



# CIBC Sustainable Finance Methodology

Fiscal 2024



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# 1. Introduction and methodology overview

CIBC is a leading and well-diversified North American financial institution committed to creating enduring value for all our stakeholders—our clients, team, communities, and shareholders. We are guided by our purpose—to help make your ambition a reality, and we are activating our resources to create positive change.

Across our bank and our businesses—Personal and Business Banking, Commercial Banking and Wealth Management, and Capital Markets and Direct Financial Services—our 48,000 employees bring our purpose to life every day for our 14 million personal banking, business, public sector, and institutional clients in Canada, the US, and around the world.

CIBC's objective is to support our clients achieve their environmental and social ambitions and enable a more secure, equitable, and sustainable future.

CIBC takes decisive action toward helping our clients by offering effective, sectoral, and market-based solutions. Our efforts focus on ensuring our clients have the right advice and access to capital. Sustainable finance is one example of CIBC's product offerings that support our clients.

## 1.1. Sustainable finance methodology

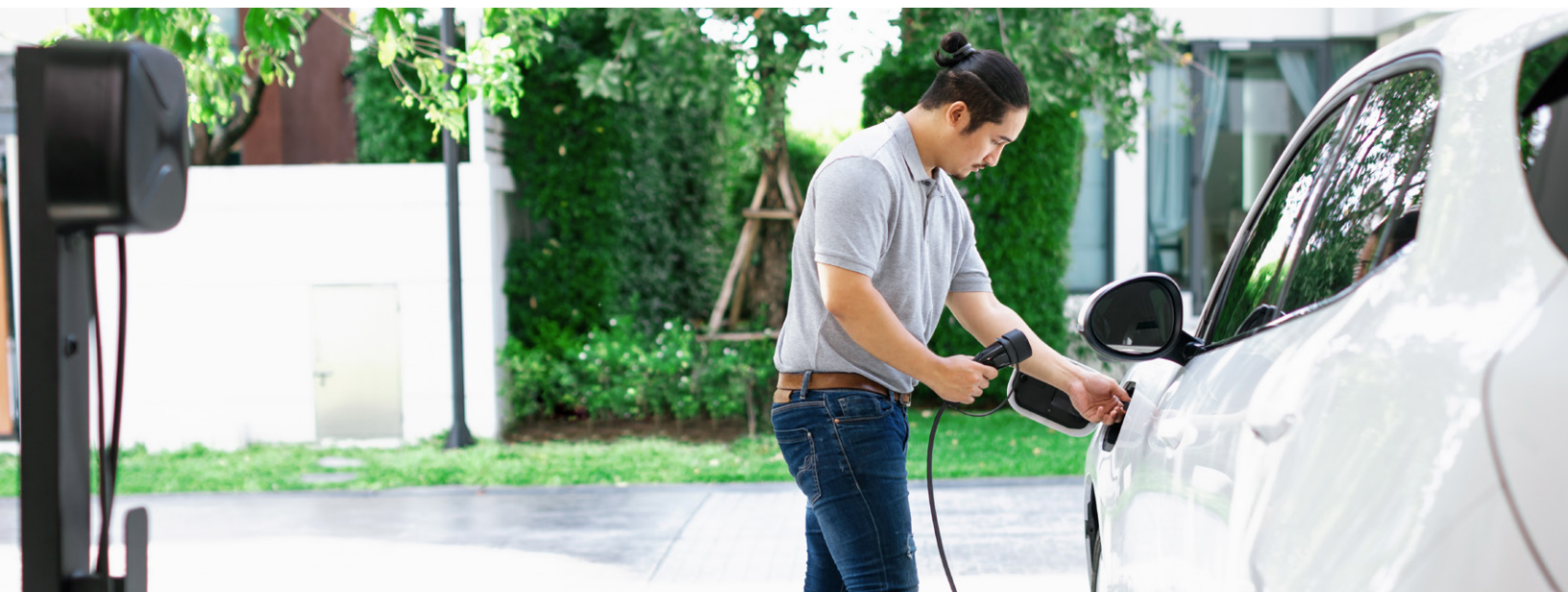
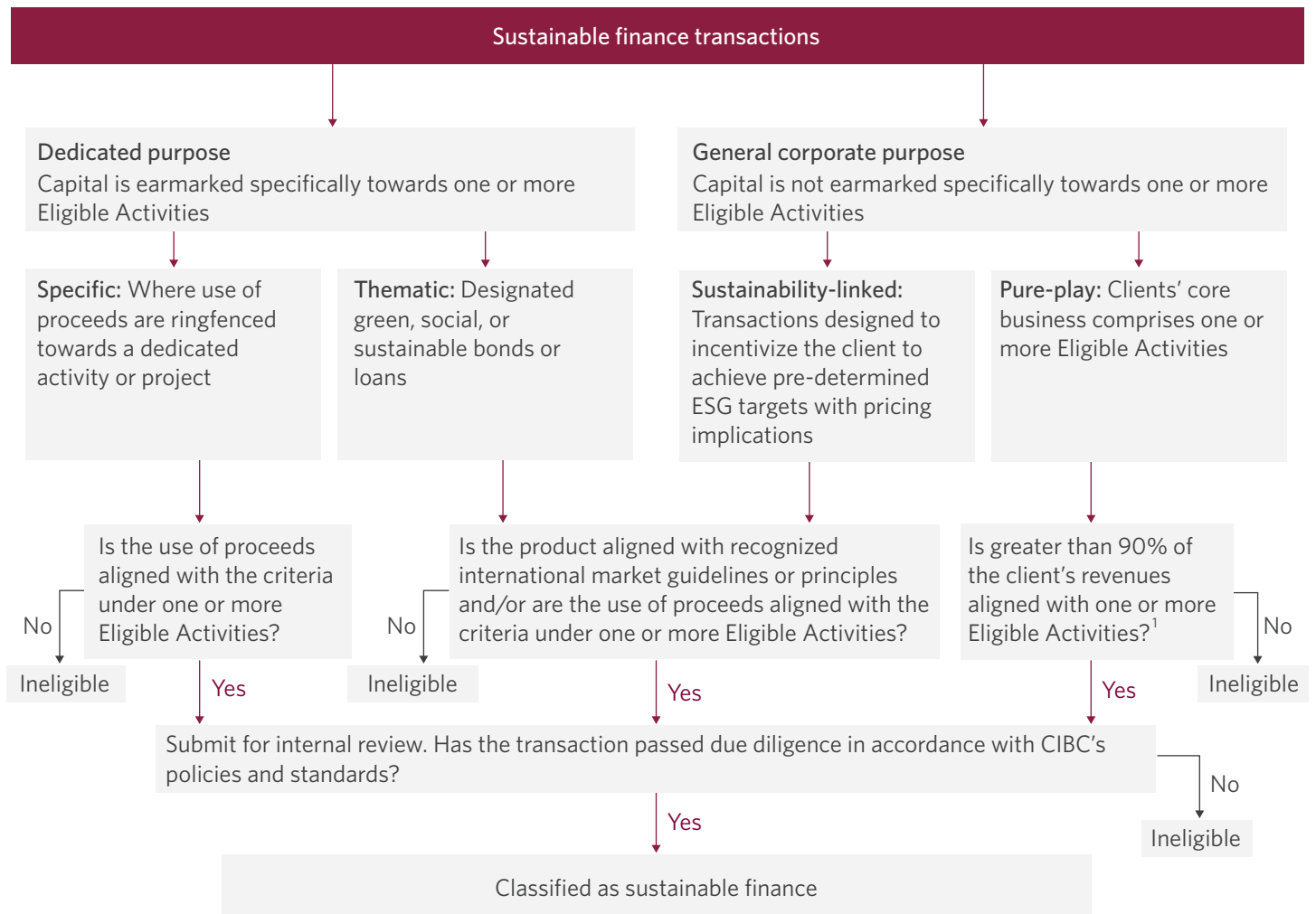
In 2019, CIBC set an initial commitment of \$150 billion towards sustainable finance by 2027. In August 2021, this goal was increased to \$300 billion towards sustainable finance activities by 2030 ("SF Goal"). We established our internal methodology in 2018 to assess eligible sustainable finance transactions. We subsequently updated the methodology on a go-forward basis 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. CIBC intends to regularly update this methodology as market practices, industry guidelines, frameworks, standards, and regulations evolve.

