CIBC

2023 Climate Report
Update on TCFD and progress towards our net-zero ambition

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Introduction

We understand the urgency with which climate solutions are needed and will continue working alongside our clients, investors and other stakeholders to support the transition to a low carbon economy.

About this report

CIBC supports the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations for globally consistent and comparable climate disclosure. This is our fourth standalone report which presents information about CIBC's efforts towards aligning our climate disclosure with the TCFD recommendations. This report also presents our efforts to accelerate climate action across the bank and our progress towards achieving our net-zero ambition.

CIBC recognizes the importance of transparency in our approach to integrating climate considerations into our business activities, strategy and risk management. Our stakeholders rely on consistent, comparable and accurate information to assess our climate risks, opportunities, and resilience to the impacts of climate change. In 2021, we established our net-zero ambition, and in 2022, we laid the foundation for our climate strategy. This year, our efforts focused on actions and progress towards achieving our climate objectives.

Building the foundation for climate change leadership

CIBC's 2023 Climate Report complements our other climate-related disclosures, including our Net-Zero Approach, which outlines our interim net-zero targets to 2030 related to our financed emissions. It also complements our annual Sustainability Report, which highlights our efforts to accelerate climate action as a component of our environmental, social and governance (ESG) strategy, as well as our innovative sustainable products and solutions; and the discussion of climate risk as one of CIBC's top and emerging risks in our 2023 Annual Report.

Industry memberships and signatories

CIBC is a member of the UN-convened Net-Zero Banking Alliance (NZBA), which requires that we set interim targets for carbon-intensive sectors, where material and where data allows, for 2030 or sooner.[1] We are also a member of the Partnership for Carbon Accounting Financials (PCAF), an industry-led initiative that helps financial institutions assess and disclose GHG emissions from their loans and investments through a standardized measurement and reporting framework. Our net-zero ambition and reporting is also informed by guidance from industry initiatives, including the Glasgow Financial Alliance for Net-Zero (GFANZ), United Nations Environment Programme Finance Initiative (UNEP FI), CDP and TCFD.

Executive summary

At CIBC, we understand the integral role the financial sector has in the transition to a low carbon economy. We continue to manage climate-related risks and opportunities, and are working to transition our own business activities towards net-zero while supporting our clients to do the same.

CIBC has an established climate governance structure as part of our ESG governance framework, and in 2023, we continued to drive climate action through Board oversight and executive management-level accountability of our climate strategy, climate-related risk management, and our net-zero ambition. We continue to bolster our Board's climate fluency through ongoing Director education initiatives, and have established accountability mechanisms through which our Board oversees our progress. We also continue to refine management's approach to delivering on our climate strategy across the bank, including through industry and client engagements in support of our net-zero ambition.

Four key themes guide our climate strategy: supporting our clients, encouraging consumer behavior, refining our operations and sharing our progress. We continue to embed our net-zero objectives into our governance, policies and risk management approach, as well as offering products and services that support our clients on their transition journeys. We are also working to embed net-zero considerations into our activities and decision-making across the carbon-intensive sectors for which we have set interim net-zero targets. We continue to engage with our clients, industry and the public sector to share knowledge and drive the transition to a low carbon economy.

In 2021, we set our ambition to achieve net-zero greenhouse gas (GHG) emissions associated with our operational and financing activities by 2050.[2] We are making progress towards achieving our 2030 interim emissions reduction targets for our oil and gas and power generation portfolios. As of 2022, the emissions intensity of our operational oil and gas portfolio decreased by 22% cumulatively, compared to our 2020 baseline. This progress can be mainly attributed to active portfolio management. The emissions intensity of our end use oil and gas portfolio has not changed between 2020 and 2022, as the technological, geopolitical and macroeconomic environment continues to inform the rate of change of emissions intensity. As of 2022, the emissions intensity of our power generation portfolio decreased by 14% cumulatively, compared to our 2020 baseline. The progress made can be attributed to clients shifting to lower-emitting generation mixes in addition to our continued focus towards lending to clients and projects that are renewable-based.

This year, we set an interim net-zero target for our automotive manufacturing portfolio, aiming for a 27% intensity reduction in our clients' light-duty vehicle (LDV) fleets by 2030 against a 2021 baseline.[3] We will report on the progress made against this target in our next Climate Report.

We continue to disclose absolute financed emissions for our oil and gas, power generation, commercial real estate and residential mortgages portfolios, and expanded our reporting scope this year to include automotive manufacturing, motor vehicle loans and agriculture.

To minimize our own footprint, we have a goal to reduce the Scope 1 and 2 (location-based) absolute GHG emissions from our Canadian and U.S. operations by 30% by 2028, compared to a 2018 baseline. In 2023, we achieved a cumulative reduction of 26.3%,[4,5] or 87.7% of the way to achieving our target prior to the application of any Renewable Energy Certificates (RECs) or carbon removals. For emissions we cannot eliminate through efficiency and reduction initiatives, we set a goal to achieve carbon neutrality in our global operations and source 100% of our electricity from renewable sources by year-end 2024. In 2023, we achieved 51% of our 2024 carbon neutrality target,[6] which we remain on track to meet. We also continued to deploy operational emissions abatement strategies focused on improving energy efficiency and reducing energy consumption in the buildings we occupy.

In 2023, we drove the integration of climate-related risk and opportunities into how we identify, assess and manage risk across the bank. We are committed to continue developing our capabilities in scenario analysis and understanding the resilience of our clients to climate-related credit risk.

This year, we continued to execute against our commitment to mobilize the necessary capital and develop innovative market-based solutions that support our efforts in addressing environmental and social issues and promoting sustainability more generally. We measure our performance through our $300 billion by 2030 sustainable finance goal,[7] which includes financing for both social and environmental activities. In 2023, we mobilized $44.4 billion in sustainable finance activities, achieving a cumulative 52.4% (or $157.3 billion) towards our 2030 goal.[8] For more information on our sustainable products and solutions, refer to section 4.0 of our 2023 Sustainability Report.

2023 Performance highlights

Our strategy

2050

Target year to achieve **net-zero** GHG emissions from our **operational** and **financing activities**[2]

4

Number of financed emissions targets set in support of our NZBA commitment[3]

2028

Target year to achieve a **30%** reduction in **our Scope 1 and 2 location-based GHG emissions** from a **2018 baseline**[4]

Our operations

26.3%

Reduction in our **absolute Scope 1 and 2 GHG emissions** from **our 2018 baseline**[4,5]

83.0%

Of the electricity we used in 2023 came from renewable energy sources, on route to **100% by 2024**[6]

39.1

The emissions intensity of our corporate operations (Scopes 1 and 2 in $kgCO_2e/m^2$)[4,5]

Our lending and investment activities

7

Asset classes whose financed emissions have been calculated using the **PCAF framework**

15.0%

Our credit exposure to **carbon-related assets**[9]

97.6%

Clients evaluated in our largest corporate & commercial lending activities by loan authorization that are in-scope for carbon risk scoring[10]

Governance

Through Board oversight and senior management-level accountability of our climate strategy, climate risk management, and net-zero ambition, we are overlaying climate into all aspects of our business.

CIBC has an established climate governance structure as part of an overall ESG governance framework that drives accountability and supports alignment of climate-related activities across the enterprise. This framework allocates responsibility for our ESG strategy, including our climate-related activities, among the Board of Directors, senior executive management, and strategic business units and functional groups. This framework also allows for monitoring, evaluating and responding to risks and opportunities posed by climate change. Our approach to climate governance is to support the ongoing advancement of our climate-related priorities across our bank, by outlining where responsibility lies and the distinct roles that different Board committees and management-level business functions play in providing oversight and decision-making on climate-related risks and opportunities to support our net-zero ambition.

CIBC's ESG governance framework

Oversight

CIBC Board of Directors

The Board of Directors has oversight over CIBC's ESG Strategy, including our climate strategy, and how CIBC is measuring, evaluating and monitoring its progress against strategic climate goals.

Overall ESG Strategy & Engagement	Specific Execution of ESG Elements Based on Mandate		
Corporate Governance Committee	Risk Management Committee	Management Resources Compensation Committee	Audit Committee

Executive Management

Executive Committee

EVP & Chief Legal Officer

Executive lead for ESG across enterprise, including accountability for climate strategy.

SEVP & Chief Risk Officer

Executive accountable for climate risk management.

Disclosure Committee

Executive Committee that reviews ESG disclosures following review by the Senior Executive ESG Council, as part of a final step in our ESG Disclosure Review Framework.

Senior Executive ESG Council

Chaired by the EVP & Chief Legal Officer, the Senior Executive ESG Council's purpose is to align CIBC on delivering against its ESG strategy, including our climate strategy, evaluating and monitoring progress, and tracking against set commitments.

Execution

Governance & Execution Support

Enterprise ESG Team	Environmental Risk Management Team

Cross-Functional ESG Expert Sub-Committee

Strategic Business Unit & Functional Group Committees & Work Groups

Board oversight

The Board is responsible for the oversight of CIBC's strategic plans and priorities. In fulfilling this responsibility, the Board considers CIBC's purpose and ESG strategy in our business operations and decision-making. The specific oversight of our ESG strategy, which includes our climate strategy and net-zero ambition, is led by the Corporate Governance Committee (CGC). Board committees provide oversight on specific components of our ESG strategy, which includes our climate strategy and ESG governance based on respective committee mandates.

Board Committees	Examples of Climate-Related Oversight Responsibilities and Activities
Corporate Governance Committee (CGC)	• Oversees ESG strategy, including climate strategy and net-zero ambition, ESG governance, as well as climate-related disclosure and stakeholder engagement practices. • To support its oversight responsibilities, has dedicated ESG agenda time and receives quarterly updates which include climate-related information, such as progress towards net-zero targets, stakeholder expectations, regulatory developments and implications, insights from CIBC's participation in climate-related industry forums and business activities, including from regions across CIBC's global footprint. • Receives a quarterly summary of other committees' ESG-related updates, including those related to climate, in its quarterly reporting to support coordination and alignment across the entire Board.
Risk Management Committee (RMC)	• Oversight responsibilities include defining CIBC's risk appetite, reviewing and approving key frameworks and policies to identify and control principal risks, as well as overseeing the identification, measurement, monitoring and mitigation of CIBC's principal business risks, including climate-related risks. • Receives regular climate-related risk updates through quarterly risk reports as well as annual portfolio and risk reviews. Climate-related risks are also addressed in risk appetite statements and considered in stress tests.
Audit Committee	• Oversees the establishment and management's maintenance of a system of processes and controls to ensure the integrity, accuracy and reliability of ESG disclosures in the Annual Report, the Sustainability Report, and other material ESG disclosure documents, such as this Climate Report. This supports the appropriateness and accuracy of material ESG disclosures, which include climate-related disclosures, so that information presented is not misleading. • To support its oversight, receives periodic updates on emerging ESG disclosure standards and regulations.
Management Resources and Compensation Committee (MRCC)	• Oversees CIBC's human capital strategy, including compensation and alignment with CIBC's strategy. • Assesses the alignment of executive and employees' ESG performance goals with compensation based on the ESG Index,[11] which includes climate-specific key performance indicators, and forms part of our Business Performance Factor (BPF).

To support these oversight responsibilities, the Board and its committees remain informed of climate trends, risks and opportunities for CIBC and receive regular updates on CIBC's key climate actions, including through Director Development outlined below. CIBC's Board members, including our Chair, also directly engage with investors and other key stakeholders to discuss our climate plans and receive direct feedback on our progress.

Further details on how climate change is considered in Board oversight, and specific activities undertaken by committees, can be found in our Statement of Corporate Governance Practices in CIBC's Management Proxy Circular.

Director Development

In addition to regular reporting, our Board receives dedicated climate education through our ESG Director Development program, which is refreshed annually to help our Board members stay current with new and emerging governance practices, regulatory developments and evolving global developments impacting the ESG landscape, including climate change. In 2023, the Board continued dedicating time to advancing Director education, leveraging third-party expertise when appropriate, including through a climate-focused session that captured specific topics such as:

- Impacts of geopolitical developments on global energy transition efforts, with specific consideration of financial institution implications;
- The energy trilemma, including global considerations for balancing energy reliability, affordability, and sustainability;
- Climate-social nexus, including considerations for Canadian workers and communities through the low carbon transition; and
- Investor perspectives on banks' role in financing emissions reductions.

In 2023, we continued to expand our delivery of climate specific Director Development training to specific regional and subsidiary Boards, emphasizing climate considerations, to support the horizontal oversight and integration of our climate goals throughout our global operations. As an example, in 2023, education was delivered to FirstCaribbean International Bank Limited (CIBC FirstCaribbean) Board of Directors, leveraging local expertise, with a focus on Caribbean-specific climate-related trends, risks, and opportunities.

Management's approach

Executive Committee

Our President and Chief Executive Officer (CEO) is responsible for setting the right tone company-wide and establishing our ESG and climate-related priorities, and CIBC's Executive Committee is accountable for progress on CIBC's climate agenda. Our Executive Vice President and Chief Legal Officer (EVP and CLO) and Senior Executive Vice President and Chief Risk Officer (SEVP and CRO), who both report into the President and CEO, play important roles in the executive management of our climate strategy and climate-related risk management.

Executive	Description of Accountability
Executive Vice President and Chief Legal Officer (EVP and CLO)	• Accountable for the delivery of CIBC's climate strategy and net-zero ambition. • Chairs the Senior Executive ESG Council, which provides input on initiatives that support CIBC's net-zero ambition. • Executive owner of ESG across the enterprise, which includes climate strategy, disclosure and stakeholder engagement. • Works alongside other Executive Committee members to support ESG and climate strategy integration across our bank. • Leads Enterprise ESG, Corporate Governance, Legal, and North America Government Relations, supporting alignment on climate-related initiatives across these functions.
Senior Executive Vice President and Chief Risk Officer (SEVP and CRO)	• Accountable for initiatives that manage climate-related risk. • Leads our Environmental Risk Management function, as part of Global Operational and Enterprise Risk Management. • Responsible for identifying, assessing and managing climate-related risks on CIBC. • Responsible for certain frameworks and policies on the identification and control of risks, including climate-related physical and transition risks.

Senior Executive ESG Council

Our Senior Executive ESG Council (Council) continues to champion CIBC's ESG strategy, including our focus on accelerating climate action. The Council is comprised of Executive and Senior Vice Presidents from across the bank, and one of its main objectives is to ensure input is integrated from all strategic business units and functional groups into bank-wide ESG initiatives, largely related to major strategic initiatives, including those supporting progress towards climate-related goals. In 2023, the Council provided input into topics such as CIBC's net-zero target-setting approach, sustainable finance methodology, and refreshed ESG Index measures, and was kept up-to-date on emerging climate-related regulations, industry developments and investor perspectives.

Our Enterprise ESG team works with strategic business units and functional groups to provide input into Council agendas and supports the development of reporting materials that focus on both internal activities and external trends and insights. This contributes to enhanced coordination of ESG — and by extension climate — activities across the bank and delivers against our ESG and climate strategy, monitoring progress, and tracking against our set commitments. This is further supported by a broader group of team members with deep ESG or climate-specific expertise across the bank who help drive initiatives across our teams, as well as functional-level and topic-specific committees and working groups — such as our Personal & Business Banking Sustainability Committee, or our Capital Markets ESG Committee.

Enterprise-wide teams supporting climate action

In addition to supporting the effective oversight and management of our net-zero ambition, CIBC's climate governance structure supports its execution across our business. Our Enterprise ESG team — led by the Senior Vice President (SVP) of ESG & Corporate Governance — facilitates action, commitment and engagement across all strategic business units and functional groups. Enterprise ESG works in partnership with our ESG experts across the bank, such as Environmental Risk Management, and Sustainable Finance and Sustainability Advisory teams in Capital Markets, to ensure that climate-related risks and opportunities are integrated into our enterprise ESG strategy and bank-wide operations. In 2023, in order to further clarify team roles and responsibilities, we introduced an internal Global Environmental and Social Framework. The Global Environmental and Social Framework provides an overview of how CIBC sets and operationalizes its ESG strategy and related policies, manages environmental and social risks, and outlines the established ESG governance framework. It should also be noted that our SVP of ESG & Corporate Governance, who reports directly to our EVP and CLO, leads both CIBC's Enterprise ESG and Corporate Secretary teams, further reflecting CIBC's commitment to the integration of climate considerations and governance practices throughout the bank.

Global Operational and Enterprise Risk Management, which includes a dedicated Environmental Risk Management team, provides independent oversight of the identification, measurement, monitoring, and control of climate-related risks. The team ensures climate considerations are incorporated into risk frameworks, policies and risk appetite. Global Operational and Enterprise Risk Management is responsible for:

- Measuring our financed emissions related to our lending and investing aligned to PCAF standards;
- Identifying and quantifying CIBC's climate-related physical and transition risks over the short, medium and long-term;
- Embedding climate risks into overall enterprise risk management including via carbon scoring methodology, and measurement of carbon-related asset exposure; and
- Monitoring and ensuring compliance with climate risk-related regulatory requirements.

Beyond coordination across strategic business units and functional groups, regional forums also exist to support coordination across our global operations. For example, CIBC has a Regional Climate Risk Committee (RCRC) comprised of Heads of Business and Infrastructure Risk Heads from the European, Asian and Australian offices, which Enterprise ESG and Global Operational and Enterprise Risk Management participate at, providing a forum for addressing regulatory, strategic and client-related climate risk issues for the Europe and Asian-Pacific regions. It also serves as a forum for Canadian-based members of the RCRC to understand industry best practices and regulatory expectations from these regions, and for those individuals to communicate bank-wide initiatives and progress to the RCRC.

Net-zero governance

To guide the development of 2030 interim financed emissions targets that support our net-zero ambition, cross-functional working groups are assembled, and depending on the portfolio, are made up of:

- Enterprise ESG
- Environmental Risk
- Corporate Banking
- Enterprise Strategy
- Business leads for relevant sectors

Led by these working groups, we have established a process for developing our 2030 interim net-zero targets, including key methodological decision-making, target reviews, approvals and reporting back to the Board:

Key Decisions

Working groups determine key target decisions, such as:

- Sector / emissions scope
- Data sources
- Baseline
- Target selection
- Methodology

Target Review

Led by the working groups, targets are extensively reviewed, including by:

- Net-zero Steering Committees
- Senior Executive ESG Council

Management Approval

Net-zero targets are approved by senior level management at CIBC, including:

- Strategic Business Units' Executive Committees
- Bank-level Executive Committee

Board Monitoring

Once approved, the Board of Directors is updated and oversees progress towards achieving CIBC's net-zero targets through:

- Internal reporting
- Discussion at Board or committee meetings

Compensation linked to climate-related targets

Key to CIBC's ESG governance framework is fostering enterprise-wide accountability. CEO and executive management scorecards include ESG related performance metrics and these metrics are reflected in strategic business unit performance measures, as appropriate.

