



2022 Climate Report

Update on TCFD and progress towards our net-zero ambition

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Introduction



Combating climate change requires coordinated action across all levels of society. We see an opportunity to work alongside our clients, investors and other stakeholders to address this complex problem.

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 third standalone report which presents information about CIBC's efforts towards aligning our climate disclosure with the TCFD framework. This report also presents our efforts to accelerate climate action across the bank and our progress towards achieving our net-zero ambition.

Communicating openly and regularly about our climate-related activities is important to CIBC and our stakeholders. This report describes how we are working to integrate relevant climate change considerations into our business activities, strategy and risk management, and the metrics and targets we are using to measure our progress to ensure long-term benefits to CIBC and our stakeholders. Disclosing our approach to climate enables key stakeholders to assess our climate resilience and grow our business in a way that actively supports the transition to a low-carbon economy.

Building the foundation for climate change leadership

CIBC's 2022 Climate Report complements our other climate-related disclosures including our [Net-Zero Approach](#), which outlines how we set our first interim net-zero targets related to our financed emissions, and our annual CDP submission on climate-related activities. 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 leadership in sustainable finance; and the discussion of climate risk as one of CIBC's top and emerging risks in our [2022 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 for 2030 or sooner. 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 urgency with which climate solutions are needed and the integral role the financial sector has in the transition to a low-carbon economy. We are committed to managing climate-related risks, opportunities and transitioning our own business activities to net-zero, while supporting our clients to do the same and thrive in a net-zero world.

In 2022, CIBC continued to refine our management approach towards addressing climate-related risks and opportunities, and made progress towards accelerating climate action, including our net-zero objectives. Following the announcement last year of our ambition to achieve net-zero emissions in our own operations and financing activities by 2050, we are taking actions to align our business activities with this objective.

Four key themes guide our approach: supporting our clients, encouraging consumer behaviour, refining our operations and sharing our progress. We are integrating 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.

To reduce the carbon intensity of our financed emissions, including corporate lending and facilitated financing (CIBC's economic share of underwritten and arranged financings in the debt and equity capital markets), we have set 2030 interim emissions reduction targets for our oil and gas and power generation portfolios. In 2021, we reduced the Scope 1 and 2 greenhouse gas (GHG) emissions intensity of our oil and gas portfolio by 15%, compared to our 2020 baseline, while the Scope 3 GHG emissions intensity of our oil and gas portfolio remained unchanged due to macroeconomic and geopolitical factors. The Scope 1 GHG emissions intensity of our power generation portfolio decreased by 13% in 2021, compared to our 2020 baseline. Going forward, we will continue to make progress and work towards reducing emissions in line with our ambition. Recognizing the scale and urgency of climate change, we intend to set new interim targets for additional carbon-intensive sectors in line with NZBA guidance.

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 2022, we have already achieved a cumulative reduction of 22%, or nearly three-quarters of the way to achieving our target. 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 2024. In 2022, we applied 54,935 and 12,801 megawatt hours of renewable energy certificates (RECs)¹ from Canada and the U.S., respectively, resulting in over 35% of our electricity usage being offset by renewables. This contributed 45% to our 2024 carbon neutrality target, 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, such as through our \$9 million investment in energy optimization programs across Canada in 2022.

In 2022, we continued to take steps to identify, assess and manage CIBC's climate-related risk and opportunities. We are committed to continue developing our capabilities in scenario analysis and understanding the resilience of our clients to climate-related credit risk. In 2022, we integrated our Carbon Risk Scoring Methodology into our assessment of climate transition risks in our corporate and commercial lending portfolios to support both our climate heatmapping and scenario analysis work. In our retail lending, we refined our scenario analysis approach for physical risks by incorporating historical Canadian data and an actuarial approach to model how average temperature increases could impact our portfolio.

A key component of accelerating climate action at CIBC is supporting solutions to address climate change and help transition to a more sustainable, lower-carbon future. With this objective in mind, we are mobilizing capital and developing innovative market-based solutions including green bonds, sustainability-linked loans, transition finance and sustainable investment solutions. We measure our performance through our \$300 billion by 2030 sustainable finance mobilization goal², which includes financing for both social and environmental sustainability activities. In 2022, we mobilized \$35.9 billion in sustainable finance, a 3% increase year-over-year, and are 37.6% of the way towards our 2030 goal. For more information on our sustainable products and solutions, see section 4.0 of our [2022 Sustainability Report](#).

2022 Performance highlights

Our strategy



2050

Target year to achieve **net-zero** GHG emissions from our **operational** and **financing activities**³



2030

We have set a goal towards mobilizing **\$300 Billion** in sustainable financing⁴



2028

Target year to achieve a 30% reduction in **our Scope 1 and 2 GHG emissions** from a **2018 baseline**⁵

Our operations



22%

Reduction in our **absolute Scope 1 and 2 GHG emissions** from our **2018 baseline**⁶



35%

Of the electricity we used in 2022 came from renewable energy sources or certificates, en route to **100% by 2024**



41.3

The emissions intensity of our corporate operations (Scopes 1 and 2 in kgCO₂e/m²)

Our lending and investment activities



4

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



13.7%

Our credit exposure to **carbon-related assets in fiscal 21**⁷



3

Number of financed emissions targets set in support of our NZBA commitment



6th

In financing for the **renewable industry** across North America⁸



\$35.9 B

Value of **sustainable finance** activities in fiscal 22⁴



\$725 M

Outstanding **sustainable debt issuances**⁹

Our TCFD roadmap

We apply a phased disclosure approach that focuses on continuous improvement over time. Looking at our progress to-date, we can identify areas to focus on and prioritize our efforts to enhance our TCFD-aligned disclosure going forward.

CIBC's TCFD roadmap

Core areas of TCFD disclosure

Governance

Disclosure elements	2022 progress	Index
Board oversight of climate-related matters	<ul style="list-style-type: none">Continued to refine Board oversight and monitoring of climate-related risks and opportunities, actioned through various Board committees with climate-specific roles and responsibilitiesExpanded Board-level ESG training, including on several climate-specific topics, to select regional and subsidiary Boards	[Page 8-9]
Management's role in assessing and managing climate-related matters	<ul style="list-style-type: none">Continued to establish climate-related priorities through CIBC's Executive Committee, which is accountable for our progress towards accelerating climate actionCarried out climate-related risk and opportunities management, facilitated by our Enterprise ESG team and delivered through strategic business units and functional groups	[Pages 10-11]

Strategy

Disclosure elements	2022 progress	Index
Climate-related risks and opportunities identified over the short, medium and long term	<ul style="list-style-type: none">Identified climate-related risks and opportunities specific to the bank, providing a detailed description of each	[Pages 12-15, 20-23]
Impact of climate-related risks and opportunities	<ul style="list-style-type: none">Continued to explore opportunities to further report on the impacts of identified climate-related risks on our business, strategy and financial planning	[Pages 20-23]
Resilience to climate-related risks using scenario analysis	<ul style="list-style-type: none">Expanded scenario analysis to include additional time horizons, covering time periods up to 2030, 2040 and 2050Assessed CIBC's resilience to three climate scenarios developed by the Bank of Canada and the Office of the Superintendent of Financial Institutions (OSFI): 1) Net-zero by 2050, 2) Below 2°C immediate, and 3) Below 2°C delayed	[Pages 26-28]

Risk management

Disclosure elements	2022 progress	Index
Process for identifying and assessing climate-related risks	<ul style="list-style-type: none"> Continued to enhance process for identifying CIBC's climate-related risks and opportunities and provided a detailed description our Risk Management Approach for various risk types Integrated our Carbon Risk Scoring Methodology into assessment of climate transition risks in our corporate and commercial lending portfolios Refined our heatmap assessment methodology to incorporate our Carbon Risk Scoring Methodology, yielding outputs that more accurately reflect the climate transition risks to our credit portfolio 	[Pages 20-25]
Process for managing climate-related risks	<ul style="list-style-type: none"> Continued to enhance decision-making processes around mitigating and managing climate-related risks, and prioritization of our most material climate risks 	[Pages 20-25]
Integration into risk management framework	<ul style="list-style-type: none"> Incorporated climate-related heatmapping as an input into annual enterprise-wide stress testing and Internal Capital Adequacy Assessment Process (ICAAP), which enables us to consider how our exposure risk to carbon-intensive sectors interrelates to other risk factors included in our assessment of CIBC's financial risk management practices Embedding climate-related risk considerations into enterprise risk management framework through our risk appetite statements, using both qualitative considerations and quantitative measures 	[Page 28]

Metrics and Targets

Disclosure elements	2022 progress	Index
Metrics used to assess climate-related risks and opportunities	<ul style="list-style-type: none"> Reported progress against net-zero financed emissions interim targets for our oil and gas and power generation portfolios Disclosed exposure to carbon-related assets and sustainable finance mobilized 	[Pages 29-36]
Scope 1, 2 and 3 GHG emissions	<ul style="list-style-type: none"> Reported Scope 1, 2 and 3 operational GHG emissions and progress towards our carbon neutrality commitment Disclosed Scope 3 absolute financed emissions for four priority sector portfolios 	[Page 29-36]
Targets used to manage climate-related risks and opportunities	<ul style="list-style-type: none"> Set net-zero financed emissions interim targets for our oil and gas and power generation portfolios and disclosed target setting methodologies in our Net-Zero Approach Reported progress against operational emissions reduction and carbon neutrality targets, as well as progress towards our sustainable finance goal of \$300 billion mobilization by 2030 	[Page 29-36]

Governance



Our approach to climate governance is to provide oversight and leadership for our climate strategy, including our net-zero ambition, and risk management frameworks. It is grounded in the principles of defined accountability and effective internal stakeholder engagement.

Across CIBC, strategic business units and functional groups are engaged in climate-related activities to monitor, evaluate and respond to risks and opportunities posed by climate change and our role in the low-carbon transition. To ensure alignment with our broader ESG strategy and emerging stakeholder priorities, there is an established governance structure that includes Board oversight of our ESG strategy, the role of management in climate-related decisions, and internal accountability for execution across the entire enterprise. Our approach to climate governance is embedded within our ESG governance framework and outlines not only where responsibility lies, but 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 and 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 and Compensation Committee	Audit Committee

Executive Management

Executive Committee	
EVP & Chief Legal Officer	SEVP & Chief Risk Officer
Executive owner of ESG across enterprise, including accountability for climate strategy.	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	Enterprise Risk Management
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). The CGC also oversees our ESG governance framework, within which climate governance is embedded, as well as our climate-related disclosure and engagement practices. Other Board committees provide oversight on specific components of our ESG strategy, which includes our climate strategy, based on respective committee mandates. For example:

- The **Risk Management Committee** (RMC) oversees the identification, measurement, monitoring and mitigation of CIBC's principal business risk, including climate-related risks. The RMC reviews our climate-related scenario analysis and carbon scoring methodology, which supports our approach to identifying, assessing and managing climate-related credit risks.
- The **Audit Committee** oversees the establishment and management's maintenance of a system of processes and controls to ensure the integrity, accuracy and reliability of data. This supports the quality and appropriateness of information included in our major ESG disclosures, which include climate-related disclosures, so that information presented is not misleading and stays abreast of climate-related emerging regulatory developments.
- The **Management Resources and Compensation Committee** (MRCC) oversees CIBC's human capital strategy, including compensation and alignment with CIBC's strategy. The MRCC assesses the alignment of executive and team members' ESG performance goals with compensation based on the ESG Index¹⁰, which includes climate-specific key performance indicators, and forms part of our Business Performance Factor (BPF).

The Board takes a principled approach to climate accountability, engagement and integration of climate-related risks and opportunities into our purpose and long-term business strategy. The Board also remains informed on climate trends, risks and opportunities for CIBC to ensure these are understood, managed, assessed and actioned by management through regular reporting and dedicated Director education.

Additional details on how climate change is considered in Board oversight can be found in our [Management Proxy Circular](#).

