

# Second-Party Opinion

## CIBC Sustainability Issuance Framework

### Evaluation Summary

Sustainalytics is of the opinion that the CIBC Sustainability Issuance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Clean Energy, Clean Fuels, Energy Efficiency, Pollution Prevention and Control, Climate Resilience and Adaptation, Environmentally Sustainable Management of Living Natural Resources and Land Use, Terrestrial and Aquatic Biodiversity Conservation, Clean Transportation, Sustainable Water and Waste Water Management, Green Buildings, Circularity, Essential Services, Affordable Housing and Basic Infrastructure, Socioeconomic Advancement and Empowerment, Employment Generation, and Food Security and Sustainable Food Systems – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14 and 15.



**PROJECT EVALUATION AND SELECTION** CIBC's Sustainability Issuance Council, comprised of members from the Treasury, Finance, Environmental Risk Management, Enterprise ESG, Commercial Banking and Capital Markets teams, is responsible for the selection and approval of all Eligible Assets. CIBC's environmental and social risk management systems, including its Corporate Environmental Policy, are applicable for all allocation decisions in the Framework. Sustainalytics considers the risk management systems to be adequate and the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** CIBC will track allocations internally and intends to fully allocate funds within 18 months of each issuance following a portfolio approach. Pending allocation, the proceeds will be deposited in CIBC's General Fund accounts and managed per existing liquidity policies. This is in line with market practice.



**REPORTING** CIBC intends to report on the allocation of proceeds on its website and on an annual basis until the maturity of the respective issuance. In addition, CIBC is committed to reporting on relevant impact metrics. Sustainalytics views CIBC's allocation and impact reporting as aligned with market practice.



<b>Evaluation date</b>	March 7, 2024
<b>Issuer Location</b>	Toronto, Canada

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## Introduction

Canadian Imperial Bank of Commerce ("CIBC", or the "Bank") is one of the largest banks in Canada, serving over 11 million clients across its retail and commercial banking, wealth management, and capital markets operations in Canada, the United States and around the world. Established in 1961 through the amalgamation of the Canadian Bank of Commerce and Imperial Bank of Canada, CIBC is incorporated in Canada and headquartered in Toronto, and has approximately 48,000 employees worldwide.

CIBC has developed the CIBC Sustainability Issuance Framework dated March 2024 (the "Framework"), under which it intends to issue sustainable finance instruments<sup>1</sup> including bonds, notes, certificates, commercial paper, guaranteed investment certificates (GICs), deposits,<sup>2</sup> market-linked GICs, Securitizations<sup>3</sup> such as secured green collateral bonds and secured green standard bonds, and use the proceeds to finance and/or refinance, in whole or in part, existing and future projects that are expected to reduce GHG emissions, advance the sustainable management of waste, water and natural resources, and/or improve access to essential services and basic infrastructure among vulnerable populations. The Framework defines eligibility criteria in 16 areas:

1. Clean Energy
2. Clean Fuels
3. Energy Efficiency
4. Pollution Prevention and Control
5. Climate Resilience and Adaptation
6. Environmentally Sustainable Management of Living Natural Resources and Land Use
7. Terrestrial and Aquatic Biodiversity Conservation
8. Clean Transportation
9. Sustainable Water and Wastewater Management
10. Green Buildings
11. Circularity
12. Essential Services
13. Affordable Housing and Basic Infrastructure
14. Socio-Economic Advancement and Empowerment
15. Employment Generation
16. Food Security and Sustainable Food Systems

CIBC engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework's environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), and Social Bond Principles 2023 (SBP).<sup>4</sup> The Framework has been published in a separate document.<sup>5</sup>

### Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent<sup>6</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

<sup>1</sup> Sustainalytics assessed only those financial instruments which are specified under the Framework.

<sup>2</sup> CIBC has communicated to Sustainalytics that deposits are aligned with the management and reporting criteria set forth for GICs.

<sup>3</sup> CIBC: i) has communicated to Sustainalytics that it will transparently distinguish between secured sustainable standard bonds and secured sustainable collateral bonds in the respective offering documents, per the voluntary process guidelines published in the June 2022 Appendix 1 of the GBP 2021; and in the case of a secured sustainable collateral bond, it will ensure that 100% of the underlying assets will align with the eligibility criteria set forth in the Framework; and ii) has communicated to Sustainalytics that there will be no double counting of eligible projects under the secured sustainable standard bond, secured sustainable collateral bond and any other outstanding sustainable financing instruments.

<sup>4</sup> The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

<sup>5</sup> The CIBC Sustainability Issuance Framework is available on Canadian Imperial Bank of Commerce's website at:

[https://urldefense.com/v3/\\_https://www.cibc.com/en/about-cibc/investor-relations/debt-information/green-bond.html\\_!!D8DunMSJ4IdR!\\_KZ2uQ\\_kaPpj1Z\\_3YFwhPX9SJh6l-NytmsmQR2XutR1xTiX\\_RkwpC3Lf\\_eWslTXlg8ko9d90j9aX1cJWIH\\_uOv3A4q9RXNII\\$](https://urldefense.com/v3/_https://www.cibc.com/en/about-cibc/investor-relations/debt-information/green-bond.html_!!D8DunMSJ4IdR!_KZ2uQ_kaPpj1Z_3YFwhPX9SJh6l-NytmsmQR2XutR1xTiX_RkwpC3Lf_eWslTXlg8ko9d90j9aX1cJWIH_uOv3A4q9RXNII$)

<sup>6</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.15, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of CIBC’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. CIBC representatives have confirmed (1) they understand it is the sole responsibility of CIBC to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and CIBC.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that CIBC has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics’ Opinion

### Section 1: Sustainalytics’ Opinion on the CIBC Sustainability Issuance Framework

Sustainalytics is of the opinion that the CIBC Sustainability Issuance Framework is credible, impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of CIBC’s Sustainability Issuance Framework:

Use of Proceeds	Activity	Description and Sustainalytics’ Assessment
Clean Energy	Solar, offshore and onshore wind, geothermal, and tidal energy	<ul style="list-style-type: none"> <li>- Solar projects include solar PV. CIBC has confirmed that concentrated solar power projects that generate at least 85% of electricity from solar energy resources are included.</li> <li>- Onshore and offshore wind energy projects.</li> <li>- Geothermal projects with direct emissions below 100 gCO<sub>2</sub>/kWh.</li> <li>- Tidal power generation projects.</li> <li>- Sustainalytics views these expenditures to be aligned with market expectations.</li> </ul>
	Energy production with feedstock using hydrogen or ammonia generated from clean energy sources, and technologies and infrastructure to support this	<ul style="list-style-type: none"> <li>- Investments in energy production projects using ammonia or hydrogen, produced through electrolysis powered by renewables.</li> <li>- CIBC has confirmed to Sustainalytics that activities include energy production projects using pink hydrogen, which is hydrogen produced from nuclear power that complies with the nuclear energy criteria under the Clean Energy category below.</li> <li>- Sustainalytics expects that these expenditures can create positive environmental impacts.</li> </ul>

	<p>Hydroelectric projects, refurbishment, operation or maintenance of existing hydroelectric facilities</p>	<ul style="list-style-type: none"> <li>- Investments in hydropower projects, including: i) small scale (&lt;25 MW), run-of-river plants; ii) hydroelectric projects &gt;25 MW which were operational before 2020, with power density greater than 5 W/m<sup>2</sup> or life cycle emissions below 100 gCO<sub>2</sub>e/kWh; or iii) projects operational after 2020 with power density greater than 10 W/m<sup>2</sup> or life cycle emissions below 50 gCO<sub>2</sub>e/kWh.</li> <li>- CIBC has confirmed that all new hydro power projects financed will have environmental and social impact assessments performed by a third party.</li> <li>- CIBC has confirmed to Sustainalytics that its overarching exclusionary criteria, based on its lending policies (see below), facilitates the exclusion of projects with significant controversies related to environmental and social risks or impacts.</li> <li>- Based on the above, Sustainalytics views these expenditures to be aligned with market expectations.</li> </ul>
	<p>Energy from waste biomass and renewable biofuels</p>	<ul style="list-style-type: none"> <li>- Investments in electricity generation from waste biomass and renewable biofuels sourced from forestry or agriculture residues with direct GHG emissions &lt;100 gCO<sub>2</sub>e/kWh.</li> <li>- Sustainalytics notes that agriculture and forestry residues as feedstock are sourced from agricultural and forestry units certified by credible organizations, such as the Roundtable on Sustainable Biomaterials (RSB),<sup>7</sup> Roundtable on Sustainable Palm Oil (RSPO),<sup>8</sup> Forest Stewardship Council (FSC),<sup>9</sup> Programme for the Endorsement of Forest Certification (PEFC)<sup>10</sup> and the Sustainable Forestry Initiative (SFI).<sup>11</sup></li> <li>- Based on the sustainable sourcing of waste biomass feedstock, Sustainalytics views these expenditures to be aligned with market expectations.</li> </ul>
	<p>Nuclear energy and related facilities, services, systems or equipment</p>	<ul style="list-style-type: none"> <li>- Investments in nuclear energy and related facilities, services, systems or equipment, including activities related to:             <ul style="list-style-type: none"> <li>▪ The enrichment and procurement of nuclear fuel and activities related to component replacement, including procurement of fuel rods and enrichment facilities that are wholly dedicated to the enrichment of uranium for the purpose of nuclear power generation; or</li> <li>▪ Spent fuel management including recycling and storage.</li> </ul> </li> <li>- Sustainalytics notes that financing is restricted to jurisdictions where there is:             <ul style="list-style-type: none"> <li>▪ A strong safety track record, including no significant incidents in the past 10 years, in the operation of nuclear facilities and management of radioactive waste from nuclear power facilities;</li> <li>▪ Strong regulations governing nuclear power generation including regulations to address site selection, operational safety and radioactive waste management, as well as effective monitoring and enforcement of such regulations;</li> <li>▪ Processes in place for secure, long-term storage of high-level radioactive waste.</li> </ul> </li> <li>- Sustainalytics recognizes the benefits of nuclear power as a low-carbon source of electricity and its potential role in the decarbonization of electricity production through 2050 and beyond.<sup>12</sup> Sustainalytics also recognizes that there are substantial risks associated with nuclear power, especially with respect to the management and long-term disposal of radioactive waste.</li> <li>- Sustainalytics notes that specific jurisdictions have not been identified in the Framework and therefore has not opined on CIBC’s jurisdictions for financing in this area. Sustainalytics thus recommends that, prior to allocation, CIBC transparently disclose those jurisdictions where nuclear-related expenditures will be financed and the basis for its conclusion that nuclear power in each jurisdiction has adequate practices and is adequately governed. Sustainalytics thus recommends that, prior to allocation, CIBC transparently disclose those jurisdictions where nuclear-related expenditures will be financed and the basis for its conclusion that nuclear power in each jurisdiction has adequate practices and is adequately governed.</li> </ul>

<sup>7</sup> RSB, at: <https://rsb.org/>

<sup>8</sup> RSPO, at: <https://rspo.org/as-an-organisation/our-standards/standards-review-2022-2023/>

