you for your thoughts on this matter. Victor, the world has changed and will continue to change. This is just as true for retail as it is for the health sector. And for financial services, too. The question that comes to my mind is, how will banking services change? How do we move forward from here? What role will face-to-face interactions play, whether at the branches or for our corporate clients? Can you give us your thoughts on that?

VICTOR: Yes, I think Charles has already touched on that. People's habits change, but not completely. They still feel a need for human interaction. Of course, these days, that poses a bit of a problem. The branches have definitely changed the way they do things. We saw a definite need to keep our offices open, the public was clear, the demand was there, and we had to adapt. So, I think we're moving forward on several digital fronts. What's important for us today is to provide our clients and our people with alternatives. In a few months, when it's -15, -20, the idea of waiting or standing in line outside will be less appealing. We're limited by the access to and space in our offices so, first of all, we have to create an environment where we help our clients adapt and find ways for them to talk to a banker, but we also need to adapt our technology. Today, our branches are focused on offering advice, people are now able to talk to their banker virtually, and that's what's happening now. It's a continuous learning process for our employees, both at home and on-site, but the initial reaction has been very positive. People really appreciate actually being able to see someone, even if it's virtual, they appreciate being able to see the other person's face, that builds trust. For us, it's really an ongoing learning process. We're adapting to the needs, to the new standards that are imposed and we are facing the future with an open mind. We hope our people will also be open-minded, because we're introducing new technologies, we're testing all kinds of things. Some things work very well, other don't, but the idea is to have an open mind and to try and adapt to change. We also see that people are making an effort to be patient. People realize that we are dealing with a very big challenge, but I also think we need to reassure our customers that we'll stay open, that we'll continue to be there. We started the pandemic by closing some 50 offices and almost 400 across the country. Today, we are completely open, all our offices have reopened. It's also a question of adapting as the situation evolves. The vaccines that will soon be rolled out provide some hope, but I think that the changes we have seen will be ongoing. I don't believe that we can go back to the way things used to be. For us, adapting means immersing ourselves in the present moment and looking ahead with optimism.

SYLVAIN: Adapting – yes. That's what I'm interested in. I have one last question before we go to questions from our participants today. Charles, it doesn't seem very likely that stores will be completely returning to normal, so what will shopping look like in the future? How would you summarize what the new normal in retail will look like?

CHARLES: We were already ... you should know that our sectors – somewhat like the banking sector, in my opinion – were already going through a fairly major transformation before the pandemic. However, COVID may well be the tsunami. So, looking ahead, first, we're shifting towards an omnichannel world (as it's now called). So, maybe our first step should be to think about how stores are going to support online sales, rather than

how online sales will support stores. Second, I think health and hygiene will probably continue to be paramount in the retail environment for a good 12 to 24 months. The third thing I want to say is that I think retail is all about selling a brand. It's based on a beautiful story, with products and services that people want to buy, and sales associates or people with whom we interact and who make it a pleasant experience. So, my point is that all of this will require even more work, especially for in-store shopping, but I think people need the brick-and-mortar stores, we'll go back to them. It's great to see you there online, and to be able to interact with you online. But, for certain things – not for everything – I think it's often better to shop in person, that way, you get the whole experience, and that goes back to the whole issue of shopping locally. I think that here, and for everything that is community-based, if we can promote meaningful local products and services at our neighbourhood stores in the communities where we live, that provide an experience that appeals to people, I think that's where the future lies. I think that the restaurant industry is struggling with some of the same issues. It's a bit more complicated for restaurants because they've been hit hard. They're still closed, at least in the red zones, so we'll have to see where they end up, but restaurants have always been there, I think they'll come back. Unfortunately, some of them won't survive, but new owners will take their place, or existing owners will reopen with new ideas. So, I think restaurants will return to where they were before, but it's going to take time, and right now that industry is really hurting.

SYLVAIN: It'll be interesting to check back in the next 12 to 18 months, for sure. We just received our first participant question, and it's for your area of expertise, Suzanne [Dr. Morin]. Will the pandemic change the way we train doctors? What can we learn from this?

DR MORIN: Yes, clearly, not only doctors, but all health care professionals will be trained differently. We understand now that, while no one wants this kind of situation to recur, a pandemic could happen again, albeit less widespread. Certainly, we have learned a great deal, just as we learned from smaller, past pandemics that enabled us to react more quickly this time, and to develop protocols. So, doctors, nurses, all the health care professionals will have to learn how to better manage the potential for infection that could put the patients they're interacting with at risk. That's extremely important, and it's going to start in the classroom and makes its way into practice settings as well. Given that public health has been seen by some as the poor relation of medicine, I would say that this will certainly create significant interest among future students and therefore an interest in this field in particular: an interest in studying infectious disease transmission and how we can prevent such serious global consequences. And also, if I can touch briefly on the issue of technology that the others have mentioned, it's also crucial right now that both patients and doctors have better access to telemedicine in hospitals and health care settings. A number of programs are already up and running, in oncology, for instance. A project at the MUHC that is already well underway will set up a patient portal they can use to access their data, communicate their doctor, check appointments, and so on. These are things that will have to continue being developed so that they become the standard, if you want, in all areas of medicine.