Director Development

Our Director Development Program fosters continuous education for Board members. This Program helps them stay current with new and emerging governance practices, regulatory developments and evolving ESG issues, including climate change. During 2022, the Board and its committees dedicated agenda time to continuing educational sessions, a portion of which was on climate-specific topics such as regulators' increased focus on climate-related risk assessments, emerging disclosure standards, sustainable finance, the energy transition, and investors' increasing interest in climate-related performance and disclosure.

This year, we also expanded our targeted ESG training to select regional and subsidiary Boards across our global operations. This was done through programming that considers regional and business-specific climate topics, such as relevant legislative and regulatory updates. To supplement our programming, we also bring in external expertise where appropriate, with a particular focus on climate-related trends and developments.

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. CIBC's Executive Committee is accountable for the progress of our ESG agenda. Specific accountability for our climate strategy is held with our Executive Vice President and Chief Legal Officer (EVP and CLO), who chairs our Senior Executive ESG Council and reports into our President and CEO. Our EVP and CLO is the owner of ESG across the enterprise, which includes our climate strategy.

The Senior Executive Vice President and Chief Risk Officer (SEVP and CRO), who leads our Environmental Risk Management function, is the executive accountable for initiatives that manage climate risk across the business. Our CRO is responsible for identifying, assessing and managing climate-related impacts on CIBC, and approves CIBC's frameworks and policies on the identification and control of risks, including climate-related physical and transition risks.

Senior Executive ESG Council

In 2022, our Senior Executive ESG Council continued to champion CIBC's ESG strategy, including our focus on accelerating climate action. The Senior Executive ESG Council is comprised of Executive and Senior Vice Presidents (SVPs) from across the bank. The Council's main objective is ensuring input received from all strategic business units and functional groups is incorporated into bank-wide ESG initiatives, largely related to major strategic initiatives, policy, partnerships, disclosures and impact measurement, and includes climate-specific topics. 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 sub-committee of team members with deep ESG and climate-specific expertise who help drive initiatives across our teams, as well as functional-level and topic-specific committees and working groups with ESG mandates.

Enterprise-wide teams supporting climate action

CIBC's climate governance structure supports the effective oversight, management and execution of our net-zero ambition across our business. Our Enterprise ESG team — led by the SVP, ESG & Corporate Governance — works alongside other teams and ESG experts across the bank, such as Enterprise Risk Management, to ensure that climate-related risks and opportunities are integrated into our enterprise ESG strategy. The execution of our net-zero ambition is also led and facilitated by our Enterprise ESG team and delivered through all strategic business units and functional groups. Engagement with senior management, reviews and approval processes are conducted by various committees, such as our Steering Committees for specific net-zero projects, including the development of our interim financed emissions targets.

Enterprise Risk Management 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. Enterprise Risk Management, which includes a dedicated Environmental Risk team, 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 via carbon scoring methodology, and measurement of carbon-related asset exposure; and
- Monitoring and ensuring compliance with regulatory requirements.

A Regional Climate Risk Committee (RCRC) comprising Heads of Business and Infrastructure Risk Heads from the European, Asian and Australian offices, provides a forum for addressing regulatory, strategic and client-related climate risk issues for the Europe and Asian-Pacific regions. It also acts 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

The governance of our net-zero ambition feeds into our overall ESG governance framework. To support the methodological development of 2030 financed emissions targets related to our net-zero ambition, we have assembled cross-functional teams made up of Enterprise ESG, Environmental Risk, Sustainable Finance (Corporate Banking) and the business leads for relevant sectors. The mandate of these working groups is to determine key decisions that result in our portfolio-specific financed emissions baseline, interim targets and methodologies. Our interim net-zero targets then go through an extensive review process, led by these working groups, with input from the Senior Executive ESG Council, and are reviewed and approved by our net-zero Steering Committees and business-specific and bank-wide executive committees. Once approved by the most senior level of management at CIBC, the Board of Directors is updated through reporting and dedicated meeting time.

Compensation linked to climate-related targets

Key to CIBC's ESG governance framework is fostering enterprise-wide accountability by both quantifying and aligning our incentive compensation awards to ESG performance through our internal ESG Index. Executives' and the majority of employees' compensation is linked to company-wide performance based on the BPF which is approved by the Board of Directors. Our ESG Index, which includes climate-specific metrics, comprises 10% of the overall BPF, ensuring that achieving our ESG targets are a fundamental component of our incentive funding pool calculation.

Our composite ESG Index tracks progress on our ESG priorities, including our climate-related goals, and includes measures covering activities across strategic business units and functional groups. These measures are based on stakeholder priorities where CIBC can have the greatest impact and align with our ESG strategy pillars. Annual goals are established to align with our public multi-year commitments and other internal strategic priorities. The ESG Index is reviewed to reflect evolving stakeholder expectations and emerging trends, with input from the Senior Executive ESG Council and Executive Committee and final approval by the MRCC.



Strategy



CIBC is taking action to integrate climate-related risks, opportunities and our net-zero ambition into our business strategy and financial planning.

The Intergovernmental Panel on Climate Change (IPCC) report released in 2021 highlighted the scale and urgency of accelerated climate action and the integral role that the global financial system plays in the low-carbon transition.¹¹ In 2022, the IPCC released an updated global assessment of progress on climate action, further emphasizing the urgency and effort required to meet our global climate goals.¹² Financial institutions continue to play an important role in the low-carbon transition. As a major Canadian lender, investor and financial advisor, CIBC can help mobilize capital flows towards activities aligned with a low-carbon economy. We can do this by scaling our sustainable finance products and services, encouraging consumer behavior and supporting the transition of our clients to achieve net-zero emissions. The path forward requires substantive transformation and meaningful action to limit global temperature rise to 1.5°C above preindustrial levels.

We are making progress 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 businesses 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. Four key themes guide our climate strategy:



Supporting our
clients' transition



Encouraging
consumer behaviour



Refining our
operations



Sharing our
progress

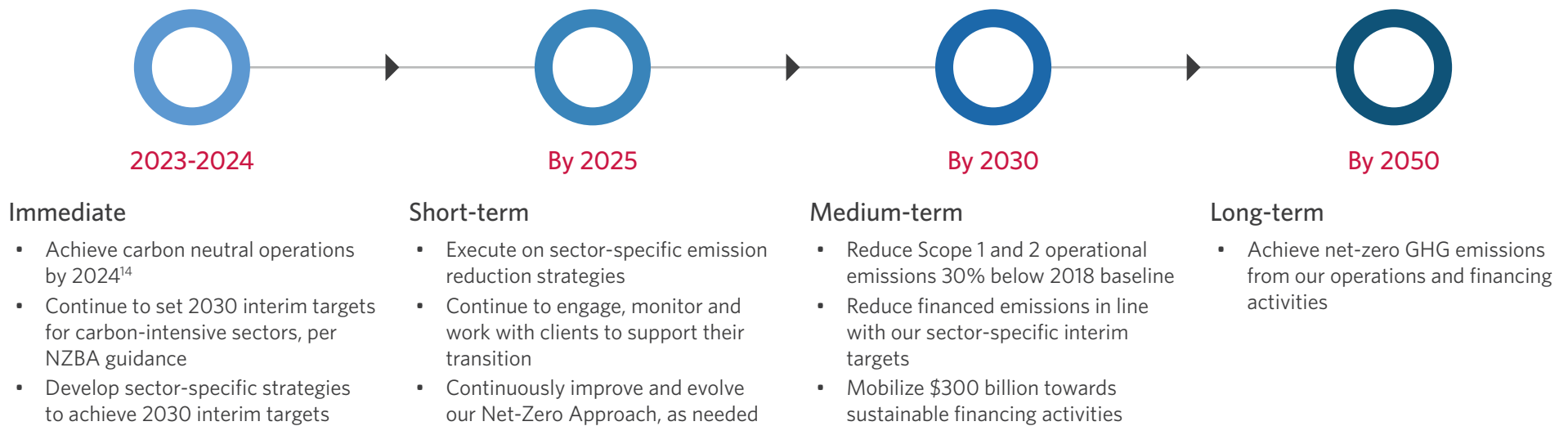
The following sections describes the actions we are taking to implement our Net-Zero Approach. This includes how we will embed net-zero considerations into our products and services, activities, decision-making and policies in the carbon-intensive sectors for which we have set net-zero financed emissions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

Net-zero by 2050

At CIBC, we understand the urgency with which climate solutions are needed and the important role that the financial sector plays in the transition to a low-carbon economy. As a bank and major Canadian financial institution, we are doing our part and have set our ambition to achieve net-zero GHG emissions associated with our operational and financing activities by 2050. Achieving net-zero emissions means reducing our GHG emissions as close to zero as possible, while balancing any remaining GHG 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.

Recognizing that achieving our ambition requires clear goals, immediate action and collaboration across all segments of the economy, we are accelerating our climate action and making progress towards our net-zero objectives. With a vision out to 2050, there are several actions we will take in the immediate, short, interim and long-term to meet our goals.

Our net-zero roadmap¹³



There are several ways CIBC can support the transition to a low-carbon economy. We continue to finance the scale-up of low-emitting technologies and services, including nature-based solutions, to replace carbon-intensive technologies and processes. CIBC is also financing companies aligned with a 1.5°C transition pathway, who we consider to be climate leaders. For example, our power generation lending portfolio is already 34% zero-emitting or renewables-based, and many of the companies within this portfolio are committed to net-zero and have set science-aligned targets. We will seek to finance companies who have set targets aligned with CIBC's net-zero targets and, are developing transition plans and disclosing their progress transparently. Finally, we will also continue to engage, work with and encourage both high- and low-emitting clients to transition in line with and develop net-zero transition plans consistent with our targets and commitments. This includes using sustainability-linked financial products to encourage companies to execute on decarbonizing their operations. We support these clients through our various sustainable finance products and advisory services, detailed in our [Implementation plan](#).

By deploying the financing strategies above, we can lower our financed emissions and work towards achievement of our net-zero ambition. In providing 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.¹⁵ 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.

Assumptions, uncertainties and challenges

Our plan to reach net-zero is premised on several assumptions 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, the development of new technologies, industry-specific solutions, shifts in consumer behaviour, and the impact of geopolitical events will all influence the pace and scale of the low-carbon transition. We expect that energy prices will continue to fluctuate due to market volatility and geopolitical conflict. Furthermore, policy developments are an important catalyst for incentivizing investment. We anticipate an increase in climate-related policy, including incentives and regulatory developments in the various jurisdictions within which we operate, such as Canada's 2030 Emission Reduction Plan and the U.S. *Inflation Reduction Act* (IRA). The IRA has introduced a broad suite of investments in clean energy, transportation and manufacturing, which have improved the cost competitiveness of clean technologies in the U.S. We expect that the Government of Canada, which is committed to net-zero by 2050,¹⁶ will respond in its forthcoming budgets to establish a level playing field and prevent loss of investment and talent. 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 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. We will continue to work with governments, industry and clients to ensure the viability of low-carbon technology development at scale.

The lack of 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 we will look to refine our calculation methods over time as data becomes more available and reliable. We will continue to learn from the data to inform our journey to improve our climate reporting.

To achieve net-zero by 2050 in our own operations, RECs and carbon removal credits 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 credits 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 dioxide 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 credits, please see our [Net-Zero Approach](#).

Implementation plan

CIBC will take specific actions over the immediate (2023-2024), short (2025), medium (out to 2030) and long-term (out to 2050) to achieve our net-zero ambition. Our role is to help finance activities that align with a low-carbon economy, support our clients through their transition and encourage net-zero aligned consumer behaviour, while simultaneously reducing risk in our own operations. Below, we describe the actions we are taking to implement our Net-Zero Approach, including how we will embed net-zero considerations into our products and services, activities, decision-making, and policies in the carbon-intensive sectors for which we have set net-zero financed emissions interim targets. We also describe how we engage with our clients, peers, industry and the public sector on the low-carbon transition.