This CIBC Sustainable Finance Methodology (the "Methodology") is effective prospectively for eligible sustainable finance transactions that close on or after November 1, 2023 and will be used to calculate CIBC's progress toward the SF Goal on a go-forward basis starting for annual reporting periods ending on or after October 31, 2024. The reporting of our annual and cumulative performance for the periods ending on October 31, 2018 to October 31, 2023 will not be restated.



## 2. Classification pathway

The following classification pathway sets out the process of classification of a transaction as sustainable finance towards the SF Goal. For further details on the internal governance processes for review and approval of each transaction, see Section 5 on Governance and reporting.





## 3. Eligible green, decarbonization, and social activities


The following sections cover the eligible green, decarbonization, and social activities (separately, an “Eligible Activity” or collectively, “Eligible Activities”) and corresponding eligibility criteria used for the classification of a transaction as sustainable finance. CIBC supports the United Nations Sustainable Development Goals (“UN SDGs”). Each Eligible Activity is mapped to the UN SDGs, with a focus on the primary UN SDG contribution from each Eligible Activity.









The eligibility criteria for the classification of a transaction as sustainable finance are informed by international market standards and current industry practices. Eligible Activities listed below include one or more of the following: development, construction, acquisition, operation, maintenance, distribution, renovation, refurbishment, or research and development of facilities, land, services, systems, enabling technologies, or equipment, as may be applicable, including activities along the value chain in support of such Eligible Activities.

### 3.1. Eligible green activities

Activities eligible for financing as green must fulfill the relevant eligibility criteria (outlined under the description in the table below) for one or more Eligible Activities detailed in the table below.

#	Eligible Activities	Description	UN SDGs alignment
1.	Clean energy	<p><i>Clean energy sources:</i></p> <ul style="list-style-type: none"> <li>• Solar</li> <li>• Offshore and onshore wind</li> <li>• Geothermal with direct emissions &lt;100 grams of CO<sub>2</sub>e/ kWh on life cycle basis</li> <li>• Tidal</li> <li>• Energy production with feedstock using hydrogen or ammonia generated using clean energy sources, and technologies and infrastructure to support</li> <li>• Small scale (&lt;25 MW), run-of-river hydroelectric projects<sup>2</sup>, as well as the refurbishment, operation or maintenance of existing hydroelectric facilities. For hydroelectric projects &gt;25 MW, power density<sup>3</sup> or lifecycle emissions thresholds must be met.</li> <li>• Waste biomass and renewable biofuels whose sources include sustainable agriculture (such as RSB<sup>4</sup> and RSPO<sup>5</sup> certification) and forestry (such as Forest Stewardship Council (FSC), the Programme for the Endorsement of Forest Certification (PEFC), and Sustainable Forestry Initiative (SFI)) residues with direct emissions &lt;100 grams of CO<sub>2</sub>e/kWh</li> <li>• Nuclear energy and related facilities, services, systems, or equipment<sup>6</sup>, including enrichment and procurement of nuclear fuel and activities related to component replacement<sup>7</sup> or spent fuel management including recycling and storage</li> </ul> <p><i>Specified transmission infrastructure:</i> Electricity transmission and distribution infrastructure and equipment that complies with at least one of the following criteria:</p> <ul style="list-style-type: none"> <li>• Over 67% of newly enabled generation capacity below the generation threshold value of 100 grams of CO<sub>2</sub>e/kWh, over a rolling-five year period; or</li> <li>• Enabling the grid to support the integration of renewable or storage technologies that have an emissions threshold below 100 grams of CO<sub>2</sub>e/kWh over a rolling five-year period; or</li> <li>• Average system grid emissions factor below the threshold value of 100 grams of CO<sub>2</sub>e/kWh, over a rolling five-year period</li> </ul> <p>Investments in research and development that increase the share of low carbon electricity and/or allow the integration of renewable energy<sup>8</sup> to the electricity grid by directly connecting renewable energy, such as connection of renewable energy generation (e.g. microgrids), energy storage systems, and battery systems.</p>	 