<sup>9</sup> FSC, at: <https://fsc.org/en/find-the-right-certification-or-licence>

<sup>10</sup> PEFC, at: <https://www.pefc.org/standards-implementation>

<sup>11</sup> SFI, at: <https://www.forests.org/standards/>

<sup>12</sup> IEA, “Nuclear Power”, at: <https://www.iea.org/energy-system/electricity/nuclear-power>

		<ul style="list-style-type: none"> <li>- Considering the above, Sustainalytics believes that CIBC’s investments in nuclear energy facilities can generate a positive environmental impact through its potential to contribute to decarbonizing the power sector.<sup>13</sup></li> </ul>
	Specified transmission infrastructure	<ul style="list-style-type: none"> <li>- Electricity transmission and distribution infrastructure and equipment that complies with at least one of the following: <ul style="list-style-type: none"> <li>▪ Grids that have 67% or more newly enabled capacity that has an emissions threshold below 100 gCO<sub>2</sub>e/kWh, over a rolling five-year period; or</li> <li>▪ Those that facilitate the grid to support the integration of renewable or storage technologies that have an average systems grid emissions threshold below 100 gCO<sub>2</sub>e/kWh over a five-year rolling period; or</li> <li>▪ Grids with an average system grid emissions factor less than 100 gCO<sub>2</sub>e/kWh over a five-year rolling period.</li> </ul> </li> <li>- CIBC has confirmed that transmission and distribution infrastructure may be financed to enable the connection of nuclear facilities to grids following the conditions set out in the nuclear energy criteria under Clean Energy category above.</li> <li>- Based on the above, Sustainalytics view these expenditures to be aligned with market expectations.</li> </ul>
	Research and development	<ul style="list-style-type: none"> <li>- Investments in R&amp;D for improving the share of low carbon electricity or facilitating the integration of renewable energy<sup>14</sup> into the grid by directly connecting renewable energy systems such as energy storage systems and battery systems.</li> <li>- Sustainalytics views these investments to be aligned with market expectations.</li> </ul>
<b>Clean Fuels</b>	Low-carbon fuels	<ul style="list-style-type: none"> <li>- Investments in the production of renewable and low carbon intensity fuels in line with the EU Renewable Energy Directive II<sup>15</sup> such as hydrogen, ethanol, renewable natural gas, renewable diesel, renewable propane, sustainable aviation fuel, synthetic fuel and renewable biofuels.</li> <li>- CIBC has confirmed to Sustainalytics that: <ul style="list-style-type: none"> <li>▪ Hydrogen or ammonia will be produced through electrolysis powered by renewables, grid electricity, or nuclear energy,<sup>16</sup> consistent with the eligibility criteria defined in the Clean Energy category above;</li> <li>▪ Sustainalytics notes that renewable biofuels will consist of feedstock from sources certified by RSB, RSPO, FSC, PEFC and SFI;</li> <li>▪ Green hydrogen based synthetic fuels will be produced using CO<sub>2</sub> sourced from heavy industries and excludes CO<sub>2</sub> from fossil fuel operations;</li> <li>▪ Feedstocks will exclude peat and financing will not be directed toward projects where 10% or more of feedstock is non-certified; and</li> <li>▪ Pink hydrogen (produced using nuclear power) or e-fuels produced using pink hydrogen that comply with the nuclear energy criteria under the Clean Energy category above.</li> </ul> </li> <li>- With respect to hydrogen or hydrogen-based e-fuels or synthetic fuels produced using grid electricity, Sustainalytics notes that hydrogen production from water electrolysis has significant potential to reduce emissions from the conventional pathway of production, i.e., steam reforming of natural gas or light ends. Sustainalytics encourages CIBC to favour the sourcing of low carbon intensity power for electrolysis and to report, where feasible, on such intensity.</li> <li>- Sustainalytics expects low-carbon fuels that emit at least 65% less GHG than fossil fuel comparators, in line with EU RED II criteria, and fuels produced using renewable energy sources to generate positive environmental impacts.</li> </ul>
	Production of low carbon marine fuels compliant with the International	<ul style="list-style-type: none"> <li>- Investments in the production of low carbon marine fuels, including zero direct emission fuels like hydrogen or ammonia, and e-fuels such as e-methanol, e-gas oil and electricity for use in batteries, biodiesel and bio methane.</li> </ul>

<sup>13</sup> IEA, “Nuclear power”, at: <https://www.iea.org/energy-system/electricity/nuclear-power>

<sup>14</sup> Renewable energy includes solar PV, concentrated solar power, wind power, hydropower, tidal power and bioenergy.

<sup>15</sup> European Commission, “Renewable Energy – Recast to 2030 (RED II)”, at: [https://joint-research-centre.ec.europa.eu/welcome-jec-website/reference-regulatory-framework/renewable-energy-recast-2030-red-ii\\_en](https://joint-research-centre.ec.europa.eu/welcome-jec-website/reference-regulatory-framework/renewable-energy-recast-2030-red-ii_en)

<sup>16</sup> CIBC has confirmed to Sustainalytics that pink hydrogen produced using nuclear energy will comply with the nuclear energy criteria under Clean Energy category.

	Maritime Organization (IMO)'s goals and the Poseidon Principles trajectory	<ul style="list-style-type: none"> <li>- Sustainalytics considers the production of zero direct emission fuels like hydrogen or ammonia, and e-fuel produced using green and pink hydrogen (produced using nuclear energy) to be in line with market expectations, noting CIBC's confirmation that the e-fuels produced with pink hydrogen follow the nuclear energy criteria under the Clean Energy category above.</li> <li>- CIBC has confirmed that the EU RED II criteria and certified feedstock as above, applies to biofuels.</li> <li>- CIBC has confirmed the exclusion of CO<sub>2</sub> captured from fossil fuel manufacturing and operations to be used in marine fuel production.</li> <li>- Sustainalytics further notes the relevance of CIBC's overarching condition for eligibility that such projects must be aligned with the IMO's goals and the Poseidon Principles trajectory.</li> <li>- Sustainalytics considers investments restricted to clean fuels and low-carbon fuels based on the above conditions to be in line with market expectations.</li> </ul>
	Infrastructure dedicated towards eligible hydrogen or ammonia conversion or disassociation	<ul style="list-style-type: none"> <li>- Investments related to infrastructure development dedicated towards development of hydrogen or ammonia produced using green or pink hydrogen, where pink hydrogen follows the nuclear energy criteria as mentioned above, under the Clean Energy category.</li> <li>- Sustainalytics considers the criteria to be aligned with market expectations.</li> </ul>
<b>Energy efficiency</b>	Increase energy efficiency or reduce energy consumption or mitigate GHG emissions, or help manage and store energy, as detailed below.	<ul style="list-style-type: none"> <li>- Investments in activities that increase energy efficiency or reduce energy consumption or mitigate GHG emissions by more than 30%.</li> <li>- Sustainalytics views the inclusion of a defined energy efficiency threshold for the installation of energy-efficient systems, equipment and technologies positively.</li> <li>- CIBC has confirmed to Sustainalytics that activities under this use of proceeds category exclude fossil fuel powered equipment and technologies.</li> <li>- Sustainalytics considers the criteria to be aligned with market expectations.</li> </ul>
	Energy efficient lighting, upgrade of HVAC systems, or distributed energy resources and distributed energy storage.	<ul style="list-style-type: none"> <li>- Sustainalytics notes that the investments will be directed towards new or refurbished properties (residential or commercial).</li> <li>- CIBC has confirmed that the criteria exclude household appliances.</li> <li>- The Bank has confirmed to Sustainalytics that distributed energy resources or storage are dedicated to renewables or follow the above criteria for transmission infrastructure under the Clean Energy category.</li> <li>- Sustainalytics is of the opinion that the intended expenditures are expected to generate positive environmental impacts.</li> </ul>
	Energy storage and battery energy storage systems and upstream enabling activities.	<ul style="list-style-type: none"> <li>- Sustainalytics notes that investments in energy storage systems and activities include electromechanical storage such as flywheel, thermal, pneumatic; hydrogen, CO<sub>2</sub> storage; pumped hydro.</li> <li>- CIBC has confirmed to Sustainalytics that upstream enabling activities include procurement of fully processed minerals or compounds that are used as direct inputs for eligible battery production process (EV battery or renewable energy battery).</li> <li>- CIBC has confirmed to Sustainalytics that raw material extraction and processing of energy transition minerals and material are excluded.</li> <li>- CIBC has communicated to Sustainalytics that the criteria include power-to-gas projects. CIBC has confirmed to Sustainalytics that power-to-gas projects may include conversion to hydrogen produced through water electrolysis process, which is powered by grid electricity. Sustainalytics notes that hydrogen production from water electrolysis has significant potential to reduce emissions over its conventional pathway of production, i.e. steam reforming of natural gas or light ends. Sustainalytics encourages the Bank to favour the sourcing of low carbon intensity power for electrolysis and to report, where feasible, on such intensity.</li> <li>- CIBC has communicated to Sustainalytics that the criteria include power-to-gas projects that source CO<sub>2</sub> from heavy industries and exclude projects sourcing CO<sub>2</sub> from fossil fuel operations.</li> <li>- For CO<sub>2</sub> storage, CIBC has confirmed that such projects will: <ul style="list-style-type: none"> <li>▪ Have appropriate leak detection systems to mitigate and manage the risk of CO<sub>2</sub> leakage;</li> <li>▪ Include geological formation of the storage area that is suitable for CO<sub>2</sub> storage; and</li> <li>▪ Include a management plan for leakage detection systems.</li> </ul> </li> <li>- CIBC has confirmed to Sustainalytics that pumped hydro projects will comply with the following criteria:</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Will be connected to grids that meets the above criteria under the Clean Energy category; or</li> <li>▪ Contribute to a grid that already has a share of intermittent renewables deployment of at least 20% or has credible evidence of programmes in place that increase the share of intermittent renewables to this level in the next 10 years, and the facility can credibly demonstrate that the pumped storage will not be charged with an off-peak grid intensity that is higher than the intensity of the electricity that it will displace when it is discharged.</li> <li>▪ All new hydro projects financed will have environmental and social impact assessments performed by a third party.</li> <li>▪ Exclude activities and projects that either cause material environmental harm or are not in line with the exclusionary criteria as defined in CIBC's lending policies including but not limited to entities involved in human right abuses, forced labour, and child labour.</li> </ul> <p>- Sustainalytics is of the opinion that the intended expenditures are expected to generate positive environmental impacts.</p>
	Energy efficient district heating and cooling systems	<p>- CIBC has confirmed to Sustainalytics that the investments include district heating and cooling distribution systems that are at least 50% powered by renewable energy or waste heat or both.</p> <p>- CIBC has confirmed to Sustainalytics that district heating and cooling distribution systems may convey waste heat from fossil fuel operations that follow the above criteria.</p> <p>- Sustainalytics notes that investments are not related to fossil fuel operations, nor does the Bank have any control over these operations, considering that CIBC is solely financing distribution networks, which do not include projects directly integrated with fossil fuel operations.</p> <p>- Based on the above, Sustainalytics is of the opinion that the intended investments are in line with market practice.</p>
	Smart grid and centralized energy control systems	<p>- Investments in smart grid and centralized energy control systems for more efficient, or stabilization of electricity transmission and distribution.</p> <p>- CIBC has communicated to Sustainalytics that this includes investments in smart grid components such as advanced metering systems, sensors and load control switches that enable conversion of regular grids to smart grids for better energy demand management.</p> <p>- CIBC has confirmed to Sustainalytics that these investments exclude transmission lines dedicated to fossil fuel power.</p> <p>- Sustainalytics is of the opinion that the intended investments are expected to generate positive environmental impacts.</p>
	Digital controls and sensors for demand management	<p>- Sustainalytics is of the opinion that the intended investments are expected to generate positive environmental impacts.</p>
	Communications network	<p>- Investments, including modernization, reconfiguration and optimization of existing networks, deployment of new networks and improvement of supporting infrastructure, such as 5G, optic fibre, cooling and power modernization, smart management systems, optimization of power storage. Sustainalytics notes that the expansion of 5G and increasing data flow resulting from IoT solutions may lead to additional energy demands on telecommunications networks. Overall, Sustainalytics believes that the enabled energy savings and emission reductions outweigh the potential adverse effects of additional network demands and considers such expenditures to be aligned with market practice.</p> <p>- CIBC has confirmed to Sustainalytics, that investments towards 5G and optic fibre are restricted to upgrading activities to replace old networks.</p> <p>- Overall, Sustainalytics is of the opinion that the enabled energy savings and emission reductions outweigh the potential adverse effects of additional network demand and considers expenditures under this category to be aligned with market practice.</p>
<b>Pollution prevention and control</b>	Collection, treatment or remediation, recycling or reuse of emissions, waste, hazardous waste or contaminated soil	<p>- CIBC has confirmed to Sustainalytics that investments in projects include:</p> <ul style="list-style-type: none"> <li>▪ Activities and supporting segregation of waste at source, where vehicles will comply with the Clean Transportation category's criteria;</li> <li>▪ Recycling of electronic waste accompanied by a robust waste management plan to mitigate associated risks;</li> <li>▪ Soil remediation projects will address degradation that was not originally caused by the borrower or investee;</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Hazardous waste collection and treatment in accordance with the Bank’s lending guidelines and policies where financing is directed to companies with demonstrable capabilities and waste management procedures for hazardous waste collection, treatment and recycling. CIBC has confirmed that activities also include the reduction of hazardous materials and waste, and hazardous waste collection, treatment and reduction activities are only included when they support hazardous waste recycling.</li> <li>- Sustainalytics notes that projects also include chemical recycling of plastic only in cases where:             <ul style="list-style-type: none"> <li>▪ Mechanical recycling is not feasible;</li> <li>▪ The life cycle emissions of the recycled plastic are lower than virgin plastic production;</li> <li>▪ Projects are not intended for single-use consumer products; and</li> <li>▪ Projects are not intended for plastic to fuel conversion.</li> </ul> </li> <li>- Sustainalytics recognizes that plastic recycling processes are carbon intensive. Nevertheless, based on the above, Sustainalytics is of the opinion that investments towards chemical recycling of plastic will contribute to positive environmental impacts.</li> <li>- Sustainalytics is of the opinion that these investments can contribute to positive environmental impacts.</li> </ul>
	Waste from landfills or emissions reduction	<ul style="list-style-type: none"> <li>- Financing facilities, systems and equipment that intend to divert waste from landfills or reduce emissions.</li> <li>- CIBC has confirmed that vehicles procured will comply with the Clean Transportation category’s criteria.</li> <li>- Sustainalytics views these expenditures to be aligned with market expectations.</li> </ul>
	Methane capture for energy generation	<ul style="list-style-type: none"> <li>- Investments in landfill gas capture projects from closed or decommissioned landfill and those that have a high gas capture efficiency of at least 75%.</li> <li>- Sustainalytics notes that recovering methane produced from a closed or decommissioned landfill will not prolong the lifespan of the landfill and is a key strategy to reduce methane emissions from waste.</li> <li>- Sustainalytics views these expenditures to be aligned with market expectations.</li> </ul>