Products and services

The journey to net-zero will continue to have profound implications for our clients. We are focused on helping position them to thrive in a low-carbon economy, and we will remain their trusted financial partner throughout this transition. In 2021, we significantly increased our commitment to mobilize sustainable finance by increasing our goal to \$300 billion by 2030. Through our enterprise-wide lending, investment and advisory activities, we are committed to mobilizing \$300 billion in capital and developing innovative market-based solutions to support our clients, including green bonds, sustainability-linked loans and other sustainable investment solutions that meet our clients' needs for sustainable finance products.

We have played an active role in the growing Green Bond market, issuing a US\$500 million Green Bond in October 2020 and a cumulative of \$85 million of Green/Sustainable Market-linked GICs since 2020. Our treasury team also holds a portfolio of green bonds. In 2021, we developed and published the [CIBC Sustainability Issuance Framework](#), which guides our future issuances of sustainable fundraising, including bonds, notes, certificates, commercial paper, deposits and other investment vehicles.

We are driving the development of new climate innovations to support the low-carbon transition. For example, we have committed \$100 million in limited partnership investments in climate technology and energy transition funds. Deploying these funds will facilitate the scale up and commercialization of viable carbon reduction and removal solutions. To help our Canadian and U.S. clients meet their net-zero commitments, we co-founded Carbonplace along with eight other global banks. Carbonplace is a global platform developed to connect buyers and sellers of voluntary carbon credits. The platform is expected to be commercialized in 2023 and will play a role in accelerating the large-scale investment required to address climate change. Carbonplace enables the accessibility, trust, and transparency required to scale the voluntary carbon market and accelerate global climate action.

Our dedication to our client relationships means that many of our clients come to us for advisement as they develop strategies to address the risks and opportunities associated with the energy transition. In 2022, we supported a number of clients as they evolved their business models to align with a lower carbon economy. This includes financing and advising on innovative climate solutions, such as hydrogen, biofuels and CCUS technologies. Our Energy, Infrastructure and Transition Investment Banking group, which was established in 2021, expanded this year to meet growing demand for our advisory services globally.



We are supporting EverWind Fuels, which is developing a green hydrogen and ammonia production facility at its existing oil and liquids terminal business in Point Tupper, Nova Scotia. Green hydrogen and ammonia production at the site will help support emissions reductions domestically and internationally by displacing emissions for other emitting source of energy and bringing clean energy jobs to Canada. CIBC is acting as Financial Advisor to EverWind on the project.



We are also providing capital raising and financial advisory services to Summit Carbon Solutions, the developer of the world's largest carbon capture and storage project.¹⁸ CIBC is leading the financial advisory efforts for this novel US\$5 billion project, which is creating a 2,000-mile carbon dioxide pipeline network connecting 32 facilities across five U.S. states and will be capable of capturing and permanently storing more than 11 million tonnes of carbon dioxide each year.

For more information on our sustainable products and solutions, please see section 4.0 of our [Sustainability Report](#).

Incorporating client transition activities into our assessments and decision-making

At CIBC, we are taking steps to embed our net-zero ambition into the bank's business activities and decision-making. We aim to incorporate our net-zero objectives and priorities into CIBC's due diligence and review processes, lending and investment decision-making, and transaction approvals. Our focus will continue to be on operationalizing our net-zero ambition to ensure that decision-making reflects our climate commitments and policies. Additionally, we will continue to support climate risk-related decision-making to further prepare our ability to navigate the complexities associated with climate change. For example, we assess our clients' low carbon transition plans through our Carbon Risk Scoring Methodology that provides CIBC the ability to identify and understand our clients' emissions profile over the short, medium and long-term. Please see more on our Carbon Risk Scoring Methodology in the [Risk Management](#) section below.

We understand that these actions and processes are a large undertaking and will require coordination from across the bank. With this in mind, we will continue to work towards disclosing on our progress in future reports.

Policies and conditions

In 2022, we updated our thermal coal policy to better reflect our lending commitments. In line with our net-zero ambition, we are implementing conditions to ensure that our lending practices support the transition to a low-carbon economy. CIBC's [stance on coal](#) commits us to no longer 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 clients¹⁹, 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 also have a [Responsible Investment Policy](#) for our asset management subsidiary, CIBC Asset Management. The Policy formalizes our commitment as a signatory of the Principles for Responsible Investing (PRI) to incorporate responsible investing factors into our investment decision-making. For more information on how this relates to our sustainable products and solutions, please see section 4.0 of our [Sustainability Report](#).

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

A key focus area for the bank is engaging with our clients on their net-zero journeys. Through our engagements in sustainable finance, we encourage our clients to integrate climate metrics into their business strategies and operations, tailoring our engagements to their specific climate risks and opportunities.

Our annual credit review process includes a review of carbon assessment scores determined through our Carbon Risk Scoring Methodology, which helps us to understand where our clients are on their decarbonization journey. Through this process, we can evaluate our clients' alignment with our net-zero objectives, and we intend to use this approach to inform how and when we engage with them on climate going forward.

We also engage our clients by assessing the implications of announced climate policies and translating them into commercial opportunities for their business. For example, in 2022, we undertook engagements across several jurisdictions on climate-related opportunities, such as those presented in the U.S. *Inflation Reduction Act*. We engage a variety of clients, including many energy companies ranging from upstream oil and gas, infrastructure, gas processing, and power generation, among others.

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, please see section 5.0 of our [Sustainability Report](#).

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 were the first Canadian bank to become a member of the Rocky Mountain Institute's (RMI) Center for Climate-Aligned Finance (CCAF), which provides us with valuable insights to ensure that our net-zero process is robust and ambitious and supports our thought leadership. CIBC completed a five-part podcast series with RMI on the decarbonization of several sectors. 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.

We engage in learning and collaboration, 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. For example, in partnership with the University of Calgary and alongside several of our clients, we recently committed to helping fund the Energy Transition Centre in the City of Calgary. We are also establishing a Research Chair in Sustainable Finance in partnership with York University's Schulich School of Business, producing next-generation research and through leadership in the sustainable finance field. CIBC shares knowledge, acts as a climate subject-matter expert and provides training to industry peers and academia through workshops, primers, and conferences.

We are actively championing the implementation of sustainable finance best practices across Canada's financial sector and the broader economy. Our commitment to sustainable finance is demonstrated through our work with the Sustainable Finance Action Council (SFAC). CIBC's EVP and CLO, Kikelomo Lawal, and executive responsible for ESG, participates on the SFAC, where we have the opportunity to provide feedback to policymakers on the infrastructure needed to develop a robust sustainable finance market in the Canadian context. In 2022, we continued to participate in two of the SFAC's technical expert groups focused on taxonomy development and data. We continue to engage the SFAC on finalizing an approach to a Canadian taxonomy for green (low-emitting) and transition (decarbonizing carbon-intensive activities) labelled financial products.

For a list of our climate-focused partnerships and engagement, please see section 4.0 of our [Sustainability Report](#).

Public sector engagement

We aim to ensure all our public sector advocacy and engagements align with our net-zero ambition, and, as appropriate, will encourage the consistency of our clients' lobbying and advocacy activities with the low-carbon transition.

In 2022, CIBC sponsored and participated in the Public Policy Forum's Canada Growth Summit. The theme of the Summit was 'Transition to Opportunity', focusing on technological disruption on the path to net-zero, inclusive and sustainable growth, and Canada's positioning in the transition. Our EVP and CLO spoke on a panel discussing innovation for a net-zero economy, an example of our focus on cross-industry collaboration.

CIBC provided preliminary feedback to the Government of Canada on the proposed Canada Growth Fund, a new public investment vehicle to help meet national economic policy goals, including Canada's climate goals and investing in the growth of low-carbon industry. We engaged the Department of Finance Canada on technical briefing for the CCUS Investment Tax Credit, to fully understand its application for our clients. We also participated in a technical briefing by the Canadian Climate Institute, hosted by the Lieutenant Governor of Ontario, the Honorable Elizabeth Dowdeswell, on the macroeconomic costs of climate change and its threat to Canada's future prosperity.

Furthermore, this year, CIBC participated in a consultation on net-zero industrial policy hosted by Canada's Net-Zero Advisory Body, which is exploring how industrial policy can be applied in key sectors to help Canada meet its climate and net-zero objectives while pursuing competitive opportunities in global markets. As part of the federal government's actions to meet net-zero by 2050, the Government of Canada is prioritizing the building sector, as it is the third largest sources of emissions in Canada. To support this decarbonization effort, CIBC met with Natural Resources Canada to consult on financial institutions' role in Canada's Green Building Strategy.



Refining our operations

An important part of our transition to net-zero is reducing emissions from our own operations. We aim to reduce our Scope 1 and 2 absolute GHG emissions from our Canadian and U.S. operations by 30% by 2028, compared to a 2018 baseline, and achieve net-zero operations by 2050. To achieve this target, our operational emissions abatement strategies focus on improving energy efficiency and reducing energy consumption in the buildings we occupy. We invested approximately \$9 million in 2022 in our energy optimization program in Canada, which includes three main components: LED lighting upgrades, high efficiency rooftop units, and smart control systems in our retail branches which remotely control building equipment to optimize energy use.

Over the past few years, CIBC has embarked on an enterprise real estate workplace transformation to design collaborative ecosystems to increase engagement, support employee productivity and well-being, and maximize space utilization to improve energy efficiency. Our efforts will reduce CIBC's real estate footprint over the long term. CIBC Square, our newest flagship building, is anticipated to garner LEED workspace Certification in 2023. Currently, CIBC is piloting fuel-switching and electrification strategies in our banking centres, such as upgrading to low-emission heat pumps to minimize the use of natural gas heating equipment. CIBC is also exploring on-site renewable energy, such as solar photovoltaic, as one of the promising pathways to further reduce our emissions footprint in our banking centres.

The deployment of these operational emissions abatement strategies has improved our footprint in 2022. For more information, please see [Metrics and Targets: Operational GHG emissions](#).

Risk Management



Climate change can impact many facets of the economy. We expect the future to be increasingly carbon-constrained and, therefore, need to prepare our business and support our clients through the transition.

Climate-related risks are an important consideration within CIBC's enterprise risk management processes. Both physical and transition 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 overall risk exposure. Accordingly, we have adopted our Carbon Risk Management Approach to manage the impacts of climate change on our business operations and those of our clients.

The Carbon Risk Management 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 to CIBC's operations and to our lending portfolios.

Our Enterprise Risk Management team and 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.²⁰ 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	<ul style="list-style-type: none">Increased pricing of GHG emissionsEnhanced emissions reporting obligationsMandates on and regulation of existing products and servicesExposure to litigation	As part of our Carbon Risk Management Approach, we assess the impacts of climate change regulation on CIBC’s credit portfolio. In 2018, the Government of Canada enacted legislation establishing a federal GHG pricing scheme, composed of carbon tax on fossil fuels and an output-based pricing system for large industrial emitters. The carbon tax on fossil fuels stood at \$50 per tonne of CO ₂ equivalent in 2022 and is set to increase annually to \$170 in 2030. Climate regulations, such as British Columbia’s carbon tax and Quebec’s cap-and-trade system for GHGs can impact CIBC’s clients in high emitting sectors since they may incur increased costs as they try to comply with the regulations, which can add additional credit risk. In addition, failure to comply with climate regulations could result in fines or more serious impacts to a client’s business, which is also considered as part of the credit risk process. Emerging regulations, such as additional jurisdictional carbon pricing regulations and building energy efficiency requirements, can result in upstream costs for our clients. As part of our Carbon Risk Management Approach, we have developed additional screening tools for climate-related risks in credit risk assessments. Such tools are based in part on emerging policies related to climate.
Technology	<ul style="list-style-type: none">Substitution of existing products and services with lower emissions optionsFailure to invest in technology needed to transition businessCosts 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. Conversely, financing or investing in companies with emerging technologies designed to address climate issues such as carbon capture, utilization and storage technology, could prove to be lucrative given their market demand, operating cost benefits, and/or revenue benefits from carbon policies.
Market	<ul style="list-style-type: none">Changing customer behaviorUncertainty in market signalsIncreased 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. This in part could be driven by incentives proposed by the Government of Canada to shift investment into the transition to a low-carbon economy. 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.