In addition, CIBC aligns our incentive compensation awards to ESG performance through our internal ESG Index. Compensation of executives and the majority of employees is linked to company-wide performance based on the Business Performance Factor (BPF) which is approved by the Board of Directors. Our ESG Index comprises 10% of the overall BPF, ensuring that achieving our ESG targets is a fundamental component of our incentive funding pool calculation.

The ESG Index tracks and quantifies progress on our ESG priorities, including our climate-related goals, and includes measures across strategic business units and functional groups. These measures are informed by stakeholder priorities where CIBC can have the greatest impact and align with our ESG strategy. Climate-specific metrics focused on topics such as our interim financed emissions targets, our carbon neutral operations and GHG emissions reduction goals (absolute Scope 1 and Scope 2) are reflected in the Accelerating Climate Action pillar which represented 34% of the 2023 ESG Index weighting. The ESG Index is reviewed annually with input from the Senior Executive ESG Council and CIBC's Executive Committee, and final approval by the MRCC.

Additional details on Executive compensation and CIBC's ESG Index can be found in our Management Proxy Circular.

Strategy

CIBC is integrating climate risks, opportunities and resilience into our business strategy, operations, and financial planning, and we continue to make progress towards our net-zero ambition.

The most recent and credible climate science stresses the scale and urgency of actions needed to mitigate climate change and secure a sustainable future for all.[12] As a major Canadian lender, investor and financial advisor, CIBC can accelerate climate action by helping to mobilize capital flows towards activities aligned with a low carbon economy. We can do this by scaling our innovative market-based products and services,[13] encouraging consumer behaviors, and supporting the transition of our clients to achieve net-zero emissions.

We are taking action by developing solutions to address climate change across our business strategy and financial planning. Leveraging our role as capital providers, we focus on actively supporting our clients as they transition to lower carbon business activities and investing in climate solutions. Our efforts are guided by our climate strategy, which includes our approach to aligning operational and financing activities with net-zero by 2050.[2] Four key themes guide our climate strategy:

- Supporting our clients' transition
- Encouraging consumer behaviour
- Refining our operations
- Sharing our progress

The following sections describe the actions we are taking to achieve our net-zero ambition. This includes how we will embed our net-zero ambition into our products and services, activities, decision-making and policies in the carbon-intensive sectors for which we have set interim net-zero financed emissions targets. It also details how we engage our clients, industry and the public sector on the low carbon transition.

Net-zero by 2050

We set our ambition to achieve net-zero GHG emissions associated with our operational and financing activities by 2050.[2] This means reducing our GHG emissions as close to zero as possible, while balancing any remaining emissions by removing an equivalent amount of GHGs from the atmosphere. The actions required to reach net-zero emissions by 2050 present significant financing opportunities for CIBC. Our financing activities include corporate lending and facilitated financing, which is CIBC's economic share of underwritten and arranged financings in the debt and equity capital markets. For details on the risks associated with our net-zero emissions strategy, refer to the Risk Management section.

Recognizing that achieving our ambition requires immediate action and collaboration across all segments of the economy, our net-zero roadmap outlines our immediate, short, medium-, and long-term plans for how we will meet our goals.

Our net-zero roadmap[14,15]

2023

Accomplishments

- Continued to make progress towards our interim net-zero targets for our oil and gas and power generation portfolios

By 2024

Immediate

- Set a 2030 interim target for our automotive manufacturing portfolio
- Achieve carbon neutral Canadian and US operations by 2024[16]
- Continue to evaluate 2030 interim targets for priority sectors, per NZBA commitment[1]
- Review official Taskforce on Nature-related Financial Disclosures (TNFD) recommendations
- Develop sector-specific plans to achieve 2030 interim targets

By 2025

Short-term

- Execute on sector-specific emission reduction strategies
- Continue to engage, monitor and work with clients to support their transition
- Continuously improve and evolve our approach to achieving net-zero, as needed

By 2030

Medium-term

- Reduce Scope 1 and 2 operational emissions 30% below 2018 baseline by 2028[4]
- Reduce financed emissions in line with our sector-specific interim net-zero targets

By 2050

Long-term

- Target to achieve net-zero GHG emissions from our operational and financing activities[2]

There are several ways CIBC is supporting the transition to a low carbon economy:

1. Financing the scale-up of low-emitting technologies and services to replace carbon-intensive technologies and processes;
2. Financing companies aligned with a 1.5°C transition pathway, who we consider to be climate leaders;
3. Financing companies who have set targets aligned with CIBC's net-zero ambition, and are developing transition plans and disclosing their progress transparently; and
4. Engaging with our clients to develop and execute on net-zero transition plans consistent with our targets and commitments. This includes using sustainable finance products and advisory services to encourage companies to decarbonize their operations, as detailed in our Implementation plan.

Assumptions, uncertainties and challenges

Our plan to reach net-zero is premised on several assumptions, data challenges, and uncertainties. We understand that the transition is a complex, multi-sectoral challenge, and we acknowledge that factors outside of CIBC's control may influence our ability to achieve our targets.

The evolution of decarbonization efforts across sectors and economies, technological development, shifts in consumer behaviour, government policy, and geopolitics will influence the pace and scale of the low carbon transition. We expect energy price volatility to continue due to sensitivities related to global supply chains, market demand variations and unfavorable geopolitical events and we anticipate an increase in climate-related policy, regulation and incentives. In Canada, we also anticipate the continued ramp up of the carbon pollution pricing system, with the possible introduction of sector-specific cap-and-trade systems such as the proposed cap on oil and gas emissions.[17]

CIBC assumes that global climate science, such as assessments and research published by the Intergovernmental Panel on Climate Change (IPCC), will continue to develop with implications for the bank, such as adjustments to global decarbonization goals. We face several uncertainties when it comes to sectoral decarbonization pathways, and the availability of critical technologies to align with these pathways. For example, the International Energy Agency (IEA) updated its Net-Zero Roadmap (Roadmap) in September 2023[18] to account for global developments since the Roadmap was originally published in 2021. These updates, such as a larger role for clean energy technologies, may have implications for our sector-specific interim financed emissions targets and associated decarbonization pathways. We will continue to work with governments, industry, and clients to ensure the viability of low carbon technology development at scale.

Data availability, accuracy, and completeness continues to be a challenge to setting and measuring performance against sectoral interim emissions reduction targets. We are working to overcome this challenge and improve our data quality scores and will look to refine our calculation methods as data becomes more available and reliable.

To achieve net-zero by 2050 in our own operations, RECs[19] and carbon removal will be used to neutralize residual operational emissions only in instances where they are additional, verified and remove carbon from the atmosphere. To achieve net-zero in our financed emissions, we will accept portfolio companies' use of carbon dioxide removal only from projects that have been verified in accordance with standard GHG accounting protocols and registered on a recognized platform. CIBC supports the development of carbon removals as a tool to balance residual emissions, especially where there are limited technological options or financially viable alternatives to eliminate emissions. Our approach is focused on permanent removals, such as through Carbon Capture, Utilization and Storage (CCUS), and certain high-quality nature-based solutions like regenerative agriculture and reforestation. For more information on our clients' use of carbon removal, refer to our Net-Zero Approach.

Implementation plan

Below, we describe the actions we are taking to implement our net-zero ambition, including how we will embed net-zero considerations into our products and services, activities, and decision-making, for which we have set interim net-zero financed emissions targets. We also describe how we engage with our clients, peers, industry and the public sector on the low carbon transition.

Products and services

We offer our clients low carbon lending, investment and advisory services to support their decarbonization journeys.

Product and Service	Description
Sustainability Issuance Framework	• Our Sustainability Issuance Framework guides our future issuances of sustainable fundraising, including bonds, notes, certificates, commercial paper, deposits and other investment vehicles. • CIBC's updated Sustainability Issuance Framework was published in March 2024 and we intend to regularly update the Framework as market practices, industry guidelines, frameworks, standards and regulations continue to evolve. • We play an active role in the growing Green Bond market, issuing a US$500 million Green Bond in October 2020 and a cumulative $106 million of ESG Market-linked GICs since 2021.
Green bonds	• Our treasury team also holds a portfolio of green bonds. For more information on our green bonds, refer to 4.0 of our Sustainability Report.
Sustainable Finance Guarantee (pilot)	• CIBC is collaborating with Export Development Canada (EDC) to expand sustainable finance solutions for Canadian businesses. The Sustainable Finance Guarantee (SFG) pilot program is a risk-sharing solution aimed at helping with lending activities that contribute to eligible activity areas (e.g., energy efficiency, renewable and emissions-free power generation, pollution prevention and control) and allows for up to $1 billion in financing over the next three years.
Sustainable Trade Finance	• As part of our ongoing support to our clients with their climate transition goals, we rolled out the green and sustainable trade finance product suite covering receivables and payables/supply chain financing. • We aim to increase transparency across value chains whilst meeting the working capital needs of our clients.
Climate solutions	• CIBC has committed to providing $100 million in limited partnership investments in climate technology and energy transition funds and has partnered with six funds to date. These funds will provide growth capital to emerging climate and energy transition technology companies to help accelerate a global net-zero economy.
Scaling carbon markets	• CIBC is a co-founder and shareholder in Carbonplace, a global platform to connect buyers and sellers of voluntary carbon credits. In 2023, CIBC finalized the commercialization of Carbonplace, which appointed its first Chief Executive Officer and transitioned from a consortium led by nine founding banks to an independent entity. The platform will play a role in accelerating the large-scale investment required to address climate change and will help our Canadian and U.S. clients meet their net-zero commitments. • CIBC is an active participant in a number of carbon-related products, such as the California Carbon Allowance (CCA) and Regional Greenhouse Gas Initiative (RGGI), EUA (European) futures, and Voluntary and Compliance Renewable Energy Certificates. We are in the process of expanding our offerings to include additional products, including Voluntary and Compliance Carbon Removals.

Product and Service	Description
Energy, Infrastructure and Transition Advisory Services	• Our Energy, Infrastructure and Transition (EIT) Investment Banking group was formed in 2021 to reflect evolving market and environmental themes and further assist our clients in assessing opportunities and risks during an era of environmental, regulatory, technological and social change. • EIT is an integrated global M&A, Capital Markets and Project Finance platform with technical knowledge and expertise in renewable power and key energy transition sectors, including solar, wind, energy storage, carbon capture, utilization and storage (CCUS), low-carbon fuels and hydrogen. • CIBC maintains strong and trusted relationships, acting as financial advisors to key power/renewables, infrastructure, integrated energy, utility and climate technology companies and investors, offering a holistic suite of financial services to our clients, including M&A, debt advisory, debt structuring, equity and debt capital markets, growth capital raises and global markets solutions.

For more information on our sustainable products and solutions, refer to section 4.0 of our Sustainability Report.

Nature and Biodiversity

Nature and climate systems are inherently interconnected; impacts to one system, whether positive or negative, will impact the other. Biodiversity loss and the degradation of natural ecosystems, which store massive amounts of carbon, worsen the effects of climate change. Similarly, climate change is one of the leading causes of global biodiversity loss.[20] Nature-based solutions — which aim to protect, manage and restore the natural environment — can contribute positively to climate change mitigation. We recognize the importance of measuring and managing our nature-related risks and opportunities as we seek to achieve our net-zero ambition. This includes the bank's impacts and dependencies on nature, both in terms of our own operations and the companies we finance. Our future efforts will be informed by existing and emerging industry guidance, such as the recently published Taskforce on Nature-related Financial Disclosures (TNFD) recommendations.

Supporting an equitable, affordable and secure transition

Large scale economic transformations are required to transition towards a low carbon economy. We understand that the transition to net-zero by 2050 may have disproportionate impacts to specific people, jobs and communities. We will consider these impacts, positive or negative, as well as factors including energy security and affordability, in the execution of our transition activities, and aim to support an equitable transition as we make progress on accelerating climate action across the bank. This year, we continued our focus on internal capacity building, including Board education on the climate-social nexus. We also focused on other aligned initiatives, including supporting clients to align to major energy shifts to help create and maintain economic opportunities, advancing our Indigenous Reconciliation Framework, and removing barriers to education and employment for underserved communities through the CIBC Foundation. Further details on our focus on *Creating Access to Opportunities* can be found in Section 3.0 of our Sustainability Report.

Incorporating client transition activities into our assessments and decision-making

At CIBC, we are taking steps to embed our climate priorities and net-zero objectives in our evaluation and carbon-related decision-making tools and processes to support our net-zero ambition. This includes CIBC's due diligence and review processes, lending decision-making, and transaction approvals. CIBC provides financial services to corporate, commercial, and institutional clients across several sectors and industries. These can be new and existing clients in varying stages of climate strategies and transitioning to a low carbon economy. Therefore, leveraging our role as a capital provider, we focus on actively supporting our clients in their transition and investing in climate solutions through top-down, oversight structures and bottom-up tools and actions.

CIBC has decision-making processes and tools that support the operationalization of our net-zero targets and that incorporate important elements related to carbon risk and client transition plans. These analytical tools and review processes are used to evaluate and inform decisions on financing activities for our lending and to embed net-zero considerations into our activities and decision-making across the carbon-intensive sectors which we finance.

We are working to embed carbon transition-related assessments into our lending practices:

- CIBC evaluates corporate loan originations and capital requests from new and existing clients for our oil and gas and power generation portfolios through our Carbon Risk Score Assessment Process to evaluate how our clients are responding to carbon transition risk in relation to climate change.
- Our Carbon Risk Scoring Methodology allows us to gain a deeper understanding of client specific carbon transition risks and implement appropriate strategies to engage on client-related carbon transition risk exposure.
- We have established Carbon Score Review committees to assess results as part of the credit adjudication process against CIBC's requirements and policy.

We will continue to evolve these processes and tools to support climate risk-related decision making to further prepare our ability to navigate the complexities associated with climate change. For more information on our Carbon Risk Scoring Methodology, refer to the Risk Management section.

Policies and conditions

Our Stance on Coal states that CIBC will not lend to any client or project where the proceeds are known to be primarily used for the purposes of developing a new coal-fired power plant, a mountaintop removal coal mine or a new standalone thermal coal mine. We will not lend to any new utility or power generation client with high reliance on coal-fired power plants with more than 60% total power generation (MWh) from coal. For all existing and new utility or power generation clients,[21] CIBC has adopted a Thermal Coal Management Protocol. The purpose of the Protocol is to apply a structured evaluation process to complete detailed assessments of the client's efforts to reduce or eliminate thermal coal use, where applicable.

We will continue to monitor and assess our financial exposure to carbon-intensive sectors, as well as the regulatory and public policy landscape, to inform the development and implementation of policies that align with our net-zero ambition.

Engagement strategy

Client engagement

Achieving our net-zero ambition requires multi-stakeholder collaboration. Our engagements with clients are premised on the bank's net-zero ambition and how their emission reductions contribute to CIBC's interim financed emissions targets. We tailor our engagements to clients' specific climate-related risks and opportunities and discuss integration of climate metrics into their business strategies and operations. We engage a variety of clients, including many energy companies ranging from upstream oil and gas, infrastructure, gas processing, and power generation, among others, with a key focus on their net-zero journeys.

During our annual credit review process, we look to understand where our clients stand in their decarbonization journeys via carbon assessment scores as determined through our Carbon Risk Scoring Methodology. This process allows us to evaluate how our clients align with our net-zero objectives and will be utilized to assist our approach in our climate-related engagements moving forward. For more information on our Carbon Risk Scoring Methodology, refer to the Risk Management section.

Advisory Services

Engagement through our advisory services is focused on our integrated energy, renewables and power generation, utility, midstream, and climate technology clients and is focused on solar, wind, battery storage, hydrogen, CCUS, and biofuels. We engage current and prospective clients in these sectors in the following ways:

- Energy transition transaction and financing opportunities;
- Renewable energy investments, funding, partnerships and monetization;
- Growth equity capital raise opportunities for climate technology clients; and
- Implications of announced climate policies and resulting commercial and transactional opportunities for their business including accessing related government incentives.

Education

We also believe climate education and encouraging consumer behaviour will play an important role in the low carbon transition. Our approach prioritizes solutions for clients to integrate climate action into their everyday lives. To support this objective, CIBC launched the Climate Centre, an education hub for clients to learn how to minimize GHG emissions by making conscious changes to their living, transportation and investing choices.

To learn more about our sustainable finance, responsible investing and encouraging consumer behaviour activities, refer to section 4.0 of our Sustainability Report.

In Fall 2023, CIBC hosted its inaugural Carbon Summit. The in-person day of panels and networking brought together experts in carbon market structure, project development and policy to provide insights and practical examples on how to navigate the emerging carbon markets. On policy, the *US Inflation Reduction Act* of 2022 is a tailwind for carbon reduction and removal projects. Further clarity on policy incentives in Canada is needed to encourage price certainty for carbon project developers. The Summit was well-attended by Canadian and international delegates, including companies who are either on, or starting, a net-zero journey, carbon project developers, technologists, policy makers, capital providers, and carbon registries and rating agencies, among many others.

Industry engagement

At CIBC, we engage with industry to share knowledge and advance progress towards net-zero across the financial services sector. We do this through our membership in various net-zero partnerships and initiatives:

We engage in climate-related thought leadership, industry collaboration and shared learning, such as through strategic investments and partnerships with academic institutions to foster the real economy transition ecosystem, enable new ideas and develop a new generation of climate leaders.

