



# **Climate Change Disclosure Statement**

March 2019

## **CIBC and climate change**

At CIBC, we recognize that climate change is a serious challenge facing the planet. The physical effects of a changing climate will have measurable social, environmental and economic impacts on communities and businesses.

As the world transitions to a lower carbon emission economy, there will be both risks and opportunities. We are committed to understanding and responsibly managing these risks and opportunities, as we continue our journey to be a sustainable and resilient bank.

Our governance structure reflects this commitment, with oversight of climate-related issues by the Risk Management Committee at the Board level, an enterprise-wide Environmental Management Committee and a senior executive responsible for environmental strategy, policy and reporting directly to our Chief Risk Officer.

Using our expertise and resources, we are also dedicated to supporting our clients, employees and communities in their efforts to mitigate and adapt to climate change. Over the last five years, for example, CIBC has provided \$1.5 billion, including \$225 million in 2018, in financing towards renewable power projects, enabling our clients to invest in climate innovation and transition towards a low-carbon economy. Last year, we also helped clients raise over \$9.5 billion in capital towards green infrastructure and green bond issuance.

Tackling climate change is a cross-sector, global priority. We are a supporter of the Task Force on Climate-related Financial Disclosures (TCFD), which aims to develop voluntary, consistent climate-related risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders.

We are also a member of the United Nations Environment Programme - Finance Initiative (UNEP FI), which has a mission to promote sustainable finance. UNEP FI is planning to start phase 2 of a TCFD pilot program for commercial banks in 2019 and we look forward to taking part.

## Climate change disclosure

In the face of a climate change uncertainty, we continue to assess and be transparent about our exposure to climate-related risks and opportunities. CIBC has reported climate-related disclosures since 2003, including through our response to the annual CDP (formerly Carbon Disclosure Project) carbon questionnaire. In 2019, we published enhanced disclosure, including our greenhouse gas (GHG) emission reduction targets, which are outlined in our Corporate Responsibility Report.

This document describes our climate change management program across the four thematic areas recommended by the TCFD.

### 1. Governance

The Corporate Governance Committee and the Risk Management Committee of the Board of Directors have oversight accountabilities related to CIBC's corporate responsibility, including environmental performance. The Corporate Governance Committee reviews reports and disclosure on CIBC's approach to conducting business in a responsible manner. The Risk Management Committee reviews and approves CIBC's frameworks and policies to identify and control a variety of risks, such as climate-related issues and other environmental and social aspects.

In 2018, CIBC's Board of Directors participated in an environmental, social and governance (ESG) session with internal and external leaders. The discussion focused on enhancements being made to CIBC's ESG framework to support our corporate strategy and relevant ESG disclosures.

Given the heightened importance of climate change and its effects, in 2018 we migrated the responsibilities for environmental strategy and policy to report to the head of Enterprise & Conduct Risk who reports directly to our Chief Risk Officer on environmental governance. CIBC also has an enterprise-wide Environmental Management Committee, comprised of senior leaders who meet quarterly to provide input into our environmental strategy and oversee CIBC's environmental initiatives.

### 2. Strategy

Since potential impacts of climate-related risks and opportunities will vary across time, geography and client, we take a step-by-step approach to climate change management. Our environmental risk management team is responsible for developing environmental strategy, setting environmental standards and targets, and reporting on performance. The strategy includes:

- Innovative financial services, including lending and underwriting targeted at projects with positive environmental impact such as renewable energy and green bonds;
- Responsible lending, with appropriate environmental due diligence processes in place for all sectors; and
- Reducing environmental impacts from our operations over time.

Consistent with the TCFD recommendations, we are assessing the potential impact of physical and transition risks from climate change on our lending portfolio using scenario analysis and stress-testing simulations. This work builds on previous analyses of physical and regulatory risks from climate change as part of our carbon risk management program.

We continue to evaluate the potential for further climate-related disclosures that align with the TCFD recommendations. To that end, we engage with peers in various industries to ensure that any methodology developed to support such disclosures is reasonable, appropriate and can be applied on a consistent basis. We plan to disclose the results of this work once available.

### **3. Risk Management**

We face wide-ranging risks across all of CIBC's areas of business. Identifying and understanding risks and their impact allows us to frame our risk appetite and risk management practices. Our corporate environmental policy, first approved by the Board in 1993, is updated every two years – including most recently in 2018 – and commits CIBC to:

- responsible conduct in all activities to protect and conserve the environment;
- safeguard the interests of all stakeholders from unacceptable levels of environmental risk; and
- support the principles of sustainable development.

Environmental and related social risks are managed through an enterprise-wide credit risk management standard that includes an assessment of climate change risk.

In 2018, our environmental risk management team completed specialized environmental and related social due diligence reviews on 1,193 transactions totaling over \$20 billion. An escalation process is in place for transactions with the potential to have significant environmental and related social risk, with escalation to the Reputation and Legal Risks Committee for senior executive review, if required.

### **4. Metrics and Targets**

Our environmental risk management team engages with the bank's businesses and functional groups to facilitate environmental policy and program implementation and best practices across the bank.

This team maintains an environmental management system that includes setting objectives and targets, implementing environmental policy requirements, monitoring progress and striving for continuous improvement.

We proactively invest in energy reduction initiatives across our operations and continue to decrease energy consumption, which in turn leads to lower greenhouse gas emissions. For 2019, we have established a five-year GHG emission reduction target of 10% from our operations (2018 baseline).

### **Forward Looking Statements**

This document may contain forward-looking statements that are subject to a variety of risks and uncertainties. These statements may include material factors or assumptions that could cause CIBC's actual results in future periods to differ materially. For information, please refer to the note about forward-looking statements on page 1 of CIBC's 2018 Annual Report.

([https://www.cibc.com/content/dam/about\\_cibc/investor\\_relations/pdfs/quarterly\\_results/2018/ar-18-en.pdf](https://www.cibc.com/content/dam/about_cibc/investor_relations/pdfs/quarterly_results/2018/ar-18-en.pdf)).