Climate-related Risk Categories	Examples of Climate-Related Risks	CIBC Risk Management Approach
Reputation	<ul style="list-style-type: none"> Shift in customer preferences Stigmatization of sector(s) Increased stakeholder concern or negative feedback 	<p>Potential impacts to CIBC's reputation could result from our association with traditionally high carbon-emitting sectors and the increased activism 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. Our Reputation and Legal Risks Questionnaire for Credit Transactions includes a question regarding whether the transaction “may pose a Reputation Risk or Legal Risk as a result of known or anticipated environmental and social factors”. In situations where, in CIBC's view, the client does not have sufficient sustainable practices related to environmental and social issues, we will limit our support and require heightened due diligence review. This may include review by our senior 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 financing.</p>

Physical Risks

Climate-related Risk Categories	Examples of Climate-Related Risks	CIBC Risk Management Approach
Acute	<ul style="list-style-type: none"> Increased severity of extreme weather events such as cyclones and floods 	<p>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. For example, CIBC has numerous retail banking centres located in eastern Canada, which was impacted in 2022 by Hurricane Fiona, a destructive Category 4 hurricane, which was the most intense and costly hurricane to hit Canada on record. 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.</p>
Chronic	<ul style="list-style-type: none"> Changes in precipitation patterns and extreme variability in weather patterns Rising mean temperatures Rising sea levels 	<p>Chronic physical risks, such as changing climate conditions and increased sea level, can have an impact on CIBC's operations as well as the operations of those with whom we do business. For example, infrastructure or real estate situated in low-lying areas could become more prone to flooding and the associated costs. Clients with significant exposure to such impacts could be more at risk of default on loans. For CIBC specifically, this will have a great impact on our lending to real estate in New York City, where a 2-degree warming scenario predicts a 2.8-meter sea level rise by 2100 in certain areas of the city.²¹ To mitigate such risks, as part of our Carbon Risk Management Approach, we assess the physical impacts of climate change on CIBC's operations and on our lending and investment portfolio.</p>

Carbon Risk Scoring Methodology

Our Carbon Risk Scoring Methodology aims to enhance our understanding of our clients' carbon journey over the short, medium and long-term, and to inform our credit assessment with respect to our clients' climate-related risk profiles. It is also used to inform our climate heatmapping and scenario analysis work to assess and manage the climate-related risks across our corporate and commercial lending activities. Scores are reviewed by our credit risk management team as part of the credit adjudication process and support our broader climate credit risk appetite and strategic discussions within the bank.

CIBC's Carbon Score Review committee, made up of representatives from business units and risk management, reviews clients who have scored poorly to determine how we can best support their transition activities. We also use the outputs from this analysis to inform a range of risk management processes, including identifying and prioritizing climate-related client engagement, as well as inputs for our climate risk heatmapping.

The objective of our Carbon Risk Scoring Methodology is to identify and understand the carbon risk for our corporate and commercial clients, including:

- A deeper understanding of our clients' plans to move to a low-carbon economy over the short to long-term
- The physical risks caused by a warming planet and increases in extreme weather
- How the client compares to peers in the transition to a low-carbon economy

We consider four key elements when assessing a client's carbon risk score:

Current profile (1-2 years)

Assesses a company's near-term reliance on hydrocarbons or GHG emission in their 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 market, policy, and technology under climate change scenarios.

Medium term – actions (3-5 years)


Measures taken in the medium-term to mitigate exposure to carbon transition risks such as clear objectives or changes to business strategy.

Long term exposure (6-15 years)

Assesses exposure to rapid, low carbon transition scenarios over the long-term.

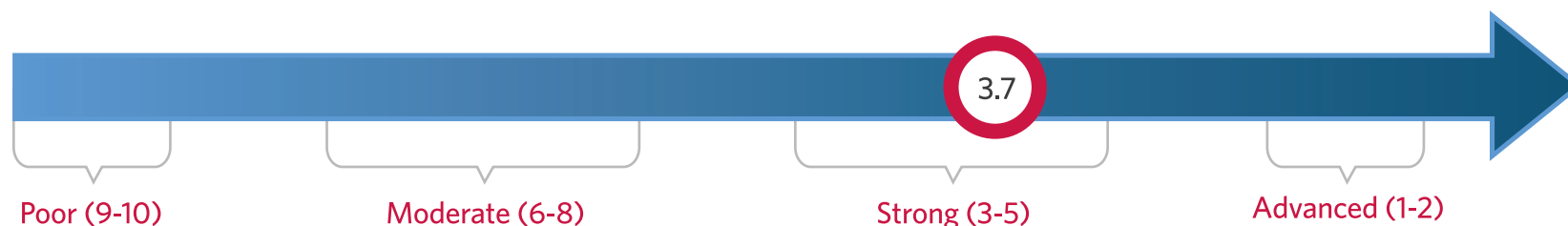
An overall carbon risk score of between 1–10 (1 being low risk) is assigned taking into account assessments of a client's current, medium-term (3 to 5 years) and longer-term (5 years+) positioning with regards to physical and transition risks. Scores are then further grouped into the four categories of advanced, strong, moderate and poor. Using an internally developed template, the methodology takes into account commitments clients have made to the market. The scoring is also used to aid relationship manager/client dialogue and potentially identify transition finance opportunities such as green or sustainability-linked loans.

Carbon Risk Scoring Legend



Scoring Category	Description
Advanced	Borrowers exhibit advanced positioning for 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 2022, we evaluated over 950 clients, representing 74% of our largest corporate and commercial lending activities by loan authorization. For practical purposes, we prioritized assessing clients above a certain size threshold. The weighted average score across all sectors was “Strong”, indicating that the majority of our corporate and commercial lending portfolio is well-positioned to adapt and transition to a low-carbon economy.



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. In our corporate lending to the Oil and Gas sector, for example, the weighted average score based on 129 clients indicated that the majority mapped into the “Moderate” category. In our corporate lending to the Power sector, most clients mapped into the “Strong” or “Advanced” categories (based on 156 clients). This helps us have confidence that our clients in the Power sector are well positioned to transition their businesses and play a role in powering the 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 kgCO₂/MWh is significantly lower than the IEA’s intensity benchmark of 500 kgCO₂/MWh.²²

We used the same approach to evaluate our larger commercial loans in these sectors, but sector-level insights are more difficult to extrapolate given the smaller sample size of clients.

Heatmap assessment

Assessing climate-related risks in business and government lending

In 2021, we developed a “heatmap” approach for our business and government sectors that reflects the potential physical and transition risk impacts of climate change and applied this to our loan exposures. Heatmaps are an effective tool to identify sectors that are exposed, directly or indirectly, to increased risks related to climate change and the relative impact of those risks. A 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 risks in our business and government sectors are identified at the client-level where available, similar to transition risks. 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.²³ Under this approach, sector risk levels are a function of three components:

- **Vulnerability** – captures both direct and indirect physical impacts on investments from a changing climate, accounting for chronic changes as well as extreme events. This includes reliance on natural resources, reliance on secure energy supplies and transport routes, market demand, reliance on labour health and productivity, 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.

In 2022, we continued to refine our methodology and conducted an updated heatmapping exercise to monitor and assess how climate-related risks are evolving across our lending activities. Specifically, we used our internal Carbon Risk Scoring Methodology to assess the transition risks in our heatmap. This approach represents an update from our 2021 Heatmapping exercise, where we used generic industry carbon scoring data. By using our own internal tool, this year’s exercise yielded outputs that better reflect the specific climate transition risks faced by the CIBC credit portfolio and enables us to identify and assess strengths and opportunities within our lending activities. This added granularity enables us to add a geographic lens to our sectoral climate risk analysis. Overall, we found that CIBC’s climate-related risks showed little variability across different regions, while our exposure is concentrated in North America, as approximately 90% of our credit exposure is located in Canada and the U.S.²⁴

The 2022 climate risk heatmap showed no significant year-over-year changes to our portfolio’s vulnerability to climate-related risk, with the overall risk level to the portfolio remaining moderate. Our exposure to different economic sectors also remained mostly consistent. Our updated approach for assessing transition-related risks based on our internal Carbon Risk Scoring Methodology resulted in improved outlook for certain sectors including for the Utilities, Real Estate & Construction and Manufacturing — Consumer Goods sectors. Inversely, certain sectors where we have limited credit exposure had their transition risk profiles elevated.

Our analysis identified that not all sectors were impacted equally by climate-related risk. For example, the oil and gas sector is exposed to moderately high physical and high transition risks due to operational vulnerability to weather events and the carbon-intensive nature of operations. A high transition risk for this sector continues to reflect possible changes in market demand as electric vehicles achieve mass market adoption and regulatory frameworks that aim to establish a price on carbon. 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 faced by 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). We would also expect sectors to generally improve over time as they embrace and adopt climate mitigation.

Client risk summary — by sector

Sector	Physical rating	Transition rating	Exposure ⁱ : C\$MM	Exposure: %
Financial Institutions	Moderate	Moderate	215,221	41%
Governments	Moderate	Moderate	110,523	19%
Real Estate and Construction	Moderately High	Moderate	58,567	11%
Utilities	Moderate	Moderate	32,050	6%
Business and Personal Services	Moderate	Low	15,811	3%
Oil And Gas	Moderately High	High	15,209	3%
Retail and Wholesale	Moderately High	Moderately High	14,876	3%
Transportation	Moderately High	Moderately High	10,402	2%
Agriculture	Moderately High	Moderately High	10,252	2%
Manufacturing – Consumer Goods	Moderately High	Moderate	7,687	1%
Manufacturing – Capital Goods	Moderately High	Moderately High	6,907	1%
Mining	Moderately High	Moderate	6,621	1%
Education, Health, and Social Services	Low	Low	5,636	1%
Hardware and Software	Low	Low	4,998	1%
Telecommunications and Cable	Moderate	Moderate	4,117	1%
Forest Products	High	Moderate	1,352	0%
Publishing, Printing and Broadcasting	Moderate	Moderate	594	0%
Total	Moderate	Moderate	520,824	100%

ⁱ Includes drawn and undrawn commitments, repo-style transactions, other off-balance sheet and OTC derivatives under the Advanced internal ratings-based (AIRB) approach for credit risk as at October 31, 2022. Standardized portfolios, including those of CIBC Bank USA and FirstCaribbean International Bank (FCIB), are excluded.

Client risk summary — categories

Risk Level	Definition
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

The TCFD recommendations promote the use of climate scenario analysis for the assessment of a company's resilience to climate-related risks. Scenario analysis is not meant to be a forecast but, rather, it provides a useful "what-if" framework to explore how these risks may manifest in the future. By exploring a range of plausible climate futures under certain conditions and assumptions and assessing the potential risks and opportunities of each, companies can better understand the key drivers that will likely affect their business going forward and adapt their strategies and ambitions accordingly. Scenario analysis is a key element of our risk identification process and allows us to focus effort on the more affected sectors and develop risk-based approaches to quantify and mitigate the impacts of climate change.

Assessing climate risks is more complex and longer term in nature than most traditional business risks, and there is considerable uncertainty as to how future technology, policy and changing consumer demand will impact these risks. Another challenge with effective climate scenario analysis is limited historical data to empirically measure the strength of the climate/credit risk relationship across all sectors.

Our membership in various industry associations and participation in pilot projects provides opportunities to share experiences and approaches to scenario analysis across organizations and is critical to advancing both the use and capability of scenario analysis. Industry and regulatory standards for measurement and scenario analysis are still evolving and we will update our approach as this develops.

As we developed our approach, we found that there was limited high-quality data available, such as climate hazards by postal code or industry standards to assess and model the impacts from the physical and transition risks of climate change on 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 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.