Examples of CIBC's Industry Engagements

Type of Engagement	Institution	Description of Engagement
Thought leadership	RMI's Center for Climate Aligned Finance (CCAF)	We were the first Canadian bank to become a member of the RMI's CCAF in 2021, which provides us with valuable insights to ensure that our net-zero process is robust and ambitious and supports our thought leadership. Additionally, in 2021, CIBC completed a five-part podcast series with RMI on the decarbonization of several sectors.
Industry collaboration	Net-Zero Banking Alliance (NZBA)	As part of our membership, we actively participate in newly launched (as of July 2023) NZBA Guidelines Review Focus Groups, addressing critical transition focus areas including Scenarios & Targets, Transition Planning, and Fossil Fuels/Highest Emitting Sectors. We also participate in the GFANZ Mainstream Transition Finance workstream, which works on mainstreaming transition plans and developing transition finance as its core initiatives. Our involvement in these industry groups, and our adoption of common standards and frameworks, contributes to addressing issues of disclosure comparability and data availability challenges across the financial sector.
	Sustainable Finance Action Council (SFAC)	We support the implementation of sustainable finance best practices across Canada's financial sector and the broader economy, as demonstrated through our work with the Sustainable Finance Action Council (SFAC), a forum through which we have provided feedback to policy makers on the infrastructure needed to develop a robust sustainable finance market in the Canadian context. In 2023, CIBC's EVP and CLO, our executive responsible for ESG, continued to participate on the SFAC, and CIBC also had representatives participate in two of the SFAC's technical expert groups focused on taxonomy development and data. Building on the SFAC's Taxonomy Roadmap, the Government of Canada committed to undertake next steps to develop a taxonomy that is aligned with reaching net-zero by 2050, and CIBC will continue to engage with industry and policy makers on finalizing an approach to a Canadian taxonomy for green (low emitting) and transition (decarbonizing carbon intensive activities) labelled financial products.
Other strategic partnerships	University of Calgary, York University and McGill University	Our partnerships include sustainable finance initiatives with McGill University and York University's Schulich School of Business as well as the sponsorship of the University of Calgary's Energy Transition Centre supporting innovation-led clean energy development.

Public sector engagement

CIBC engages with policy makers and thought leaders in support of accelerating climate action towards achieving net-zero emissions from our operational and financing activities by 2050.[2] CIBC provides advice to government to enable the low carbon transition, and advocates for evidence-based policy and greater certainty. We seek to be a trusted advisor, providing clients with an understanding of the policy landscape and advice to government towards positive policy outcomes to meet our climate commitments. CIBC adheres to all applicable legislation and guidance pertaining to our lobbying activities. Our Enterprise ESG and North American Government Relations teams both report into the EVP and CLO, supporting alignment and coordination across both teams' activities.

Examples of CIBC's Public Sector Engagements

Group	Focus of engagement	CIBC's position
Government of Canada and PSP Investments	Engaged in discussions on the Canada Growth Fund, which is a new public investment vehicle to attract private capital and invest in Canadian businesses to build Canada's clean economy supporting growth of low carbon industry.	The Canada Growth Fund will issue carbon contracts for difference, providing a critical policy tool to provide price certainty for major projects.
Finance Canada	Participated in a technical briefing on federal investment tax credits for the clean economy announced in Budget 2023, to fully understand the implication for our clients.	The availability of investment tax credits attract investment and help increase competitiveness to accelerate energy transition.

Throughout these public sector engagements, our position and feedback was aligned with our net-zero ambition and efforts to achieve our interim targets.

In Spring 2023, CIBC participated in the Public Policy Forum's Canada Growth Summit. This year's theme was 'Standing Strong in a Changing World Order', focusing on Canada's role as a stable and secure partner in the face of geopolitical uncertainties. Our Vice-Chair of Global Investment Banking and our Deputy Chair of Capital Markets participated in a panel on Canadian and U.S. public financing and incentives towards the clean energy transition.

Furthermore, we support our clients in the low carbon transition by providing education and knowledge sharing on the policy landscape and supporting their own strategies to achieve net-zero.

Refining our operations

CIBC continues to invest in initiatives to reduce energy consumption and GHG emissions, improving the environmental sustainability of our owned and leased real estate portfolio. We have made significant progress in achieving our target for Canadian and U.S. operations to reduce our absolute GHG emissions (Scope 1 and 2) by 30% by 2028. In 2023, as compared to our 2018 baseline, we achieved a 26.3%[4] reduction in our absolute GHG emissions. Given this progress, we have now achieved 87.7% of our 10-year 2028 target. CIBC's Energy Optimization Program (EOP) has been the primary operational emissions abatement strategy at our banking centres. The three-pronged approach of our EOP — LED lighting upgrades, high efficiency rooftop units, and smart control systems — has driven the progress on our GHG emissions reduction target and a reduction in maintenance visits to our banking centres. These efforts are coupled by an enterprise real estate transformation to design collaborative workplaces, support employee productivity and well-being, and optimize floor space utilization for improved energy efficiency. CIBC Square, our flagship building, achieved LEED Platinum Certification in 2023 for over 1 million square feet of floor space.

As we accelerate our ambition to achieve net-zero GHG emissions from our operational and financing activities by 2050,[2] we are investing in decarbonization. Our Decarbonization Program includes deployment of advanced energy-efficient technology, fuel-switching, and renewable energy measures. CIBC is piloting electrification at banking centres by upgrading to hybrid heat pumps to minimize the use of natural gas, especially in clean electricity grid provinces. CIBC is also exploring on-site renewable energy, such as solar photovoltaic in our banking centres. We are investigating new building and design guidelines to make our operations more sustainable.

The deployment of these operational emissions abatement strategies improved our footprint in 2023. For more information, refer to Metrics and Targets: Operational GHG emissions.

Risk Management

Climate risk management is integrated into our enterprise risk management processes and informs how we adapt our business strategy and decision-making to build resiliency to the impacts of climate change.

Physical and transition climate risks have the potential to impact our business in a variety of complex and interrelated ways. This requires the deployment of sophisticated processes to assess, measure, monitor and manage our climate risk exposure.

To manage the impacts of climate change on our business operations and those of our clients, we have adopted our Carbon Risk Management Approach. The Approach comprises four key elements:

- Managing carbon emissions from CIBC's operations;
- Identifying opportunities in emerging carbon markets;
- Developing climate risk screening tools in the assessment of overall credit risk; and
- Assessing the physical and transition impacts of climate change on CIBC's operations and to our lending portfolios.

Our Global Operational and Enterprise Risk Management team, along with our regional risk teams, play a central role in the identification, assessment and management of our climate-related risks. They are also responsible for monitoring evolving industry practices, tools and methodologies related to climate risk management and updating our approaches to continue enhancing CIBC's capacity in these areas.

Identifying, assessing, and managing our climate-related risks

We use several risk management systems to identify and assess both direct and indirect climate risks that our business faces.

Climate-related risks are the potential negative impacts associated with the transition to a low carbon economy and the physical impacts of climate change, including extreme weather events and long-term shifts and variability in climate patterns. Climate risk is a "transverse" risk, which manifests through existing risk channels.[22] We evaluate how climate-related risks could impact our business operations, disrupt supply chains, cause physical damage and impact the price of goods and services, among other things.

Below, we provide an overview of the key climate-related risks we have identified for our business and our approach towards assessing and managing them.

Assessing Climate-related Risks

Transition Risks

Climate-related Risk Categories	Examples of Climate-Related Risks	CIBC Risk Management Approach
Policy and Legal	• Increased pricing of GHG emissions • Enhanced emissions reporting obligations • Mandates on and regulation of existing products and services • Exposure to litigation	As part of our Carbon Risk Management Approach, we assess the impacts of climate change regulation on CIBC's credit portfolio, using screening tools based in part on emerging climate policies and legislation. Climate regulations can impact the credit risk of CIBC's clients in high-emitting sectors through increased costs associated with regulatory compliance measures or potential fines due to failure to comply with regulations. For example, the Government of Canada's GHG pricing scheme, including a carbon tax on fossil fuels, is set to rise from $65 per tonne of CO_2 in 2023 to $170 per tonne in 2030.[23] Climate regulations can impact CIBC's clients in high-emitting sectors from the incurrence of increased regulatory costs, which can increase credit risk. In addition, failure to comply with climate regulations could result in fines or more serious impacts on a client's business, which is also considered as part of the credit risk process. Additional emerging regulations, as well as the introduction of mandatory climate-related financial disclosure requirements, could lead to enhanced emissions reporting obligations for both CIBC and our clients. We are actively monitoring the emergence of climate disclosure mandates across jurisdictions and engaging with regulators.
Technology	• Substitution of existing products and services with lower emissions options • Failure to invest in technology needed to transition business • Costs to transition to lower-emissions technology	Technological improvements that support the transition to a low carbon economy could present transition risks to certain clients who may be slower to adopt, or adapt to, such technologies. This could lead to increased credit or investment risk, due to increased likelihood of credit default and write-downs from stranded assets. Transition risk including technology is a component of our Carbon Risk Scoring methodology.
Market	• Changing customer behavior • Uncertainty in market signals • Increased cost of raw materials	CIBC could be impacted by market changes due to increased consumer interest in sustainable or "green" financial products and services such as green bonds and green investment products. CIBC has comprehensive policies for the management of market risks. These policies are related to the identification and measurement of various types of market risk, their inclusion in the trading book, and the establishment of limits within which we monitor, manage, and report our overall exposures.
Reputation	• Shift in customer preferences • Stigmatization of sector(s) • Increased stakeholder concern or negative feedback • Detraction from the transition to a low carbon economy • Impacts to regional economies	Potential impacts to CIBC's reputation could result from our association with traditionally high-emitting sectors and the increased public scrutiny surrounding these sectors. CIBC has developed an integrated approach to managing our reputational risks through a framework of corporate-wide policies, procedures and processes — including our Code of Conduct, our Supplier Code of Conduct, our Global Reputation and Legal Risks Policy, and other policies. In credit transactions where, in CIBC's view, a client does not have sufficient sustainable practices related to environmental and social issues we will perform a heightened due diligence review. This may include review by our Reputation and Legal Risks Committee where reputation risk, along with transaction structuring, is considered. Depending on the outcome of this review, CIBC may choose not to proceed with a transaction.

Physical Risks

Climate-related Risk Categories	Examples of Climate-Related Risks	CIBC Risk Management Approach
Acute	• Increased severity of extreme weather events such as cyclones and floods	Acute physical risks, such as flooding, forest fires and severe storms, can impact CIBC's operations as well as the operations of those with whom we do business. It is a CIBC policy to provide for the continuity of business under conditions of unforeseen disaster arising from natural, accidental or engineered occurrences. To fulfil this policy, all CIBC operating units must regularly assess their exposures to business interruption risk and take appropriate action to minimize and control the risk.
Chronic	• Changes in precipitation patterns and extreme variability in weather patterns • Rising mean temperatures • Rising sea levels	Chronic physical risks, such as changing climate conditions and increased sea levels, can have an impact on CIBC's operations as well as the operations of those with whom we do business. Clients with significant exposure to such impacts could be more at risk of default on loans. For CIBC specifically, this will have a greater impact on our lending to real estate in New York City as an example, where a 2-degree warming scenario could drive a 2.8-meter sea level rise by 2100 in certain areas of the city.[24] To mitigate such risks, as part of our Carbon Risk Management Approach, we are assessing the physical impacts of climate change on CIBC's operations and on our lending and investment portfolio and incorporate this into our heatmap assessment and climate scenario analysis.

Carbon Risk Scoring Methodology

Our Carbon Risk Scoring Methodology identifies the carbon risk profiles of our corporate and commercial clients. The objective of the Carbon Risk Scoring Methodology is to understand:

- The physical and transition climate risks our clients face;
- Our clients' plans to transition to a low carbon economy over the short, medium and long-term; and
- How our clients' low carbon transition plans compare to their peers.

The output of the Carbon Risk Scoring Methodology is a Carbon Risk Score for each client evaluated. We use these scores to inform our client credit assessments, as well as to inform our heatmapping and scenario analysis work to manage climate risks across our corporate and commercial lending activities and implement appropriate strategies to manage CIBC's carbon transition risk exposure at both the client and portfolio level.

We consider four key elements when assessing a client's Carbon Risk Score:

Current (1-2 years)
Assesses a company's near-term reliance on hydrocarbons or GHG emission in its business model or value chain.

Medium term – exposure (3-5 years)
Considers the extent to which a company is exposed in the medium-term to changes in markets, policy, and technology under varied climate change scenarios.

Medium term – actions (3-5 years)
Measures to be taken in the medium-term to mitigate exposure to carbon transition risks, such as changes to business strategy to improve climate resilience.

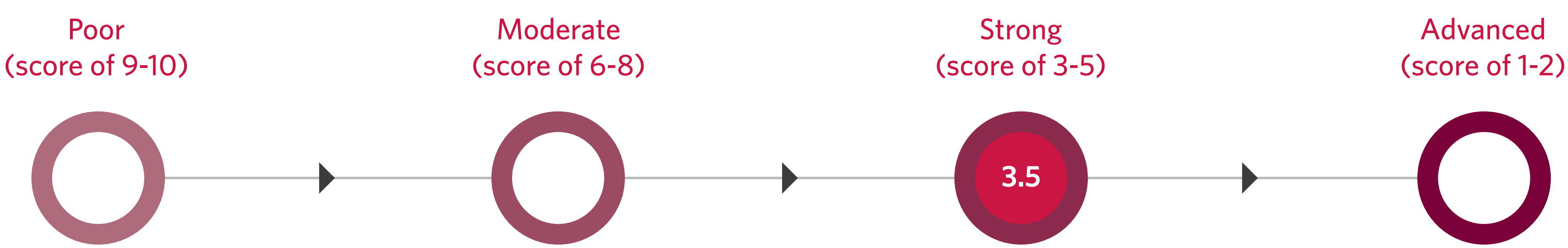
Long term – exposure (6-15 years)
Assesses exposure to rapid, low carbon transition scenarios over the long-term.

The Carbon Risk Scores incorporate an assessment of our clients' environmental policies, climate-related disclosures, climate risk management processes, and climate transition plans. We assign an overall score of between 1 – 10 (with 1 being low risk) to each client, taking into account current, medium, and longer-term positioning with regards to physical and transition climate risks. Scores are then further grouped into the four categories of: advanced, strong, moderate, and poor. The methodology takes into account commitments clients have made to the market.

Carbon Risk Scoring Legend

Scoring Category	Description
Advanced	Borrowers exhibit advanced positioning for the carbon transition. They typically have a business model that benefits from the transition to a low carbon economy.
Strong	Borrowers exhibit strong positioning for the carbon transition. They either have a business model that is not expected to be materially affected by carbon transition or have strategies and plans in place that substantially mitigate their carbon transition exposure.
Moderate	Borrowers exhibit moderate positioning for the carbon transition. They have a material exposure to carbon transition risks and their relative positioning is determined by variations in their degree of exposure to carbon risks, medium-term management action and long-term resilience.
Poor	Borrowers exhibit poor positioning for the carbon transition. They typically have business models that are fundamentally inconsistent, over the long-term, with the transition to a low carbon economy.

In 2023, we evaluated 1,249 clients, representing 97.6% of our largest corporate and commercial lending activities by loan authorization that are in-scope for carbon risk scoring.[10] For practical purposes, we prioritized assessing clients above a certain size threshold. The weighted average score across all sectors was 3.5, meaning that the majority of our corporate and commercial lending portfolio is well-positioned to adapt and transition to a low carbon economy. The resulting score for 2023 was an improvement from last year's score of 3.7, demonstrating that our clients are achieving progress in their carbon risk profiles.



The results from our Carbon Risk Scoring Methodology provide us with valuable insights into how our clients in various sectors are preparing for the transition. CIBC has established a High Carbon Score Review Committee, made up of representatives from business units and risk management and chaired by our Associate Vice President (AVP) of Environmental Risk. The Committee reviews clients who have scored poorly to determine how CIBC can best support their transition activities. The Committee also identifies which of those clients are high emitters and discusses potential approaches for managing risk exposure to those clients.

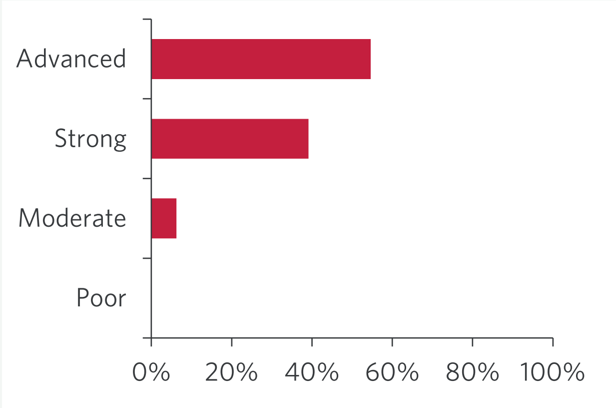
In our corporate lending to the oil and gas sector, for example, the weighted average score indicated the majority mapped into the "Moderate" category. This indicates that our clients in this sector have material exposure to carbon transition risks. Therefore, we are prioritizing engagement with clients in the oil and gas sector, to support them with developing action plans to reduce risk exposure and decarbonize their operations.

In our corporate lending to the Power sector, most clients mapped into the "Strong" or "Advanced" categories. This gives us confidence that our clients in the Power sector are well-positioned to mitigate their transition risk exposure with strategies and plans in place that support the movement to a low carbon economy. The strong carbon risk score for our Power sector clients also aligns with the results from our emissions intensity baseline analysis, which found that our 2020 portfolio-intensity of 230 $kgCO_2$ /MWh is significantly lower than the IEA's intensity benchmark of 500 $kgCO_2$ /MWh for this sector.[25] We used the same approach to evaluate our larger commercial loans across all sectors.

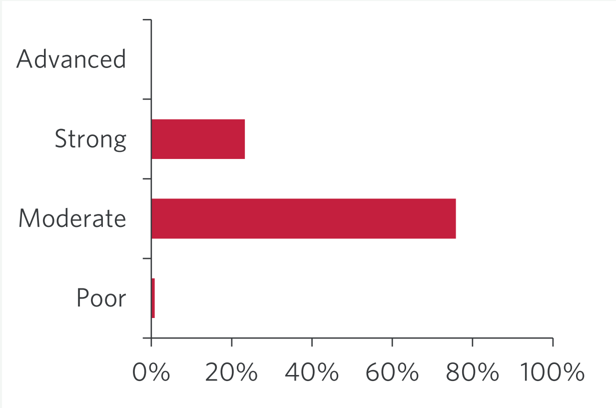
We use the outputs from this analysis to inform how we identify and prioritize climate-related client engagement. We will engage high-emitting clients to understand the outlook of their carbon transition risks, and to discuss escalation and accountability mechanisms for clients failing to manage their carbon transition risks. These engagements allow us the opportunity to understand our clients' plans to transition towards a low carbon economy, the challenges they face, and the financing required to achieve their climate goals. Refer to our Engagement Strategy section for more information on how we engage with our clients to help advance their climate transition plans.