#	Eligible Activities	Description	UN SDGs alignment
2.	Clean fuels	<ul style="list-style-type: none"> <li>Production of renewable and low-carbon intensity fuels, which results in greenhouse gas savings in alignment with EU Renewable Energy Directive II reduction pathways, such as:               <ul style="list-style-type: none"> <li>Hydrogen or ammonia sourced from clean energy<sup>9</sup>, ethanol, renewable natural gas, renewable diesel, renewable propane, sustainable aviation fuel, synthetic fuel, renewable biofuels<sup>10</sup></li> </ul> </li> <li>Clean energy sourced production of marine fuels (in alignment with the International Maritime Organization’s goal and Poseidon Principles trajectory) in the form of hydrogen or ammonia with no direct emissions, e-methanol, e-gas oil and electricity for use in batteries, bio-diesel and bio-methane</li> <li>Infrastructure dedicated towards eligible (as defined under the Clean energy section) hydrogen or ammonia conversion and or/disassociation</li> </ul>	
3.	Energy efficiency	<p>Activities that (a) increase energy efficiency or reduce energy consumption or mitigate greenhouse gas (“GHG”) emissions by more than 30%, or (b) help manage and/or store energy, as detailed below:</p> <ul style="list-style-type: none"> <li>Energy efficient investments in new or refurbished properties (residential or commercial) such as lighting, upgrade of HVAC systems, or distributed energy resources and distributed energy storage</li> <li>Energy storage and battery energy storage systems and upstream enabling activities (including: electromechanical storage such as flywheel, thermal, pneumatic; hydrogen/CO<sub>2</sub> storage; pumped hydro)</li> <li>Energy efficient district heating and cooling systems that are at least 50% powered by renewable energy or waste heat or both</li> <li>Smart grid investments and centralized energy control systems for more efficient and/or stabilization of electricity transmission and distribution</li> <li>Digital controls and sensors for power demand management</li> <li>Communications network investments, including modernization, reconfiguration and optimization of existing networks, deployment of new networks and improvement of supporting infrastructure, such as 5G, optic fibre, cooling and power modernization, smart management systems, optimization of power storage</li> </ul>	
4.	Pollution prevention and control	<ul style="list-style-type: none"> <li>Collection<sup>11</sup>, treatment/remediation, recycling<sup>12</sup> or reuse of emissions, waste, hazardous waste or contaminated soil</li> <li>Facilities, systems and equipment that are used to divert waste from landfills or reduce emissions</li> <li>Methane capture projects used for energy generation or captured from closed/decommissioned landfill with high gas capture efficiency of 75% or more</li> <li>Carbon capture and utilization or carbon capture and storage technologies that deliver a net reduction in greenhouse gas emissions including direct air capture, bio-energy carbon capture and storage (BECCS<sup>13</sup>), biochar for soils, enhanced weathering, ocean fertilization and transport of captured CO<sub>2</sub> by pipeline, including conversion of existing networks and terminals, into CO<sub>2</sub> transportation networks</li> <li>Waste-to-energy power plants where the source of energy will be household, commercial or market waste</li> </ul>	
5.	Climate resilience and adaptation	<ul style="list-style-type: none"> <li>Observation and early warning systems and data systems or infrastructure designed to protect against flooding and other extreme weather events</li> <li>Increasing resilience against extreme weather events such as flood mitigation barriers, flood prevention, flood defense or storm water management, or wildfire mitigation and management, subject to appropriate environmental and vulnerability assessments and adaptation plans</li> <li>Climate resiliency measures for residential and commercial properties</li> </ul>	

#	Eligible Activities	Description	UN SDGs alignment
6.	Environmentally sustainable management of living natural resources and land use	<p>Activities that contribute to the sustainable management of living natural resources and land use and natural ecosystem protection as detailed below:</p> <ul style="list-style-type: none"> <li>• Sustainably managed forests and forest products where the fiber input is certified by credible third-party certification systems such as: Forest Stewardship Council (FSC)<sup>14</sup>, the Programme for the Endorsement of Forest Certification (PEFC)<sup>15</sup>, and Sustainable Forestry Initiative (SFI)<sup>16</sup></li> <li>• Environmentally sustainable agriculture, climate smart farm inputs<sup>17</sup>, or animal husbandry certified by recognized third-party certifications such as: Canada Organic<sup>18</sup>, USDA Organic<sup>19</sup>, FAIRTRADE<sup>20</sup>, UTZ<sup>21</sup>, or Rainforest Alliance<sup>22</sup></li> <li>• Environmentally sustainable fisheries and aquaculture, certified by recognized third-party certifications such as: Marine Stewardship Council<sup>23</sup>, Aquaculture Stewardship Council<sup>24</sup>, Global G.A.P for Aquaculture<sup>25</sup>, Best Aquaculture Practices<sup>26</sup> (2 stars or more)</li> <li>• Protected agriculture such as greenhouses and shade houses that save energy and water; and operations for growing crops within their natural cycle or sourcing low-carbon energy for heat and power</li> <li>• Agricultural practices that maintain or improve existing carbon pools such as lowered fertilizer use, including chemical/synthetic fertilizer use, lowered pesticide use, low tillage techniques, rehabilitation and restoration of degraded lands, rangeland management; or collection and use of agricultural waste</li> <li>• Livestock management projects intended to reduce methane or other GHG emissions such as manure management with anaerobic digestion, in alignment with sustainably managed forest practices</li> </ul>	 
7.	Terrestrial and aquatic biodiversity conservation	<p>Activities that contribute to the enhancement or conservation of terrestrial or aquatic biodiversity as detailed below:</p> <ul style="list-style-type: none"> <li>• Protection of coastal, marine and watershed environments certified by credible third-party certifications such as: the Marine Stewardship Council, Aquaculture Stewardship Council, Global G.A.P for Aquaculture, or Best Aquaculture Practices (2 stars or more)</li> <li>• Nature-based solutions such as afforestation/reforestation, increasing ecological diversity, or restoring ecosystems such as drained peatlands certified by FSC, PEFC, SFI</li> </ul>	 
8.	Clean transportation	<p>Assist low carbon transport for persons or freight<sup>27</sup> as detailed below:</p> <ul style="list-style-type: none"> <li>• <i>Private transport:</i> electric or hydrogen vehicles, hybrid vehicles (with CO<sub>2</sub> emission threshold of &lt;50 grams of CO<sub>2</sub> /p-km)<sup>28</sup>, hydrogen fuel or electric charging stations</li> <li>• <i>Public transport:</i> train (rolling stock and vehicles for electrified public transport, such as electrified rail, trams and trolleybuses), buses with no direct emissions (electric or hydrogen), hydrogen fuel or electric charging stations, hybrid buses (with CO<sub>2</sub> emission threshold of &lt;50 grams of CO<sub>2</sub> /p-km), or transportation infrastructure (expansion of metro/train network, station upgrades)</li> <li>• Manufacturing and/or procurement of components and enabling solutions for electric vehicles and equipment such as batteries, battery cells, fuel cells, electric motors, powertrains and other components used in zero-emission propulsion solutions, as well as remanufacturing and or recycling of these</li> </ul>	 
9.	Sustainable water and waste water management	<p>Activities that improve water quality, efficiency and conservation as detailed below:</p> <ul style="list-style-type: none"> <li>• Water treatment infrastructure including water recycling and wastewater treatment systems (including water desalination plants)</li> <li>• Water metering activities to support conservation initiatives</li> <li>• Water capture and storage infrastructure, including storm water management systems, water distribution systems, aquifer storage, and sewer systems</li> </ul>	 

10. Green buildings Residential or commercial buildings or construction projects that meet the following criteria:

- Received, or expect to receive based on design, construction, operation or maintenance, certifications such as:
  - Leadership in Energy and Environmental Design (LEED) Gold or Platinum; or
  - BOMA BEST (Gold or Platinum); or
  - BREEAM (Excellent or above); or
  - ENERGY STAR (85 or above); or
  - Passive House Institute – EnerPHit; or
  - Toronto Green Standard (v3) Tier 2 or higher; or
  - BC Step Code (Step 3 or above) or
  - National Green Building Standard (Silver or above)
- Achieved, based on third-party assessment, GHG emission performance in the top 15% of their geographic region (city, province/state, country); or
- Achieved, based on third-party assessment, at least 30% over baseline reduction in energy consumption or GHG emissions from retrofits and building envelopes

Data center greenfield and refurbishment projects with a design average annual Power Usage Effectiveness (PUE) at or below 1.50.