Scenario analysis in our corporate and commercial lending

Our scenario analysis approach involved inferring potential credit migrations based on our heatmap to estimate potential changes in probability of default (PD)²⁵, expected loss²⁶ and risk-weighted assets (RWAs).²⁷ A key input into our business and government lending risk ratings systems are enterprise value and profitability. These factors would be affected by climate events and thus downgrades (or upgrades) are an intuitive consequence. 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.

In 2022, we expanded our analysis to include additional time horizons, covering the periods leading up to 2030, 2040 and 2050. In alignment with TCFD recommendations, we will continue to explore, refine and build out climate change scenarios consistent with the Paris Agreement commitment of limiting global warming to below 2°C, and incorporating some of the most recent developments in the industry and regulatory standards. In particular, we have emphasized the three scenarios developed by the Bank of Canada and the Office of the Superintendent of Financial Institutions (OSFI) as part of their Climate Change Pilot.²⁸ These scenarios, similar to the scenarios suggested by the Network for Greening the Financial System (NGFS), are:

- **Net-zero 2050** – an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net-zero CO₂ emissions around 2050. Physical risks are relatively low, but transition risks are high.
- **Below 2°C immediate** – gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C. This scenario assumes that climate policies are introduced immediately and become gradually more stringent through not as high as in Net-zero 2050.
- **Below 2°C delayed** – assumes global annual emissions do not decrease until after 2030 when new climate policies are introduced. Strong policies are then 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 scenarios.

Our analysis allowed 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 start 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.

Also, not all sectors respond in the same way to each scenario because they face different pressures and challenges to decarbonize along the transition. 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.

Scenario analysis in our retail lending

We use a different scenario analysis approach for our retail portfolios, for which our largest exposure is Real Estate Secured Lending (RESL) for residential mortgages. We have focused our analysis on physical climate risks, which we have identified as being the most relevant for this specific sector including flood, wildfire, wind, ice storm and heatwave hazards. We took an approach similar 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 RWAs) at various confidence intervals.

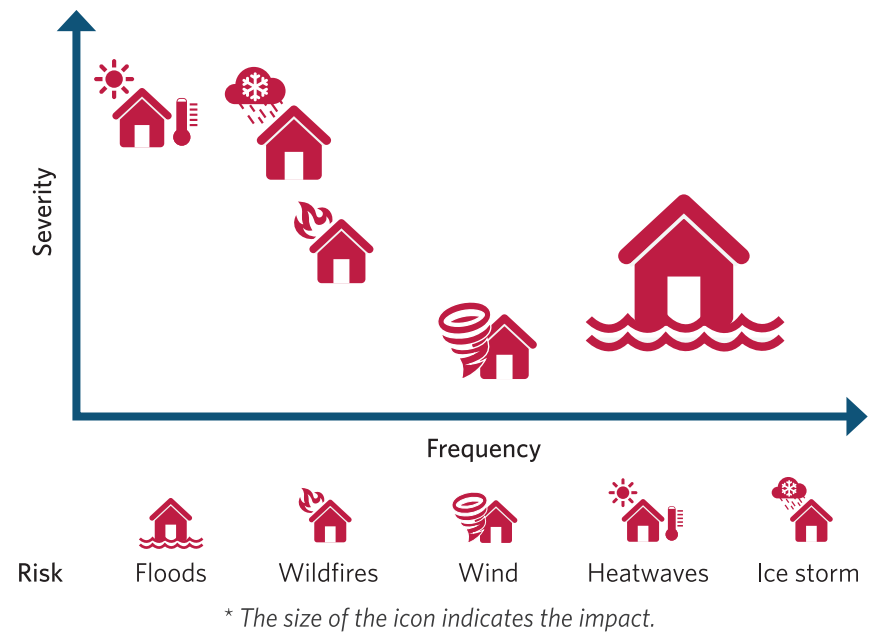
Under this approach, resulting expected losses and RWAs were manageable, with floods accounting for more than half of the impact. We are also exploring alternative approaches using flood maps and other geo-mapping techniques to determine localized impacts more accurately.

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 risk 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. Our climate-related Risk Appetite is defined both qualitatively and quantitatively. During fiscal 2022, we incorporated a quantitative measure into our Risk Appetite. 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. Calculation and reporting of the quantitative measure will commence in fiscal 2023. We continue to evaluate additional relevant metrics and will elevate additional quantitative measures to our Risk Appetite Statements, as needed, as climate-related risk management practices evolve and mature.

Figure 1: Physical risk — Retail exposures



Metrics and Targets



We use various metrics to gauge our progress and track performance towards achieving net-zero GHG emissions associated with our operational and financing activities by 2050.

We are committed to measuring, tracking and reporting CIBC's performance against our net-zero ambition. Doing so is a complex undertaking, as industry frameworks and standards continue to emerge and evolve at a rapid pace. We work hard to stay at the forefront of emissions accounting practices that provide insight into the effectiveness of our efforts to make progress on our net-zero ambition. With transparency as a core tenet of our climate disclosure practice, we will continue to refine our approach to reflect leading standards, methodologies and best practices. Please see [Appendix A](#) for a detailed disclosure of our climate-related metrics.

Operational GHG emissions

An important part of our climate journey is ensuring that our own operations are managed responsibly and reduce our impact on the environment and climate. This means ensuring our leased and owned offices and banking centres, as well as the resources that we use, are aligned with the transition to a low-carbon economy.

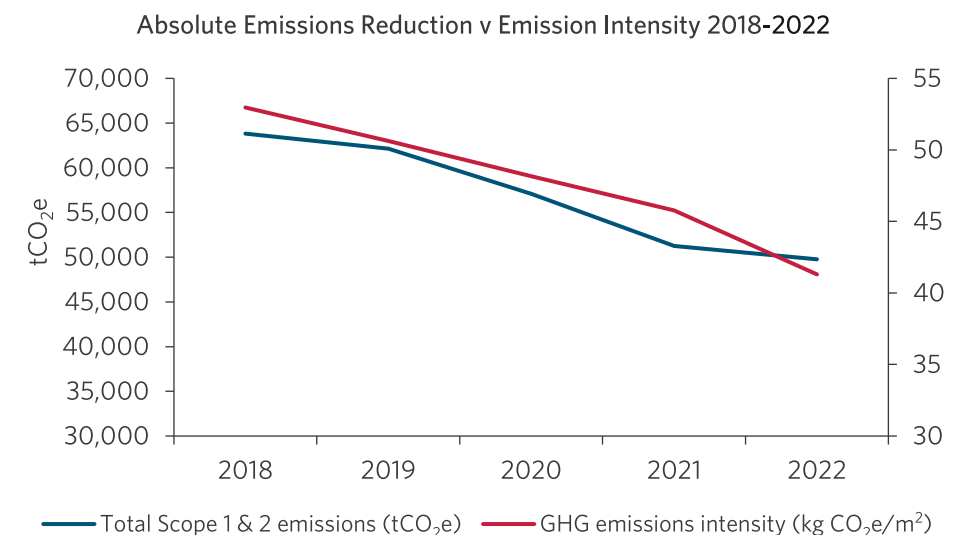
CIBC is committed to reducing our absolute Scope 1 and Scope 2 operational GHG emissions in Canada and the U.S. by 30% by 2028 compared with a 2018 baseline. As of 2022, we have achieved a 22% decrease in our absolute Scope 1 and 2 (location-based) operational emissions, progressing nearly three-quarters of the way to our target in only four years. Furthermore, we have reduced our operational GHG emissions intensity by 22.1%, from 53.0 to 41.3 kgCO₂e/m², compared with 2018. These reductions are owed in part to our ongoing emissions abatement efforts and demonstrate our dedication to reducing our own climate footprint.

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. Since 2018, these Scope 3 GHG emissions have decreased by more than 44%. We obtained limited assurance of our 2022 Scope 1, 2 and 3 operational GHG emissions for our Canadian and U.S. operations, which represent 99%²⁹ of CIBC's global operational footprint.

We are also committed to achieving carbon neutrality in our operations and sourcing 100% of our electricity from renewable sources by 2024. In 2022, we applied 54,935 and 12,801 RECs from Canada and the U.S., respectively. By focusing our purchases on Canada's most carbon-intensive electricity grids — such as Alberta, New Brunswick, Nova Scotia and Saskatchewan — as well as our entire U.S. portfolio, we offset 81% of our total Scope 2 indirect emissions from electricity use in Canada and the U.S. This accounted for 35% of our total electricity consumption in 2022 and contributed to 45% of our 2024 carbon neutral target, compared to 26% in 2021. We are on track to achieve our target in 2024.

See our [Climate-related metrics and targets](#) table for more details on our operational emissions metrics.

Figure 2: CIBC operational absolute and intensity GHG emissions over time



Net-zero interim targets

CIBC has established our ambition to achieve net-zero financed emissions by 2050. Reflecting our commitment as members of the NZBA and in alignment with guidance from PCAF, we have begun setting, measuring and disclosing both our absolute financed emissions and our intensity-based emissions reduction targets. Doing so provides transparency to our stakeholders on the climate-related impacts of our lending and investment activities and on our progress towards our net-zero ambition.




Under the GHG Protocol, Scope 3 emissions are divided into 15 categories, the last of which is financed 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 net-zero interim targets for priority sectors and tracking performance against our targets over time.³⁰

We believe that one of the most effective ways for banks to have a positive impact on climate change is by setting ambitious targets that encourage carbon-intensive sectors to reduce their emissions. CIBC is setting interim targets to reduce the carbon intensity of our financed emissions by 2030, in line with a 1.5°C pathway towards net-zero by 2050. Recognizing the scale and urgency of climate change, we prioritize establishing targets for the most carbon-intensive sectors.³¹ In 2022, we established interim targets to reduce the financed and facilitated emissions associated with our oil and gas and power generation portfolios.³² These initial carbon-intensity targets and baseline measurements were set and calculated using a proprietary methodology, as of October 31, 2020. Table [2] summarizes our 2030 targets for these sector portfolios, as well as our progress towards meeting them as of October 31, 2021.

We also chose to use lending commitments (versus outstanding) to eliminate potential year-over-year volatility related to drawn loan amounts and reflect credit commitments we provide to the industry. We set our initial financed emissions interim targets leveraging the best available science, data, industry standards and emerging practices. For more information on the methodology used for each portfolio, please see our [Net-Zero Approach](#).

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, decarbonize their products and services, and invest in carbon removals. This is why supporting our clients to achieve net-zero through sustainable financing and capital market solutions is central to our approach.

Table [2]: Summary of net-zero interim financed emissions targets

Sector	Activities	Scope	Intensity metric	2020 baseline	2021 performance Performance	2021 performance % change	2030 target Target	2030 target % reduction	Status
Oil and gas	Operational emissions associated with upstream production and downstream refining	Clients' Scope 1 and 2	gCO ₂ e / MJ	5.17	4.39	-15%	3.34	-35%	
	End use emissions associated with the use of oil and gas products	Clients' Scope 3	gCO ₂ / MJ	68.54	68.53	0%	50.04	-27%	
Power generation	Power generation	Clients' Scope 1	kgCO ₂ / MWh	230	200	-13%	156	-32%	

Oil and gas portfolio

In 2022, CIBC established interim intensity-based targets to reduce the financed emissions associated with our oil and gas portfolio. We are targeting a -35% reduction in the operational emissions intensity of our oil and gas portfolio, including emissions from upstream production and downstream refining of oil and gas products. We are also targeting a -27% reduction in the end use emissions intensity of our oil and gas portfolio, including emissions from the combustion of hydrocarbon-derived fuels sold into the market. Both reduction targets are compared to a 2020 baseline.

The operational emissions intensity of our oil and gas portfolio decreased 15% in 2021, compared to our 2020 baseline. This progress is mainly attributable to changes in commitments to higher carbon clients initiated by the client or CIBC, net of the increase in commitments to lower carbon clients and those clients who have either current or strong prospective carbon reduction plans, as well as changes in emissions intensity amongst the remaining clients and changes in commitments to those clients. This effort is complemented by our clients' increasing disclosure of climate transition plans and investments in low-carbon technologies to reduce their operational emissions. In addition, increasing regulatory oversight of emissions in the oil and gas sector in North America is expected to continue to play a role in emission reductions across the industry.