	Carbon capture and utilization or carbon capture and storage technologies	<ul style="list-style-type: none"> <li>- Investments in carbon capture utilization and storage (CCUS) technologies that reduce GHG emissions, such as: i) direct air capture (DAC) primarily for R&amp;D and with no more than 10% of proceeds applied for commercial DAC, as confirmed by CIBC; ii) bio-energy carbon capture and storage (BECCS) for R&amp;D and commercial purposes as confirmed by CIBC; and iii) transport of captured CO<sub>2</sub> by pipeline. Projects also include conversion of existing networks and terminals into CO<sub>2</sub> transportation networks.</li> <li>- CIBC has confirmed to Sustainalytics that the criteria also include financing activities such as the addition of biochar to soils and R&amp;D expenditures for enhanced weathering and ocean fertilization, which Sustainalytics believes can contribute to positive environmental impacts.</li> <li>- Furthermore, CIBC has confirmed to Sustainalytics that investments in commercial scale DAC will not be more than 10% of a bond issuance. Sustainalytics notes that DAC technologies are at an advanced R&amp;D stage and recognizes the energy intensive nature of DAC technologies that may hinder the intended positive impacts. Sustainalytics acknowledges the role of DAC in decarbonization<sup>17</sup> and considers commercial scale DAC technologies to be impactful when they are energy efficient.</li> <li>- Sustainalytics notes that commercial scale BECCS projects will follow the bioenergy criteria as per the Clean Energy category above, i.e. projects that generate less than 100 gCO<sub>2</sub>e/kWh of GHG emissions; and ii) utilize waste feedstock. Sustainalytics views BECCS, along with the given criteria, to be aligned with market expectations.</li> <li>- CIBC has confirmed to Sustainalytics that the CO<sub>2</sub> storage and transportation projects will have appropriate leak detection systems in place and the geological formation of the storage area will be suitable for CO<sub>2</sub> storage, with a management plan for a leakage detection system.</li> <li>- CIBC has confirmed that financing under this category will exclude CO<sub>2</sub> used for enhanced oil recovery. Furthermore, CIBC has confirmed that CO<sub>2</sub> transport and storage projects will not be directly related to fossil fuel operations, i.e. fossil fuel extraction, production and refining.</li> <li>- Sustainalytics considers these investments to be in line with market expectations and can contribute to positive environmental impacts.</li> </ul>
	Waste-to-energy power plants	<ul style="list-style-type: none"> <li>- Investments in waste-to-energy projects or plants that utilize household, commercial or market waste.<sup>18</sup></li> <li>- CIBC has confirmed to Sustainalytics that segregation of recyclable wastes, including plastics, will be ensured before energy conversion.</li> <li>- CIBC has confirmed to Sustainalytics that financed waste-to-energy activities will exclude the use of plastics, rubber and tire-derived fuels for energy or fuel conversion.</li> <li>- Based on the above, Sustainalytics views these expenditures to be aligned with market expectations.</li> </ul>
<b>Climate resilience and adaptation</b>	Observation and early warning systems or infrastructure	<ul style="list-style-type: none"> <li>- Investment in early observation and early warning systems, data systems or infrastructure that support early detection against natural hazards such as floods, hurricanes, storms and wildfires.</li> <li>- Sustainalytics considers the criteria to be aligned with market practice.</li> </ul>
	Infrastructure and systems to enhance resilience against extreme weather events	<ul style="list-style-type: none"> <li>- Investment in infrastructure that improves resilience against extreme weather events including flood prevention, flood defense, storm water management, and wildfire mitigation and management.</li> <li>- CIBC has confirmed that all eligible expenditures under this activity will have in place a vulnerability assessment followed by an adaption plan to assess and address potential climate risks.</li> <li>- Sustainalytics considers the criteria to be aligned with market practice.</li> </ul>
	Climate resiliency enhancement in residential and commercial properties.	<ul style="list-style-type: none"> <li>- Investment in activities that enhance climate resiliency against fire, wildfire, flooding, and hurricanes, in residential and commercial properties, in line with the Government of Canada's resiliency measures</li> </ul>

<sup>17</sup> IEA, "Direct Air Capture: A key technology for net zero", at: <https://www.iea.org/reports/direct-air-capture-2022>

<sup>18</sup> Sustainalytics recognizes that energy from waste could take out of circulation potentially recyclable materials and undermine two of the main objectives of a zero-waste circular economy, i.e. waste prevention and recycling. Additionally, for such projects to have low emissions intensities, the composition of residual waste, particularly fossil carbon content, is a crucial consideration. However, Sustainalytics also notes that due to constraints on recycling in many parts of the world, energy from waste can offer a better residual waste management option than landfills in many cases. Sustainalytics recommends CIBC to promote the removal of increasing amounts of recyclables, especially plastics and metals, and the monitoring of thermal efficiency of the financed facilities.

		<p>to protect homes,<sup>19</sup> and Climate-Resilient Buildings and Core Public Infrastructure Initiative.<sup>20</sup></p> <ul style="list-style-type: none"> <li>- CIBC has confirmed that all eligible expenditures under this activity will have in place a vulnerability assessment followed by an adaption plan to assess and address potential climate risks.</li> <li>- Sustainalytics considers the criteria to be aligned with market practice.</li> </ul>
<p><b>Environmentally Sustainable Management of Living Natural Resources and Land Use</b></p>	<p>Sustainably managed forests and forest products</p>	<ul style="list-style-type: none"> <li>- Investment in sustainable forests and its products, where fibre input is certified by the following schemes: <ul style="list-style-type: none"> <li>▪ Forest Stewardship Council;<sup>21</sup></li> <li>▪ Programme for the Endorsement of Forest Certification;<sup>22</sup> and</li> <li>▪ Sustainable Forestry Initiative<sup>23</sup></li> </ul> </li> <li>- Sustainalytics views these expenditures to be aligned with market expectations.</li> </ul>
	<p>Environmentally sustainable agriculture, climate-smart farm inputs, or animal husbandry</p>	<ul style="list-style-type: none"> <li>- Investment includes financing activities related to sustainable agriculture, climate-smart farm inputs<sup>24</sup> and animal husbandry.</li> <li>- Furthermore, these activities will be certified by the following schemes: <ul style="list-style-type: none"> <li>▪ Canada Organic;<sup>25</sup></li> <li>▪ USDA Organic;<sup>26</sup></li> <li>▪ Fairtrade;<sup>27, 28</sup></li> <li>▪ UTZ;<sup>29</sup> and</li> <li>▪ Rainforest Alliance<sup>30</sup></li> </ul> </li> <li>- CIBC has confirmed to Sustainalytics that the criteria exclude financing industrial-scale meat processors or producers.</li> <li>- Sustainalytics is of the opinion that the intended investments are expected to generate positive environmental impact.</li> </ul>
	<p>Environmentally sustainable fisheries and aquaculture</p>	<ul style="list-style-type: none"> <li>- Investment in sustainable fisheries and aquaculture, certified by the below schemes: <ul style="list-style-type: none"> <li>▪ Marine Stewardship Council;<sup>31</sup></li> <li>▪ Aquaculture Stewardship Council;<sup>32</sup></li> <li>▪ Global G.A.P for Aquaculture;<sup>33</sup> and</li> <li>▪ Best Aquaculture Practices (two stars or more).<sup>34</sup></li> </ul> </li> <li>- Sustainalytics views these expenditures to be aligned with market expectations.</li> </ul>
	<p>Agricultural projects or technologies</p>	<ul style="list-style-type: none"> <li>- Sustainalytics notes that activities include investments in protected agriculture such as greenhouses and shade houses, that save energy and water; and operations for growing crops within their natural cycle or sourcing low-carbon energy for heat and power.</li> <li>- Sustainalytics views these investments to be aligned with market practice.</li> </ul>
	<p>Agricultural practices that maintain or improve existing carbon pools</p>	<ul style="list-style-type: none"> <li>- Investments in agricultural practices that reduce the use of chemical or synthetic fertilizers and pesticides, low tillage techniques, rehabilitation and restoration of degraded lands, rangeland management or the collection and use of agricultural waste.</li> <li>- CIBC has confirmed to Sustainalytics that the criteria exclude financing of projects carried out on lands and rangelands that are degraded due to the negative environmental externality caused by the investees or the borrowers' own activities.</li> <li>- Sustainalytics views these expenditures to be aligned with market expectations.</li> </ul>