Carbon Risk Scoring results of corporate lending to the oil and gas and power sectors

Power – Corporate – Carbon Risk Scores



Oil & Gas – Corporate – Carbon Risk Scores



Heatmap assessment

Assessing climate-related risks in business and government lending

CIBC uses a heatmap approach to assess the potential exposure of our business and government lending to physical and transition climate-related risks. Heatmaps are an effective tool to identify sectors that are exposed, directly or indirectly, to climate risks and assess the relative impact of those risks on our business. The heatmap provides a visual representation of the industry/sector and the relative sensitivity to climate risk. Sectors identified as having a significant exposure to climate change were prioritized for deep dive analysis.

Physical and transition risks in our business and government sectors are identified at the client-level where available. If an internal client rating is not available, we default to a conservative industry/sector rating based on industry literature, such as the UNEP FI's TCFD Guidance and the Acclimatise Group's heatmapping framework.[26] Under this approach, industry/sector risk levels are a function of three components:

- Vulnerability — captures both direct and indirect physical impacts on investments from climate change, accounting for chronic changes and acute extreme events. This includes reliance on natural resources, secure energy supplies and transport routes, labour health and productivity, and market demand, among other factors.
- Hazard — each vulnerability will have climate variables that may drive negative or positive performance of the indicator. These variables include geospatial data on future changes in climate such as temperature changes, sea level rise, etc.
- Exposure data — the geographic presence of segments of the portfolio exposed to hazards.

We use our internal Carbon Risk Scoring Methodology to assess the transition risks in our heatmap annually. By using our own internal tool, our analysis yields outputs that better reflect the specific climate transition risks faced by the CIBC credit portfolio. It enables us to identify and assess strengths and opportunities within our lending activities, and to add a geographic lens to our sectoral climate risk analysis given the added granularity.

Our 2023 analysis shows that not all sectors are impacted equally by climate-related risk. For example, the oil and gas sector is generally exposed to high physical and transition risks arising from operational vulnerability to weather events, possible changes in market demand for fossil fuel products and evolving carbon pricing regulation. Conversely, the physical and transition risks faced by electric utilities vary greatly between sub-sectors. In the case of physical risks, both hydropower and thermal power generation sub-sectors depend on constant water and river levels. However solar and wind sub-sectors are less vulnerable to climate-related physical risks when compared with other forms of power generation. The transition risk of utilities also varies by sub-sector; while traditional sources of power generation (coal, oil, gas) face transition risks, opportunities exist for renewable generation (wind, solar).

Client risk summary — by sector

Sector	Physical rating	Transition rating	Exposure: C$MM[27]	Exposure: %
Governments	Moderate	Moderate	148,858	29%
Financial Institutions	Moderate	Moderate	137,671	27%
Real Estate and Construction	Moderately High	Moderate	79,249	15%
Utilities	Moderate	Moderate	32,265	6%
Business and Personal Services	Moderately High	Low	20,087	4%
Retail and Wholesale	Moderately High	Moderately High	18,297	4%
Transportation	Moderately High	Moderately High	11,872	2%
Education, Health, and Social Services	Low	Low	10,938	2%
Oil and Gas	Moderately High	High	9,869	2%
Agriculture	Moderately High	Moderately High	10,459	2%
Manufacturing – Capital Goods	Moderately High	Moderate	9,413	2%
Manufacturing – Consumer Goods	Moderately High	Moderate	9,382	2%
Hardware and Software	Low	Low	7,067	1%
Mining	Moderately High	Moderate	4,955	1%
Telecommunications and Cable	Moderate	Moderate	4,340	1%
Forest Products	High	Low	1,136	0%
Publishing, Printing and Broadcasting	Moderate	Moderate	647	0%
Total	Moderate	Moderate	**516,505**	**100%**

	Low	Appears to be advanced and well-prepared, or well on their way, to preparing for adaptation; Risk exposure, relative to other sectors, judged to be lower.
	Moderate	Exhibit "strong" positioning for both physical and transition risks with a business model in place or have strategies in place that substantially mitigate exposures.
	Moderately High	Some uncontrolled exposure to risks of climate change; effective mitigation practices may exist, however, may not be adequately disclosed.
	High	Appears to have significant exposure to climate change; relative physical and transition risks in comparison to other sectors judged to be higher.

Scenario analysis

Conducting scenario analysis

We use climate scenario analysis to assess CIBC's resilience to climate-related risks. Climate scenario analysis allows us to explore the potential risks and opportunities we face across a range of plausible climate futures, under certain conditions and assumptions. This includes assessing potential financial losses and risk-weighted assets, which impacts capital requirements for CIBC within each scenario. The scope of our climate scenario analysis covers all credit risk exposure arising from all business lines and regions across the bank.

We use the results from the climate scenario analysis to:

- Better understand the key climate-related drivers that are likely to affect our business going forward;
- Identify climate-related risks and opportunities for business growth;
- Develop risk-based approaches to quantify and mitigate the impacts of climate change;
- Inform how we prioritize setting climate-related targets; and
- Adapt our strategy and ambition accordingly (e.g., focus our efforts on the more exposed sectors we lend to).

Assumptions and challenges

Assessing climate risk through scenario analysis is a helpful tool to understand how these risks may manifest, however, it also presents challenges and requires several assumptions. Climate risks are more complex and longer term in nature than most traditional business risks, and there is uncertainty as to how future technology, policy and changing consumer demand will impact them. There is also limited high-quality data available to empirically measure the strength of the climate/credit risk relationship across all sectors. For example, there is limited data on climate hazards by postal code or industry standards to assess and model the impacts from the physical and transition risks of climate change on our lending portfolios. To compensate for this, we used numerous assumptions around the frequency and severity of physical risks, and the time horizons and pathways for transition risks. For example, the scenarios CIBC developed did not take expected mitigants or government actions into account, including:

- Risk transfer through government assistance for physical risk events;
- Government policy, litigation, technology changes or disruptive competition; and
- Proactive management actions that would likely be taken to mitigate losses to the extent feasible.

We will continue to update our approach to climate scenario analysis as industry standards and regulations evolve, and as more data and tools become available. We also intend to further integrate the results of our climate scenario analysis into our risk identification, assessment, management and monitoring processes.

Scenario analysis in our corporate and commercial lending

Our scenario analysis approach for corporate and commercial lending infers possible credit migrations, based on our heatmap, to estimate potential changes in:

- Probability of default (PD)[28]
- Expected loss[29]
- Risk-weighted assets (RWA)[30]

Our analysis covers the time horizons leading up to 2030, 2040 and 2050. In alignment with TCFD recommendations, our climate change scenarios are consistent with the Paris Agreement commitment. Our scenarios generally align to the three scenarios used by the Bank of Canada and the Office of the Superintendent of Financial Institutions (OSFI) as part of their Climate Change Pilot.[31] OFSI's 2024 Standardized Climate Scenario Exercise (SCSE)[32] will influence our future scenario selection.

Scenario	Description	Climate policy	Technological change
Net-zero 2050	Ambitious scenario that limits global warming to 1.5°C, reaching net-zero CO_2 emissions around 2050. Physical risks are mitigated by restricting global warming to 1.5°C, but transition risks are still high.	• Stringent climate policy • Gradual increase in stringency	• Fast paced technological change • Moderate availability of Carbon Dioxide Removal (CDR) technologies
Below 2°C immediate	Global collective actions are immediately taken to reduce emissions and maintain global warming below 2°C.	• Climate policies are introduced immediately • Gradual increase in stringency	• Moderately paced technological change • Limited availability of CDR
Below 2°C delayed	Global annual emissions do not decrease until after 2030, with strong policies needed to limit warming to below 2°C. This leads to both higher transition and physical risks than the Net-zero 2050 and below 2°C immediate scenarios.	• New and stronger climate policies are introduced after 2030 to compensate for lost time	• Moderately paced technological change • Limited availability of CDR

We selected these scenarios because they are relevant to our sector and regulators. They are also similar to those proposed by international institutions focused on addressing climate risks, such as the Network for Greening the Financial System (NGFS). We chose to select three scenarios which best reflect a range of mild, moderate and severe climate conditions. For more detailed information on each climate scenario — including policies, technology and energy mix — reference the Bank of Canada and OSFI Climate Scenario Analysis Pilot Report.

Findings

Our analysis allows us to compare the impact of the different scenarios over time, across different sectors, and draw valuable observations. For instance, PD increases gradually at the beginning of the Below 2°C immediate scenario but does not significantly increase until after 2030 in the Below 2°C delayed scenario. However, while being deferred, the PD increases are generally much larger and abrupt in the Below 2°C delayed scenario, with the potential to cause much larger losses through the entire scenario time horizon. Under the Net-zero 2050 scenario, we see increased PDs initially but more moderate impacts later in the scenario as policies take effect.

Sectors have diverse transition pathways and face different challenges and pressures to decarbonize. This results in sectors responding differently to each scenario. For example, under the Below 2°C delayed scenario, the oil and gas sector experiences some of the largest PD increases since these sectors may require large capital investments and are influenced by the increase in direct cost to decarbonize. Under the more orderly Net-zero 2050 and Below 2°C immediate scenarios, this sector performs better as investments and costs to comply are more evenly distributed over the time horizon.

The scenarios we use provide us with helpful information on the extent to which the bank may be exposed to potential loss under various stress conditions. The results of these stress tests are included in our Enterprise-wide Stress Testing, which is in an integral component of our enterprise risk management process. The overall results indicate that the impacts to the bank are manageable. Refer to our Metrics and Targets section for more information on how we use the results of scenario analysis to inform our decarbonization activities within high-emitting sectors.

Assumptions

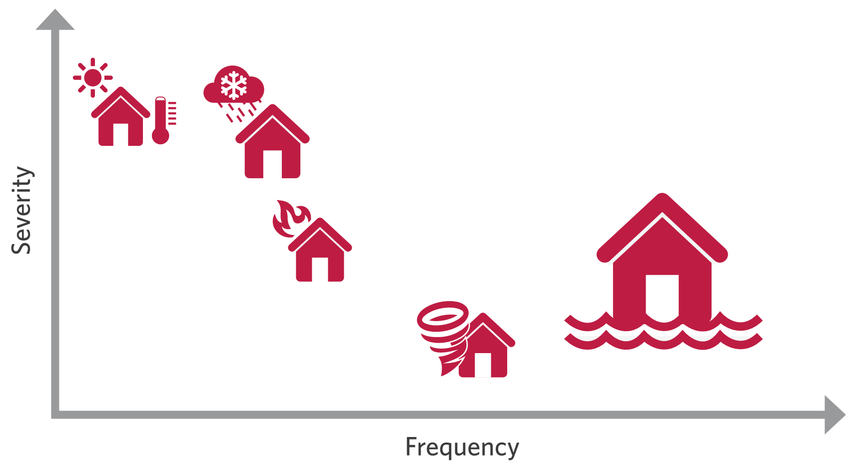
A company's enterprise value and profitability could be affected by climate events, leading to potential downgrades (or upgrades) in business and government lending risk ratings. This analysis assumed that all credit exposures in each of the sectors would be impacted by a similar downgrade (or upgrade). This is unlikely to occur for several reasons, including different degrees of resiliency to climate risks across companies, management actions taken to mitigate risks, and facilities in different geographic areas. As such, our results should be considered conservative and not necessarily representative of specific risks to CIBC.

Scenario analysis in our retail lending

For our retail portfolios, we apply a different approach to scenario analysis. Our largest retail portfolio exposure is Real Estate Secured Lending (RESL) for residential mortgages. We focus our analysis on physical climate risks, which are the most relevant for the residential mortgages sector, including flood, wildfire, wind, ice storm and heatwave hazards. Our approach has similarities to actuarial practices for low frequency and high severity risk events, which characterize many physical climate risks. Under this approach, we estimated the frequency and severity of various physical climate risks based on historical Canadian data which reflects the primary geography for our retail lending activities. For example, floods have a high frequency of occurring with a relatively lower impact (severity) compared to the other hazards, whereas heatwaves have a lower frequency of occurring but a higher potential impact. We then used these assumptions along with assumptions around temperature changes, which will increase both the frequency and severity, as inputs in a loss distribution approach (LDA) model to determine the resulting expected and unexpected losses (or RWA) at various confidence intervals.

Under this approach, resulting expected losses and RWA are manageable, with floods accounting for more than half of the impact. We are also exploring alternative approaches using flood maps and other geo-mapping techniques to determine localized impacts on our Canadian residential mortgage portfolio more accurately.

Physical risk: Retail exposures



** The size of the icon indicates the impact.*

Embedding climate risks into enterprise risk management

As we build out our climate-related risk management capacities, we are integrating relevant components into our broader enterprise risk management practices. For instance, we have incorporated our climate-related heatmapping as an input into our annual enterprise-wide stress testing and Internal Capital Adequacy Assessment Process (ICAAP). This enables us to consider how our exposure to carbon-intensive sectors interrelates to other risk factors included in our assessment of CIBC's financial risk management practices.

Another way we are embedding climate-related risk considerations into our enterprise risk management framework is through our Risk Appetite Statements. Using both qualitative considerations and quantitative measures, CIBC's risk appetite defines the amount and type of risk we are willing to assume, or need to avoid, to achieve our strategic goals. Tolerance levels have been implemented regionally and enterprise-wide for relevant strategic business units. In addition, in the U.S., tolerance levels have been implemented for key legal entity views as well as for the combined U.S. operations. We continue to evaluate additional relevant metrics for our Risk Appetite Statements, as needed, as climate-related risk management practices evolve and mature.

Metrics and Targets

We ground our net-zero ambition in concrete actions by setting interim net-zero targets, tracking our performance and driving progress towards achieving them.

Transparency is a core tenet of our climate disclosure practice, and we hold ourselves accountable to our commitments through setting targets and performance tracking. We continue to refine our approach to reflect current industry standards and methodologies.

As a member of NZBA, our ambition is to achieve net-zero operational and financed emissions by 2050 and set interim net-zero targets for priority sectors for 2030 or sooner.[1] As a member of PCAF, we are committed to measuring and disclosing our absolute financed emissions, starting with the most carbon-intensive sectors.

The majority of our total absolute GHG emissions that have been disclosed to date originate from Scope 3 financed emissions — emissions tied to our investment and lending activities. While we are taking steps to reduce our operational Scope 1 and 2 emissions (and operational Scope 3 emissions from business travel, paper consumption and subleases), we focus our efforts on measuring and understanding our financed emissions, where we have the greatest opportunity to indirectly influence emission reductions and help our clients transition.

Refer to Appendix C for more information on our 2023 operational Scope 1, 2 and 3 emissions performance. Refer to Appendix E for more information on our financed emissions (Scope 3 Category 15), inclusive of all lending sector absolute emissions disclosed to date. Refer to our Net-Zero Approach for more information on our approach to calculating and setting targets for our financed emissions.

Operational Emissions

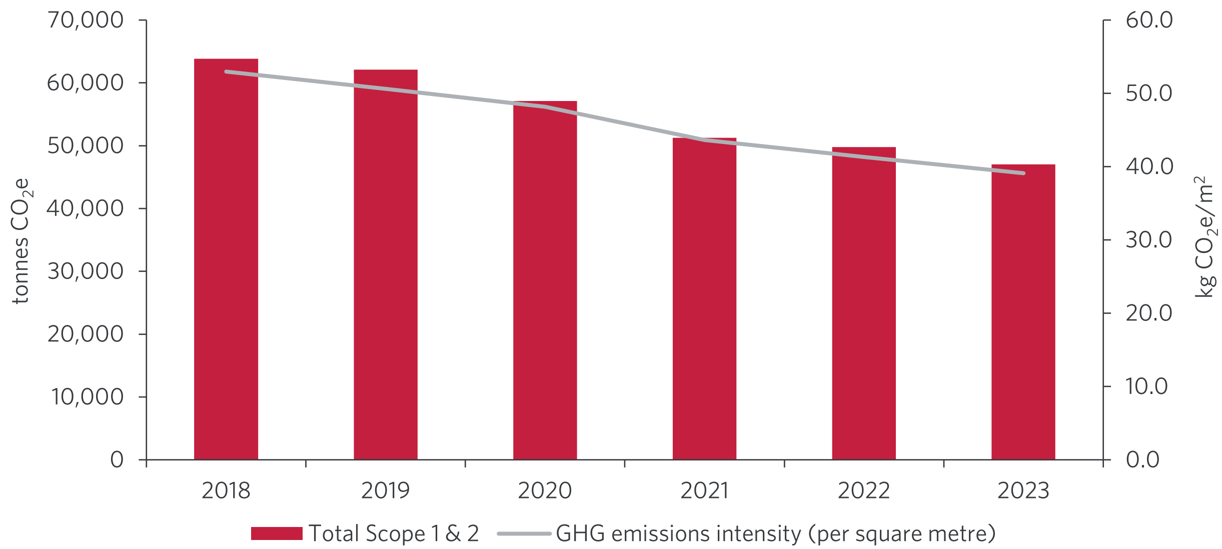
CIBC continues to responsibly manage operational emissions and advance initiatives to reduce our impact on the environment and climate. As energy use at our premises represents the largest source of operational emissions, we invest in energy and decarbonization programs that align with our net-zero ambition and transition to a low carbon economy.

CIBC is committed to reducing our absolute Scope 1 and Scope 2 operational GHG emissions in Canada and the U.S. by 30% by 2028 compared with a 2018 baseline.[4]

For a comprehensive view of our operational GHG emissions footprint, we also measure and track our Scope 3 GHG emissions from internal paper use, business travel and subleases. We obtained independent limited assurance of our 2023 Scope 1, 2 and 3 operational GHG emissions. The applicable limited assurance report or verification statement can be found in the ESG Document Library on our website.

We are also committed to achieving carbon neutrality in our operations and sourcing 100% of our electricity from renewable sources by 2024. In 2023, we purchased and applied 130,481 and 13,374 RECs from Canada and the U.S., respectively. These RECs accounted for over 92% of our total Scope 2 indirect emissions from electricity use and 83% of our total electricity consumption for these two regions in 2023 and contributed to 51% of our 2024 carbon neutral target. Our operational emission reductions coupled with our the application of RECs has us on track to meet our carbon neutrality goal. Refer to Appendix C table for more details on our operational emissions metrics.

Our Canadian and U.S. operational absolute and intensity GHG emissions over time (2018-2023)



Financed Emissions

Reflecting our commitments as members of the NZBA and PCAF, we are measuring our financed emissions, setting interim net-zero targets for the most carbon-intensive sectors[1] and disclosing our performance against them. In this report, we disclose financed emissions data up to and including fiscal year 2022. This is due in large part to a data lag in client emissions reporting to aggregators, which CIBC uses to calculate emissions for our portfolios and lags in available emission factors for certain sectors. Our most recent financed emission results are discussed per sector in the subsequent pages.[33]

The methodologies used to calculate our absolute financed emissions and our intensity-based financed emissions for interim net-zero target setting are different and as such the results discussed in this section are distinguished between absolute financed emissions and intensity metrics used to measure against sector-specific interim net-zero targets. The following table highlights these differences at a high-level. For more information on the methodologies used to calculate absolute financed emissions and set interim net-zero targets, refer to Appendix E and our Net-Zero Approach, respectively.