The end use emissions intensity of our oil and gas portfolio did not change between 2020 and 2021. Current geopolitical and macroeconomic environments have made reducing end use intensity emissions challenging due to competing business and operational priorities. We are still tracking towards our operational financed emissions intensity target for the oil and gas sector in 2030 and will continue to seek opportunities to reduce our end use financed emissions in line with our 2030 target. We will continue to engage with our clients while focusing on optimizing our portfolio to reflect a reduction in emissions going forward.

Power generation portfolio

CIBC established an interim target to reduce the financed emissions associated with our power generation portfolio in 2022. We are targeting an emissions intensity of 156 kilograms of CO₂ per megawatt hour (kgCO₂ / MWh) associated with direct emissions from power generation activities by 2030, which represents a -32% reduction in emissions intensity compared to our 2020 baseline. Our target includes portfolio companies with owned power generation such as independent power producers and the power generation share of combination (power and gas) utilities and integrated (generation, transmission and distribution) utilities.

Figure 3: Line graph depicting CIBC operational oil and gas portfolio financed and facilitated emissions reduction performance for 2021

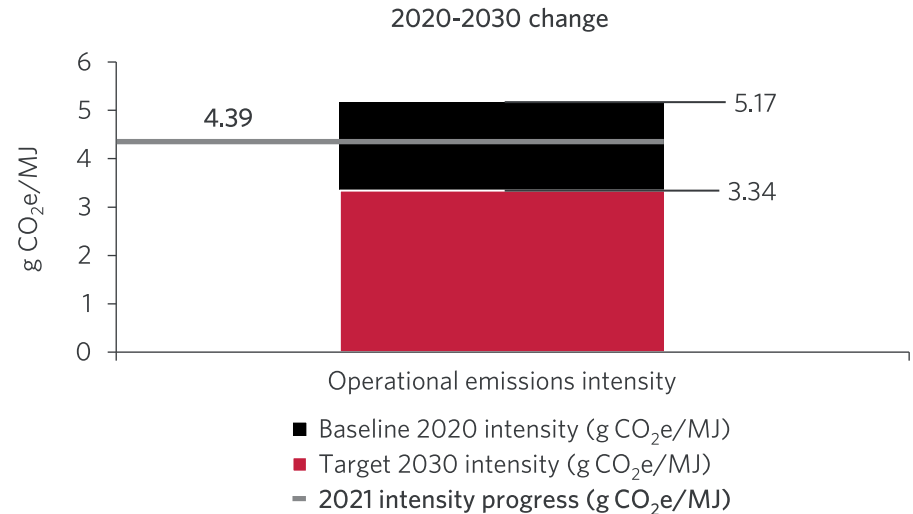
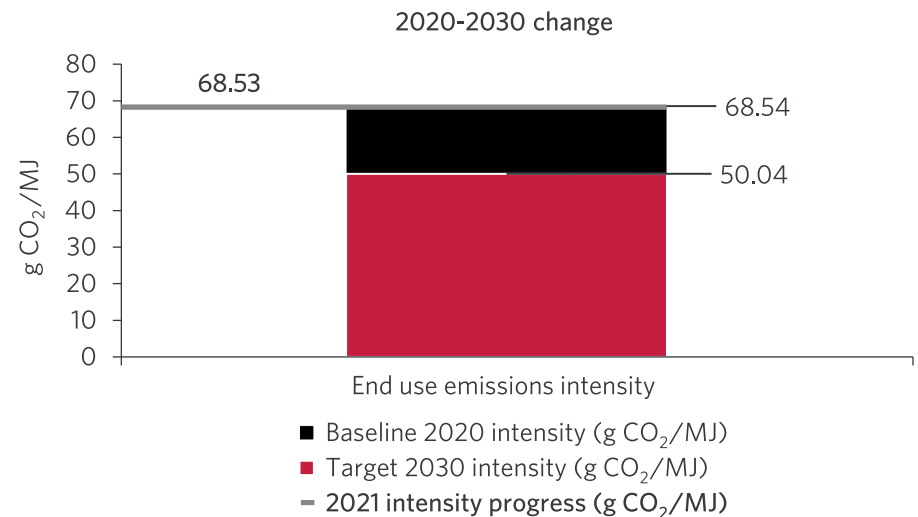


Figure 4: Line graph depicting CIBC end use oil and gas portfolio financed and facilitated emissions reduction performance for 2021



The emissions intensity of our power generation portfolio decreased 13% in 2021, compared to our 2020 baseline, representing 40% of progress made towards our 2030 interim target of a 32% reduction. This was the result of clients increasingly shifting their generation mixes to lower and zero-emitting sources, in addition to our continued financing to clients and projects with low and zero-emissions intensities. Our power generation lending portfolio was 34% zero-emitting or renewables-based in 2021, a 5% increase from 2020 which was 29%. This trend demonstrates CIBC's continued leadership in scaling the renewable energy sector and ensuring that we continue to stay on track to meet our 2030 target.

Absolute financed emissions calculations³³

To calculate our absolute financed emissions, we adopted the PCAF Global GHG Accounting and Reporting Standard — Financed Emissions.³⁴ 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 relevant PCAF asset classes. We then roll up these figures based on our portfolio sectors.

Table [3] summarizes our absolute financed emissions for four portfolios: oil and gas, power generation, Canadian residential mortgages and commercial real estate. For calculating our absolute financed emissions, we used drawn (outstanding) lending amounts covering only our direct financing, as of October 31, 2020 and October 31, 2021. For more information on our absolute financed emissions calculation methodology, please see [Appendix B](#).

Table [3]: Summary of CIBC's absolute financed emissions

Sector	2021 performance Outstanding amount (CAD Millions)	2021 performance Total emissions (kilotonnes CO ₂ e)	2021 performance PCAF data quality (1-5) ⁱ	2020 performance Outstanding amount (CAD Millions)	2020 performance Total emissions (kilotonnes CO ₂ e)	2020 performance PCAF data quality (1-5) ⁱ
Oil and gas: Clients' scope 1 and 2	\$3,856	2,659	2.3	\$5,460	2,838 ⁱⁱ	2.2
Oil and gas: Clients' scope 3	\$3,856	79,043	3.5	n/a	n/a	n/a
Power generation: Clients' scope 1 and 2	\$2,357	975	2.4	\$2,084	861 ⁱⁱⁱ	2.1
Residential mortgages: Clients' scope 1 and 2	\$231,000 ^{iv}	1,833	4.0	\$201,245 ^{iv}	1,886 ⁱⁱⁱ	4.0
Commercial real estate: Clients' scope 1 and 2	\$9,590 ^v	247	4.4	\$8,324 ^v	235	4.4

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

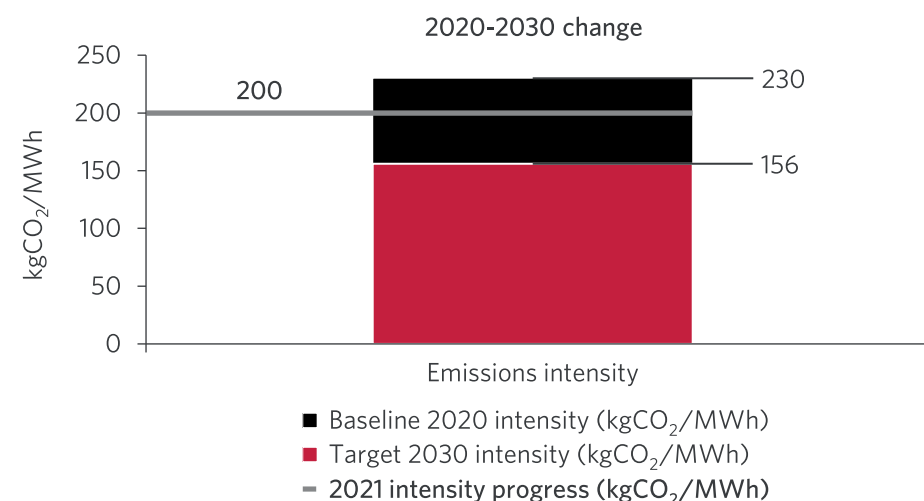
ⁱⁱ Due to a methodological change, we restated our 2020 absolute financed emissions using available data from comparable clients as a proxy in cases where data for a particular client does not exist, rather than using PCAF database emissions factors. This change to the new proxy method did not impact our data quality scoring methodology. The improvement in the 2020 data quality score is due to improvements in data availability since the previous publication.

ⁱⁱⁱ We restated our 2020 absolute financed emissions to maintain consistency with the methodology followed in 2021. This correction did not impact our data quality scoring methodology.

^{iv} Balances reflect principal values of all CIBC-brand mortgages, excluding U.S. and FirstCaribbean International Bank (FCIB) mortgages, Simplii mortgages, remaining FirstLine branded mortgages from the existed FirstLine mortgage broker business, and third-party originated mortgages as of October 31, 2020 and 2021, accordingly. Does not include construction loans or home equity line of credit (HELOCs).

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

Figure 5: Line graph depicting CIBC power generation portfolio financed and facilitated emissions reduction performance for 2021




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.³⁵

PCAF data quality scoring framework:

Oil and Gas and Power Generation sectors

<p>Score is given on a scale from 1 (more certain) to 5 (less certain)</p> 	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

<p>Score is given on a scale from 1 (high accuracy and certainty) to 5 (low accuracy and certainty)</p> 	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.

Oil and gas portfolio

Total Scope 1 and 2 absolute financed emissions for our oil and gas sector portfolio were 2,659 kilotonnes of carbon dioxide equivalents (ktCO₂e) in 2021, compared to 2,838 ktCO₂e in 2020. This represents a 6% decrease in emissions, which is the result of portfolio optimization, a reduction in drawn amounts as usage of credit facilities dropped with higher energy prices and the higher enterprise value of clients. In 2021, the PCAF data quality score for the Scope 1 and 2 GHG emissions of our oil and gas portfolio was 2.3, meaning the majority of our data was considered primary and high-quality.

Total Scope 3 absolute financed emissions for our oil and gas sector portfolio was 79,043 ktCO₂e in 2021 and the corresponding PCAF data quality score was 3.5, meaning our financed emissions was primarily derived from estimates and internally developed proxies.

Power generation portfolio

Total Scope 1 and 2 absolute financed emissions for our power generation sector portfolio were 975 ktCO₂e in 2021, compared to 861 ktCO₂e in 2020. This represents a 13% increase in emissions, which is the result of greater borrowings in the sector relative to the prior year. We recognize that significant investments in energy generation capacity are required to meet future demand. Our goal is to support capital investment in this sector while simultaneously encouraging decarbonization efforts wherever feasible. In 2021, the corresponding PCAF data quality score was 2.4, meaning the majority of our data was considered primary and high-quality.

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. To align with other sectors being reported as part of this disclosure, the mortgage portfolio was evaluated based on all active accounts in Canada as of October 31, 2021.³⁶

Residential mortgages are one of the more 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 regional 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. CIBC is a member of the Canada Mortgage and Housing Corporation (CMHC)'s Homeowner Climate Data Working Committee, along with other Canadian financial institutions. Formed in 2022, a key objective of the committee is to support better access to housing and energy property data for the purposes of evaluating risk and better estimating financed emissions.

The financed emissions calculated for our residential mortgages portfolio include all CIBC-brand Canadian mortgages,³⁶ which together represent approximately 92% of our global residential mortgage portfolio.³⁷ Other regions where CIBC residential mortgage clients exist were deemed immaterial given their relatively small share of our portfolio. Limited data availability was also a reason for excluding mortgage accounts outside of Canada in our calculations. As per the PCAF standard, certain products were excluded where applicable, namely any identified home equity lines of credit. Loans related to construction or renovation activities in residential buildings were not included, due to the difficulty in obtaining and measuring emissions associated with these individual projects and activities.