<sup>19</sup> Government of Canada, "Resiliency measures to protect your home", at: <https://natural-resources.canada.ca/energy-efficiency/homes/canada-greener-homes-grant/start-your-energy-efficient-retrofits/plan-document-and-complete-your-home-retrofits/resiliency-measures-protect-your-home/23590>

<sup>20</sup> Government of Canada, "Climate-Resilient Buildings and Core Public Infrastructure Initiative", at: <https://www.infrastructure.gc.ca/plan/crbpci-irccpb-eng.html>

<sup>21</sup> Forest Stewardship Council, at: <https://fsc.org/en/what-the-fsc-labels-mean>

<sup>22</sup> Programme for the Endorsement of Forest Certification, at: <https://pefc.org/standards-implementation/standards-and-guides>

<sup>23</sup> Sustainable Forestry Initiative, at: <https://forests.org/standards/>

<sup>24</sup> CIBC has communicated to Sustainalytics that the climate-smart farm inputs include activities such as biological crop protection or drip-irrigation.

<sup>25</sup> Canada Organic, at: <https://inspection.canada.ca/organic-products/standards/eng/1300368619837/1300368673172>

<sup>26</sup> USDA organic, at: <https://www.ams.usda.gov/grades-standards/organic-standards>

<sup>27</sup> Fairtrade, at: <https://www.fairtradecertified.org/>

<sup>28</sup> Regarding Fairtrade, Sustainalytics notes that the scheme primarily speaks to the social impacts of agricultural activities, and as such, activities are considered credible in the context of social financing.

<sup>29</sup> UTZ, at: <https://www.rainforest-alliance.org/utz/>

<sup>30</sup> Rainforest Alliance, at: <https://www.rainforest-alliance.org/resource-item/2020-sustainable-agriculture-standard-farm-requirements/#>

<sup>31</sup> Marine Stewardship Council, at: <https://www.msc.org/standards-and-certification/developing-our-standards>

<sup>32</sup> Aquaculture Stewardship Council, at: <https://asc-aqua.org/business/get-certified/>

<sup>33</sup> Global G.A.P for Aquaculture, at: <https://www.globalgap.org/what-we-offer/solutions/ifa-aquaculture/>

<sup>34</sup> Best Aquaculture Practices, at: <https://www.bapcertification.org/Standards>

	Livestock management projects	<ul style="list-style-type: none"> <li>- Investments in livestock management projects intended to reduce methane or other GHG emissions such as manure management with anaerobic digestion.</li> <li>- CIBC has confirmed to Sustainalytics that it excludes financing of industrial-scale meat processors or producer.</li> <li>- Sustainalytics views these expenditures to be aligned with market expectations.</li> </ul>
<b>Terrestrial and Aquatic Biodiversity Conservation</b>	Protection of coastal, marine and watershed environments	<ul style="list-style-type: none"> <li>- Investments in activities that contribute to the enhancement or conservation of terrestrial or aquatic biodiversity.</li> <li>- Expenditures for the protection of coastal, marine and watershed environments, including areas close to certified sustainable fishery operations, for instance operations certified by the Marine Stewardship Council (MSC),<sup>35</sup> Aquaculture Stewardship Council (ASC),<sup>36</sup> Global GAP certification<sup>37</sup> or Best Aquaculture Practice (2 stars or above).<sup>38</sup></li> <li>- Sustainalytics views these expenditures to be aligned with market expectations.</li> </ul>
	Nature-based solutions	<ul style="list-style-type: none"> <li>- Investments in nature-based solutions to protect landscapes, afforestation or reforestation, increasing ecological diversity, or restoring ecosystems such as drained peatlands certified by: <ul style="list-style-type: none"> <li>▪ Forest Stewardship Council (FSC)<sup>39</sup></li> <li>▪ Programme for the Endorsement of Forest Certification (PEFC)<sup>40</sup></li> <li>▪ Sustainable Forestry Initiative (SFI)<sup>41</sup></li> </ul> </li> <li>- CIBC has confirmed to Sustainalytics that such activities will use tree species well adapted to the site condition with sustainable management plan certified by the above organizations.</li> <li>- Sustainalytics views these expenditures to be aligned with market expectations.</li> </ul>
<b>Clean Transportation</b>	Low-carbon transport	<ul style="list-style-type: none"> <li>- Development, manufacture and procurement of: <ul style="list-style-type: none"> <li>▪ Zero direct emissions such as electric and hydrogen.</li> <li>▪ Hybrid vehicles with thresholds below 50 gCO<sub>2</sub>/pkm.<sup>42</sup></li> </ul> </li> <li>- Sustainalytics notes that CIBC will use WLTP, NEDC, Natural Resources Canada Fuel Consumption Ratings, or other available test procedures in applicable jurisdictions to validate the compliance of vehicle emissions.<sup>43</sup></li> <li>- Public transport, such as train rolling stock, electrified rail, trams and trolleybuses, zero emission electric or hydrogen buses, and hybrid buses with threshold below 50 gCO<sub>2</sub>/pkm.</li> <li>- Sustainalytics notes that fossil fuel transported by eligible vehicles or rail will be less than 25% of the freight transported (in tkm).</li> <li>- Sustainalytics considers the criteria to be aligned with market practice.</li> </ul>
	Low carbon transportation related infrastructure	<ul style="list-style-type: none"> <li>- Acquisition, development, operation and maintenance of transport infrastructure, such as electric charging stations and hydrogen fuel, expansion of metro or train network and station upgrades meeting the above criteria.</li> <li>- Manufacturing, procurement and recycling of zero emissions electric vehicle components and equipment, such as batteries, battery cells, fuel cells, electric motors and powertrains.</li> <li>- CIBC has confirmed to Sustainalytics that the criteria exclude investments in: i) new construction and existing road infrastructure retrofits, including roads, bridges, etc.; ii) parking facilities; and iii) fossil fuel stations or other assets that prolong the fossil fuel lock-in.</li> <li>- CIBC has further confirmed that the recycling of zero emissions vehicle components will be accompanied by a robust waste management plan.</li> </ul>

<sup>35</sup> Marine Stewardship Council, at: <https://www.msc.org/>

<sup>36</sup> Aquaculture Stewardship Council, at: <https://asc-aqua.org/>

<sup>37</sup> Global GAP, "About us", at: [https://www.globalgap.org/uk\\_en/who-we-are/](https://www.globalgap.org/uk_en/who-we-are/)

<sup>38</sup> Best Aquaculture Practice, at: <https://www.bapcertification.org/>

<sup>39</sup> FSC, at: <https://fsc.org/en/find-the-right-certification-or-licence>

<sup>40</sup> PEFC, at: <https://www.pefc.org/standards-implementation>

<sup>41</sup> SFI, at: <https://forests.org/standards/>

<sup>42</sup> Criteria confirms testing to be in line with the Worldwide Harmonised Light Vehicle Test Procedure (WLTP), New European Driving Cycle (NEDC), Natural Resources Canada Fuel Consumption Ratings, or other available testing in applicable jurisdictions.

<sup>43</sup> Sustainalytics considers best practice to use the World Harmonized Light-duty Vehicle Test Procedure (WLTP), as it replicates realistic driving conditions and yields more accurate emissions results. NEDC test procedure, while still used worldwide, uses theoretical driving data, which can lead to material differences in terms of vehicles' CO<sub>2</sub> emissions compared to WLTP. Sustainalytics notes that the Framework additionally references other testing protocols based on jurisdiction, including Natural Resources Canada's Fuel Consumption Ratings, to estimate vehicular emissions and acknowledges the potential variations in the estimation methodology for assessing alignment with the noted threshold of 50 gCO<sub>2</sub>/km. Given this, Sustainalytics encourages CIBC to prioritize adopting WLTP and report on the other test procedures used for the projects financed under the Framework. Transport & Environment, "Mind the Gap 2016 – Report", at: <https://www.transportenvironment.org/discover/mind-gap-2016-report/>.

		- Sustainalytics considers the criteria to be aligned with market practice.
<b>Sustainable water and wastewater management</b>	Water treatment infrastructure	- Investments in facilities related to water recycling wastewater treatment systems and desalination plants. - CIBC has confirmed to Sustainalytics that treatment of wastewater from fossil fuel operations will be excluded. - Furthermore, CIBC has confirmed that it will finance desalination projects where: <ul style="list-style-type: none"> <li>▪ The facilities will be powered by low-carbon sources such as renewables or the average carbon intensity of the electricity used for desalination will be 100 gCO<sub>2</sub>e/kWh or below; and</li> <li>▪ A reasonable assurance of appropriate waste management plan for brine disposal will be ensured.</li> </ul> - Sustainalytics views these expenditures to be aligned with market expectations.
	Water metering activities	- CIBC has confirmed to Sustainalytics that the projects under this activity exclude equipment or methods dependent on fossil fuels. - Sustainalytics views these expenditures to be aligned with market expectations.
	Water capture and storage infrastructure	- Investment in water capture and storage infrastructure including storm water management systems, water distribution systems, aquifer storage and sewer systems. - Sustainalytics views these expenditures to be aligned with market expectations.
<b>Green buildings</b>	Residential or commercial buildings or construction projects	- CIBC may finance or refinance the residential or commercial buildings or construction projects as per the following criteria: <ul style="list-style-type: none"> <li>▪ Buildings that have received or are expected to receive one of the following certifications based on design or construction: i) LEED Gold or Platinum;<sup>44</sup> ii) BOMA BEST (Gold or Platinum);<sup>45</sup> iii) BREEAM (Excellent or above);<sup>46</sup> iv) ENERGY STAR (85 or above);<sup>47</sup> Passive House Institute – EnerPHit;<sup>48</sup> v) Toronto Green Standard (v3) Tier 2 or higher;<sup>49</sup> vi) BC Step Code (Step 3 or above);<sup>50</sup> vii) National Green Building Standard (Silver or above);<sup>51</sup> or</li> <li>▪ Buildings that fall within the top 15% of the GHG performance assessed by a third party in respective geographic regions, such as the city, province or state and country; or</li> <li>▪ Buildings that have achieved at least a 30% reduction from the baseline in energy consumption or GHG emissions from retrofits and building envelopes based on third-party assessment.</li> </ul> - Sustainalytics views these expenditures to be aligned with market expectations.
	Data centre greenfield and refurbishment	- Development and maintenance of data centres or equipment for data centres with annualized PUE equal to or lower than 1.5. - Sustainalytics views these expenditures to be aligned with market expectations.
<b>Circularity</b>	Eco-efficient products	- Investment in project, activities or technologies for substitution of virgin raw materials with 100% recycled or reused fabric, metal, fibres, wood and plastic feedstock for manufacturing and industrial processes. - CIBC has confirmed to Sustainalytics that the criteria for the above-mentioned activities will: <ul style="list-style-type: none"> <li>▪ Exclude financing of primary feedstock.</li> <li>▪ Ensure segregation of recyclables including plastics and metals.</li> <li>▪ Ensure that if any bio-based material is financed, it should be sustainably sourced.</li> <li>▪ Exclude financing of single use plastic products under this category.</li> <li>▪ Exclude production of products that are non-recyclable.</li> </ul>