11. Circularity Circular economy activities as detailed below:

- Substitution of virgin raw materials with 100% secondary (recycled or reused waste) materials (fabrics, metals, fibres, wood, and plastic) in manufacturing and industrial processes; or
- Product design and service design for modularity, easy disassembly and repair to facilitate recycling, reuse, or lifetime extension; or
- Solutions that extend product-life or cycle of use of goods/materials; or
- Minerals-based materials recovery or recycling in mining and industrial materials processes post-production; or
- Companies and technologies that support the reduction of virgin material extraction including battery recycling businesses









## 3.2. Eligible decarbonization activities

Eligible decarbonization activities as outlined in the table below aim to support the decarbonization of emission-intensive activities leading to sectoral transformation, aligned with available guidance on decarbonization activities, including the International Energy Agency's Net Zero Emissions by 2050 Scenario. CIBC intends to regularly update the eligible decarbonization activities as the regulatory environment, market practices and industry standards, guidelines, frameworks, principles and regulations continue to evolve.

Activities eligible for financing as a decarbonization activity must fulfill the relevant eligibility criteria (outlined under the description in the table below) for one or more Eligible Activities detailed in the table below. In addition, each client (at the parent or issuer level) will need to have established the following:

- Net-zero GHG emissions target by 2050 or sooner; or
- Commitment to reduce or enable the reduction of GHG emissions along with demonstrated oversight and related disclosure.


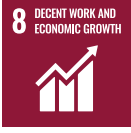

#	Eligible Activities	Description	UN SDGs alignment
1.	Carbon capture, utilization, and storage <sup>29</sup>	Carbon capture, utilization, and/or storage technologies and infrastructure for: <ul style="list-style-type: none"> <li>• Biomass; or</li> <li>• Power generation; or</li> <li>• Heavy industrials, such as cement and steel manufacturing; or</li> <li>• Heat recovery solutions</li> </ul>	
2.	Low-carbon intensity fuels	<ul style="list-style-type: none"> <li>• Production of low-carbon intensity fuels and low-carbon marine fuels, compliant with carbon intensity thresholds defined as follows<sup>30</sup>:               <ul style="list-style-type: none"> <li>• Liquid fuels with carbon intensity equal to or below 50 grams of CO<sub>2</sub>e/MJ; and</li> <li>• Gaseous fuels with carbon intensity equal to or below 36 grams of CO<sub>2</sub>e/MJ</li> </ul> </li> <li>• Investments related to infrastructure dedicated towards:               <ul style="list-style-type: none"> <li>• Blue<sup>31</sup> hydrogen that aligns with CertifHy's recommended threshold for lifecycle carbon intensity of at least 60% below the intensity of hydrogen produced from steam reforming of natural gas (currently set at 36.4 gCO<sub>2</sub>e/MJ)<sup>32</sup>; or</li> <li>• Blue ammonia conversion and/or disassociation</li> </ul> </li> </ul>	
3.	Electrification	Electrification of conventional, non-electric technologies across hard-to-abate industries such as: <ul style="list-style-type: none"> <li>• Iron and steel, using molten oxide electrolysis (MOE)</li> <li>• Cement decarbonization, including electric kilns<sup>33</sup></li> <li>• Aluminum decarbonization, including thermal efficiency improvement, development of novel anode technologies and retrofitting of smelters<sup>34</sup></li> </ul>	 



### 3.3. Eligible social activities

Eligible social activities as outlined in the table below aim to provide clear social benefits and help build more inclusive communities. The following activities will focus on target populations, where applicable, as aligned to the definition in the ICMA Social Bond Principles 2023. Activities eligible for financing as a social activity must fulfill the relevant eligibility criteria (outlined under the description in the table below) for one or more Eligible Activities detailed in the table below.

#	Eligible Activities	Description	UN SDGs alignment
1.	Essential services	<p>Essential services that ensures access to publicly available, free or subsidized<sup>35</sup> access to all, including socially vulnerable and historically disadvantaged groups:</p> <ul style="list-style-type: none"> <li>• <i>Healthcare:</i> <ul style="list-style-type: none"> <li>• Public hospitals, clinics, healthcare centres, long-term care facilities, hospices, medical and diagnostic equipment, and digital healthcare</li> <li>• Mental health facilities, programs, and services</li> <li>• Homes or health facilities for elderly or people with disabilities</li> <li>• Public health systems, including emergency response and disease control services</li> <li>• Healthcare and medical research</li> <li>• Health and medical education</li> <li>• Care centres (childcare centres, community centres, eldercare centres, refugee centres, safe houses, and organizations that provide care and refuge to target populations such as the homeless and survivors of domestic abuse)</li> </ul> </li> <li>• <i>Education:</i> <ul style="list-style-type: none"> <li>• Infrastructure for or improvements to public universities, colleges, schools, and training centres</li> <li>• Digital learning</li> <li>• Activities that support learning and development</li> <li>• In the US, accredited Historically Black Colleges and Universities and Tribal Colleges and Universities</li> </ul> </li> <li>• <i>Public facilities:</i> <ul style="list-style-type: none"> <li>• Development of and provision of free or discounted access to recreational centres, cultural centres, museums, and libraries</li> <li>• Rehabilitation or development of parks and other public spaces</li> </ul> </li> </ul>	 
2.	Affordable housing <sup>36</sup> and basic infrastructure	<ul style="list-style-type: none"> <li>• Housing, shelters, transitional housing, subsidized rentals/ownership homes, that meets accredited or registered affordable housing definitions or that contributes to access for low-income<sup>37</sup> residents. Loans and financing provided for Canada Mortgage and Housing Corporation (CMHC)'s Investment in Affordable Housing Initiative or other similar regional<sup>38</sup> programs which facilitate development of affordable housing would apply.</li> <li>• Projects for rural<sup>39</sup> communities with inadequate existing basic infrastructure and/or unconnected (with no existing mobile service) or underserved (with mobile service by only one operator) communities, which results in increased access to improved drinking water sources, plumbing and sanitation, electricity transmission and distribution (connected to existing regional power grid), communication networks (including mobile and internet access), or rural transportation infrastructures (including feeder roads).</li> </ul>	 