The Scope 1 and 2 absolute financed emissions for our residential mortgage portfolio were approximately 1,833 ktCO₂e in 2021, compared with 1,886 ktCO₂e in 2020.³⁸ We also measure the physical and economic intensity of our Scope 1 and 2 financed emissions for residential mortgages. In 2021, physical financed emissions intensity decreased approximately 10% to 17.4 kgCO₂e/m² in 2021, compared with 19.3 kgCO₂e/m² in 2020. Economic financed emissions intensity decreased 16% to 7.9 tCO₂e/\$ million in loans outstanding in 2021, compared to 9.4 tCO₂e/\$ million in 2020. Both physical emission intensity and economic intensity declined between 2020 and 2021.

These reductions in both absolute and intensity-based emission estimates amidst an increase in overall lending to this sector can be attributed largely to an increase in mortgages in lower-emitting provinces like Quebec, British Columbia and Ontario, while simultaneously scaling back lending in high-carbon energy grids like Alberta. An increasing proportion of lending to condominium assets also contributed to a lower physical emissions intensity, coupled with broader trends of decarbonization of regional electricity grids and home heating. In the interest of comparison and transparency, an alternative financed emission total was calculated to determine an estimate of the absolute emissions associated with CIBC's total committed amount in the mortgage sector compared with the total outstanding amount as required by PCAF. This larger estimate for fiscal year 2021 was 2,230 ktCO₂e, compared with a value of 2,233 ktCO₂e in 2020.

Overall, our data score for the mortgage sector was 4.0 based on PCAF's scoring methodology, in large part owed to the availability of building floor area across our Canadian portfolio.³⁹ Situations that warranted proxying of property size information were still allotted a data quality score of 5 to provide a conservative evaluation, despite still leveraging estimated property size data to determine financed emissions (typically a data quality score of 4). This score remained consistent with our 2020 financed emission estimate, which was restated to better align with the approach taken to calculate our 2021 financed emissions.

Commercial real estate portfolio

Despite the relatively small contribution of commercial real estate mortgages to our lending portfolio, CIBC felt it was valuable to capture this sector to present a more comprehensive estimate of emissions tied to our real estate lending. To align with other sectors being reported as part of this disclosure, our commercial real estate portfolio was evaluated based on all active accounts in Canada as of October 31, 2021.⁴⁰ Loans related to construction or renovation activities in commercial buildings were not included, due to the difficulty in obtaining and measuring emissions associated with these individual projects and activities.

Similar to our residential mortgage portfolio, challenges exist in establishing accurate emissions estimates, tracking progress and encouraging client emissions reductions for our commercial real estate portfolio. Therefore, setting targets for real estate lending is more challenging compared to other sectors on CIBC's loan book. However, there are a smaller number of clients and more capital available, which creates more opportunities to engage our clients in setting emissions reduction targets in line with our net-zero ambition.

Total Scope 1 and 2 absolute financed emissions for our commercial real estate portfolio were approximately 247 ktCO₂e in 2021 compared to 235 ktCO₂e in 2020.⁴¹ This represents a 5% increase in absolute financed emissions, which is a result of an overall increase in lending to the sector. We also measure the physical and economic intensity of our Scope 1 and 2 financed emissions for commercial real estate. In 2021, physical financed emissions intensity decreased by approximately 1% to 23.0 kgCO₂e/m², compared to 23.3 kgCO₂e/m² in 2020. Furthermore, economic financed emissions intensity decreased approximately 9% to 25.8 tCO₂e/\$ million in 2021, compared to 28.2 tCO₂e/\$ million in 2020. Similar to our residential mortgage portfolio, the decrease in physical and economic emissions intensities can likely be attributed to regional electricity grid decarbonization and changes to building heating.

Overall, our data score for the mortgage sector was 4.4 based on PCAF's scoring methodology, in large part owed to the availability of building floor area across our commercial mortgage portfolio and was consistent with our 2020 data quality score.⁴²

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. In 2021, the TCFD updated its definition of carbon-related assets to include assets in sectors beyond the oil and gas, mining, and utilities sectors, to include the energy, transportation, materials and buildings and agriculture, food and forest products sectors.⁴³ The total value and percentage of our credit exposure to carbon-related assets increased significantly year-over-year.

As of October 31, 2021, our total credit risk exposure to carbon-related assets totalled \$109,575 million⁴⁴ out of a total credit exposure of \$798,942 million⁴⁵, representing 13.7% of our total gross credit risk portfolio.⁴⁶

Sustainable finance

The sustainable finance market presents a significant opportunity for CIBC as the demand for sustainable related products increases. As the demand for these products increases, it requires CIBC to provide an enhanced focus on delivering them to meet our clients' growing needs. In 2020, we established our Capital Markets Sustainable Finance team, which is responsible for developing our capabilities and advising clients on integrating sustainability into their capital structure, as sustainability becomes a key consideration in the deployment of capital.

We measure our performance through our \$300 billion by 2030 sustainable finance mobilization goal.⁴⁷ This target includes a broad array of financings that are either (i) structured to support performance on environmental ('E'), and/or social ('S') and/or governance ('G') metrics, or (ii) focused on environmental outcomes, such as the financing of renewable power. As of October 31, 2022, we have mobilized a total \$112.9 billion in sustainable finance activities, representing 37.6% progress towards our 2030 goal. In 2022 specifically, we mobilized \$35.9 billion of sustainable finance, which was a 3% increase from the previous year.

Our methodology for calculating eligible sustainable finance transactions includes loans and loan syndications, debt and equity underwritings, mergers and acquisitions advisory and principal investments that related to two categories:

- Impact sectors (including renewables, energy efficiency, sustainable infrastructure, affordable housing, etc.).
- Products (green bonds, sustainability-linked or green loans, etc.).

Hedging solutions and deposits are monitored and recorded separately but are not included in our cumulative performance numbers. As part of our due diligence process, a working group from each Strategic Business Unit reviews transactions on a quarterly basis for eligibility and allocation against our methodology.

For more information regarding our sustainable finance activities, please see section 5.0 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, and by supporting our clients through the transition to a low-carbon economy.

As a signatory to the NZBA, we intend to set additional interim targets for carbon-intensive sectors to make progress towards our net-zero ambition. We will report transparently as we continue to improve the scope and quality of financed emissions calculations, as well as ongoing performance towards reaching our targets. We will continue to participate in industry initiatives and partnerships, such as the Canadian Bankers Association's Environmental Specialist Working Group – TCFD sub-group, the United Nations Environment Program – Finance Initiative (UNEP-FI) and PCAF.

Our teams are working to continually improve our internal climate-related management practices in accordance with the TCFD recommendations. This includes taking steps to refine the processes through which CIBC identifies climate-related risks and opportunities over the short, medium and long-term. We will focus our efforts on identifying the risks and opportunities most relevant and significant for our business and increase our understanding of how they manifest across different areas of our business and time horizons. In doing so, we hope to further integrate CIBC's climate-related risks and opportunities into our business strategy and financial planning, as well as enterprise risk management systems. We will also continue to refine our approach towards climate scenario analysis, by incorporating new tools, datasets and methodologies informed by industry best practice, as well as expanding its scope to include additional areas of our business. We will also continue to expand our calculation methodologies and disclosures relating to our absolute financed emissions aligned with PCAF's recommendations.

We are diligently monitoring the evolving regulatory initiatives aimed at standardizing and advancing climate-related management and disclosure practices. This includes the Office of the Superintendent of Financial Institutions' (OSFI) Guideline B-15, which was published on March 7, 2023, and outlines a standardized approach for assessing the impact of climate-related risks to business models and strategy, governance and risk management practices used to manage climate-related risks, as well as positioning to remain financially and operationally resilient through severe climate scenarios. We are also preparing to align with the Canadian Securities Administrators' (CSA) proposed National Instrument 51-107 on climate-related disclosure, which builds on the TCFD framework and would require most Canadian public companies to produce annual climate-related disclosures. Through these initiatives, we expect regulators to provide specific detailed guidance related to future scenario analysis expectations through standardized scenarios that will inform our future efforts in these areas. We are also monitoring the U.S. Securities and Exchange Commission's (SEC) proposal to include climate-related disclosures requirements in annual financial statements and actions from the IFRS Foundation's International Sustainability Standards Board (ISSB) to develop global sustainability and climate disclosure standards for the financial markets and to increase connectivity with accounting standards.

We look forward to sharing our progress as we work towards achieving our net-zero ambition and interim 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: Climate-related metrics⁴⁸

Metric	Unit	2022	2021	2020	2019	2018
Operational GHG emissions ⁴⁹ – Scope 1 emissions	tCO ₂ e	22,157 [†]	21,017 [†]	22,252	24,727	23,474
Operational GHG emissions ⁴⁹ – Scope 2 emissions (location-based)	tCO ₂ e	27,608 [†]	30,254 [†]	34,848	37,395	40,348
Operational GHG emissions ⁴⁹ – Scope 2 emissions (market-based)	tCO ₂ e	5,139 [†]	16,850 [†]	26,058	-	-
Operational GHG emissions ⁴⁹ – Scope 1 and 2 (location-based) emissions ⁵⁰	tCO ₂ e	49,765 [†]	51,271 [†]	57,099	62,122	63,822
Operational GHG emissions ⁴⁹ – Scope 1 and 2 (market-based) emissions ⁵⁰	tCO ₂ e	27,296 [†]	37,867 [†]	48,310	62,122	63,822
Operational GHG emissions – Scope 3 financed emissions, Purchased goods and services (paper consumption) ⁵¹	tCO ₂ e	4,990 [†]	5,806 [†]	6,713 [†]	9,208 [†]	10,342
Operational GHG emissions – Scope 3 financed emissions, Business travel ⁵²	tCO ₂ e	4,580 [†]	1,203 [†]	3,901 [†]	10,958 [†]	12,582
Operational GHG emissions – Scope 3 financed emissions, Sub-leases	tCO ₂ e	8,196 [†]	3,223 [†]	4,581	8,538	9,277
Operational GHG emissions ⁴⁹ – Scope 1, 2 (location-based) and 3 emissions ⁵³	tCO ₂ e	67,531 [†]	61,503 [†]	72,294	90,826	96,023
Operational GHG emissions ⁴⁹ – Scope 1, 2 (market-based) and 3 emissions ⁵³	tCO ₂ e	45,062 [†]	48,099 [†]	63,505	90,826	96,023
Operational GHG emissions ⁴⁹ – Carbon neutrality ⁵⁴	%	45%	26%	15%	-	-
Operational GHG emissions ⁴⁹ – Emissions intensity ⁵⁵	kgCO ₂ e/m ²	41.3	43.6	48.2	50.6	53.0
Transition risks – Carbon-related assets relative to total gross credit risk portfolio	%	n/a	13.7%	3.2%	-	-
Physical risks – See our Heatmap in Risk Management	n/a	n/a	n/a	n/a	n/a	n/a
Climate-related opportunities – Sustainable finance mobilization ⁵⁶	\$ billion	35.9	34.9	15.7	14.1	n/a
Other (operations) ⁵⁷ – Renewable energy certificates (RECs) applied to operations	MWh	67,736	25,099	14,714	-	-
Other (operations) ⁵⁷ – Offsets applied to Scope 3 ⁵⁸	tCO ₂ e	2.6	-	-	-	-
Other (operations) ⁵⁷ – Emissions avoided from RECs	tCO ₂ e	22,469	13,404	8,802	-	-

[†] Our Independent Assurance and Verification Statements can be found on our [website](#).

Appendix B: Absolute financed emissions calculation methodology

Oil and gas and power generation portfolios

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

$$\text{Financed emissions} = \sum_c \text{Attribution factor}_c \times \text{Company emissions}_c$$

(with c = borrower or investee company)

The absolute financed emissions from our oil and gas and power generation portfolios 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.

Residential mortgages and commercial real estate

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

$$\text{Financed emissions} = \sum_b \text{Attribution factor}_b \times \text{Building emissions}_b$$

(with b = 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.