<sup>44</sup> LEED: <https://www.usgbc.org/leed>

<sup>45</sup> BOMA BEST: <https://bomabest.org/>

<sup>46</sup> BREEAM: <https://bregroup.com/products/breeam/>

<sup>47</sup> Energy Star: <https://www.energystar.gov/buildings>

<sup>48</sup> PassivHaus: <https://passivehouse.com/>

<sup>49</sup> Toronto Green Standard: <https://www.toronto.ca/city-government/planning-development/official-plan-guidelines/toronto-green-standard/>

<sup>50</sup> BC Step Code: <https://energystepcode.ca/>

<sup>51</sup> National Green Building Standard: <https://www.nahb.org/advocacy/industry-issues/sustainability-and-green-building/national-green-building-standard-certification>

		<ul style="list-style-type: none"> <li>- CIBC has confirmed that investments may also be directed towards R&amp;D for eco-efficient products.</li> <li>- Sustainalytics considers the criteria to be aligned with market practice.</li> </ul>
	Designs and solutions that extend the life of products	<ul style="list-style-type: none"> <li>- Investments in product, solution or service design that facilitates recycling, reuse or extends the product life, such as modularity, disassembly and repair.</li> <li>- CIBC has confirmed to Sustainalytics that the criteria for the above-mentioned activities will:                             <ul style="list-style-type: none"> <li>▪ Exclude activities that support refurbishment, reconditioning and repair of products specifically for use in the extraction of fossil fuels or that inherently rely on fossil fuels.</li> <li>▪ Result in products being put back to their original use with minimal pre-processing.</li> <li>▪ Ensure the segregation of recyclables including plastics and metals.</li> </ul> </li> <li>- Sustainalytics notes that the adaptive recycling and reuse of materials and components may result in extended lifespans and therefore deliver environmental benefits by avoiding the need to manufacture new items.</li> <li>- Noting the exclusion of activities that support the production of fossil fuels or used in fossil fuel extraction, Sustainalytics considers these projects to be aligned with market expectations.</li> </ul>
	Minerals-based materials recovery	<ul style="list-style-type: none"> <li>- Investment in minerals-based materials recovery or recycling.</li> <li>- CIBC has confirmed that it intends to finance projects related to recycling of and recovery from materials that are discarded post-production. This relates to mining and other industrial operations, such as material recovery from slag.</li> <li>- Sustainalytics views this as aligned with market expectation.</li> </ul>
	Reduction of virgin material extraction	<ul style="list-style-type: none"> <li>- Investment in companies or technologies that support the reduction of virgin material extraction including battery recycling businesses.</li> <li>- CIBC has confirmed to Sustainalytics that the recycling of batteries, or any e-waste, or waste from electrical and electronic equipment will be accompanied by a robust waste management process or system to mitigate the associated risks.</li> <li>- Sustainalytics views this as aligned with market practice.</li> </ul>
<b>Essential services</b>	Healthcare	<ul style="list-style-type: none"> <li>- Investments in publicly available, free or subsidized<sup>52</sup> healthcare facilities and services that are provided by public or government institutions, Crown corporations or government agencies or not-for-profit organizations, including for socially vulnerable and historically disadvantaged groups.</li> <li>- Sustainalytics notes that investments are directed towards:                             <ul style="list-style-type: none"> <li>▪ Public hospitals, clinics, healthcare centres, long-term care facilities, hospices, medical and diagnostic equipment, and digital healthcare.</li> <li>▪ Mental health facilities, programmes, and services.</li> <li>▪ Homes or health facilities for elderly or people with disabilities.</li> <li>▪ Public health systems, including emergency response and disease control services.</li> <li>▪ Healthcare and medical research.</li> <li>▪ Health and medical education.</li> <li>▪ Care centres (childcare centres, community centres, eldercare centres, refugee centres, safe houses and organizations) that provide care and refuge to target populations, such as the homeless and survivors of domestic abuse.</li> </ul> </li> <li>- Sustainalytics recognizes the importance of promoting universal healthcare and views such investments targeted toward vulnerable communities and people to be able to create a positive social impact.</li> </ul>
	Education	<ul style="list-style-type: none"> <li>- Investments in public and government-subsidized<sup>53</sup> education, including for socially vulnerable and historically disadvantaged students, with line with relevant local jurisdictions, including:                             <ul style="list-style-type: none"> <li>▪ Infrastructure or improvements in public universities, colleges, schools and training centres.</li> </ul> </li> </ul>

<sup>52</sup> Sustainalytics notes that subsidized facilities include facilities that are more than 50% subsidized or not-for-profit organizations serving low-income communities and other vulnerable communities defined as per the relevant jurisdictions. For example, US Medicaid covered facilities, where more than 50% of reimbursement for the facility should come from Medicaid or the facility should serve low-income communities as defined by US government agencies (defined as per relevant local jurisdictions and context). US Medicaid, "About us", at: <https://www.medicaid.gov/medicaid/index.html>

<sup>53</sup> Sustainalytics notes that subsidized facilities include facilities that are more than 50% subsidized or not-for-profit organizations serving low-income communities and other vulnerable communities defined as per relevant jurisdictions. In Canada, low-income population is based on relevant definitions within the jurisdiction in which it is built, such as Statistics Canada's low-income definition.

		<ul style="list-style-type: none"> <li>▪ Digital learning.</li> <li>▪ Activities that support learning and development of target populations.</li> <li>▪ Accredited Historically Black Colleges and Universities and Tribal Colleges and Universities in the US.</li> </ul> <p>- Sustainalytics notes that educational facilities include accredited Historically Black Colleges and Universities (HBCUs) and Tribal Colleges and Universities (TCUs). Sustainalytics considers certified HBCUs and TCUs to be playing a key role in providing access to education for historically disadvantaged groups, and also recognizes that these schools may require tuition and other costs at levels that present a barrier to access for some members of the populations that the schools serve. Sustainalytics nonetheless considers financing certified institutions that primarily serve the identified target groups as indicative of positive social impacts and encourages CIBC and investees to report on the accessibility of the facilities financed.</p> <p>- Sustainalytics views investments towards education directed towards vulnerable groups of society to be socially impactful.</p>
	Public facilities	<p>- Investments in publicly available, free or subsidized facilities that ensure accessibility for all, especially socially vulnerable and historically disadvantaged groups in line with the definitions of relevant local jurisdictions. Projects include:</p> <ul style="list-style-type: none"> <li>▪ Development and provision of free or discounted access to recreational centres, cultural centres, museums, and libraries.</li> <li>▪ Rehabilitation or development of parks and other public spaces.</li> </ul> <p>- Sustainalytics views investments in public facilities that ensure access to all regardless of ability to pay to be socially impactful.</p>
<b>Affordable housing and basic infrastructure</b>	Housing, shelters, transitional housing, subsidized rentals or ownership homes, that meets accredited or registered affordable housing definitions	<p>- Investments in housing, shelters, transitional housing and subsidized rentals or home ownership schemes that are accredited or registered according to affordable housing definitions, or that contributes to access for low-income residents.</p> <p>- Affordable projects can include the following investments:</p> <ul style="list-style-type: none"> <li>▪ In Canada, CIBC may finance affordable housing for low-income populations,<sup>54</sup> as applicable in specific jurisdictions. Investments include loans to the Canadian Mortgage and Housing Corporation’s (CMHC) Investment in Affordable Housing initiative, where the housing is considered affordable if it costs less than 30% of a household’s before-tax income and includes all forms of tenure, such as rental, ownership and co-operative ownership, and can be provided by private, public and non-profit programmes, or its regional equivalents.<sup>55</sup></li> <li>▪ In the US, subsidized rents as per the Fair Market Rent (FMR) programme;<sup>56</sup> properties where rents are paid through the Low-Income Housing Tax Credit (LIHTC) programme;<sup>57</sup> properties classified under the US Department of Housing and Urban Development (HUD) Section 8;<sup>58</sup> population classified by Federal Deposit Insurance Corporation where individual income should be equal to or below 50%, and median family income should be at least 50% and less than 80%.<sup>59</sup></li> <li>▪ CIBC has communicated to Sustainalytics that the criteria include loans that support development of mixed-use housing, which will be financed on a pro-rata basis, limited to the percentage of affordable units meeting the above eligibility criteria.</li> </ul>

<sup>54</sup> A household is considered low income if its income is below 50% of median household incomes. These indicators can generally be adjusted for household or family size and can be used to measure low income among specific categories of individuals. Statistics Canada, “Low Income Definitions”, at: <https://www150.statcan.gc.ca/n1/pub/75f0011x/2012001/notes/low-faible-eng.htm#a5>

<sup>55</sup> CHMC, “Reference Guide: CMHC Mortgage Loan Insurance for Multi-Unit Residential Properties”, at: <https://eppdscrmssa01.blob.core.windows.net/cmhcuatcontainer/sf/project/cmhc/pdfs/content/en/reference-guide.pdf>

<sup>56</sup> As per FMR recipients receive a subsidy equal to the difference between the gross rent and 30 percent of their incomes, “Fair Market Rent”, at: <https://www.huduser.gov/periodicals/ushmc/winter98/summary-2.html>

<sup>57</sup> The LIHTC programme was created by the Tax Reform Act of 1986 with the aim of creating affordable housing in the US. It gives the State and local LIHTC-allocating agencies the authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households. US Department of Housing and Urban Development, “Low-Income Housing Tax Credit”, at: <https://www.huduser.gov/portal/datasets/lihtc.html>

<sup>58</sup> US Department of Housing and Urban Development, “Section 8 Rental Certificate Program”, at: <https://www.hud.gov/programdescription/cert8>

