



CIBC ASSET MANAGEMENT

OUR COMMITMENT TO RESPONSIBLE INVESTING



Approaches to responsible investing

Responsible investing is a term used to describe a range of approaches that incorporate environmental, social, and governance (ESG) factors into the investment process. In recent years, portfolio managers have adopted a more robust risk assessment of the investments they hold. This often means looking beyond financial reports to factors that can influence business prospects and reputation.

Approaches to responsible investing include:



ESG Integration

Belief that combining ESG factors with financial analysis is a way to ensure that an investment opportunity properly reflects all risks, and may contribute to long-term financial performance.



Socially Responsible Investing (SRI)

Investing to align with individual values. Typically screen to exclude companies that do not match an investor's beliefs, such as tobacco, weaponry, gambling, etc.



Impact Investing

Investing with the intent to make a difference in the world by investing in companies or projects that make an impact on environmental or social challenges. The United Nations Sustainable Development Goals can be used as a framework.

To us, responsible investing means *managing risk*

At CIBC Asset Management, we've committed to responsible investing by integrating ESG factors into all of our investment and ownership decisions.

By combining financial and ESG risk analysis, we reach a deeper understanding of the investments we make. We believe this helps us better manage risk and identify opportunities to generate sustainable, long-term returns to help make our clients' ambitions a reality.



As a signatory of the Principles of Responsible Investment, CIBC Asset Management considers ESG factors as a critical input in our decision-making process. This helps us to pro-actively manage risk, and believe this has led to better investment decision outcomes.

- David Scandiffio, CFA
President and CEO
CIBC Asset Management

Our commitment to building a more sustainable global financial system

We became a signatory of the United Nations-supported Principles for Responsible Investment (PRI) in 2017, to reinforce our commitment to responsible investing for our clients. This commitment guides our approach to managing and monitoring investment products internally and our selection of sub-advisors.

Signatory of:



As part of our research and portfolio management process, we have committed to the following six principles:

1.	Incorporate	Incorporate ESG issues into investment analysis and decision making processes
2.	Be active	Be active owners and incorporate ESG issues into our ownership policies and practices
3.	Seek disclosure	Seek appropriate disclosure on ESG issues by the entities in which we invest
4.	Promote	Promote acceptance and implementation of the Principles within the investment industry
5.	Work together	Work together to enhance our effectiveness in implementing the Principles
6.	Report	Report on activities and progress towards implementing the Principles

We are also a founding member of the Canadian Coalition for Good Governance, a sustaining member of the Responsible Investment Association (RIA) and a member of the Canadian Bond Investors Association.



Integration into every investment decision

We have implemented a rigorous procedure for integrating ESG factors into our fundamental analysis and our investment approach across our solutions.

These factors are just some of the tools we use to guide our investment decisions and help our research analysts identify potential risk areas. This helps us to assess the risk/reward balance of our investments and their suitability for portfolio inclusion.

Examples of ESG factors we consider in our investment decisions

Environmental

- Climate change
- Environmental protection
- Water and energy use
- Waste management
- Regulatory threshold and compliance
- Assessment and disclosure

Social

- Health and safety
- Privacy and data
- Labour relations and employment quality
- Human rights
- Respect for civil liberties
- Community relations and social media
- Product responsibility
- Respect for cultural and ethnic identities
- Human health

Governance

- Board
- Business ethics
- Legal and regulatory compliance
- Executive compensation
- Disclosure
- Inclusion and diversity
- Monetary transparency
- Fiscal transparency