Key distinctions between our financed emissions calculations

Absolute financed emissions	Intensity-based financed emissions
Supports our commitment to PCAF and uses methodologies prescribed in the PCAF Global GHG Standard.	Supports net-zero target-setting efforts and uses an internally developed methodology supported by NZBA guidance.
Utilizes outstanding loan amounts and enterprise value to calculate attribution of financed emissions for a sector/asset class and does not incorporate facilitated financing.	Utilizes committed loan amounts (including revolving credit facilities) and facilitated financing (our economic share of underwritten and arranged financings in the debt and equity capital markets) to provide a more comprehensive view of our activities.
Relies on best available data, including a mixture of client-reported data, proxies and emission factors to derive emission estimates for a particular sector or asset class.	Relies primarily on actual and modelled activity data due to the focused nature of our NZBA commitment and the sectors targeted to date.

A note on facilitated emissions

While equity and debt capital markets are factored into our sector targets and intensity metrics, CIBC does not yet calculate and disclose absolute facilitated emissions related to our underwriting activities due to methodological limitations. The recently launched PCAF Facilitated Emissions Standard will help guide our approach, and we intend to incorporate facilitated emissions disclosure in future iterations of our Climate Report.

Actions to achieve interim net-zero targets

Given that financed emissions exist outside of CIBC's direct control, we understand that achieving our targets will depend on our portfolio, and our clients' abilities to innovate, reduce their emissions intensities, and decarbonize their products and services. This is why supporting our clients to achieve their net-zero goals is central to our approach. In providing financing solutions, we understand that our financed emissions may fluctuate in the short-to-medium term as we support companies in carbon-intensive industries to transition to lower-carbon operations.[34] In line with NZBA guidance, we do not regard a short-term increase in financed emissions as inconsistent with our climate strategy. We expect the road to achievement of our goal will not be a linear reduction year over year, however we expect the long-term trend to align with our goal.

Action	Impact on decarbonization
Development and issuance of sustainable products and solutions[13,35]	• Sustainable financing intended to help our clients achieve their environmental or social ambitions. • Collaboration with government agencies to mobilize capital, aiming to achieve sustainable outcomes such as the pilot Sustainable Finance Guarantee Program. • Mobilizing capital to fund sustainable activities through our Sustainable Issuance Framework.
Enabling electrification of the economy	• Accelerate the electrification and increase in renewable electricity generation to support client decarbonization strategies. • CIBC Auto Finance Green Vehicle Program helps make hybrid and electric vehicles affordable to support clients in achieving their net-zero ambitions. Refer to section 4.0 of our Sustainability Report for more details.
Energy, Transition & Infrastructure (EIT) Advisory	• Engagement through our advisory and financing services is focused on transactions primarily involving our energy, renewables and power generation, utility, midstream, and climate technology clients and is focused on solar, wind, battery storage, hydrogen, CCUS, and biofuels technologies. Through such transactions, our specialized global platform and subject matter expertise in renewables and key energy transition sectors enables us to help current and prospective clients meet their net-zero and climate goals.
Carbon scoring as a risk tool	• Assessing clients' carbon transition risk response by evaluating how they have embedded key transition elements into their business models, decision making processes, portfolio changes, and investments made in technology and operations to support their transition.
Providing carbon market solutions	• Accelerate the large-scale investments required to assist clients to meet their net-zero commitments through building a carbon market solution platform, Carbonplace, as co-founders along with other global banks.
Engagement with federal and provincial governments	• Providing clients with information on the ever evolving policy landscape related to availability of investment tax credits and other related policy measures that attract investment and increase competitiveness to accelerate energy transition.

Oil and gas portfolio

The oil and gas sector is a major contributor to global GHG emissions and is Canada's largest emitting sector, representing 28% of total national GHG emissions.[36] As a long-standing partner to oil and gas companies through our facilitated financing and lending activities, we have a responsibility to support our clients in their transition. Most of our oil and gas lending is located in Canada where many of our clients are exposed to transition risks, such as policy and regulatory changes.

2022 Absolute Financed Emissions

Sector	Oil and Gas: Operational (Clients' Scope 1 and 2)	Oil and Gas: End Use (Clients' Scope 3)
Outstanding amount (CAD Millions)	$3,036	$3,036
Total emissions (kilotonnes CO_2e)	1,437	81,359
PCAF data quality (1-5)	2.3	3.8

This is our third consecutive year disclosing absolute financed emissions for this sector and represents a 20% reduction in clients' Scope 1 and 2 emissions from 2021.[37] This reduction is the result of a combination of factors including but not limited to portfolio optimization and declining Scope 1 and 2 emissions overall for our oil and gas clients. In 2022, the PCAF data quality score for the Scope 1 and 2 GHG emissions of our oil and gas portfolio remained at 2.3, owing to the majority of our data being considered primary and high-quality. The greater presence of proxied data for our oil and gas clients' Scope 3 emissions resulted in a lower data quality score, similar to previous years.

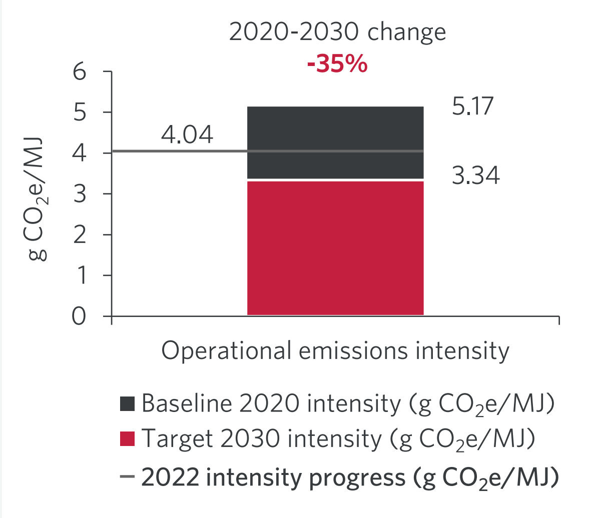
2030 Interim Net-Zero Target Progress[3]

Details	Oil and Gas: Operational	Oil and Gas: End Use
2030 target	35% reduction from 2020 baseline	27% reduction from 2020 baseline
2022 performance	22% reduction from 2020 baseline	0% reduction from 2020 baseline
Activities included	Upstream production and downstream refining	Use of oil and gas products
Scope (clients' emissions)	Scope 1 and 2	Scope 3
Metric	Emissions intensity of oil and gas production (gCO_2e/MJ)	Emissions intensity of oil and gas end use (gCO_2/MJ)
Reference Scenario	IEA Net-Zero Emissions by 2050 (IEA NZE2050)[25]	IEA NZE2050

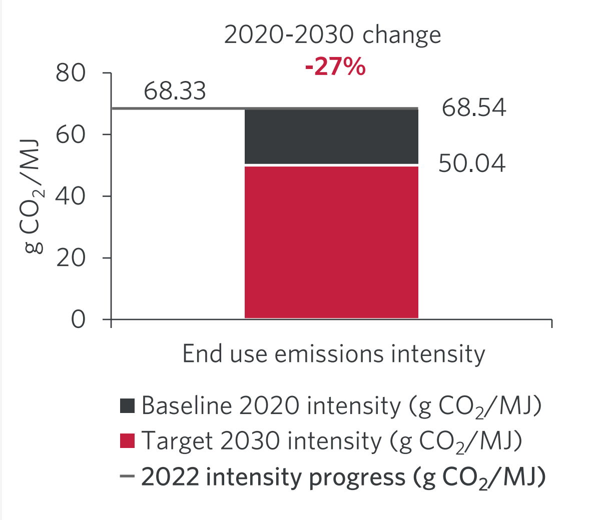
The operational weighted emissions intensity of CIBC's oil and gas portfolio decreased 8.0% in 2022 from 2021, for a total reduction of 22% compared to our 2020 baseline. The progress over 2022 is mainly attributable to portfolio optimization, with reallocation of capital out of certain clients, some of which had higher carbon footprints. The year-over-year decrease was slightly offset by increased commitments to certain clients that have either current or strong prospective carbon reduction plans. These strategic lending changes are complemented by increased disclosures of client climate transition plans in addition to their continued focus on reducing emissions via investments in low carbon technologies. In addition, increased regulatory and government oversight on the oil and gas sector in North America is expected to continue to play a role in reducing operational emissions across the industry.

The end use emissions intensity of our oil and gas portfolio has not changed between 2020 and 2022. Technological, geopolitical and macroeconomic environments continue to inform the rate of change in emissions intensity globally. Reducing these emissions will depend on the combined actions of businesses, governments and consumers. We will continue to seek opportunities to reduce our end use financed emissions in line with our 2030 target.

Our operational oil and gas financed and facilitated emissions reduction performance in 2022



Our end use oil and gas financed and facilitated emissions reduction performance in 2022



Power generation portfolio

Decarbonizing the power generation sector is fundamental to achieving economy-wide net-zero emissions by 2050. Electricity generation is responsible for 36% of energy-related CO_2 emissions globally, making it one of the largest single sources of energy-related emissions.[25] The sector generates electricity from a wide range of energy sources and production methods, from conventional options such as oil and gas to renewable and clean energy options like wind, solar, and nuclear.

Many governments in North America and across the globe are increasing their clean and renewable energy capacity to achieve their climate commitments, ensure long-term decarbonized energy security and meet increasing demand for zero-emissions power. These trends present a twofold opportunity for CIBC. First, to increase our lending support to companies already generating zero-emissions power, and second, to support clients as they reduce their emissions intensity and transition to cleaner power.

2022 Absolute Financed Emissions

Power Generation	Power generation (Clients' Scope 1 and 2)
Outstanding amount (CAD Millions)	$2,599
Total emissions (kilotonnes CO_2e)	984
PCAF data quality (1-5)	2.4

Total Scope 1 and 2 absolute financed emissions for our power generation sector portfolio in fiscal year 2022 were 984 ktCO_2e, representing a 1% increase over 2021 (refer to Appendix E). The corresponding PCAF data quality score for our 2022 emissions for this sector was 2.4, meaning the majority of our data was considered primary and high-quality.

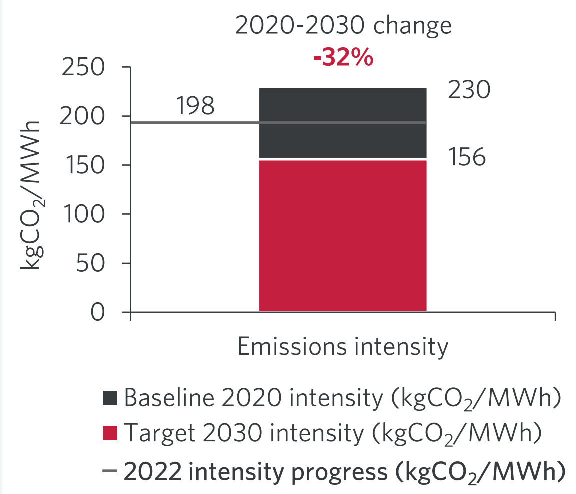
2030 Interim Net-Zero Target Progress[3]

Details	Power Generation
2030 target	32% reduction from 2020 baseline
2022 performance	14% reduction from 2020 baseline
Activities included	Power generation
Scope (clients' emissions)	Scope 1
Metric	Emissions intensity of power generation ($kgCO_2/MWh$)
Reference Scenario	IEA NZE2050[25]

The emissions intensity of our power generation portfolio has decreased 4.8% in 2022 from 2021, for a total reduction of 14% compared against our 2020 baseline. Progress made to date can be attributed to continued transition to low and zero-emitting generation mixes by our clients. Additionally, it is a reflection of our continued dedication towards lending to clients and projects that are renewables-based. As of 2022, our power generation exposure[38] was 38% zero-emitting or renewables based, a 4% increase from 2021 and 9% increase from 2020. This demonstrates our continued focus on transition opportunities and ensuring that we continue on track to meeting our 2030 target.

We have restated our 2021 progress for the power generation target to 208 $kgCO_2/MWh$, from our original disclosure of 200 $kgCO_2/MWh$ in our 2022 Climate Report. This change is due to adjustments made to the emissions intensities for certain clients captured in our target. The results of this show that the progress for 2021 was 9.5% compared to the 13% disclosed last year.

Our power generation financed and facilitated emissions reduction performance in 2022



Automotive manufacturing portfolio

The automotive sector is an integral part of global mobility systems. It is also a large contributor to climate change, with light-duty vehicles responsible for more than 25% of global oil use and 10% of global energy-related CO_2 emissions in 2022.[39] Decarbonization of the automotive sector will rely on multiple external factors. Emissions reductions in this sector will be mainly driven by a shift from internal combustion engine (ICE) vehicles to electric vehicles (EVs). The prioritization of fuel economy improvements and rapid electrification will play a significant role in transforming this sector, which will depend on regulation to incentivize widespread adoption of EVs, and increasing consumer demand for ICE alternatives.

2021 Absolute Financed Emissions

Sector	Automotive Manufacturing: Operational emissions (Clients' Scope 1 and 2)	Automotive Manufacturing: End-use emissions (Clients' Scope 3)
Outstanding amount (CAD Millions)	$789	$789
Total emissions (kilotonnes CO_2e)	12	450
PCAF data quality (1-5)	2.2	2.2

This is our first year disclosing financed emissions for this sector, and as such represents a baseline to measure future absolute financed emissions reporting against. Unlike with other new sectors disclosed in this Climate Report, our absolute financed emissions disclosure included estimated values for 2021 and not 2022, due to lags in available Scope 3 emissions data for our clients that impacted both these calculations as well as our 2030 interim net-zero target discussed below.

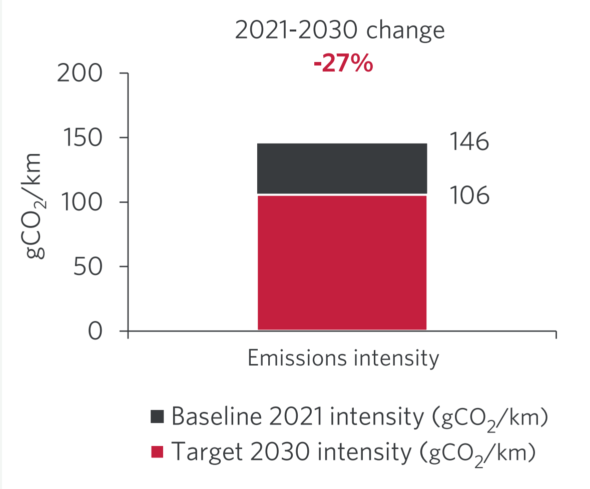
2030 Interim Net-Zero Target[3]

Details	Automotive Manufacturing
2030 target	27% reduction from 2021 baseline
Activities included	Automotive manufacturing of light-duty vehicles (LDVs)
Scope (clients' emissions)	Scope 1, 2 and 3
Metric	Emissions intensity of automotive manufacturing (Operational and End-use Emissions) (gCO_2/km)
Reference Scenario	IEA NZE2050[25]

In 2023, CIBC set an interim net-zero target for our automotive manufacturing portfolio, aiming for a 27% reduction in our clients' light-duty vehicle (LDV) fleets to 106 grams of CO_2 per vehicle (gCO_2/km) by 2030, from our 2021 baseline of 146 gCO_2/km. The target addresses the physical emissions intensity of original equipment manufacturers (OEMs) and their respective captive financing entities[40] producing LDVs as they have the largest ability to influence decarbonization across the automotive sector. For more information on the methodology used to set our automotive manufacturing interim net-zero target, refer to our Net-Zero Approach.

The emissions intensity of our automotive portfolio was 146 gCO_2/km in 2021, which was below the IEA NZE2050 reference scenario for this sector.[25] Going forward, we will track our performance towards achieving our 2030 interim net-zero target and implement strategies to reduce the financed emissions associated with our automotive portfolio.

Our automotive manufacturing financed and facilitated emissions in 2021



Commercial real estate portfolio

The building sector comprises 13% and 15% of Canada and U.S. greenhouse gas emissions, respectively, making the sector one of North America's largest carbon emitters.[41,42] Existing buildings will need to decarbonize operations to reduce their carbon footprint, and new developments will need to prioritize sustainable design and construction at the core of their operations.

Our emission estimates for this sector are based on lending considered in-scope for PCAF's methodology on Commercial Real Estate,[43] which is primarily derived for lending used expressly for the purchase or refinancing of real estate where income-generating activities occur (i.e., commercial mortgages). Our estimates include various types of assets, including office, retail, industrial, and multi-unit residential buildings with more than four units.

2022 Absolute Financed Emissions

Sector	Commercial mortgages: Canada and U.S. (Clients' Scope 1 and 2)
Outstanding amount[44] (CAD Millions)	$34,998
Total emissions (kilotonnes CO_2e)	865
PCAF data quality (1-5)	4.6

For 2022, we expanded our coverage to include all U.S. commercial mortgages and restated our 2021 emissions for better comparability (refer to Appendix E). Commercial mortgages in other regions including CIBC FirstCaribbean commercial mortgages were considered immaterial relative to Canada and U.S. markets; however, the inclusion of these loans will be considered on an ongoing basis. Other types of material lending including unsecured loans to real estate clients and construction/development loans represent a significant majority of our total commercial real estate portfolio, but are currently excluded from our financed emissions estimates for the reasons discussed below.

Year-over-year portfolio growth in Canada and the U.S. has resulted in a significant increase in our emission estimates for this sector, as did the inclusion of U.S. mortgages in 2021 (refer to Appendix E). While growth in relatively clean electricity grids may limit or even reduce the absolute financed emissions in some regions, disproportionate growth in more carbon-intensive regions of Canada and the U.S. is resulting in an increase in financed emissions for this sector overall.