#	Eligible Activities	Description	UN SDGs alignment
3.	Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> <li>Organizations, including micro-, small-, and medium-sized enterprises (MSMEs)<sup>40</sup> and not-for-profit organizations, that promote the socioeconomic advancement and empowerment of low income populations, visible minorities<sup>41</sup>, people with disabilities, senior citizens, migrants/displaced persons, vulnerable youth, LGBTQ+, graduates of local entrepreneurial training programs, women, Indigenous Peoples or government<sup>42</sup>, and/or marginalized populations<sup>43</sup>; and includes activities that: <ul style="list-style-type: none"> <li>Expand access to financial education, provide free or discounted financial services, related capability building and services; or</li> <li>Support access to education, skill development, job placement, professional training, vocational training, and other economic empowerment initiatives</li> </ul> </li> </ul>	  
4.	Employment generation	<ul style="list-style-type: none"> <li>MSMEs where at least 51% ownership is comprised of one or more persons from low income populations, visible minorities, people with disabilities, senior citizens, migrants/displaced persons, vulnerable youth, LGBTQ+, graduates of local entrepreneurial training programs, women<sup>44</sup>, Indigenous Peoples or government, and/or marginalized populations</li> <li>MSMEs in regions that economically underperform or suffer from multiple deprivations as measured in the local context<sup>45</sup></li> </ul>	 
5.	Food security and sustainable food systems	<ul style="list-style-type: none"> <li>Affordable or free access to nutrition (food and potable water) programs that address food insecurity for low income populations, visible minorities, people with disabilities, senior citizens, migrants/displaced persons, vulnerable youth, LGBTQ+, women, Indigenous Peoples and/or marginalized population</li> <li>Activities that support the development of equipment and supplies for food and water safety such as water purification tablets for low income populations, visible minorities, people with disabilities, senior citizens, migrants/displaced persons, vulnerable youth, LGBTQ+, women, Indigenous Peoples and/or marginalized population</li> <li>Activities that build technical capacity, knowledge, and skills through training programs and access to facilities and equipment for smallholder farmers<sup>46</sup> to increase nutritional quality of produce or increase use of new technology and efficient farming practices</li> </ul>	   



## 4. Products and measurement methodology

The business products included in the SF Goal and the corresponding measurement methodology are summarized in the table below.<sup>47</sup> Both financing and refinancing activities are included towards the SF Goal. In the event that more than one business product is provided to the same client or for the same Eligible Activity, the value of each business product provided will be counted towards the SF Goal. Where there is no specific measurement methodology outlined below for a business product, CIBC will be credited for its share of the transaction.

Business product	Category	Description	Measurement methodology <sup>48</sup>	Relevant guidelines, principles, and frameworks
Lending: <i>Project Lending</i>	Dedicated purpose: Specific	Non-designated loans where use of proceeds are exclusively directed to one or more Eligible Activities.	Total authorized amount at financial transaction close <sup>49</sup>	CIBC Sustainable Finance Methodology
Lending: <i>Corporate Lending</i>	General corporate purpose: Pure-play	Loans to entities whose core business comprises one or more Eligible Activities.	Total authorized amount at financial transaction close <sup>49</sup>	CIBC Sustainable Finance Methodology
Lending: <i>Designated Green or Social Loans</i>	Dedicated purpose: Thematic	Where use of proceeds are exclusively directed to one or more Eligible Activities or where the loan is in alignment with the relevant market guidelines or principles.	Total authorized amount at financial transaction close <sup>49</sup>	CIBC Sustainable Finance Methodology APLMA/LMA/LSTA Green Loan Principles APLMA/LMA/LSTA Social Loan Principles
Lending: <i>Sustainability-linked Loans</i>	General corporate purpose: Sustainability-linked <sup>50</sup>	Where the terms of the loan are linked to the borrower's pre-determined ESG targets.	Total authorized amount at financial transaction close <sup>49</sup>	CIBC Sustainable Finance Methodology APLMA/LMA/LSTA Sustainability-Linked Loan Principles
Lending: <i>Fund Finance</i>	Dedicated purpose: Specific Dedicated purpose: Thematic	Private or public capital funds raised with the sole purpose of making investments into thematic funds that are aligned with one or more Eligible Activities.	Total authorized amount at financial transaction close <sup>49</sup>	CIBC Sustainable Finance Methodology
Advisory Services	Dedicated purpose: Specific General corporate purpose: Pure-play	Project, Development, Mergers & Acquisitions (M&A) and/or debt advisory services in transactions where at least one party's core business comprises one or more Eligible Activities.	Advisory services credit for full transaction value for both buy-side and sell-side financial advisors and/or transaction fairness opinions aligned with third-party league tables.	CIBC Sustainable Finance Methodology

Business product	Category	Description	Measurement methodology <sup>48</sup>	Relevant guidelines, principles, and frameworks
Capital Markets: <i>Debt Capital Markets</i>	Dedicated purpose: Thematic General corporate purpose: Sustainability-linked <sup>51</sup> General corporate purpose: Pure-play	Designated green, social, sustainability, and/or sustainability-linked bonds and/or institutional term loans (e.g.: Term Loan B and second lien term loans), where proceeds are earmarked for one or more Eligible Activities or the product is aligned with recognized international market guidelines or the terms of the bond are linked to the issuer's achievement of pre-determined ESG targets or to entities whose core business comprises one or more Eligible Activities, as applicable.	League table value for each offering/issuance in accordance with the credit allocation methodology used by third-party league table providers. For private placements, credit is apportioned between bookrunners and/or lead arrangers, as applicable.	CIBC Sustainable Finance Methodology ICMA Green Bond Principles ICMA Social Bond Principles ICMA Sustainability Bond Guidelines ICMA Sustainability-Linked Bond Principles Climate Bonds Standard
Capital Markets: <i>Equity Capital Markets</i>	General corporate purpose: Pure-play Dedicated purpose: Specific	Capital raised through equity capital markets for issuers and projects whose core business comprises one or more Eligible Activities.	League table value for each offering/issuance in accordance with the credit allocation methodology used by third-party league table providers. For private placements, credit is apportioned between bookrunners and/or lead arrangers, as applicable. For greater clarity in Equity Capital Markets, all treasury and secondary equity offerings via prospectus will be included, whereas treasury equity issuance via at-the-market (ATM) programs and secondary equity offerings via block trade will be excluded.	CIBC Sustainable Finance Methodology ICMA Green Bond Principles ICMA Social Bond Principles ICMA Sustainability Bond Guidelines ICMA Sustainability-Linked Bond Principles Climate Bonds Standard
Limited Partner Investments <sup>52</sup>	General corporate purpose: Pure-play	Technical equity investments in funds that then invest in businesses that comprise one or more Eligible Activities.	Total fund commitment amount. <sup>53</sup>	CIBC Sustainable Finance Methodology