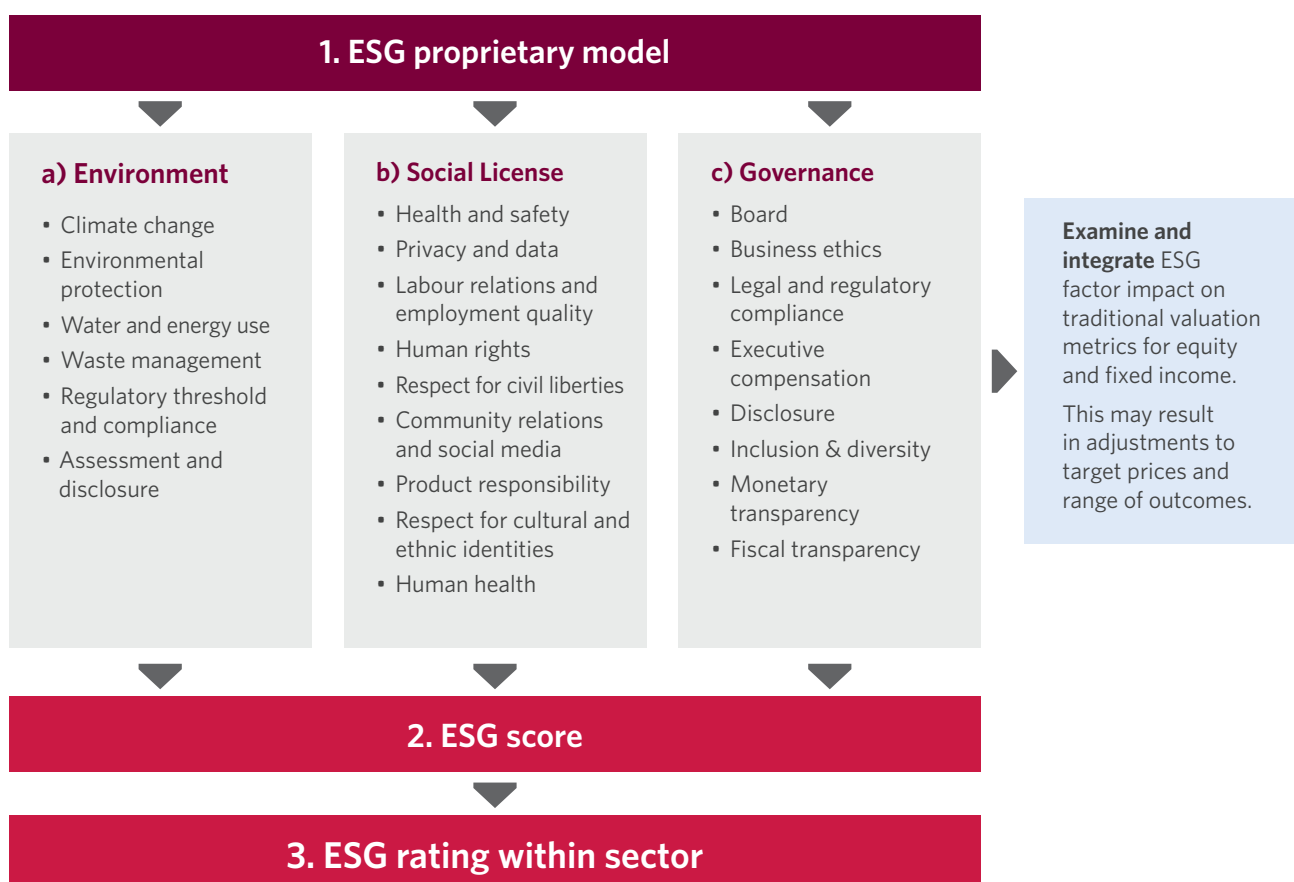
Full incorporation of ESG factors into our regular research process, by each investment professional, is the most authentic approach.

Our core strength is our research teams. At CIBC Asset Management, each asset class—fixed income, equities, multi-asset and currency management — has a dedicated research function.

We have developed our own internal proprietary model for assessing ESG factors that integrates into the overall evaluation of investment opportunities. Rather than a separate ESG department, all our analysts determine internal ESG ratings and rank companies or issuers from “laggard” to “leader” based on their deep knowledge of the industries, companies or issuers they cover.

Integrating both financial and ESG risk analysis produces a deeper understanding of our investments and the potential to enhance the long-term sustainable performance of our portfolios.

Our proprietary ESG rating process



Creating change through company engagement


As one of the largest asset managers in Canada, we have regular access to management teams and board members. We ask companies about their ESG risks to help drive their long-term sustainable value and evolve to be better corporate citizens.

Active ownership

On behalf of our clients, we ask more from our investments. One way to create sustainable change is to allocate capital to companies that are doing the right thing. When voting proxies on equities or negotiating covenants on fixed income, ESG issues are always considered.

We take our responsibility as shareholders seriously. Many votes, including all controversial votes, are subject to close scrutiny. A company’s management team, board members and others may be consulted before a vote is cast, as part of our due diligence.

Our goal is to better understand the companies in which we invest and their approach to ESG issues, to better inform our voting and investment decisions. We believe this makes an impact.



30% Club
GROWTH THROUGH DIVERSITY

The 30% Club aims to have 30% of board seats and C-Suite positions held by women by 2022. CIBC CEO Victor Dodig is a Past Chair of the Canadian chapter of this international organization.

As part of our corporate engagement, we actively encourage companies to take action on this campaign.