Challenges and Limitations

Limited data availability for the North American building stock presents significant challenges in estimating financed emissions for commercial real estate. We rely on regional emissions factors with highly estimated values due to a lack of building-specific energy consumption data, for both Canada and U.S. buildings. At present, we do not have a method to measure or obtain any meaningful portion of clients' building emissions data, limiting our ability to engage clients to reduce their building emissions or measure progress. Our PCAF score of 4.6 reflects the availability of some client data, namely building size information; however, proxying is heavily relied upon to estimate emissions for this sector. A lack of client-reported energy data hinders our ability to measure individual client performance, and so any theoretical reductions we could achieve in the short term are tied to broader building efficiency trends and grid decarbonization, with portfolio mix playing a role in terms of the regions and asset types CIBC lends to. Improving access to client and building-level data will be a key priority for the bank in the near-term; however, we recognize the critical role of public and private sector actors in closing these data gaps. We will continue to seek out opportunities with industry and government partners to overcome this data challenge.

Unsecured lending to real estate clients and construction loans were excluded due to data availability and methodology limitations, respectively. These other lending sub-sectors are not captured in our latest disclosure though consideration will be made for including them in the future as data availability continues to improve for unsecured lending clients and accepted methodologies emerge for construction and development projects.

Due to the data challenges noted above and our subsequent inability to effectively or accurately measure our commercial real estate clients' progress, we have opted not to establish an interim net-zero target at this time. Given real estate, including commercial building stock, represent a priority NZBA sector, we will continue to reevaluate the feasibility of setting an interim net-zero target for lending in this sector as data and economic realities improve.

Residential mortgages portfolio

Given that residential mortgages represent CIBC's most significant lending activity, it is important for us to estimate our financed emissions for this asset class. Our mortgage portfolio was evaluated based on all Canadian CIBC-brand and Simplii mortgages, which accounts for more than 95% of all residential mortgage lending and approximately 49% of all global lending as of October 31, 2022.

2022 Absolute Financed Emissions

Sector	Residential Mortgages: Canada (Clients' Scope 1 and 2)
Outstanding amount[45] (CAD Millions)	$258,291
Total emissions (kilotonnes CO_2e)	1,782
PCAF data quality (1-5)	4.0

We continue to see a reduction in financed emissions associated with our residential mortgages even amidst portfolio growth (refer to Appendix E). This is primarily the result of portfolio growth in provinces with lower-carbon electricity grids, namely Quebec, Ontario, and British Columbia. Electricity grid decarbonization and efficiency improvements in the Canadian housing stock is also a likely driver of this trend, although to a lesser extent.

Challenges and Limitations

Residential mortgages are one of the most difficult sectors to obtain high-quality client data due to the scarcity of building-specific energy labels and energy consumption data, the volume of individual mortgage clients, and inconsistent availability of client data across regions. Therefore, CIBC has made an effort to use the best available and/or most appropriate data sources — including energy and emission factors — to determine our financed emissions amongst residential mortgage clients while also maximizing our data quality score as per the PCAF methodology. To employ higher-quality data and more accurate approaches, changes will be required on a regional and national level to affect the availability of actual building energy consumption data. As data availability improves, we anticipate reporting on estimated emissions for our mortgages in markets outside of Canada, including the U.S. and Caribbean.

Our PCAF score of 4.0 reflects our ability to source complete building size data; however, we are limited in our capacity to improve data quality without building-specific energy or emissions data from our clients. While residential mortgages is a priority sector identified by NZBA, data challenges and economic considerations require that we continue to monitor the sector and our associated emissions, while exploring options with our residential mortgage clients to achieve their own ambitions through energy savings in the home.

Due to these significant data challenges and realities, coupled with the current economic climate and limited engagement and appetite from retail clients in this space, we have opted not to establish an interim net-zero target at this time. Given real estate, including residential building stock, represent a priority NZBA sector, we will continue to reevaluate the feasibility of setting an interim net-zero target for lending in this sector as data and economic realities improve.

Motor vehicle loans portfolio

While motor vehicle loans are not a distinct NZBA priority sector, this portfolio is closely connected to our automotive manufacturing portfolio and represents a material Scope 3 emission source to those automotive clients. Our financed emissions estimates for motor vehicle loans only include indirect lending, as the majority of our loans are associated with this type of financing exclusively through dealerships across Canada. Direct lending accounts for less than 4% of all retail motor vehicle lending in Canada as of October 31, 2022, based on outstanding loan amounts, and is not included in our emission estimates at this time.

2022 Absolute Financed Emissions

Sector	Indirect Motor Vehicle Loans: Canada (Clients' Scope 1 and 2)
Outstanding amount (CAD Millions)	$7,545
Total emissions (kilotonnes CO_2e)	774
PCAF data quality (1-5)	4.0

This is our first year disclosing financed emissions for this sector, and as such represents a baseline to measure future absolute financed emissions reporting against. Scope 1 emissions were estimated for all tailpipe emissions from internal combustion engine (ICE) vehicles, while Scope 2 emissions relate to charging of electric vehicles (EVs) and vary depending on the carbon intensity of regional electricity grids. In order to provide a more conservative estimate, hybrid vehicle models were treated as ICE and estimated for Scope 1 emissions only. In all instances, regional emission factors were leveraged to derived emission estimates for our loan book down to the vehicle make and model, where possible. As of October 31, 2022, approximately 1% of our entire Canadian motor vehicle lending portfolio consisted of new or used EVs.

Challenges and Limitations

While our current PCAF data quality score of 4.0 for this sector represents a less-than desired outcome, we intend to improve this score considerably in the near-term by leveraging better tools and emission factors to produce more accurate emission estimates. While short term solutions exist to address data quality, this lending sector has larger challenges associated with decarbonization that CIBC is mindful of.

Like most banks operating in this space, CIBC does not have direct engagement with the majority of our retail motor vehicle clients, given the role dealerships play in presenting financing options to consumers. The separation between CIBC and clients, as well as the large number of clients in this portfolio, limits our ability to support clients' decision to transition off ICE vehicles towards EVs. While increasing, the very small portion of EVs relative to ICE vehicles underlying loans on our books means that our clients' Scope 1 emissions in this sector continue to overwhelmingly drive climate impacts from our retail vehicle lending, and that decarbonization of this sector may prove a gradual transition without greater incentives to balance out high borrowing costs in the short term.

Furthermore, the emission reduction associated with transitioning to EVs will vary depending on the Canadian province and grid mix. The Government of Canada has announced regulation requiring at least 20% of new vehicles sold in Canada to be zero emission by 2026, at least 60% by 2030, and 100% by 2035.[46] In recent years, we have also seen commitments from major auto manufacturers to move towards entirely EV fleets by 2030 and beyond. However, these trends only relate to new vehicles. CIBC will continue to face challenges when it comes to emissions associated with existing ICE vehicles, in the form of new and used vehicle loans that will remain on Canada's roads long after 2035.

Agriculture portfolio

The agriculture sector contributes to Canada's GHG emissions through the release of carbon dioxide, methane, and nitrous oxide as result of agricultural processes. Livestock and crop production (excluding emissions from fossil fuel use and fertilizer production) collectively contribute to 10% of Canada's total GHG emissions.[47] However, we rely on this sector to maintain food security under rapidly growing demand. Decarbonizing agricultural practices will require balancing emission reductions and climate solutions with ensuring food security and reliability for a growing global population.

2022 Absolute Financed Emissions

Sector	Agriculture: Canada and U.S. (Clients' Scope 1 and 2)
Outstanding amount (CAD Millions)	$6,339
Total emissions (kilotonnes CO_2e)	2,377
PCAF data quality (1-5)	4.4

Our estimates for financed emissions associated with our agriculture portfolio include crop and livestock producers primarily in Canada with very small exposure in the U.S., representing over 74% of all agriculture lending for CIBC. This is our first year disclosing financed emissions for this sector, and as such represents a baseline to measure future absolute financed emissions reporting against. The reliance on emission factors and data proxies is reflected in the data quality score of 4.4, which was benefited somewhat by available revenue data for many of our in-scope agriculture clients.

Challenges and Limitations

Our low PCAF data quality score is due to the fact that the majority of our clients in this sector are private companies, resulting is limited publicly available data to calculate our financed emissions. What data is available internally was leveraged and also used to proxy for unknown client financials, and emission factors were depended on entirely in the absence of reported client emissions for this sector. The result is a highly estimated value based on the type of farming operation.

While agriculture represents a meaningful share of global greenhouse gas emissions as well as a priority NZBA sector for the bank, Canada's own Emission Reduction Plan (ERP) only projects a 1% reduction in emissions for the sector by 2030.[48] The ERP projection highlights the limited decarbonization pathways and the influence that consumer demand has on what is grown and raised on Canadian farms, where the majority of our in-scope lending resides. In light of these realities and the significant data challenges noted above, we are not prioritizing 2030 interim net-zero target setting for our agriculture portfolio. However, we will continue to collaborate and engage with governments and industry to improve data quality and seek out decarbonization opportunities that encourage climate and social objectives. We will also monitor the emergence of guidance around nature and biodiversity-related considerations and how those positive and negative impacts interact with lending sectors like agriculture.

Exposure to carbon-related assets

We monitor and disclose the amount and percentage of carbon-related assets relative to total assets in our credit lending activities to track our credit exposures to assets in higher-emitting sectors. As of 2021, our calculations align with the TCFD 2021 definition. The definition includes assets in the following sectors: oil and gas, mining, utilities sectors, energy, transportation, materials and buildings and agriculture, food and forest products. We do not include entities solely engaged in water utilities, renewable electricity generation, nuclear energy generation, electricity transmission or distribution, or waste management systems. This year we have disclosed our exposure to carbon-related assets for both 2022 and 2023. As of October 31, 2022, our total credit risk exposure to carbon-related assets totaled $124.5 billion[49] out of a total credit exposure of $897.7 billion,[50] representing 13.9% of our total gross credit risk exposure. This was a slight increase from our exposure in 2021, which was 13.7% of our portfolio.

As of October 31, 2023, our total credit risk exposure to carbon-related assets totaled $122.6 billion[49] out of a total credit exposure of $817.7 billion,[50] representing 15.0% of our total gross credit risk exposure. This was again a slight increase from our exposure in 2022.

Lending exposure to carbon-related assets	2023	2022	2021	2020
Total lending to carbon-related assets ($ billions)	$122.6	$124.5	$109.6	$23.7
Percentage (%) of lending to carbon-related assets compared to total credit exposure	15.0%	13.9%	13.7%	3.2%

Sustainable finance

CIBC has set a goal to mobilize $300 billion in sustainable finance activities between 2018 and 2030.[7] This goal is part of our commitment to mobilize the necessary capital and develop innovative market-based solutions that support our efforts in addressing environmental and social issues and promoting sustainability more generally. In 2023, our sustainable finance contribution was $44.4 billion, which is a cumulative 52.4% (or $157.3 billion) over the past five years towards our $300 billion goal.[8,35]

Sustainable financing is intended to help our clients achieve their green and social ambitions, which include but are not limited to climate change related ambitions, and therefore do not always contribute to a reduction in GHG emissions. In addition, sustainable financing may involve eligible green activities or targets that aim to reduce the growth rate or intensity of a client's GHG emissions, but do not necessarily curtail the growth of their absolute emissions.

The methodology applied to our fiscal 2023 and cumulative progress was established in 2018, and subsequently updated in 2021, 2022 and 2023 to reflect changing market practices and industry guidelines, as well as allow for the addition of new segments into our eligibility criteria.

The methodology applied to our fiscal 2023 and cumulative performance to track our mobilization goal was developed to assess eligible sustainable finance transactions and includes loans and loan syndications, debt and equity underwritings, mergers and acquisitions advisory, and principal investments, inclusive of business units such as Treasury, Real Estate Finance Division within Canadian Commercial Banking, U.S. Commercial Banking, U.S. Commercial Real Estate, Auto Finance (through our Personal and Business Banking strategic business unit) and various groups within our Capital Markets business. Hedging solutions and deposits are monitored and recorded separately but not included in our cumulative performance numbers. Our methodology details how we account for our share of each transaction, and when appropriate, factors the role we play in the transaction to attribute our share of credit towards the mobilization goal. Our methodology details how we account for our share of each transaction, and when appropriate, factors the role we play in the transaction to attribute our share of credit towards the mobilization goal.

The methodology applied to our fiscal 2023 and cumulative performance classifies transactions into one of two categories:

- **Sectors** (including renewable and emissions-free energy, energy efficiency, sustainable infrastructure or technology, sustainable real estate, affordable housing and basic infrastructure, etc.); or
- **Products** (green financial products such as green bonds and loans, sustainable or social financial products such as social bonds or sustainability-linked loans, etc.).

Fiscal 2024 Sustainable Finance Methodology

To support our commitment to transparency and accountability, in March of 2024, CIBC published our updated fiscal **2024 Sustainable Finance Methodology**, which replaces the methodology applied to our fiscal 2023 and cumulative progress and is effective prospectively for eligible transactions that close on or after November 1, 2023. The fiscal 2024 Sustainable Finance Methodology defines our methodology for classification, eligible activities, business products, and measurement approach. CIBC's fiscal 2024 Sustainable Finance Methodology builds on our previous methodology and has been updated to reflect changing market practices and industry guidelines, as well as allow for the addition of new segments into our eligibility criteria. Sustainable finance is a key focus area and our methodology is informed by international standards and current industry practice. The fiscal 2024 Sustainable Finance Methodology encompasses key business activities undertaken by CIBC including lending (e.g., green, social and sustainability-linked loans), advisory services, debt capital markets, equity capital markets, limited partner investments, treasury investments, securitization, trade finance, and tax credit investments. Sustainability linked financial products are designed to incentivize the client to achieve pre-determined ESG targets with pricing implications. The fiscal 2024 Sustainable Finance Methodology also defines **eligible green**, **decarbonization**, and **social activities** and corresponding descriptions and eligibility criteria towards classification as sustainable finance.

- Eligible **green activities** include: 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, and circularity.
- Eligible **decarbonization activities** include: carbon capture, utilization and storage, low carbon intensity fuels, and electrification.
- Eligible **social activities** include: essential services, affordable housing and basic infrastructure, socioeconomic advancement and empowerment, employment generation, and food security and sustainable food systems.

CIBC intends to regularly update the fiscal 2024 Sustainable Finance Methodology as market practices, industry guidelines, frameworks, standards and regulations continue to evolve.

For more information regarding sustainable finance, refer to section 4.0 of our Sustainability Report.

Building on our current momentum

We know that climate action is not static, and that this journey will require us to be nimble and responsive to evolving global developments. We are committed to the work ahead, and will continue to do our part, both in our own operations and financing activities[2], and by supporting our clients through the transition to a low carbon economy.

As a signatory to the NZBA, we are committed to achieving our net-zero ambition. In implementing our ambition, we will:

- Continue to evaluate targets for priority sectors, where material and where data allows us to do so;
- Continue to assess data coverage and methodologies which apply to our priority sectors;
- Disclose our progress towards achieving our established net-zero targets;
- Report transparently as we continue to improve our approach and performance over time; and
- Participate in industry initiatives and partnerships, such as UNEP-FI, NZBA and PCAF.

Our focus going forward will be on refining our approach and identifying transition activities to reduce our financed emissions in our portfolios where we have set 2030 interim net-zero targets. This includes plans to identify and prioritize engagement with our clients across these sectors and begin to assess and evaluate their alignment with our net-zero ambition.

We will also continue to monitor the needs of our clients for nature-based solutions and the role we can play to provide natural capital investments and solutions. We will explore how to integrate nature-related considerations into our climate strategy, risk management and approach, and disclose our progress going forward. We plan to review and assess the recommendations of the Task Force on Nature-related Financial Disclosures as a framework to measure and disclose our impacts and dependencies on nature.

Our teams are working to continually improve our internal climate-related management practices. We are monitoring requirements for existing and upcoming regulatory and voluntary frameworks in our approach to accelerate climate action across the bank. This includes taking steps to refine the processes through which CIBC identifies, assesses and manages climate-related risks and opportunities over the short, medium and long-term. Our focus going forward will be to further integrate CIBC's climate-related risks and opportunities into our business strategy and financial planning, as well as enterprise risk management systems and to expand our calculation methodologies and disclosures relating to our absolute financed emissions aligned with PCAF's recommendations.

We look forward to sharing our progress as we work towards achieving our net-zero ambition and interim net-zero targets. We will continue to provide updates on how we are advancing our management of climate-related risks and opportunities to ensure the success of our business against a range of potential climate scenarios. We are investing in a more sustainable world and reducing our environmental impact to help address climate change for this generation and the next.

Appendix A: TCFD Index

Appendix B: GFANZ Index

This report references the voluntary GFANZ Financial Institution Net-zero Transition Plans: Fundamentals, Recommendations and Guidance Report, published in 2022. The table provided below locates information contained within this report on how CIBC has implemented the GFANZ recommendations.

Element	Component	Recommendation	Location
Foundations	Objectives and priorities	Define the organization's objectives to reach net-zero by 2050 or sooner, in line with science-based pathways to limit warming to 1.5 degrees C, stating clearly defined and measurable interim and long-term targets and strategic timelines, and identify the priority financing strategies of net-zero transition action to enable real-economy emissions reduction.	Page 11-13
Implementation Strategy	Products and services	Use existing and new products and services to support and increase clients' and portfolio companies' efforts to transition in line with 1.5 degrees C net-zero pathways. Include accelerating and scaling the net-zero transition in the real economy, providing transition-related education and advice, and supporting portfolio decarbonization in accordance with the institution's net-zero transition strategy.	Page 14-15
	Activities and decision-making	Embed the financial institution's net-zero objectives and priorities in its core evaluation and decision-making tools and processes to support its net-zero commitment. This applies to both top-down/oversight structures and bottom-up tools and actions.	Page 8-12, 23-30
	Policies and conditions	Establish and apply policies and conditions on priority sectors and activities, such as thermal coal, oil and gas, and deforestation. Include other sectors and activities that are high-emitting, or otherwise harmful to the climate, to define business boundaries in line with the institution's net-zero objectives and priorities.	Page 16
Engagement Strategy	Clients and portfolio companies	Proactively and constructively provide feedback and support to clients and portfolio companies to encourage net-zero-aligned transition strategies, plans, and progress with an escalation framework with consequences when engagement is ineffective.	Page 17
	Industry	Proactively engage with peers in the industry to 1) as appropriate, exchange transition expertise and collectively work on common challenges and 2) represent the financial sector's views cohesively to external stakeholders, such as clients and governments.	Page 18
	Government and public sector	Direct and indirect lobbying and public sector engagement should, in a consistent manner, support an orderly transition to net-zero, and as appropriate, encourage consistency of clients' and portfolio companies' lobbying and advocacy efforts with the institution's own net-zero objectives.	Page 19

Element	Component	Recommendation	Location
Metrics & Targets	Metrics & Targets	Establish a suite of metrics and targets to drive execution of the net-zero transition plan and monitor progress of results in the near, medium, and long-term. Include metrics and targets focused on aligning financial activity in support of the real-economy net-zero transition; on executing the transition plan; and on measuring changes in client and portfolio GHG emissions.	Page 32-48
Governance	Roles, responsibilities and remuneration	Define roles for the Board or strategy oversight body and senior management ensuring they have ownership, oversight, and responsibility for the net-zero targets. Assign appropriate individuals and teams to all aspects of both design and delivery of the transition plan. Use remuneration incentives for all roles, where possible. Review the transition plan regularly to ensure material updates/developments are incorporated; challenges are reviewed as an opportunity to correct course; and implementation risks are properly managed.	Page 10
	Skills and culture	Provide training and development support to the teams and individuals designing, implementing, and overseeing the plan so that they have sufficient skills and knowledge to perform their roles (including at the Board and senior management level). Implement a change management program and foster open communications to embed the net-zero transition plan into the organization's culture and practices.	Page 8

Appendix C: Operational emissions

The methodology that CIBC uses for collecting data and calculating operational GHG emissions is based on *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard* (Revised Edition). Reported Canada and U.S. operational GHG emissions (Scope 1 and 2) data for 2018 to 2023 cover 95% of our global occupied floor space (CIBC FirstCaribbean and international locations cover the remaining floor space) and pertains to all leased and owned real estate facilities. The reporting period for Scope 1, Scope 2 and Scope 3 sub-leases (i.e., CIBC leased facility spaces that are subleased to a subtenant) GHG emissions and related REC purchases for both Canadian and U.S. based GHG emissions from real estate is from August 1st to July 31st unless otherwise noted. All other metrics related to emissions (i.e., Scope 3 paper consumption and business travel) are based on fiscal year (November 1st to October 31st).