<b>Business product</b>	<b>Category</b>	<b>Description</b>	<b>Measurement methodology<sup>48</sup></b>	<b>Relevant guidelines, principles, and frameworks</b>
<b>Treasury Investments</b>	Dedicated purpose: Thematic General corporate purpose: Sustainability-linked <sup>54</sup>	Green, social, sustainability, and/or sustainability-linked bond purchases held on CIBC's balance sheet where proceeds are: <ul style="list-style-type: none"> <li>▪ Earmarked by the issuer for one or more Eligible Activities;</li> <li>▪ The product is aligned with recognized international market guidelines or principles; or</li> <li>▪ The terms of the bond are linked to the issuer's achievement of pre-determined ESG targets, as applicable.</li> </ul>	Includes net new investments or increased investments in bond issuances already held, and would not be adjusted for maturities that occur during the year.	CIBC Sustainable Finance Methodology ICMA Green Bond Principles ICMA Social Bond Principles ICMA Sustainability Bond Guidelines ICMA Sustainability-Linked Bond Principles
<b>Securitization: Asset-Backed Securities</b>	General corporate purpose: Pure-play General corporate purpose: Sustainability-linked <sup>55</sup> Dedicated purpose: Specific	Issuance of Asset-Backed Securities by the issuer or its parent entity whose core business comprises one or more Eligible Activities, or where the terms are linked to the issuer or parent's achievement of pre-determined ESG targets, or where the use of proceeds is exclusively directed to one or more Eligible Activities.	For Term Asset-Backed Security ("ABS") issuances, in accordance with credit allocation methodology used by third-party league table providers. Private Securitization Facility credit is allocated based on the total amount that CIBC (or one or more CIBC-sponsored asset-backed commercial paper conduit) has committed (for a committed facility) or funded (for an uncommitted facility).	CIBC Sustainable Finance Methodology ICMA Green Bond Principles ICMA Social Bond Principles ICMA Sustainability Bond Guidelines ICMA Sustainability-Linked Bond Principles
<b>Securitization: Green or Social Bonds</b>	Dedicated purpose: Thematic	Secured Green or Social Collateral Bonds and Secured Green or Social Standard Bonds.	Credit allocated to each bookrunner for their portion of the principal amount of the issuance aligned with third-party league tables.	CIBC Sustainable Finance Methodology ICMA Green Bond Principles ICMA Social Bond Principles ICMA Sustainability Bond Guidelines ICMA Sustainability-Linked Bond Principles

Business product	Category	Description	Measurement methodology <sup>48</sup>	Relevant guidelines, principles, and frameworks
Trade Finance	General corporate purpose: Pure-play	Financial instruments and products to facilitate international trade and commerce where the business of at least one of the entities involved comprises one or more Eligible Activities.	Reported annually, based on peak exposure of spot month-end fundings over a 12-month trailing period.	CIBC Sustainable Finance Methodology
Trade Finance: <i>Designated Green or Social Financing</i>	Dedicated purpose: Thematic	Where use of proceeds are exclusively directed to one or more Eligible Activities or the product is aligned with recognized international market guidelines or principles.	Reported annually, based on peak exposure of spot month-end fundings over a 12-month trailing period.	CIBC Sustainable Finance Methodology APLMA/LMA/LSTA Green Loan Principles APLMA/LMA/LSTA Social Loan Principles
Trade Finance: <i>Sustainability-linked Financing</i>	General corporate purpose: Sustainability-linked <sup>56</sup>	Where the structure involves ESG performance targets for obligor or suppliers.	Reported annually, based on peak exposure of spot month-end fundings over a 12-month trailing period.	CIBC Sustainable Finance Methodology ICMA Sustainability-Linked Bond Principles
Tax Credit Investments	Dedicated Purpose: Specific	Low Income Housing Tax Credit (LIHTC) equity investments, Renewable Energy Tax Credit (RETC) equity investments, and other tax credit investments.	Total authorized amount at financial transaction close.	CIBC Sustainable Finance Methodology

## 5. Governance and reporting

While this Methodology applies enterprise-wide, CIBC reports only on sustainable financing by lines of business and functional groups that currently have the necessary internal governance and review procedures in place, and does not fully capture the value of sustainable financing enterprise-wide, globally.<sup>57</sup>

CIBC has a quarterly internal governance and review process for each eligible sustainable finance transaction. Transactions are identified by applicable lines of business and functional groups and each transaction undergoes a review and approval process in line with the eligibility criteria under this Methodology. In addition, all transactions will be screened for compliance with CIBC's Lending Guidelines, Environmental Risk Policy, and any other applicable environmental and social risk management policies.<sup>58</sup> After undergoing the necessary diligence process in accordance with CIBC's policies and standards, the line of business or functional group submits the transaction for a multi-step review and approval process by teams independent of the transaction teams. This is comprised of representatives from specialist teams at the SBU level, the functional groups, Finance, and Enterprise ESG.

As necessary, CIBC aims to monitor, review, and update its internal procedures related to the review, approval, and quantification of eligible sustainable finance transactions. In addition, as the regulatory environment, market practices and industry standards, guidelines, frameworks, principles and regulations evolve, this Methodology will be reviewed and updated, as required. This may result in CIBC revising its SF Goal or the eligibility criteria, measurement methodology, or progress towards the SF Goal. From 2022 onwards, CIBC's Senior Executive Environmental, Social, and Governance (ESG) Council approves all changes to the sustainable finance methodology.

CIBC will report, on an annual and cumulative basis, its progress towards the SF Goal in one or more ESG-related reports.

# Appendix A: Affordable housing criteria

## Canada (CMHC<sup>59</sup>)

### For new Construction:

**Option A:** The total residential rental income of the project must be at least 10% below its potential residential rental income as supported by an appraisal report; and a minimum of 20% of the units must be affordable with rents at or below 30% of the median household income in the subject market (available on Statistics Canada website); or

**Option B:** The affordability requirement may be met if the proposal has been approved under other housing programs/initiatives (federal, provincial, territorial, or municipal) that provide support for development of affordable rental housing such as capital grants, municipal concessions or expedited planning processing.

In all cases, the borrower must commit to maintain affordability for a minimum of 10 years from the date of first occupancy of the project.

### For existing buildings:

**Option A:** 80% of the units in the project must be at or below the 30th percentile of rents (available on cmhc.ca) in the subject market for units of a similar type (i.e., number of bedrooms); or

**Option B:** The affordability requirement may be met if the project has been approved under other housing programs/initiatives (federal, provincial, territorial, or municipal) that provide support for development/maintenance of affordable rental housing such as capital grants, or municipal concessions; or

**Option C:** Social housing projects with up to 5 years remaining in the operating agreement.

In all cases, the borrower must commit to maintain affordability for a minimum of 10 years from the interest adjustment date.

## USA

### Affordable housing/Affordable rents:

- Outside of high income census tracts, rents charged must be less than HUD (Department of Housing and Urban Development) Fair Market Rent for the area; or
- In high income census tracts, rents charged must be less than or equal to HUD (Department of Housing and Urban Development) Fair Market Rent for the area; or
- Majority of tenants are receiving Section 8<sup>60</sup> housing assistance; or
- Development/project with set-a-side units for low- or moderate-income<sup>61</sup> (LMI) families (if the set aside is <50% then only the affordable % can be counted); or
- Project utilizing Low Income Housing Tax Credits