<sup>59</sup> The Federal Reserve System, “Community Reinvestment Act (CRA)”, at: [https://www.federalreserve.gov/consumerscommunities/cra\\_resources.htm](https://www.federalreserve.gov/consumerscommunities/cra_resources.htm)

		<ul style="list-style-type: none"> <li>- CIBC has confirmed that eligible projects will ensure affordability to target populations through rent caps.</li> <li>- Based on specific credible and well-recognized external references for target population and measures regarding affordability, Sustainalytics considers investments in affordable housing projects to be able to contribute to positive social impacts.</li> </ul>
	Basic infrastructure projects for rural communities	<ul style="list-style-type: none"> <li>- Financing infrastructure projects in underserved areas<sup>60</sup> and unconnected areas<sup>61</sup> for rural communities<sup>62</sup> such as: i) access to improved drinking water; ii) plumbing and sanitation services; iii) transmission and distribution electricity grid; iv) communication networks including mobile and internet access; and v) rural transportation infrastructure, such as feeder roads that are expected to improve transportation links to underdeveloped and unconnected rural areas or rural areas that have inadequate access.</li> <li>- CIBC has confirmed to Sustainalytics that such financing will exclude transmission and distribution infrastructure dedicated to connecting fossil fuel power plants to the grid.</li> <li>- Sustainalytics views investments in infrastructure projects for underserved or unserved rural areas as socially impactful.</li> </ul>
<b>Socioeconomic advancement and empowerment</b>	Financial education, financial services, skill development, vocational training and related capability building and services	<ul style="list-style-type: none"> <li>- Investments in activities promoting socio-economic empowerment of low-income,<sup>63</sup> visible minorities,<sup>64</sup> people with disabilities, senior citizens, migrants/displaced persons, vulnerable youth, LGBTQ+, graduates of local entrepreneurial training programmes, women, Indigenous Peoples<sup>65</sup> or governments<sup>66</sup> or marginalized population as defined by respective jurisdictions. Activities include projects or programmes that provide: <ul style="list-style-type: none"> <li>▪ Financial education; free or discounted financial services; and related capability building services.</li> <li>▪ Access to education, skill development, job placement, professional training, vocational training, and other related economic empowerment initiatives.</li> </ul> </li> <li>- Criteria include loans to MSMEs and not-for-profit organizations for target populations and supporting the above activities.</li> <li>- CIBC has confirmed that the criteria exclude the promotion of any religious or political activities.</li> <li>- Sustainalytics considers that these investments can contribute to positive social impacts.</li> </ul>
<b>Employment generation</b>	Lending finance to support employment generation	<ul style="list-style-type: none"> <li>- Lending finance to support employment generation among the target groups that are marginalized or historically underrepresented, such as low-income, visible minorities,<sup>67</sup> persons with disabilities, senior citizens, migrants or displaced persons, vulnerable youth, LGBTQ+, graduates of local entrepreneurial training programmes, women, and Indigenous Peoples<sup>68</sup> or governments,<sup>69</sup> defined within respective jurisdictions such as Crown-Indigenous Relations and Northern Affairs Canada:</li> </ul>

<sup>60</sup> Areas with mobile services provided by only one operator.

<sup>61</sup> Areas with no existing mobile service.

<sup>62</sup> Rural communities or areas in Canada are, as defined by Statistics Canada, all areas outside of Population Centers, i.e., an area that has a population of at least 1,000 and a population density of 400 persons or more per square kilometre, based on the most current census. In the US, the Census Bureau identifies two types of urban areas: Urbanized Areas (UAs) of 50,000 or more people; Urban Clusters (UCs) of at least 2,500 and less than 50,000 people. "Rural" encompasses all population, housing and territory not included within an urban area.

<sup>63</sup> A household is considered low income if its income is below 50% of median household incomes. These indicators can generally be adjusted for household or family size and can be used to measure low income among specific categories of individuals. Statistics Canada, "Low Income Definitions", at: <https://www150.statcan.gc.ca/n1/pub/75f0011x/2012001/notes/low-faible-eng.htm#a5>

<sup>64</sup> As defined in respective jurisdiction, such as the Employment Equity Act of Canada which includes people of colour who self-identify as visible minorities in Canada, other than Indigenous Peoples, and non-white outside of Canada.

<sup>65</sup> Indigenous Peoples or communities are defined in line with the respective jurisdictions, such as the Crown-Indigenous Relations and Northern Affairs Canada.

<sup>66</sup> Indigenous governments are defined as per the 25 self-government agreements across Canada involving 43 Indigenous communities. Government of Canada, "Self-government: Self-government," at: <https://www.rcaanc-cirnac.gc.ca/eng/1100100032275/1529354547314>

<sup>67</sup> MSMEs are defined in accordance with the International Finance Corporation's definition, which is determined based on assessment of an enterprise's employee count, total assets, and annual sales. IFC, "Establishing a baseline for lending to women-owned SMEs", at: <https://documents1.worldbank.org/curated/en/602291468183841622/pdf/819960BRI0Meas00Box379851B00PUBLIC0.pdf>

<sup>68</sup> Ibid.

<sup>69</sup> Ibid.

		<ul style="list-style-type: none"> <li>▪ MSMEs<sup>70</sup> that are at least 51% owned, managed or controlled by one or more persons from the target population.</li> <li>▪ MSMEs in regions that economically underperform or suffer from deprivation, as measured in the local context.<sup>71</sup></li> </ul> <p>- Regarding Indigenous Peoples-owned and Indigenous Peoples-led businesses and organizations, CIBC has confirmed to Sustainalytics that financing will be directed to the organizations that work in the areas that serve the public interest and exclude the promotion of any religious or political activities.</p> <p>- Based on the definition of a target population, the presence of corporate lending policies that prohibit lending to environmentally or socially harmful activities, and lending practices with low fees and low interest rates,<sup>72</sup> Sustainalytics considers these investments to be socially impactful.</p>
<b>Food security and sustainable food systems</b>	<p>Access to nutrition (food and safe water)</p>	<p>- Investments directed towards low income, visible minorities, people with disabilities, senior citizens, migrants or displaced persons, vulnerable youth, LGBTQ+, women, Indigenous Peoples or marginalized populations,<sup>73</sup> which include:</p> <ul style="list-style-type: none"> <li>▪ Affordable or free access to nutrition programmes that address food insecurity. CIBC has communicated to Sustainalytics that it intends to finance discounted or freely available food provided by for-profit companies, governments and NGOs.</li> <li>▪ Activities that support the development equipment, and supplies of food and water safety, such as water purification tablets that address food insecurity and nutrition issues.<sup>74</sup> CIBC has confirmed to Sustainalytics that investments also include those towards development of infrastructure and systems that enhance water safety and water treatment services.</li> </ul> <p>- While Sustainalytics notes the defined target population, Sustainalytics believes that access to food and safe water is mainly recognized as a problem for target populations such as the First Nations and Indigenous communities in Canada.<sup>75, 76</sup> Therefore, Sustainalytics encourages CIBC to prioritize investments towards target populations, programmes and activities that demonstrate the need to address the issue of access to food and safe water to maximize social impact.</p>
	<p>Technical capacity, knowledge and skill building through training programs and access to facilities and equipment</p>	<p>- Investment in activities that build technical capacity, knowledge, and skills through training programmes and access to facilities and equipment for smallholder farmers<sup>77</sup> to increase the nutritional quality of produce or increase the use of new technology and efficient farming practices.</p> <p>- Overall, Sustainalytics considers the expenditures under this category to be able to contribute to positive social impacts through ensuring food and nutritional security and building related capacities for those populations that need them the most.</p>

<sup>70</sup> MSMEs are defined in accordance with the International Finance Corporation’s definition, which is determined based on assessment of an enterprise’s employee count, total assets, and annual sales. IFC, “Establishing a baseline for lending to women-owned SMEs”, at: <https://documents1.worldbank.org/curated/en/602291468183841622/pdf/819960BRI0Meas00Box379851B00PUBLIC0.pdf>

<sup>71</sup> Criteria will vary based on local context. In Canada, the Canadian Index of Multiple Deprivation shall be followed. Statistics Canada, “The Canadian Index of Multiple Deprivation: User Guide”, (2019), at: <https://www150.statcan.gc.ca/n1/en/pub/45-20-0001/452000012019002-eng.pdf>

<sup>72</sup> CIBC, “Sustainability Report”, (2023), at: <https://www.cibc.com/en/about-cibc/corporate-responsibility.html>

<sup>73</sup> Based on definitions in respective jurisdiction, such as: i) the Employment Equity Act of Canada which includes people of colour who self-identify as visible minorities in Canada, other than Indigenous Peoples, and non-white outside of Canada; ii) Statistics Canada’s low-income definition, iii) indigenous people defined by respective jurisdiction, such as the Crown-Indigenous Relations & Northern Affairs Canada, or iv) visible minorities as defined above.

<sup>74</sup> CIBC has confirmed that it follows its Responsible Lending Policy.

<sup>75</sup> Government of Canada, Government of Canada progress update on improving access to clean water in First Nations communities, at: <https://www.canada.ca/en/indigenous-services-canada/news/2021/05/government-of-canada-progress-update-on-improving-access-to-clean-water-in-first-nations-communities.html>

<sup>76</sup> FNFNES, “First Nations Food, Nutrition & Environment Study, at: [https://www.fnfnes.ca/docs/FNFNES\\_draft\\_technical\\_report\\_Nov\\_2\\_2019.pdf](https://www.fnfnes.ca/docs/FNFNES_draft_technical_report_Nov_2_2019.pdf)

<sup>77</sup> Sustainalytics notes that small holder farmers are defined as per the respective local definitions. In the absence of such definitions, smallholder farmers shall be defined in Canada and the rest of the world (except for the US) based on FAO’s definition, i.e., farmers who manage areas varying from less than one hectare to 10 hectares with a family-focused motive. For the full definition, see: FAO, “Smallholders and family farmers: Sustainability Pathways, at: [https://www.fao.org/fileadmin/templates/nr/sustainability\\_pathways/docs/Factsheet\\_SMALLHOLDERS.pdf](https://www.fao.org/fileadmin/templates/nr/sustainability_pathways/docs/Factsheet_SMALLHOLDERS.pdf)



- Project Evaluation and Selection:
  - CIBC's Sustainability Issuance Council ("SIC") will be responsible for evaluating and approving all Eligible Assets under the Framework. The SIC will be composed of representatives from the Treasury, Finance, Environmental Risk Management, Enterprise ESG, Commercial Banking and Capital Markets teams.
  - CIBC has in place environmental and social risk management processes that are applicable to all allocation decisions in the Framework. Sustainalytics considers these processes to be adequate. Refer to Section 2 for additional details.
  - Based on the allocation of responsibilities and the presence of risk management processes, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - Allocations to eligible projects will be tracked internally, on a portfolio basis by CIBC and reviewed quarterly by the SIC. The Eligible Asset pool will be monitored to ensure it exceeds the aggregate value of outstanding Sustainability Issuances.
  - If the Eligible Asset pool does not meet or exceed the net proceeds of all relevant outstanding Sustainability Issuances, the excess proceeds of any Sustainability Issuance will be deposited in a general fund account and invested in accordance with the liquidity management procedures of the Bank's Treasury. CIBC intends to allocate all proceeds within 18 months of each issuance.
  - Pending allocation, the proceeds will be deposited in CIBC's General Fund accounted and managed per existing liquidity management procedures.
  - Additionally, for GICs issued under the Framework, CIBC has indicated that: i) a sufficient asset portfolio buffer will be maintained to ensure assets are replenished to match the GIC amount raised, and ii) allocation of proceeds will be completed before the maturity of the instrument.
  - Based on a defined allocation timeframe and the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - CIBC intends to publish allocation and impact reporting annually until the maturity of the respective issuance on its website.
    - Allocation reporting will include information on the net proceeds raised from each issuance, allocations by category and geographic location of the aggregate amount of net proceeds, and the balance of unallocated proceeds. CIBC further intends to obtain independent assurance over the allocation of net proceeds to Eligible Assets.
    - CIBC intends to report on quantitative performance metrics for all green and social categories, such as emissions avoided, quantity of waste diverted, surface area covered under certification schemes, number of businesses supported, value of loans provided etc.
  - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

### **Alignment with Sustainability Bond Guidelines 2021**

Sustainalytics has determined that the CIBC Sustainability Issuance Framework aligns with the four core components of the GBP and SBP.