Metric	Unit	2023	2022	2021	2020	2019	2018
Operational GHG emissions – Scope 1 emissions[51]	tCO_2e	21,321✓	22,157✓	21,017✓	22,252	24,727	23,474
Operational GHG emissions – Scope 2 emissions (location-based)[52]	tCO_2e	25,713✓	27,608✓	30,254✓	34,848	37,395	40,348
Operational GHG emissions – Scope 2 emissions (market-based)[53]	tCO_2e	1,885✓	5,139✓	16,850✓	26,058	–	–
Operational GHG emissions – Scope 1 and 2 (location-based) emissions	tCO_2e	47,034	49,765	51,271	57,099	62,122	63,822
Operational GHG emissions – Scope 1 and 2 (market-based) emissions	tCO_2e	23,206	27,296	37,867	48,310	62,122	63,822
Operational GHG emissions – Scope 3 emissions, Purchased goods and services (paper consumption)[54]	tCO_2e	8,664✓	4,990✓	5,806✓	6,713✓	9,208✓	10,342✓
Operational GHG emissions – Scope 3 emissions, Business travel[55]	tCO_2e	6,039✓	4,580✓	1,203✓	3,901✓	10,958✓	12,582✓
Operational GHG emissions – Scope 3 emissions, Sub-leases	tCO_2e	9,294✓	8,196✓	3,223✓	4,581	8,538	9,277
Operational GHG emissions – Scope 1, 2 (location-based) and 3 emissions	tCO_2e	71,031	67,531	61,503	72,294	90,826	96,023
Operational GHG emissions – Scope 1, 2 (market-based) and 3 emissions	tCO_2e	47,203	45,062	48,099	63,505	90,826	96,023
Operational GHG emissions – Carbon neutrality[16]	%	51%	45%	26%	15%	–	–
Operational GHG emissions – Emissions intensity	$kgCO_2e/m^2$	39.1	41.3	43.6	48.2	50.6	53.0
Operational GHG emissions – Total RECs applied to Scope 2 emissions[19]	MWh	143,855	67,736	25,099	14,714	–	–
Operational GHG emissions – Emissions avoided from RECs[19,56]	tCO_2e	23,828	22,469	13,404	8,802	–	–

✓ This figure has been independently assured to a limited level. The applicable limited assurance report or verification statement can be found in the ESG Document Library on our website.

Appendix D: 2030 Interim net-zero target and performance intensities

Methodology Component	Oil and gas (Operational)	Oil and Gas (End Use)	Power Generation	Automotive Manufacturing
Target Metric	Physical Emissions Intensity	Physical Emissions Intensity	Physical Emissions Intensity	Physical Emissions Intensity
Metric Measurement	gCO_2e/MJ	gCO_2/MJ	$kgCO_2/MWh$	gCO_2/km
Clients' Emissions Scope(s)	1,2	3	1	1,2,3
Baseline Year	2020	2020	2020	2021
Emissions Baseline	5.17	68.54	230	146
2021 performance	4.39	68.53	208[57]	146
2022 performance	4.04	68.33	198	n/a
2030 Emissions Target	3.34	50.04	156	106
2030 Emissions Reduction Target %	-35%	-27%	-32%	-27%
Reference Scenario[24]	IEA NZE2050	IEA NZE2050	IEA NZE2050	IEA NZE2050

Appendix E: Absolute financed emissions

Under the GHG Protocol, Scope 3 emissions are divided into 15 categories, the last of which is Investments capturing financed and facilitated emissions. Financed emissions are emissions that result from our lending activities and comprise a majority of the bank's total GHG emissions. Facilitated emissions are the emissions by virtue of our economic share of underwritten and arranged financings in the debt and equity capital markets. Both financed and facilitated emissions represent important ways in which our financing activities are associated with GHG emissions in the broader economy and are, therefore, our greatest opportunity to directly influence climate change. As such, we include both financed and facilitated emissions when setting our interim net-zero targets for priority sectors and tracking performance against our targets over time.

While equity and debt capital markets are factored into our sector targets and intensity metrics, CIBC does not yet calculate and disclose absolute facilitated emissions related to our underwriting activities due to methodological limitations. The recently launched PCAF Facilitated Emissions Standard will help guide our approach, and we intend to incorporate facilitated emissions disclosure in future iterations of our Climate Report.

Absolute financed emissions calculations[33]

To calculate our absolute financed emissions, we adopted the PCAF Global GHG Accounting and Reporting Standard — Financed Emissions.[58] The Standard divides financed emissions investments into several asset classes: listed equity and corporate bonds, business loans and unlisted equity, project finance, commercial real estate, mortgages, motor vehicle loans, and, as of the end of 2022, sovereign debt. We calculate the absolute financed emissions for our clients based on the PCAF asset classes and sectors as captured in the table below. We then roll up these figures based on our portfolio sectors.

Summarized below is our absolute financed emissions calculated to date. For calculating our absolute financed emissions, we used drawn (outstanding) lending amounts covering only our direct financing, as of October 31 of the applicable fiscal year.

Summary of CIBC's absolute financed emissions

Sector	PCAF Asset Class[i]	2022 performance: Outstanding amount (CAD Millions)	2022 performance: Total emissions (kilotonnes CO_2e)	2022 performance: PCAF data quality (1-5)[ii]	2021 performance: Outstanding amount (CAD Millions)	2021 performance: Total emissions (kilotonnes CO_2e)	2021 performance: PCAF data quality (1-5)[ii]	2020 performance: Outstanding amount (CAD Millions)	2020 performance: Total emissions (kilotonnes CO_2e)	2020 performance: PCAF data quality (1-5)[ii]
Oil and Gas: Operational	2	$3,036	1,437	2.3	$3,856	1,798[iii]	2.3	$5,460	2,838	2.2
Oil and Gas: End use	2	$3,036	81,359	3.8	$3,856	82,112[iii]	3.5	n/a	n/a	n/a
Power Generation	2	$2,599	984	2.4	$2,357	975	2.4	$2,084	861	2.1
Automotive: Operational	2	n/a	n/a	n/a	$789	12	2.2	n/a	n/a	n/a
Automotive: End use	2	n/a	n/a	n/a	$789	450	2.2	n/a	n/a	n/a
Commercial Real Estate[iv]	4	$34,998	865	4.6	$30,593	641	4.6	$8,324	235	4.4
Residential Mortgages[v]	5	$258,291	1,782	4.0	$231,000	1,833	4.0	$201,245	1,886	4.0
Motor Vehicle Loans[vi]	6	$7,545	774	4.0	n/a	n/a	n/a	n/a	n/a	n/a
Agriculture[vii]	2	$6,339	2,377	4.4	n/a	n/a	n/a	n/a	n/a	n/a

i Indicates the associated calculation methodology applied based on the corresponding PCAF asset class that the lending sector is categorized under.

ii Score 1 represents the highest quality data whereas Score 5 represents the lowest quality data.

iii Due to deficiencies identified in third party data sources of emissions data, we restated our 2021 absolute financed emissions using reported client data to better reflect our clients' emissions in this sector and allow for greater comparability. This correction did not impact our data quality scoring methodology.

iv Balances for 2022 and 2021 reflect principal values of all Canadian and U.S. commercial mortgages across various asset types, excluding other real-estate lending related to construction and non-mortgage lending. 2021 balances were restated to capture U.S. commercial mortgages and provide greater comparability to 2022 financed emission estimates. 2020 balances were not restated and therefore do not include U.S. commercial mortgages.

v Balances for 2022 onward reflect principal values of all Canadian CIBC-brand and Simplii mortgages, except for the remaining FirstLine branded mortgages from the exited FirstLine mortgage broker business, and third-party originated mortgages. The balances also exclude the U.S. and CIBC FirstCaribbean mortgages. Does not include construction loans or home equity lines of credit (HELOCs). Balances prior to 2022 do not include Simplii mortgages.

vi Balances reflect Canadian indirect lending to retail clients via automotive dealerships and exclude direct lending representing <5% of our Canadian retail motor vehicle loans.

vii Balances reflect lending related to agriculture livestock and crop production in Canada and the U.S. and exclude lending to agriculture services, suppliers, wholesalers, and other clients considered upstream or downstream to agriculture production.

Data quality scoring

We strive to obtain high-quality data reported publicly by our clients as well as procured from third-party data providers. We use the PCAF data scoring methodology to determine the quality of our data and to provide transparency related to the accuracy and quality of our calculation inputs. When emissions data are limited or not available, we use an estimation approach based on emission factors, in alignment with the PCAF methodology and sources from their emissions database.

PCAF data quality scoring framework:

Business Loans and Unlisted Equity (including Oil and Gas, Power Generation, Automotive Manufacturing, and Agriculture sectors)

Score is given on a scale from 1 (more certain) to 5 (less certain)

PCAF data quality	Description
Score 1	Verified GHG emissions data or primary energy data. Highest quality data score attainable.
Score 2	Non-verified GHG emissions data or emissions are calculated using primary physical activity data for the company's energy consumption and appropriate emission factors.
Score 3	Physical activity-based emissions estimation derived from production data and appropriate emission factors.
Score 4	Economic activity-based emissions estimation derived from reported revenue data and appropriate emission factors.
Score 5	Economic activity-based emissions estimation derived from the outstanding investment and appropriate emission factors.

Residential Mortgages and Commercial Real Estate

Score is given on a scale from 1 (more certain) to 5 (less certain)

PCAF data quality	Description
Score 1	Financed emissions determined using actual building energy consumption (i.e., metered data) and supplier-specific emission factors per energy source. Highest quality data score attainable.
Score 2	Financed emissions determined using actual building energy consumption (i.e., metered data) and the average emission factors per energy source.
Score 3	Financed emissions determined using estimated building energy consumption based on official building energy labels, building size and the average emission factors per energy source.
Score 4	Financed emissions determined using estimated building energy consumption based on building type and location-specific statistical data, building size and the average emission factors per energy source.
Score 5	Financed emissions determined using estimated building energy consumption based on building type and location-specific statistical data, number of buildings and the average emissions factors per energy source.

Motor Vehicle Loans

	PCAF data quality	Description
Score is given on a scale from 1 (more certain) to 5 (less certain)	Score 1	Primary data on actual fuel consumption or primary data on actual distance travelled, with vehicle efficiency and fuel type, is available. Highest quality data score attainable.
	Score 2	Vehicle efficiency and fuel type are available from vehicle make and model. Distance data is based on local statistical data.
	Score 3	Vehicle efficiency and fuel type are available from vehicle make and model. Distance data is based on regional statistical data.
	Score 4	Vehicle efficiency and fuel type are unknown and estimated from known vehicle type. Distance travelled is estimated based on local or regional statistical data.
	Score 5	Vehicle efficiency, fuel type and distance travelled is based on average vehicle and local or regional distance data.

Absolute financed emissions calculation methodologies

PCAF Asset Class 2: Business loans and unlisted equity

The following PCAF-prescribed calculation was used to determine financed emissions attributed to CIBC lending in our oil and gas, power generation, automotive manufacturing, and agriculture sectors:

$$\textit{Financed emissions} = \sum_{c} \textit{Attribution factor}_c \times \textit{Company emissions}_c$$

$$(\textit{with } c = \textit{borrower or investee company})$$

The absolute financed emissions from our client portfolios subject to this methodology were calculated by multiplying the attribution factor by the emissions of the borrower or investee company and then summing these emissions, in alignment with the PCAF methodology. The attribution factor represents our proportional share of a given company — that is, the ratio of the outstanding amount to total equity and debt for private companies and Enterprise Value Including Cash (EVIC) for listed companies.

PCAF Asset Class 4 and 5: Commercial real estate and residential mortgages

The following PCAF-prescribed calculation was used to determine financed emissions attributed to CIBC lending in our residential mortgages and commercial real estate sectors:

$$\textit{Financed emissions} = \sum_{b} \textit{Attribution factor}_b \times \textit{Building emissions}_b$$

$$(\textit{with } b = \textit{building})$$

The attribution factor represents our proportional share of a given real estate asset — that is, the ratio of the outstanding amount to the property value at origination. The attribution factor is applied to total building emissions, and then the results for all buildings in our portfolios are summed to find total portfolio emissions.

Due to the size of our mortgage portfolio and a scarcity of metered building energy consumption data, a nuanced approach was taken to utilize best available energy and emission factors for determining building emissions. Where property size information was available, CIBC leveraged energy factors provided by Natural Resources Canada to approximate building energy consumption, per energy source and per province. Emission factors derived from Canada's National Inventory Report were then applied against estimated energy consumption to determine overall emissions for a particular region. Where specific client information was limited or not available such as building floor area, we used averages in order to apply the method described above.

We leveraged the PCAF emission factor database for our commercial real estate calculations, due to the greater complexity inherent in calculating emissions for this sector across varied geography and asset type. The use of a proxy method was required for accounts and properties without property size data reported as the PCAF database does not currently include emission factors for commercial buildings in Canada with unknown property size.

PCAF Asset Class 6: Motor vehicle loans

The following PCAF-prescribed calculation was used to determine financed emissions attributed to CIBC lending in our retail motor vehicle sector:

$$\textit{Financed emissions} = \sum_{v} \textit{Attribution factor}_v \times \textit{Vehicle emissions}_v$$

$$(\textit{with } v = \textit{vehicle or vehicle fleet})$$

The attribution factor represents our proportional share of a given vehicle — that is, the ratio of the outstanding amount to the value of the vehicle at the time of loan origination. We leveraged the PCAF emission factor database for our motor vehicle loan emission calculations, due to the greater complexity inherent in calculating emissions for this sector across varied geography and vehicle make/model.

For more information on the methodologies described above, refer to the PCAF Global GHG Accounting and Reporting Standard for the Financial Industry (2nd Edition).

A note about forward-looking statements

From time to time, Canadian Imperial Bank of Commerce and its subsidiaries (CIBC, we, us or our) make written or oral forward-looking statements within the meaning of certain securities laws, including in this document, in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission (SEC), and in other communications. All such statements are made pursuant to the "safe harbour" provisions of, and are intended to be forward-looking statements under applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements related to our purpose — to help make our clients' ambitions a reality, priorities, targets, metrics, sustainability commitments (including with respect to 2030 interim and 2050 net-zero financed emissions targets and reducing operational greenhouse gas (GHG) emissions) and goals, as well as our economic and environmental, social and governance (ESG) related impacts and objectives including but not limited to, governance, strategy, risk management, sustainable lending (including our $300 billion by 2030 sustainable finance goal[7] and the implementation and update of our Sustainable Finance Methodology[8]) and our net-zero ambition for both our operational and financing activities by 2050.[2] We have included forward-looking information in this document to assist our stakeholders in understanding our priorities, targets, commitments and goals, as well as our economic and ESG-related impacts and objectives. Forward-looking statements are typically identified by the words "believe", "expect", "expectation", "aim", "anticipate", "intend", "estimate", "commit", "ambition", "forecast", "goal", "target", "strive", "project", "objective" and other similar expressions or future or conditional verbs such as "will", "may", "should", "would" and "could".

By their nature, these statements require us to make assumptions and are subject to inherent risks and uncertainties that may be general or specific, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our priorities, targets, commitments and goals, and economic and ESG-related impacts and objectives will not be achieved. Moreover, many of the assumptions, metrics and methodologies used in preparing this document continue to evolve and are based on assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees. In addition, our climate risk analysis, net-zero strategy, climate scenario analysis and climate governance structure under our ESG governance framework remain under development, and the data underlying our analysis, strategy and scenario alignment remain subject to evolution over time. A variety of factors, many of which are beyond our control, could cause actual results to differ materially from the expectations expressed in any of our forward-looking statements and may require CIBC to adapt its initiatives and activities or adjust its targets as the quality and completeness of its data and methodologies continue to improve. These factors include but are not limited to: inflationary pressures, global supply-chain disruptions, geopolitical risk, including from the war in Ukraine and conflict in the Middle East, the occurrence, continuance or intensification of public health emergencies, such as the impact of post-pandemic hybrid work arrangements, and any related government policies and actions, the failure of third parties to comply with their obligations to us and our affiliates or associates, our ability to implement various sustainability-related initiatives internally and with our clients under expected time frames, our ability to scale our sustainable finance products and services, and strategic, reputation and legal, conduct, regulatory compliance, and environmental and social risk and other risks disclosed in the "Management of risk" section of our 2023 Annual Report, as updated by our quarterly reports. In addition, as we work to advance our ESG goals, external factors outside of CIBC's reasonable control may act as constraints on achieving these goals, including but not limited to the availability of comprehensive and high-quality GHG emissions data (including from CIBC's clients) and standardization of ESG-related measurement methodologies, the evolution of our lending portfolios over time, the need for active and continuing participation, cooperation and collaboration from various stakeholders (including enterprises, financial institutions and governmental and non-governmental organizations and individuals), deployment of new technologies and industry-specific solutions, the evolution of consumer behaviour, varying decarbonization efforts across economies, the need for thoughtful climate policies globally, the challenges of balancing interim emissions goals with an orderly transition, and the continuing development and evolution of regulations, guidelines, principles, and frameworks internationally and CIBC's compliance thereto, which could lead to us being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, penalties and fines.