- <sup>1</sup> For real estate companies, in the event revenues are not available, an entity would qualify for pure-play corporate financing if over 90% of the Gross Leasable Area (GLA) or Gross Floor Area (GFA) of the entity's portfolio is green building certified (as per credible certifications levels under the Green Buildings category in Section 3).  
For all pure-play corporate financing transactions, determination of revenue or GFA/GLA is based on the most recently available audited annual financial statements or Annual Report at the time of the transaction closing. In the event such information is not available in the aforementioned documents, other documents may be relied on such as the most recently available Sustainability / ESG report, applicable Offering Memorandums, and internal documentation by CIBC deal committees. In addition, for advisory or financing of a merger or divestiture, the test can be done on a proforma basis using data provided from these sources.
- <sup>2</sup> All new hydropower projects (small or large scale) will be subject to an environmental and social impact assessment to ensure that no significant risks, negative impact or significant controversies related to the projects are identified
- <sup>3</sup> For hydroelectric projects with >25MW that were: in operation before 2020, they must have a power density of over 5 W/m<sup>2</sup> or operate with lifecycle emissions below a threshold of 100 grams of CO<sub>2</sub>e/kWh; in operation in 2020 or after, they must have a power density of over 10 W/m<sup>2</sup> or operate with lifecycle emissions below a threshold of 50 grams CO<sub>2</sub>e/kWh
- <sup>4</sup> Roundtable on Sustainable Biomaterials. See here for further information: <https://rsb.org/certification/>.
- <sup>5</sup> Roundtable on Sustainable Palm Oil. See here for further information: <https://rspo.org/as-an-organization/certification/>.
- <sup>6</sup> Subject to a strong safety track record, including no significant incidents in the past 10 years, in operation of nuclear facilities and the management of radioactive waste from nuclear power facilities; strong regulation governing nuclear power generation, including regulations to address site selection, operational safety and radioactive waste management, as well as effective monitoring and enforcement of such regulations; processes in place to pursue viable options for secure long-term storage of high-level radioactive waste.
- <sup>7</sup> Includes procurement of fuel rods and enrichment facilities that are wholly dedicated to enrichment of uranium for the purpose of nuclear power generation
- <sup>8</sup> Renewable energy includes solar PV, concentrated solar power, wind power, hydropower, tidal power and bioenergy.
- <sup>9</sup> As described under the Clean Energy section above.
- <sup>10</sup> Renewable biofuels certified sources include sustainable agriculture (such as RSB and RSPO certification) and sustainable forestry such as Forest Stewardship Council (FSC), the Programme for the Endorsement of Forest Certification (PEFC), and Sustainable Forestry Initiative (SFI).
- <sup>11</sup> Collection of waste should support segregation at source. In addition, vehicles should be low-carbon i.e. below the threshold of 25 grams of CO<sub>2</sub>/tkm
- <sup>12</sup> Allocation for chemical recycling of plastic only in cases where:
- mechanical recycling is not feasible;
  - the life cycle emissions of the recycled plastic are lower than virgin plastic production;
  - the projects are not intended for single-use consumer products; and
  - projects are not intended for plastic to fuel conversion.
- <sup>13</sup> In accordance with Clean Energy activities in line with emissions threshold below 100 grams of CO<sub>2</sub>e/kWh and utilizes waste feedstock.
- <sup>14</sup> Forest Stewardship Council, at: <https://fsc.org/en/what-the-fsc-labels-mean>.
- <sup>15</sup> Programme for the Endorsement of Forest Certification, at: <https://pefc.org/standards-implementation/standards-and-guides>.
- <sup>16</sup> Sustainable Forestry Initiative, at: <https://forests.org/standards/>.
- <sup>17</sup> Includes activities such as biological crop protection or drip-irrigation.
- <sup>18</sup> Canada Organic, at: <https://inspection.canada.ca/organic-products/standards/eng/1300368619837/1300368673172>.
- <sup>19</sup> USDA organic, at: <https://www.ams.usda.gov/grades-standards/organic-standards>.
- <sup>20</sup> Fairtrade, at: <https://www.fairtradecertified.org/>.
- <sup>21</sup> UTZ, at: <https://www.rainforest-alliance.org/utz/>.
- <sup>22</sup> Rainforest Alliance, at: <https://www.rainforest-alliance.org/resource-item/2020-sustainable-agriculture-standard-farm-requirements/#>.
- <sup>23</sup> Marine Stewardship Council, at: <https://www.msc.org/standards-and-certification/developing-our-standards>
- <sup>24</sup> Aquaculture Stewardship Council, at: <https://asc-aqua.org/business/get-certified/>
- <sup>25</sup> Global GAP, "About us", at: [https://www.globalgap.org/uk\\_en/who-we-are/](https://www.globalgap.org/uk_en/who-we-are/).
- <sup>26</sup> Best Aquaculture Practice, at: <https://www.bapcertification.org/>.
- <sup>27</sup> No more than 25% of freight transported (in tonne-kilometre) will be fossil fuel cargo.
- <sup>28</sup> Testing in line with the Worldwide Harmonised Light Vehicle Test Procedure (WLTP), or New European Driving Cycle (NEDC), Natural Resources Canada Fuel Consumption Ratings, or other available testing in applicable jurisdictions.
- <sup>29</sup> Eligible Activity is expected to exhibit emissions intensity reductions well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C by industry recognized initiatives such as Transition Pathways Initiative (TPI) or Science Based Targets initiative (SBTi).
- <sup>30</sup> As per department of Natural Resources Canada's Clean Fuel Program and/or the Government of Canada's Clean Fuel Regulations.
- <sup>31</sup> Produced from natural gas through carbon capture, utilization, and/or storage technologies.
- <sup>32</sup> Consistent with thresholds set by Natural Resources Canada, subject to reassessment as emission reduction targets change over time.
- <sup>33</sup> In alignment with the Climate Bond's Initiative Cement Criteria (April 2023).
- <sup>34</sup> Based on guidance from the World Economic Forum's report on Aluminum for Climate. Refer to the full report here: [https://www3.weforum.org/docs/WEF\\_Aluminium\\_for\\_Climate\\_2020.pdf](https://www3.weforum.org/docs/WEF_Aluminium_for_Climate_2020.pdf).
- <sup>35</sup> Includes public/government institutions, Crown corporations/government agencies, subsidized (greater than 50%) or not-for-profit organizations. In the US, to be eligible under this Methodology, greater than 50% of reimbursement for the facility should be from Medicaid or the facility should serve low-income communities as defined by US government agencies (definitions vary depending on local context). For information on Medicaid, see here: <https://www.medicaid.gov/medicaid/index.html>.
- <sup>36</sup> As it pertains to any affordable housing lending in this section, loans supporting development of mixed-use housing will be included in the use of proceeds report on a pro-rata basis according to the percentage of affordable housing units in the project.
- <sup>37</sup> Based on relevant definitions within the jurisdiction in which it is built, such as Statistics Canada's low income definition.
- <sup>38</sup> See Appendix A for further details on "Affordable Housing" criteria for Canada and US.
- <sup>39</sup> Where referred to in this methodology, rural community or area in Canada is as defined by Statistics Canada, which refers to all areas which are outside of Population Centers, i.e., an area that has at least a population of 1,000 and a population density of 400 persons or more per square kilometre, based on the most current census. In the US, the Census Bureau identifies two types of urban areas: Urbanized Areas (UAs) of 50,000 or more people; Urban Clusters (UCs) of at least 2,500 and less than 50,000 people. 'Rural' encompasses all population, housing, and territory not included within an urban area.
- <sup>40</sup> Micro-, small-, and medium-sized enterprise is as defined by the International Finance Corporation (IFC) which is determined based on assessment of an enterprise's employee count, total assets, and annual sales. Refer to the IFC definition here: <https://documents1.worldbank.org/curated/en/602291468183841622/pdf/819960BRIOMeas00Box379851B00PUBLIC0.pdf>.
- <sup>41</sup> As defined in respective jurisdictions, such as the Employment Equity Act of Canada, which includes people of colour who self-identify as visible minorities in Canada, other than Indigenous Peoples, and non-white outside of Canada.
- <sup>42</sup> As defined within the respective jurisdiction, such as the Crown-Indigenous Relations & Northern Affairs Canada.
- <sup>43</sup> Where not defined, the target populations under each Eligible Activity shall be as defined within the respective jurisdictions.