300+	35	4,284	99.9%	9%
Number of corporate issuers with ESG coverage	Number of ESG company engagements	Proxy voting meetings	Voting record	Instances where we voted against a management recommendation

Annual results as at December 31, 2020.

Climate change

Our Portfolio Management and Research team identifies risks and opportunities, both physical and transitional, related to the escalation of climate change, and the impact on our portfolios. These results are reported to the PRI as part of the Task Force for Climate-Related Financial Disclosures. The team made a series of assumptions including:

1. Governments will target a limit of **1.5 degrees warming by 2030**, aligned with the Paris Agreement
2. A **conversion of the vehicle fleet from those using fossil fuel to electric vehicles (EVs)** will be the primary focus in achieving the target
3. The **price of various commodities will fluctuate as a result** of this transition

As we continue to sharpen our analysis, we may include assumptions and implications for greater climate-related losses, and various companies that will be exposed negatively or positively in a carbon-constrained world. We will attempt to identify issuers with material operations at risk of rising sea levels and coastal storm surges, including sovereign issuers.

How our teams work together to deliver on our commitment

Responsible investing isn't a department, it's a firm-wide commitment. Our teams continuously work together to collaborate and integrate ESG factors into our investment processes.

Portfolio Management and Research Team

- Conducts independent financial and ESG analysis
- Meets with companies on an ongoing basis to discuss risks and opportunities relating to ESG factors.
- Publishes thought leadership research papers

Investment Management Research Team

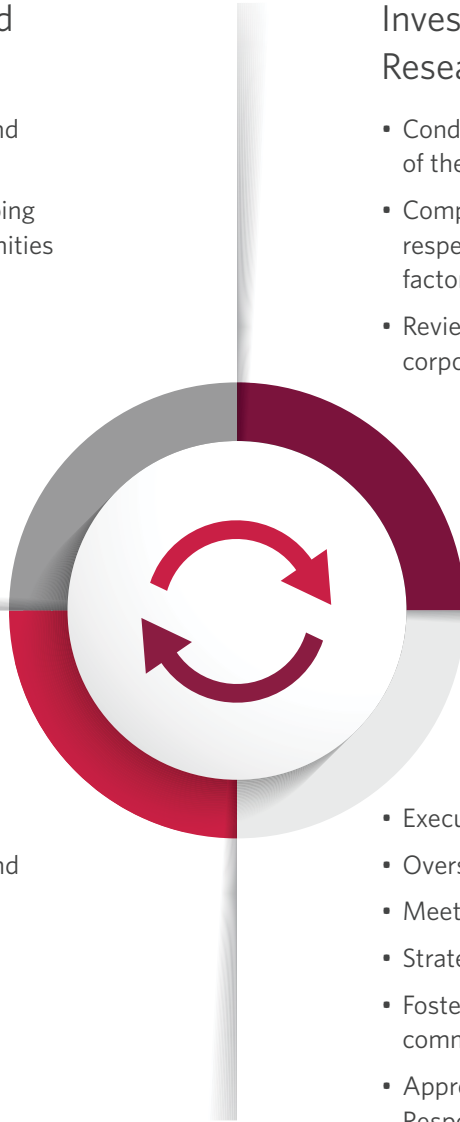
- Conducts annual qualitative assessment of the ESG commitments of sub-advisors
- Compares sub-advisor portfolios to respective benchmarks to explore ESG factor tilts
- Reviews specific cases of sub-advisor corporate engagement

Responsible Investing Working Group

- Meets bi-weekly
- Discusses our ESG engagement and intelligence
- Idea-sharing hub
- Cross-firm representation

Responsible Investing Committee

- Executive and Senior leadership
- Oversight to PRI commitment
- Meets quarterly
- Strategic decisions
- Fosters firm-wide culture and commitment to responsible investing
- Approves the institutional Socially Responsible Investment (SRI) list



To gain more insight on our commitment to responsible investing, contact your CIBC Asset Management representative or visit: cibcassetmanagement.com

This document is provided for general informational purposes only and does not constitute financial, investment, tax, legal or accounting advice nor does it constitute an offer or solicitation to buy or sell any securities referred to. Individual circumstances and current events are critical to sound investment planning; anyone wishing to act on this document should consult with his or her advisor. All opinions and estimates expressed in this document are as of the date of publication unless otherwise indicated, and are subject to change.

©CIBC Asset Management and the CIBC logo are registered trademarks of Canadian Imperial Bank of Commerce (CIBC), used under license. The material and/or its contents may not be reproduced without the express written consent of CIBC Asset Management Inc.