For CIBC to meet its ambition to achieve its sector-specific 2030 interim financed emissions reduction targets and net-zero GHG emissions associated with its operational and financing activities by 2050,[2] and for CIBC's clients to meet their GHG emissions reduction goals and commitments, CIBC and its clients may need to purchase voluntary and/or compliance carbon and renewable energy instruments ("Carbon Compliance Instruments"). The market for these instruments is still developing and their availability may be limited. Some Carbon Compliance Instruments are also subject to the risk of invalidation or reversal, and CIBC provides no assurance of the treatment of any such Carbon Compliance Instruments in the future. There may also likely be changes to applicable regulations and standards that impact the market for Carbon Compliance Instruments. The maturity, liquidity and economics of regulated and voluntary carbon markets may make it more difficult for CIBC and its clients to achieve their goals and may impact CIBC's ambition to achieve its 2030 interim net-zero targets and net-zero GHG emissions associated with its operational and financing activities by 2050.[2]

This list is not exhaustive of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements. Any forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting our stakeholders in understanding our objectives and strategic priorities, and may not be appropriate for other purposes. While certain matters discussed in this document may be significant, any significance should not be read as necessarily rising to the level of materiality used for the purposes of complying with securities laws and regulations, even if we use the word "material". We do not undertake to update any forward-looking statement that is contained in this document or in other communications except as required by law.

Disclaimer

This document is provided solely for informational purposes, and does not constitute an offer or a solicitation to buy or to sell any security, product or service in any jurisdiction; nor is it intended to provide investment, financial, legal, accounting, tax or other advice, and such information should not be relied or acted upon for providing such advice.

After the date of this document, CIBC does not assume any responsibility or obligation to update or revise any statements in this document, regardless of whether those statements are affected by the results of new information, future events or otherwise. No representation or warranty, express or implied, is or will be made in relation to the accuracy, reliability or completeness of the information contained herein, including any third-party information contained in this document or otherwise used to derive information in this document. No liability whatsoever is or will be accepted by CIBC for any loss or damage howsoever arising out of or in connection with the use of, or reliance upon, the information contained in this document.

Climate metrics and data and other information contained in this document, including but not limited to those relating to climate scenario analysis, GHG emissions, financed emissions, carbon-related assets and emissions from our own operations are or may be based on significant assumptions, estimates and judgments. In addition, as discussed, herein, some of the information provided, including regarding financed emissions associated with our oil and gas, power generation, auto manufacturing, and other lending portfolios is based on estimated data with very limited support. For example, we have not independently verified or assessed the assumptions underlying the data we have obtained from our clients and other third parties that we use to set, track and report on our progress towards reaching our interim net-zero targets. Furthermore, the data required to determine our pathway towards meeting our interim net-zero targets may be limited in quality, unavailable or inconsistent across the sectors we decide to concentrate on. Given their inherent uncertainty and complexity, and the significant issues with some of the underlying data, assumptions, estimates and judgments believed to be reasonable at the time of preparation of the document may subsequently turn out to be inaccurate. In addition, many of the assumptions, estimates, standards, methodologies, scenarios, metrics and measurements used in preparing this document continue to evolve and may differ significantly from those used by other companies and those that may be used by us in the future. Legislative and regulatory changes, market developments and/or changes in data availability and reliability could materially affect the assumptions, estimates, standards, methodologies, scenarios, metrics and measurements used by us and/or other companies, and could materially affect the comparability of the information and data across industries or companies and from one reporting period to a subsequent reporting period, as well as our ability to achieve our priorities, targets, metrics, commitments and goals. Any priorities, metrics and targets, sustainability commitments and goals discussed in this document, including but not limited to our 2030 interim and 2050 net-zero emissions commitments, metrics, targets and goals, are aspirational, depend on the collective efforts and actions across a wide range of stakeholders outside of our control, and there can be no assurance that any such commitments, metrics, targets and goals will be achieved. Refer to "A Note about Forward-looking Statements" above.

This document and the information contained within it is unaudited. Certain metrics and data contained in this document have been subject to independent limited assurance. The applicable limited assurance report or verification statement can be found in the ESG Document Library on our website.

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This document is intended to provide information from a different perspective and in more detail than that required to be included in mandatory securities filings and other regulatory reports, including filings with Canadian securities regulators and the SEC. While certain matters discussed in this document may be of interest and importance to our stakeholders, the use of the terms "material", "significant", "important" or similar words or phrases should not be read as necessarily rising to the level of materiality used for the purposes of securities laws and regulations or other laws.

All data and examples in this document reflect activities undertaken during the 2021, 2022 and 2023 fiscal years (November 1 – October 31), unless otherwise noted.

All amounts in this document are in Canadian dollars unless otherwise noted. The CIBC logo is a trademark of CIBC.

Endnotes

[1] NZBA requires sector-level targets be set for the following carbon-intensive sectors: agriculture; aluminum; cement; coal; commercial and residential real estate; iron and steel; oil and gas; power generation; and transport (UNEP FI, 2021).

[2] Financing activities captured in our net-zero ambition relates to the specific sectors and their boundaries where we have set interim targets and include our lending commitments and facilitated financing, which is CIBC's share of actual economic allocation for equity capital markets and debt capital markets underwritings, where applicable. Refer to our disclosure on Net-Zero Approach for further details.

[3] For further details and our approach to the development of interim net-zero targets, refer to our Net-Zero Approach.

[4] Reported Canada and U.S. Scope 1 and 2 operational GHG emissions data for 2018 to 2023 cover 95% of our global occupied floor space (CIBC FirstCaribbean and international locations cover the remaining floor space) within the reporting period from August 1st to July 31st.

[5] The methodology for collecting data and calculating operational GHG emissions is based on The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

[6] In 2023, we purchased and applied 130,481 and 13,374 RECs from Canada and the U.S., respectively. These RECs accounted for over 92% of our total Scope 2 indirect emissions from electricity use and 83% of our total electricity consumption for these two regions in 2023 and contributed to 51% of our 2024 carbon neutral target compared to a 2018 baseline.

[7] Sustainable financing largely relates to various CIBC products and services that support client activities such as renewable and emission-free energy, energy efficiency, sustainable infrastructure or technology, sustainable real estate, affordable housing and basic infrastructure; as well as sustainability-linked and green financial products. Sustainability-linked financial products are designed to incentivize the client to achieve pre-determined ESG targets with pricing implications (i.e., linkages to interest charged or credited). Our sustainability linked financial products are aligned to relevant guidelines, principles and frameworks such as the Asia Pacific Loan Market Association, Loan Market Association, Loan Syndications and Trading Association Sustainability Linked Loan Principles or International Capital Markets Association Sustainability Linked Bond Principles. The products and services offered by CIBC included in our sustainable finance commitment include loans and loan syndications, debt and equity underwritings, M&A advisory and principal investments. Loans and investments that enable affordable housing activities also meet our obligations under the *U.S. Community Reinvestment Act*. In 2023, our methodology was updated prospectively to include transactions relating to securitization. We did not restate our cumulative performance from 2018 to 2022.

[8] The methodology applied to our 2023 progress details how we account for our share of each transaction depending on business product. In the event that multiple products or services are provided to the same client or for the same eligible activity, the value of each product or service is counted towards the sustainable finance commitment, which encourages the active participation of multiple business units at CIBC in supporting our sustainable finance goal. When appropriate, we utilize a modified third-party league table methodology to attribute CIBC's share of the transaction depending upon CIBC's role, which for syndicated loans, M&A advisory and debt and equity underwritings in which we act as a lead or co-lead could result in amounts being counted not directly financed or facilitated by CIBC. For transactions involving foreign exchange conversion, we have applied a fixed internal advised rate. The methodology applied to our 2023 and cumulative progress was established in 2018 and subsequently updated in 2021, 2022 and 2023 to reflect changing market practices and industry guidelines. In March 2024, we published our updated 2024 Sustainable Finance Methodology, which is effective prospectively for eligible transactions that close on or after November 1, 2023. CIBC intends to regularly update our methodology as market practices, industry guidelines, frameworks, standard and regulations continue to evolve.

[9] Refer to the Exposure to carbon-related assets section in this report for further information.

[10] The number of evaluations has gone up in 2023 due to the phased approach that we employed, which incorporates additional clients as they come up for review. In addition, we apply an internal threshold to identify in-scope large corporate and commercial clients.

[11] The ESG Index is comprised of both internal targets and select ESG scorecard targets. The targets reflect the areas of importance for CIBC's stakeholders where CIBC can have the most impact.

[12] Intergovernmental Panel on Climate Change. (2023). Climate Change 2023: Synthesis Report.

[13] Sustainable financing is intended to help our clients achieve their green and social ambitions, which include but are not limited to climate change related ambitions, and therefore do not always contribute to a reduction in greenhouse gas (GHG) emissions. In addition, sustainable financing may involve eligible green activities or targets that aim to reduce the growth rate or intensity of a client's GHG emissions, but do not necessarily curtail the growth of their absolute emissions.

[14] Our net-zero roadmap uses timeframes which were developed to align with our net-zero ambition by 2050.

[15] CIBC's measurement approach for our net-zero financing activities includes CIBC's share of actual economic allocation for loans, equity capital markets and debt capital markets underwritings, pertaining to the sectors for which we have established targets. For further details, refer to our disclosure on Net-Zero Approach.

[16] We plan to use a mix of renewable energy certificates and carbon removals to achieve carbon neutrality by 2024. These RECs and carbon removals do not represent actual reductions in our emissions. To achieve our 30% location-based GHG reduction target relative to a 2018 baseline by 2028, CIBC is investing in initiatives, including but not limited to, improvements to operational energy efficiency, decarbonization strategies and building space optimization. We do not anticipate that the measures required to reach our GHG target will include the purchase of renewable energy certificates or carbon removals.

[17] Government of Canada. (2022). Oil and gas emissions cap.

[18] International Energy Agency. (2023). Net-Zero by 2050: A Roadmap for the Global Energy Sector.

[19] A REC represents 1 megawatt hour (MWh) of renewable electricity. For every unit of renewable electricity generated and put onto the electricity grid, an equivalent amount of RECs is produced, which help us achieve our 100% renewable energy target.

[20] The Dasgupta Review. (2021). Economics of Biodiversity Report.

[21] With less than or equal to 60% total power generation (MWh) from coal.

[22] GARP Risk Institute. (2019). Climate Risk Management at Financial Firms: Challenges and Opportunities.

[23] Government of Canada (2023). Update to the Pan-Canadian Approach to Carbon Pollution Pricing 2023-2030.

[24] Intergovernmental Panel on Climate Change (IPCC), Special Report on the Ocean and Cryosphere in a Changing Climate – Chapter 4: Sea Level Rise and Implications for Low-Lying Islands, Coasts and Communities, 2022.

[25] International Energy Agency. (2021). Net Zero by 2050: a roadmap for the global energy sector.

[26] United Nations Environment Program Financing Initiative (UNEP FI). (2020). Charting a New Climate: State-of-the-art tools and data for banks to assess credit risks and opportunities from physical climate change impacts.

[27] Includes drawn and undrawn commitments, repo-style transactions, other off-balance sheet and OTC derivatives under both the internal ratings-based (IRB) approach and the Standardized approach for credit risk as of October 31, 2023. Prior year figures excluded the standardized portfolios of CIBC Bank USA and CIBC FirstCaribbean. Commercial mortgages exposures have been reported under the industry in which the borrowers are operating.

[28] Probability of Default (PD): An estimate of the likelihood of default for any particular customer which occurs when that customer is not able to repay its obligations as they become contractually due. PD is based on through-the-cycle assumptions for regulatory capital purposes. For the purposes of this report, PDs refer specifically to regulatory PDs.

[29] Expected loss: Expected loss represents the loss that is statistically expected to occur in the normal course of business, with adjustments for conservatism, in a given period of time.

[30] Risk-weighted assets (RWA): RWA consist of three components: (i) RWA for credit risk, which are calculated using the AIRB and standardized approaches, (ii) RWA for market risk, and (iii) RWA for operational risk. The AIRB RWA are calculated using PDs, LGDs, EADs, and in some cases maturity adjustments, while the standardized approach applies risk weighting factors specified in the OSFI guidelines to on- and off-balance sheet exposures. The RWA for market risk in the trading portfolio are based on the internal models approved by OSFI with the exception of the RWA for traded securitization assets where we are using the methodology defined by OSFI. The RWA for operational risk, which relate to the risk of losses resulting from people, inadequate or failed internal processes, and systems or from external events, are calculated under a standardized approach. Since the introduction of Basel II in 2008, OSFI has prescribed a capital floor requirement for institutions that use the AIRB approach for credit risk. The capital floor is determined by comparing a capital requirement calculated by reference to the Basel II standardized approach against the Basel III calculation, as specified by OSFI. Any shortfall in the Basel III capital requirement is added to RWA.

[31] Bank of Canada and Office of the Superintendent of Financial Institutions. (2021). Using Scenario Analysis to Assess Climate Transition Risk: Final Report of the BoC-OSFI Climate Scenario Analysis Pilot.

[32] Bank of Canada and Office of the Superintendent of Financial Institutions. (2023). Standardized Climate Scenario Exercise – draft for consultation.

[33] All financed emissions including absolute and intensity metrics exclude CIBC FirstCaribbean lending, investment and underwriting activities. Oil and gas absolute and intensity metrics exclude clients with committed exposure less than CAD $5 million. Power generation absolute and intensity metrics exclude clients with committed exposure less than CAD $5 million.

[34] United Nations Environment Program Finance Initiative (UNEPFI). (2021). Guidelines for Climate Target Setting for Banks.

[35] Although sustainable finance products may assist and support clients in their decarbonization journeys, they in some cases do not explicitly aim to achieve CIBC's interim net-zero targets. That said, sustainable finance may still support CIBC's interim net-zero targets in cases where financing activities are in line with the priority sectors where CIBC has developed targets. In providing these sustainable financing solutions, we understand that our financed emissions may fluctuate in the short-to-medium term as we support companies in carbon-intensive industries to transition to lower-carbon operations. However, given the important role that sustainable finance plays in mitigating climate change, and in line with NZBA guidance, we do not regard a short-term increase in financed emissions as inconsistent with our climate strategy. We expect the road to achievement of our goal will not be a linear reduction year over year, however we expect the long-term trend to align with our goal.

[36] Government of Canada. (2023). Environmental indicator – Greenhouse gas emissions.

[37] Due to deficiencies identified in third party data sources of emissions data, we restated our 2021 absolute financed emissions using reported client data to better reflect our clients' emissions in this sector and allow for greater comparability. This correction did not impact our data quality scoring methodology.

[38] This percentage represents our corporate lending, project finance and facilitated financing, and only includes projects that have reached their commercial operation date.

[39] International Energy Agency. (2023). Cars and Vans.

[40] Captive financing includes the following activities with the captive finance subsidiaries: lending commitments, debt issuance and securitization.

[41] Government of Canada. (2023). Environmental indicator – Greenhouse gas emissions.

[42] US Environmental Protection Agency. 2023. Annual Energy Outlook.

[43] PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

[44] Balances reflect principal values of all Canadian and U.S. commercial mortgages across various asset types, excluding other real estate lending related to construction and non-mortgage lending.

[45] Balances in 2022 onward reflect principal values of all Canadian CIBC-brand and Simplii mortgages, except for the remaining FirstLine branded mortgages from the exited FirstLine mortgage broker business, and third-party originated mortgages. The balances also exclude the U.S. and CIBC FirstCaribbean mortgages. Does not include construction loans or home equity line of credit (HELOCs). Balances prior to 2022 do not include Simplii mortgages.

[46] Government of Canada (2023). New Electric Vehicle Availability Standard.

[47] Government of Canada.(2023). Environmental indicator – Greenhouse gas.

[48] Government of Canada (2023). 2030 Emissions Reduction Plan (ERP).

[49] The total carbon-related assets include drawn, undrawn and other off-balance sheet figures of our non-retail clients.

[50] The total credit risk exposure includes drawn, undrawn and other off-balance sheet figures of our retail (i.e., real estate secured personal lending, qualifying revolving retail, other retail), business and government portfolios under the AIRB approach for 2020, 2021 and 2022 and under the IRB approach for 2023. It excludes repo-style transactions and OTC derivatives. Beginning in the second quarter of 2023, as part of the implementation of the Basel III reforms, certain exposures in which we act as a guarantor were prospectively reclassified from other off-balance sheet to repo-style transactions with the inclusion of the collateral held now included in collateral held for repo-style transactions.

[51] Scope 1 emissions include direct emissions from the combustion of natural gas and fuel (oil and propane).

[52] Scope 2 location-based emissions include indirect emissions from the purchase of electricity, district steam, and chilled water, before the application of any RECs.

[53] Scope 2 market-based emissions reflect location-based emissions less the emissions associated with RECs.

[54] Office paper includes internal paper usage from Canadian and U.S. operations within the fiscal year (November 1 to October 31st). Lifecycle estimate related to internal paper use was made using the Environmental Paper Calculator (www.papercalculator.org).

[55] Employee business travel includes all Canadian, U.S., and U.K. air, train and car travel for company business within the fiscal year and excludes employee commuting. Air travel is inclusive of emissions associated with the use of CIBC's corporate jet. In 2022, 2.6 tCO_2e of Scope 3 business travel emissions from the combustion of jet fuel were offset with Sustainable Aviation Fuel (SAF) on flights operated by the following: Lufthansa Group Airlines Austrian Airlines, Brussels Airlines, Lufthansa and SWISS.

[56] Emissions avoided are related to where RECs are applied. In 2022, we purchased less RECs than in 2023; however, they were applied in regions with carbon-intensive electricity grids resulting in greater Scope 2 emission reductions.

[57] We have restated our 2021 progress for the power generation target to 208 $kgCO_2$/MWh, from our original disclosure of 200 $kgCO_2$/MWh in our 2022 Climate Report. This change is due to adjustments made to the emissions intensities for certain clients captured in our target.

[58] Partnership for Carbon Accounting Financials (PCAF) (2022). The Global GHG Accounting and Reporting Standard for the Financial Industry.