<sup>44</sup>For guidance on the definition of women-owned enterprises, refer to the IFC definition here: <https://documents1.worldbank.org/curated/pt/927591468340470193/pdf/819950BRI0ESta00Box379851B00PUBLIC0.pdf>.

<sup>45</sup>Criteria will vary based on local context. In Canada, the Canadian Index of Multiple Deprivation (published by Statistics Canada) is followed: <https://www150.statcan.gc.ca/n1/en/catalogue/45200001>.

<sup>46</sup>In the absence of superseding local definitions, smallholder farmers shall be defined in Canada and the rest of the world (except the US) per the definition set by the United Nations Food and Agriculture Organization, i.e., farmers who manage areas varying from less than one hectare to 10 hectares with a family-focused motive. For the full definition, see: [https://www.fao.org/fileadmin/templates/nr/sustainability\\_pathways/docs/Factsheet\\_SMALLHOLDERS.pdf](https://www.fao.org/fileadmin/templates/nr/sustainability_pathways/docs/Factsheet_SMALLHOLDERS.pdf).

In the US, smallholder farmers shall be defined as managing farms earning an annual gross cash farm income of less than US\$ 350,000 as defined by the US Department of Agriculture. For the full definition, see: <https://www.ers.usda.gov/topics/farm-economy/farm-structure-and-organization/farm-structure-and-contracting/>.

<sup>47</sup>Note that CIBC also separately tracks transactions involving deposits and derivatives products that meet the eligibility criteria under this Methodology, but does not count transactions involving these products towards the SF Goal.

<sup>48</sup>For transactions involving foreign exchange conversion, we have applied a fixed internal advised rate.

<sup>49</sup>For an upsizing of the facility with no extension to tenor, only the incremental amount would receive credit. For a refinancing of the facility (which includes extension of tenor), the full renewal amount would receive credit.

<sup>50</sup>For sustainability-linked loans, in the event the transaction documents do not explicitly confirm alignment with the eligibility criteria stated in Section 3 above, (i) second party opinions from independent organizations can be relied on to confirm alignment with the relevant principles, or (ii) internal documentation and approval from CIBC's deal review committees can be relied on to confirm eligibility.

<sup>51</sup>For green, social, sustainability, and/or sustainability-linked bonds, in the event the transaction documents do not explicitly confirm alignment with the eligibility criteria stated in Section 3 above, second party opinions from independent organizations can be relied on to confirm alignment with the relevant principles or guidelines.

<sup>52</sup>May also be referred to as Principal Investments.

<sup>53</sup>For any investments in subsequent years, only the incremental amount would receive credit.

<sup>54</sup>For sustainability-linked loans, in the event the transaction documents do not explicitly confirm alignment with the eligibility criteria stated in Section 3 above, (i) second party opinions from independent organizations can be relied on to confirm alignment with the relevant principles, or (ii) internal documentation and approval from CIBC's deal review committees can be relied on to confirm eligibility.

<sup>55</sup>For sustainability-linked loans, in the event the transaction documents do not explicitly confirm alignment with the eligibility criteria stated in Section 3 above, (i) second party opinions from independent organizations can be relied on to confirm alignment with the relevant principles, or (ii) internal documentation and approval from CIBC's deal review committees can be relied on to confirm eligibility.

<sup>56</sup>For sustainability-linked loans, in the event the transaction documents do not explicitly confirm alignment with the eligibility criteria stated in Section 3 above, (i) second party opinions from independent organizations can be relied on to confirm alignment with the relevant principles, or (ii) internal documentation and approval from CIBC's deal review committees can be relied on to confirm eligibility.

<sup>57</sup>This Methodology partially covers the activities of CIBC's Capital Markets, Canadian Personal & Business Banking, Canadian Commercial Banking & Wealth Management, and US Commercial Banking & Wealth Management, where eligible and where the internal governance and review procedures are in place. This excludes CIBC Asset Management, CIBC Foundation, corporate giving, community sponsorships, fundraising, and Team CIBC volunteerism and giving.

<sup>58</sup>Refer to CIBC's most recent sustainability report and website for relevant policies available: <https://www.cibc.com/en/about-cibc/corporate-responsibility/environment/governance-reporting/governance.html>.

<sup>59</sup>Canada Mortgage and Housing Corporation (CMHC), at: <https://epdscrmssa01.blob.core.windows.net/cmhcuatcontainer/sf/project/cmhc/pdfs/content/en/reference-guide.pdf>

<sup>60</sup>Section 8 units are government subsidized housing units for low-income people in the US.

<sup>61</sup>To determine low- or moderate-income, refer to the definitions provided here: [https://www.federalreserve.gov/consumerscommunities/cra\\_resources.htm](https://www.federalreserve.gov/consumerscommunities/cra_resources.htm).

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Measuring and reporting on sustainable finance is not governed by globally recognized or accepted accounting or reporting principles as compared to traditional financial reporting. This may result in each organization using non-comparable metrics to measure the financing of sustainable activities. Further, considering CIBC began tracking sustainable finance transactions in 2018, the underlying data, systems, and controls that support sustainable finance review and reporting are less mature than those for financial reporting and, in some cases, for sustainable finance measurement and reporting, manual processes are involved. This may also result in non-comparable metrics used between reporting periods as this Methodology develops. In addition, there is no standard taxonomy in Canada or globally that classifies transactions eligible towards sustainable finance. Generally, CIBC has looked to internationally accepted and recognized market standards, guidelines and principles, including activities required for a more secure, equitable, and sustainable future to inform Eligible Activities under this Methodology. This includes the ICMA Green, Social and Sustainability-Linked Bond Principles, ICMA Sustainability Bond Guidelines, Climate Bonds Standard and the Taxonomy Roadmap Report dated September 2022 released by the Sustainable Finance Action Council, Government of Canada. CIBC expects the regulatory environment, market practices and industry standards, guidelines, frameworks, principles and regulations to evolve and this Methodology will continue to be reviewed and updated over time.

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