## **Section 2: Sustainability Strategy of CIBC**

### **Contribution to CIBC's sustainability strategy**

Sustainalytics is of the opinion that CIBC demonstrates a commitment to sustainability across its financing activities. CIBC identifies: i) building integrity and trust; ii) creating access to opportunities; and iii) accelerating climate action as three key pillars of the Bank's ESG Strategy. Sustainalytics has focused below on pillars ii) and iii), which are most relevant to the financed activities under the Framework.<sup>78</sup>

To create access to opportunities, the Bank focuses on inclusive banking, community relationships, and championing change as an employer. As a part of its inclusive banking efforts, in 2023, the Bank continued to scale the Indigenous Housing Loan Program (IHLP). The Bank has onboarded three additional Indigenous communities by developing distinct products that meet each communities' unique needs. In 2023, CIBC provided more than CAD 66 million in support of more than 3,800 charities, non-profits, and community

<sup>78</sup> CIBC, "Sustainability Report", (2023), at: <https://www.cibc.com/en/about-cibc/corporate-responsibility.html>

organizations globally through corporate and employee contributions.<sup>79</sup> In the US, CIBC's Community Development Lending group provided USD 109 million in loans towards the acquisition and preservation of affordable housing in 2023, aiming to increase the affordable rental housing stock in the communities that they serve. CIBC partnered with 50 community development organizations in the midwest region of the US to offer entrepreneur training programmes, including the Renaissance Entrepreneurship Center, Tech Town, Latino Entrepreneurial Network and Sunshine Enterprises. In 2024, the Bank raised its minimum hourly rate of pay for merit eligible employees in Canada and the US to CAD 22.50 and has commitment to provide a minimum wage of CAD 25 per hour by the end of 2025 in both regions.<sup>80</sup>

To accelerate its efforts toward climate action, the Bank has established a climate strategy that is centred around: i) supporting its clients' transition; ii) encouraging consumer behaviour; iii) refining CIBC's operations; and iv) sharing its progress.<sup>81</sup> Through this strategy, the Bank delineates its actions for a net-zero approach by 2050 and has set interim net-zero targets for oil and gas, power generation portfolios, and automotive manufacturing portfolio. To support the transition, CIBC has committed to providing CAD 100 million in limited partnership investments in climate technology and energy transition funds, and has partnered with six funds to date. CIBC is also a co-founder of Carbonplace, a global platform to connect buyers and sellers of voluntary carbon credits. To reduce emissions in its own operations, CIBC has set a 30% operational GHG reduction target by 2028 (from a 2018 baseline) and a 2024 carbon neutrality goal. To encourage clients to transition to low-carbon living, in 2022, CIBC launched the Climate Centre, a dedicated hub where clients can access educational resources on how to reduce their carbon footprint.<sup>82</sup>

Sustainalytics is of the opinion that the CIBC Sustainability Issuance Framework is aligned with the Bank's overall sustainability strategy and initiatives, and will further the Bank's action on its key environmental priorities.

#### **Approach to managing environmental and social risks associated with the projects**

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) emissions, effluents and waste generated in construction; ii) land use and biodiversity loss from infrastructure projects; iii) risks related to management and long-term disposal of radioactive waste from nuclear projects; iv) occupational health and safety (OHS) during construction and operation; v) community relations; and vi) risks associated with being exposed to controversial companies or projects as a result of the Bank's lending activities. Sustainalytics acknowledges that the Bank plays a limited role in the development or implementation of specific projects but notes that it is exposed to risks associated with companies or projects to which it provides lending and financial services.

Sustainalytics is of the opinion that CIBC is able to manage and/or mitigate potential risks through implementation of the following:

- For risks related to emissions, effluents and waste generated in construction, land use and biodiversity, CIBC has communicated to Sustainalytics that its Credit Risk Management Standards integrate environmental risk management, including the abovementioned risks, into lending, investment banking and transaction advisory activities, through risk identification, assessment and mitigation practices. Additionally, for OHS risks related to lending activities, CIBC relies on its Modern Slavery and Human Trafficking statement to guide its policies and procedures<sup>83</sup>. Through its Corporate Environmental Policy, CIBC incorporates stakeholder interests and further commits to developing, implementing and maintaining standards and procedures to assess and manage environmental risks in its lending and investment activities.<sup>84,85</sup> CIBC's Environmental Risk Management group is responsible for implementing CIBC's Corporate Environmental Policy and maintaining the Corporate Environmental Management Programme. This programme defines

<sup>79</sup> Ibid.

<sup>80</sup> Ibid.

<sup>81</sup> Ibid.

<sup>82</sup> CIBC, "Let's address climate change together", at: <https://www.cibc.com/en/personal-banking/climate-centre.html>

<sup>83</sup> CIBC, "CIBC on Human Rights: Modern Slavery and Human Trafficking Statement", at:

[https://www.cibc.com/content/dam/about\\_cibc/corporate\\_governance/pdfs/cibc\\_on\\_human\\_rights.pdf](https://www.cibc.com/content/dam/about_cibc/corporate_governance/pdfs/cibc_on_human_rights.pdf)

<sup>84</sup> CIBC, "Policies and Standards", available: <https://www.cibc.com/en/about-cibc/corporate-responsibility/environment/governance-reporting/governance.html>

<sup>85</sup> CIBC, "Sustainability Report", (2023), at: <https://www.cibc.com/en/about-cibc/corporate-responsibility.html>

environmental objectives and targets, monitors progress towards such targets and ensures continual improvement.<sup>86</sup>

- Regarding risks related to the management and long-term disposal of radioactive waste from nuclear projects, the Bank's nuclear project financing eligibility evaluation is governed by its Sustainable Issuance Council. Sustainalytics notes that the Sustainable Issuance Council will also be responsible for ensuring alignment of nuclear financing with the criteria established in the Framework, including the specific risk management considerations described therein.<sup>87</sup>
- CIBC commits to maintaining health and safety across its operations and has proactive programmes and processes which include ongoing workplace inspections, environmental management and hazardous prevention programmes.<sup>88</sup> CIBC's Supplier Code of Conduct also expects its suppliers to adhere to applicable laws and regulations in the jurisdictions they operate for areas such as environment, labour, environment and health and safety.<sup>89</sup> The Bank has set out expectations from its supplier to provide safe and healthy work environments and identify hazards along with their preventive measures. The Bank commits to disengaging with suppliers that are involved in human rights abuses and forced labours and are unable to demonstrate an acceptable plan and time frame to CIBC for investigating and mitigating these risks.<sup>90</sup>
- Regarding large-scale infrastructure projects that may impact surrounding communities, Sustainalytics notes that since 2003, CIBC has been a signatory to the Equator Principles, adopting them to apply environmental and social screening to assess whether a project should receive financing. The Bank's environmental credit risk management group reviews all applicable transactions and carries out internal training in order to maintain alignment with the requirements of the Equator Principles.<sup>91</sup>
- For risks associated with predatory lending and exposure to controversial companies or projects as a result of lending activities, CIBC has enacted corporate-wide standards and processes mandating ethical behaviour, including through a Code of Conduct,<sup>92</sup> and a Supplier Code of Conduct.<sup>93</sup>
- CIBC's disclosure related to climate governance, strategy, risk management, and metrics and targets is carried out in alignment with the TCFD recommendations.<sup>94</sup> CIBC's Board of Directors and its committees oversee elements of CIBC's ESG strategy, including climate strategy, and material ESG disclosure and ESG governance based on respective committee mandates.<sup>95,96</sup>
- The Bank has communicated to Sustainalytics that it is also a member of the United Nations Environment Programme – Finance Initiative, which is a platform for banks to convene and share best practices for risk assessment. Through this, CIBC has developed its own approach, taking into account both physical<sup>97</sup> and transition risks.<sup>98</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that CIBC has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

All sixteen use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

<sup>86</sup> CIBC, "Corporate Environmental policy", (2023), at: [https://www.cibc.com/content/dam/about\\_cibc/corporate\\_responsibility/pdfs/cibc-corporate-environmental-policy-2021-en.pdf](https://www.cibc.com/content/dam/about_cibc/corporate_responsibility/pdfs/cibc-corporate-environmental-policy-2021-en.pdf)

<sup>87</sup> Ibid.

<sup>88</sup> CIBC, "Sustainability Report", (2023), at: <https://www.cibc.com/en/about-cibc/corporate-responsibility.html>

<sup>89</sup> CIBC, "Supplier Code of Conduct", at: <https://www.cibc.com/ca/pdf/about/supplier-code-of-conduct-en.pdf>

<sup>90</sup> CIBC, "Sustainability Report", (2023), at: <https://www.cibc.com/en/about-cibc/corporate-responsibility.html>

<sup>91</sup> CIBC, "Policy and Standards", at: <https://www.cibc.com/en/about-cibc/corporate-responsibility/environment/governance-reporting/governance.html>

<sup>92</sup> CIBC, "CIBC Code of Conduct", (2023), at: [https://www.cibc.com/content/dam/about\\_cibc/corporate\\_governance/pdfs/code-of-conduct-en.pdf](https://www.cibc.com/content/dam/about_cibc/corporate_governance/pdfs/code-of-conduct-en.pdf)

<sup>93</sup> CIBC, "CIBC Supplier code of Conduct", at: <https://www.cibc.com/ca/pdf/about/supplier-code-of-conduct-en.pdf>

<sup>94</sup> CIBC, "Governance and Reporting", at: <https://www.cibc.com/en/about-cibc/corporate-responsibility/environment/governance-reporting.html>

<sup>95</sup> Ibid.