SYLVAIN: Great. Thank you for those insights. And now to Victor with another participant question. Have consumer savings habits in the financial sector changed? Since the beginning of the pandemic, people have been spending less, so it's natural to assume that they're saving more. What do you have to say about that?

VICTOR: I would say that yes, this is, in fact, true. We've seen a small change in people's habits. People who are insecure about their jobs, for example, tend to be a bit more reluctant to spend. People have been focussing on projects, and investing more in their homes. Many people have gone to great lengths to install backyards, swimming pools, and so on, so these requests have skyrocketed. But I would say people are hesitant to actually make that big purchase. I think the situation is stabilizing now, but I think it's instilled a kind of savings mindset across the country. We see that people are thinking a lot about the coming months and year. We see that people want to plan holidays, but they are still somewhat hesitant, keeping an eye on the future. I think that trend will probably continue for some time, until people regain the confidence to spend on things like cars. There's also a lack of suppliers. People want to do projects, but one thing we're seeing more and more is that materials are increasingly scarce and expensive, so I think people are hesitant ... But we're seeing this translate into savings and a small change in habits across all markets.

CHARLES: Could I just add one point to that?

SYLVAIN: Sure.

CHARLES: Just on that one point, because we are very clearly seeing a strong trend towards people making major retail purchases. People are travelling a lot less, making a lot fewer trips, so they may save a little more, but when we talk to the car dealerships, the home renovation sector, I don't know if you seen the numbers from Home Depot, Lowes, Rona, BMR, etc., but they're over 20%, 30%, which is why there are fewer products available. So, the big retail spending has really switched over to consumer goods, not services, because at the moment there's a lot less opportunity there.

SYLVAIN: That's a good point. We're certainly seeing it, and we're hearing about it from the stock market, where some interesting results are being generated. And finally, one last question, again from a participant. This time it's for you, Charles. What do you think is the best way to revive downtown Montreal? What strategies could be implemented to achieve this, specifically in retail, as this is normally a fairly busy sector?

CHARLES: Well, that's an extremely complex question. Let's use the Eaton Centre as an example. Take the Time Out Market which, I believe, is a great concept. You see that their clientele is normally one third office workers, one third shoppers, and one third tourists. The office workers are no longer there, many people are avoiding downtown areas, and the tourists have not yet returned, so it's complicated. At the same time, I have to say: they need to adapt their product. Back to the Eaton Centre: UNIQLO opened the largest store in Canada. There are lineups outside. Decathlon, a French sports store that started in the suburbs of Montreal, but that's now open in the Eaton Centre – the same thing, it's had very good sales. So, this shows that, in order for the downtown to become attractive, you must have merchants or stores or products that people want. And then, well, as far as office workers are concerned, it's going to be a bit complicated, we'll have to see what happens. I think people will still go back to work at some point, maybe not five days a week, but possibly. And then there are the tourists we're hoping will return. There's no simple solution to the downtown equation. I mean, think about it! Make it about the experience. I think what they need to do is use the services of companies like Moment Factory. Maybe you've heard of them, they're the ones responsible for lighting up the Jacques-Cartier Bridge, they can do things, they are experts at creating experiences so that people come downtown. There's also the whole

click-and-collect trend. Because, if you order something online and go to the store, you're a lot more likely to buy something else in the store or, if not that store, then in another store.

SYLVAIN: It will probably turn into an experience. We have to keep an eye on the time.

CHARLES: Oh, for sure.

SYLVAIN: Yes, we have to keep an eye on the time. So, thank you very much for your thoughts and contributions today. The insights you've shared today are very, very interesting, I'm sure the participants enjoyed them too. I'm sure the people listening found your comments very helpful. A number of good points have been brought to the table for when it's time to look at our new daily reality, which will evolve, as we discussed today, because of the pandemic. That reality will be different from the one we have all known, and I sincerely believe the ideas discussed today will point the way to a more interesting future. So, my thanks to all of you, and to our customers as well, for listening today. Remember, your BMO advisors are available whenever you want to explore and discuss your financial plan, and BMO is always ready to boldly grow the good in business and life. So, stay safe everyone, take care of yourself, and we wish you all a happy holiday season. Have a good day, goodbye. Talk soon.

CHARLES: Thank you.

DR MORIN: Thank you.

VICTOR: Thank you.