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 US securities legislation, including the US 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, metrics and targets, sustainability commitments (including with respect to 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 and our net-zero ambition for both our operational and financing activities by 2050. 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. In addition, our climate risk analysis and net-zero strategy remain under development, and the data underlying our analysis and strategy 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, geopolitical risk, global supply-chain disruptions, the failure of third parties to comply with their obligations to us and our affiliates or associates, and strategic, reputation, conduct and legal, regulatory and environmental and social risk and other risks disclosed in the “Management of risk” section of our 2022 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 varying decarbonization efforts across economies, the need for thoughtful climate policies globally, the availability of comprehensive and high-quality GHG emissions data (including from CIBC’s clients), the evolution of our lending portfolios over time, reasonably supported methodologies, the need for active and continued participation of stakeholders (including enterprises, financial institutions and governmental and non-governmental organizations), deployment of new technologies and industry-specific solutions, the evolution of consumer behaviour, the challenges of balancing interim emissions goals with an orderly transition, and the development of regulations and frameworks internationally.

For CIBC to meet its ambition to achieve net-zero GHG emissions associated with its operational and financing activities by 2050, and for CIBC’s clients to meet their GHG emissions reduction goals, 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 net-zero GHG emissions associated with its operational and financing activities by 2050.

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. 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 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, 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 net-zero interim targets. Furthermore, the data required to determine our pathway towards meeting our net-zero interim 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, 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, 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, commitments and goals. Any priorities, metrics and targets, sustainability commitments and goals discussed in this document, including but not limited to our net-zero emissions commitments, targets and goals, are aspirational and there can be no assurance that any such commitments, targets and goals will be achieved. See “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 limited assurance.

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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 and 2022 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 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.

² Sustainable financing largely relates to client activities that support, but are not limited to, sectors such as renewable and emission-free energy, energy efficiency, sustainable infrastructure, sustainable real estate, affordable housing and basic infrastructure, and products such as, sustainability-linked and green financial products. The services offered by CIBC included in our mobilization commitment to support these client activities include loans and loan syndications, debt and equity underwritings, M&A advisory and principal investments. In 2022, our methodology was updated prospectively to include transactions relating to the affordable housing sector. We did not restate our cumulative performance from 2018 to 2021. The affordable housing sector includes loans and investments that meet our obligations under the U.S. *Community Reinvestment Act*.

³ For more information, see [Our Net Zero Approach](#).

⁴ Sustainable financing largely relates to client activities that support, but are not limited to, sectors such as renewable and emission-free energy, energy efficiency, sustainable infrastructure, sustainable real estate, affordable housing and basic infrastructure, and products such as, sustainability-linked and green financial products. The services offered by CIBC included in our mobilization commitment to support these client activities include loans and loan syndications, debt and equity underwritings, M&A advisory and principal investments. In 2022, our methodology was updated prospectively to include transactions relating to the affordable housing sector. The affordable housing sector includes loans and investments that meet our obligations under the U.S. *Community Reinvestment Act*.

⁵ Scope 1 and 2 operational GHG emissions are for Canada and the U.S. only.

⁶ The methodology for collecting data and calculating Scope 1 and Scope 2 (location-based) emissions is based on The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

⁷ Please see the [Exposure to carbon-related assets](#) section in this report for further information.

⁸ For transactions that closed from January 1, 2022, to December 31, 2022 (North American Renewables League Tables by Inframation).

⁹ Refer to the 2022 CIBC [Sustainability Issuance Impact Report](#) for more information.

¹⁰ 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.

¹¹ Intergovernmental Panel on Climate Change. (2021). [Climate Change 2021: The Physical Science Basis](#)

¹² Intergovernmental Panel on Climate Change. (2022). [Climate Change 2022: Impacts, Adaptation and Vulnerability](#)

¹³ Our net-zero roadmap uses timeframes which were developed to align with our net-zero ambition by 2050.

¹⁴ We plan to use a mix of renewable energy credits and carbon offsets to achieve carbon neutrality.

¹⁵ United Nations Environment Program Finance Initiative (UNEPFI). (2021). [Guidelines for Climate Target Setting for Banks](#)

¹⁶ Government of Canada. (2021). [Canadian Net-Zero Emissions Accountability Act](#)

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

¹⁸ Press release: [Summit Carbon Solutions expands Financial Advisory Engagements](#).

¹⁹ With less than or equal to 60% total power generation (MWh) from coal.

²⁰ GARP Risk Institute. (2019). [Climate Risk Management at Financial Firms: Challenges and Opportunities](#)

²¹ 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.

²² International Energy Agency. (2021). [Net Zero by 2050: a roadmap for the global energy sector](#)

²³ 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](#)

²⁴ Standardized portfolios, including those of CIBC Bank USA and FirstCaribbean International Bank Limited (FCIB) are excluded

²⁵ 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.

²⁶ 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.

²⁷ 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.

²⁸ 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](#)

²⁹ Our global operational footprint excludes FCIB.

³⁰ CIBC's intensity-based emissions targets include both financed and facilitated emissions. References to 'financed emissions' in the [Net-zero](#) interim targets section includes facilitated emissions.

³¹ The 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).

³² Both targets exclude activity in FCIB. Clients with committed exposure less than CAD \$5 million are excluded. Lending commitments include standby and performance letters of credit.

³³ Absolute financed emissions exclude FCIB activity. Oil and gas and power generation absolute financed emissions also exclude clients with committed exposure less than CAD \$5 million.

³⁴ Partnership for Carbon Accounting Financials (PCAF). (2022). The Global GHG Accounting and Reporting Standard for the Financial Industry

³⁵ CIBC uses fiscal year data to calculate our absolute financed emissions.

³⁶ Represents all CIBC-brand mortgages, excluding U.S. and FCIB mortgages, Simplii mortgages, remaining FirstLine branded mortgages from the existed FirstLine mortgage broker business, and third-party originated mortgages as of October 31, 2020 and 2021, accordingly. Does not include construction loans or HELOCs.

³⁷ Our global mortgage portfolio includes FCIB and U.S. in addition to Canadian clients.

³⁸ Financed emissions for residential mortgages were calculated using best available data from both internal and external sources; however, due to limitations in data availability and the estimates employed and produced, we anticipate a large margin of error in the estimated emissions and intend to secure more reliable and accurate data for future disclosures, as it becomes available. Publicly disclosed financed emission values may be restated as needed to reflect improvements in the quality of data used in our calculations, as was the case in 2020.

³⁹ In the few instances where property data could not be obtained, national averages and regional data were used to estimate property size.

⁴⁰ Represents all Canadian commercial mortgages across various asset types, excluding U.S. commercial mortgages and other real-estate lending related to construction and non-mortgage lending.

⁴¹ Financed emissions for commercial mortgages were calculated using best available data from both internal and external sources; however, due to limitations in data availability and the estimates employed and produced, we anticipate a large margin of error in the estimated emissions and intend to secure more reliable and accurate data for future disclosures, as it becomes available. Publicly disclosed financed emission values may be restated as needed to reflect improvements in the quality of data used in our calculations.

⁴² Where property data could not be obtained, proxies were applied to estimate financed emissions for commercial properties. Situations that warranted proxying of property size information were allotted a data quality score of 5 to provide a conservative evaluation, despite still leveraging estimated property size data to determine financed emissions (typically a data quality score of 4).

⁴³ For 2021, we continued to not include entities solely engaged in water utilities, renewable electricity generation, nuclear energy generation, electricity transmission or distribution, or waste management systems.

⁴⁴ The total carbon-related assets include drawn, undrawn and other off-balance sheet figures.

⁴⁵ 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 as at October 31, 2021. It excludes repo-style transactions and OTC derivatives.

⁴⁶ The total gross credit portfolio includes total retail portfolios (i.e., real estate secured personal lending, qualifying revolving retail, other retail) and business and government exposure by industry groups.

⁴⁷ Sustainable financing largely relates to client activities that support, but are not limited to, sectors such as renewable and emission-free energy, energy efficiency, sustainable infrastructure, sustainable real estate, affordable housing and basic infrastructure, and products such as, sustainability-linked and green financial products. The services offered by CIBC included in our mobilization commitment to support these client activities include loans and loan syndications, debt and equity underwritings, M&A advisory and principal investments. In fiscal 2022 our methodology was updated prospectively to include transactions relating to the affordable housing sector. We did not restate our cumulative performance from fiscal 2018 to fiscal 2021. The affordable housing sector includes loans and investments that meet our obligations under the U.S. *Community Reinvestment Act*.

⁴⁸ GHG emissions (Scope 1 and 2) reported for 2018 to 2022 include annual data from all Canadian and U.S.-based operations. Reported GHG emissions data for 2019 to 2022 pertains to all leased and owned real estate facilities located within Canada and the U.S., covering approximately 99% of our global occupied floor space. FCIB is excluded in reported Scope 1 and 2 emissions. The reporting period for Scope 1, 2 and subleased GHG emissions (part of Scope 3) and related REC purchases for both US and Canadian-based GHG emissions from real estate is from August 1st to July 31st. Other metrics (including sustainable finance, physical and transition risks) are aligned with CIBC's fiscal year (November 1st to October 31st).

⁴⁹ Only includes Canadian and U.S. operations unless otherwise noted. Scope 1 emissions include direct emissions from the combustion of natural gas and fuel (oil and propane). Scope 2 emissions include indirect emissions from the purchase of electricity, district steam, and chilled water.

⁵⁰ Scope 1 emissions include direct emissions from the combustion of natural gas and fuel (oil and propane). Scope 2 emissions include indirect emissions from the purchase of electricity, district steam, and chilled water.

⁵¹ 'Lifecycle' estimate related to internal paper use was made using the Environmental Paper Calculator (www.papercalculator.org)

⁵² Employee business travel includes air, train and car travel for company business for over 99% of employees. 2020 and 2019 GHG emissions data for business travel includes all relevant operations within Canada, the U.K., and the U.S.

⁵³ Accounts for Canada and U.S. operations. FCIB is excluded.

⁵⁴ We plan to use a mix of renewable energy certificates and carbon removals to achieve carbon neutrality by 2024. These credits and offsets do not represent actual reductions in our emissions. To achieve our 30% GHG reduction target by 2028, we are investing in initiatives, including but not limited to, improvements to operational energy efficiency, building recommissioning and retrofitting activities, and redistribution of employees to hybrid work models and new, more efficient facilities. We do not anticipate that the measures required to reach our GHG target will include the purchase of renewable energy credits or carbon offsets.

⁵⁵ GHG emissions intensity from Scope 1 and 2 emissions. 2021 GHG emissions intensity (per square meter) was restated due to adjustments in floor areas, as were related energy and electricity intensity values for 2021 to reflect this change.

⁵⁶ Sustainable financing largely relates to client activities that support, but are not limited to, sectors such as renewable and emission-free energy, energy efficiency, sustainable infrastructure, sustainable real estate, affordable housing and basic infrastructure, and products such as, sustainability-linked and green financial products. The services offered by CIBC included in our mobilization commitment to support these client activities include loans and loan syndications, debt and equity underwritings, M&A advisory and principal investments. In fiscal 2022 our methodology was updated prospectively to include transactions relating to the affordable housing sector. We did not restate our cumulative performance from fiscal 2018 to fiscal 2021. The affordable housing sector includes loans and investments that meet our obligations under the U.S. *Community Reinvestment Act*.

⁵⁷ Amounts reported for historical REC purchases applied to our operations and associated emissions avoided are based on third-party verified data produced near the time the RECs were purchased and may not reflect exactly the difference between location-based and market-based Scope 2 emissions due to historically restated Scope 1 and 2 values. Only includes Canadian and U.S. operations. The reporting period for emissions captured in Other (operations) for GHG emissions from real estate is from August 1st to July 31st.

⁵⁸ For journeys of employees of CIBC the CO₂ emissions resulting from the combustion of jet fuel have been offset with Sustainable Aviation Fuel (SAF) on flights operated by the following: Lufthansa Group Airlines Austrian Airlines, Brussels Airlines, Lufthansa and SWISS.