<sup>96</sup> CIBC, "2022 Climate Report Update on TCFD and progress towards our net-zero ambition", (2022), at: [https://www.cibc.com/content/dam/about\\_cibc/corporate\\_responsibility/pdfs/cibc-2022-climate-report-en.pdf](https://www.cibc.com/content/dam/about_cibc/corporate_responsibility/pdfs/cibc-2022-climate-report-en.pdf)

<sup>97</sup> Risks related to more frequent extreme weather events and chronic changes in weather patterns.

<sup>98</sup> Risks related to transitioning to a low-carbon economy, including policy and legal risk, technological risk, market risk and reputational risk.

### Importance of Clean Energy in Canada

The electricity and heat generation sectors are the largest contributor to global GHG emissions, responsible for approximately one-third of all energy-related global CO<sub>2</sub> emissions in 2021.<sup>99,100</sup> In 2022, the sector displayed the largest increase in emissions, reaching an all-time high of 14.6 Gt.<sup>101</sup> Therefore, increased renewable energy generation is required to support the decarbonization of the global energy system. A study from the International Renewable Energy Agency further supports this assessment, estimating that 77% of worldwide primary energy supply would need to be met by low-carbon energy sources by 2050 in order to meet the 1.5°C target.<sup>102</sup> This would require a 61% increase of renewable energy in the total energy mix from 2020 to 2050.<sup>103</sup> The renewable energy sector continues to grow after gaining momentum during COVID-19, alongside fossil-fuel-based energy generation phase-outs and global renewable energy generation increasing by 3%.<sup>104</sup> In 2022, worldwide installed power generation capacity attained an all-time high of 40%, accounting for 83% in capacity additions.<sup>105</sup> However, Canada has one of the cleanest grids in the world, with 83% of the electricity generated from low- or non-GHG emitting sources, such as wind, solar, hydro and nuclear;<sup>106</sup> this rate is expected to reach at least 90% by 2050.<sup>107</sup> Hydropower accounts for 60% of Canada's electricity generation, nuclear makes up 15%, while wind, solar and other non-hydro renewable energy sources have a combined share of 8%.<sup>108</sup> Canada's vast hydroelectric resources contribute to hydro having the highest share in the country's electricity generation mix, also making Canada second in the world in terms of hydroelectric production.<sup>109</sup>

As a signatory of the Paris Agreement, Canada has committed to becoming a net-zero emission economy by 2050 and set an emissions reduction target of 40% below 2005 levels by 2030.<sup>110</sup> Moreover, it has set a target of producing 90% of its electricity from non-emitting sources by 2030.<sup>111</sup> In addition, nuclear small modular reactor units in certain net-zero scenarios have the potential to contribute up to 12% to Canada's total electricity generation mix by 2050.<sup>112</sup> In working towards its goals, the Government of Canada has committed to providing up to CAD 8 billion to support the decarbonization of key industries via the Net Zero Accelerator initiative<sup>113</sup>, and CAD 4.5 billion to the Smart Renewable Electrification Pathways Program by 2035 to support the transformation of the electricity sector.<sup>114</sup> Further, the CAD 15 billion Canada Growth Fund has been established under the Canada Development Investment Corporation to facilitate private sector investment in green and emissions reduction technology to support Canada's net zero goals.<sup>115</sup> In addition to supporting Canada's decarbonization of the energy sector, renewable energy investments are expected to contribute as much as 29% of Canada's total energy GDP by 2030.<sup>116</sup>

Based on this context, Sustainalytics considers that CIBC's financing in the area of clean energy is expected to contribute positively to the global energy transition that is required to meet climate objectives.

<sup>99</sup> Our World in Data, "Emissions by Sector", (2020), at: <https://ourworldindata.org/emissions-by-sector>

<sup>100</sup> International Energy Agency (IEA), "World Energy Outlook 2022", at: <https://www.iea.org/reports/world-energy-outlook-2022/outlook-for-electricity>

<sup>101</sup> International Energy Agency (IEA), "CO<sub>2</sub> Emissions in 2022" p9, (2023) at: <https://iea.blob.core.windows.net/assets/3c8fa115-35c4-4474-b237-1b00424c8844/CO2Emissionsin2022.pdf>

<sup>102</sup> International Renewable Energy Agency (IRENA), "World Energy Transitions Outlook 2023", (2023), at <https://www.irena.org/Publications/2023/Jun/World-Energy-Transitions-Outlook-2023>

<sup>103</sup> Ibid.

<sup>104</sup> Power Technology, "COVID-19 pandemic accelerated future renewable energy usage: Poll", (2021), at: <https://www.power-technology.com/news/covid-19-pandemic-accelerated-future-renewable-energy-usage-poll/>

<sup>105</sup> Ibid.

<sup>106</sup> Government of Canada, "A Made-In-Canada Plan: Affordable Energy, Good Jobs, and a Growing Clean Economy", at: <https://www.budget.canada.ca/2023/report-rapport/chap3-en.html>

<sup>107</sup> IEA, "Canada 2022 Energy Policy Review", at: <https://iea.blob.core.windows.net/assets/7ec2467c-78b4-4c0c-a966-a42b8861ec5a/Canada2022.pdf>

<sup>108</sup> Government of Canada, "A Made-In-Canada Plan: Affordable Energy, Good Jobs, and a Growing Clean Economy", at: <https://www.budget.canada.ca/2023/report-rapport/chap3-en.html>

<sup>109</sup> Canada Energy Regulator, "Market Snapshot: Canada – 2<sup>nd</sup> in the world for hydroelectric production", (2022), at: <https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/market-snapshots/2016/market-snapshot-canada-2nd-in-world-hydroelectric-production.html>

<sup>110</sup> Government of Canada, "2030 Emissions Reduction Plan – Sector-by-sector overview", at: <https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030/sector-overview.html>

<sup>111</sup> International Energy Agency, "Canada 2022 – Energy Policy Review", (2022), at: <https://www.iea.org/reports/canada-2022>

<sup>112</sup> Government of Canada, "Canada's Energy Future 2023", at: <https://www.cer-rec.gc.ca/en/data-analysis/canada-energy-future/2023/canada-energy-futures-2023.pdf>

<sup>113</sup> Government of Canada, "Net Zero Accelerator Initiative", at: <https://ised-isde.canada.ca/site/strategic-innovation-fund/en/net-zero-accelerator-initiative>

<sup>114</sup> Government of Canada, "Building Capacity with the Smart Renewables and Electrification Pathways Program", at: <https://natural-resources.canada.ca/climate-change/green-infrastructure-programs/building-capacity-the-smart-renewables-and-electrification-pathways-program/23829>

<sup>115</sup> Canada Growth Fund, at: <https://www.cgf-fcc.ca/>

<sup>116</sup> Government of Canada, "2030 Emissions Reduction Plan – Sector-by-sector overview" (2023), at: <https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030/sector-overview.html> - sector3

### Importance of Access to Affordable Housing and Basic Infrastructure in Canada

The United Nations estimates that approximately 3 billion people will require affordable housing in cities by 2030.<sup>117</sup> In 2021, one in 10 Canadian households lived in "core housing need" – defined as living in "an unsuitable, inadequate, or unaffordable dwelling and unable to afford alternative housing in their community".<sup>118</sup> Over the past decade, citizens that rent or that live in large urban areas have been particularly affected by unaffordable housing – as measured by the number of households that spend 30% or more of their income on shelter costs.<sup>119</sup> Even though Canada's national unaffordable housing rate decreased from 24.1% in 2016 to 20.9% in 2021, a substantial part of this improvement can be attributed to government benefits related to COVID-19.<sup>120</sup> The anticipation is that housing affordability will be adversely affected as these benefits were phased out in 2022, coupled with increased housing costs due to elevated inflation and rising interest rates.<sup>121</sup> Simultaneously, if the current pace of new construction persists, Canada is projected to face a shortage of 3.5 million houses by 2030, falling significantly short of the more than 22 million units needed to achieve affordability.<sup>122</sup>

Considering the above, Sustainalytics is of the opinion that financing under the affordable housing use of proceeds category is expected to create a positive social impact by increasing the availability and accessibility of affordable housing in Canada, including for low-income residents.

### Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the CIBC Sustainability Issuance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Clean Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Fuels	7. Affordable and Clean Energy	7.A By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Pollution Prevention and Control	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Climate Resilience & Adaptation	11. Sustainable Cities and Communities	11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations
Environmentally Sustainable Management	15. Life on Land	15.A Mobilize and significantly increase financial resources from all sources to

<sup>117</sup> United Nations, "Make cities and human settlements inclusive, safe, resilient and sustainable", at: <https://unstats.un.org/sdgs/report/2019/goal-11/>

<sup>118</sup> Statistics Canada, "Core housing need in Canada", (2022), at: <https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2022056-eng.htm>

<sup>119</sup> Statistics Canada, "To buy or to rent: The housing market continues to be reshaped by several factors as Canadians search for an affordable place to call home", (2022), at: <https://www150.statcan.gc.ca/n1/daily-quotidien/220921/dq220921b-eng.htm?indid=32991-2&indgeo=0>

<sup>120</sup> Statistics Canada, "To buy or to rent: The housing market continues to be reshaped by several factors as Canadians search for an affordable place to call home", (2022), at: <https://www150.statcan.gc.ca/n1/daily-quotidien/220921/dq220921b-eng.htm?indid=32991-2&indgeo=0>

<sup>121</sup> Ibid.

<sup>122</sup> Canadian Mortgage and Housing Corporation, "Canada's Housing Supply Shortage: Restoring affordability by 2030", (2022), at: <https://www.cmhc-schl.gc.ca/en/blog/2022/canadas-housing-supply-shortage-restoring-affordability-2030>

of Living Natural Resources and Land Use		conserve and sustainably use biodiversity and ecosystems
Terrestrial and Aquatic Biodiversity Conservation	14. Life Below Water	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
Clean Transportation	9. Industry, Innovation and Infrastructure  11. Sustainable Cities and Communities	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all  11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Green Buildings	11. Sustainable Cities and Communities	11.B By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels
Circularity	12. Responsible Consumption and Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources
Essential Services	3. Good Health and WellBeing  4. Quality Education	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all  4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
Affordable Housing and Basic Infrastructure	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Socio-Economic Advancement and Empowerment	5. Gender Equality	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

	8. Decent Work and Economic Growth  10. Reduced Inequalities	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services  10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average
Employment Generation	8. Decent Work and Economic Growth  10. Reduced Inequalities	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services  10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average
Food Security and Sustainable Food Systems	2. Zero Hunger	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round

## Conclusion

CIBC has developed the CIBC Sustainability Issuance Framework under which it may issue sustainable finance instruments including bonds, notes, certificates, commercial paper, deposits, GICs, market-linked GICs, securitizations such as secured green collateral bond and secured green standard bond, and use the proceeds to finance projects that reduce GHG emissions, promote waste and water management and improve access to basic services. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impacts.

The CIBC Sustainability Issuance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Sustainalytics considers that the CIBC Sustainability Issuance Framework is aligned with the overall sustainability strategy of the Bank and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14 and 15. Additionally, Sustainalytics considers that CIBC has sufficient measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Canadian Imperial Bank of Commerce is well positioned to issue sustainability bonds and that the CIBC Sustainability Issuance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Social Bond Principles 2023.

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