



# Green Bond Framework

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# 1. Introduction

CIBC is a leading North American financial institution with 10 million personal banking, business, public sector and institutional clients. Across Personal and Small Business Banking, Commercial Banking and Wealth Management, and Capital Markets businesses, CIBC offers a full range of advice, solutions and services through its leading digital banking network, and locations across Canada, in the United States and around the world.

With new and intensifying environmental challenges, we are embracing our responsibility as a major North American bank to enable growth while helping make Canada and North America global leaders in environmental stewardship and sustainability.

In September 2019, CIBC announced a commitment to support \$150 billion in environmental and sustainable finance activities by 2027. By issuing Green Bonds, we are mobilizing capital and developing market-based solutions to support investments that address critical environmental challenges and sustainability.

CIBC's Green Bond Framework (the "Framework") is intended to provide transparency in our Green Bond issuance and reporting processes.

CIBC will aim to, where possible, adhere to best practices in the market and will review the Framework's alignment to updated versions of the Green Bond Principles as and when they are released. As such, this Framework may be updated and amended in the manner described in Section 2.7 below.

## 1.1. Framework overview

In line with International Capital Market Association (ICMA) Green Bond Principles 2018<sup>1</sup>, CIBC's Green Bonds will be allocated to financing assets, businesses or projects that contribute to the following high-level environmental and climate objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Natural resource conservation
4. Biodiversity conservation
5. Pollution prevention and control

The Framework is based on the four core components of the Green Bond Principles, being:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting

The Framework also describes the manner in which CIBC Green Bonds support and contribute towards meeting the United Nations Sustainable Development Goals (UN SDGs)<sup>2</sup>. The UN SDGs, adopted in 2015, promote social equity, healthy planet and economic prosperity for all through a collection of 17 global goals. Particularly relevant for CIBC's Green Bond use of proceeds are:

- SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all
- SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable
- SDG 12: Ensure sustainable consumption and production patterns

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<sup>1</sup> International Capital Markets Association, "Green Bond Principles 2018", published June, 2018 <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>2</sup> <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>.

## 2. Green Bond Framework

### 2.1. Use of proceeds

An amount equivalent to the net proceeds of CIBC's Green Bond will be allocated to finance or re-finance, in part or in full, new or existing assets, businesses or projects (collectively, the "Eligible Assets") that meet the Eligibility Criteria described in the below table.

A business will be considered eligible for funding by a CIBC Green Bond if at least 90% of its revenue is derived from activities in the below list of eligible categories.

The look-back period for Eligible Assets will be 24 months prior to the date of the Green Bond issuance. CIBC's intention is to fully allocate the net proceeds of the Green Bond within 18 months of any issuance.

### 2.2. Eligibility criteria

Eligible categories	Description	UN SDGs alignment
Renewable energy	<p>Proceeds may be allocated to the development, construction, acquisition, operation, maintenance and distribution of the following renewable energy sources:</p> <ul style="list-style-type: none"> <li>• Solar</li> <li>• Offshore and onshore wind</li> <li>• Geothermal with direct emissions &lt;100gCO<sub>2</sub>/kwh</li> <li>• Tidal</li> <li>• Small scale (&lt;25 MW) and run-of-river hydroelectric projects, as well as the refurbishment, operation or maintenance of existing hydroelectric facilities</li> <li>• Waste biomass that does not deplete existing carbon pools</li> </ul>	
Energy efficiency	<p>Proceeds may be allocated to activities that reduce energy consumption or mitigate greenhouse gas (GHG) emissions by more than 20%, or help manage and store energy including:</p> <ul style="list-style-type: none"> <li>• Energy efficient investments in new or refurbished buildings such as lighting, retrofit, building envelope, or upgrade of air conditioning</li> <li>• Energy storage systems</li> <li>• Energy efficient district heating and cooling systems</li> <li>• Smart grid investments for more efficient electricity transmission and distribution</li> </ul>	
Pollution prevention and control	<p>Proceeds may be allocated to activities that contribute to soil remediation, upgrading recycling plants, diverting waste from landfills</p>	

Eligible categories	Description	UN SDGs alignment
Environmentally sustainable management of living natural resources and land use	<p>Proceeds may be allocated to activities that contribute to the sustainable management of living natural resources and land use and natural ecosystem protection including:</p> <ul style="list-style-type: none"> <li>• Sustainably managed forests and forest products certified by credible third-party certification systems such as Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest certification (PEFC)</li> <li>• Environmentally sustainable agriculture certified by a recognized third-party certification such as Canada Organic, USDA Organic or Rainforest Alliance</li> <li>• Environmentally sustainable animal husbandry certified by a recognized third-party certification such as Rainforest Alliance</li> <li>• Environmentally sustainable fishery and aquaculture, certified by a recognized third-party certification such as Marine Stewardship Council</li> </ul>	
Terrestrial and aquatic biodiversity conservation	<p>Proceeds may be allocated to activities that contribute to the enhancement or conservation of terrestrial or aquatic biodiversity, such as:</p> <ul style="list-style-type: none"> <li>• Protection of coastal, marine and watershed environments certified by credible third-party certifications such as the Marine Stewardship Council</li> </ul>	
Clean transportation	<p>Proceeds may be allocated to the development, construction, acquisition, operation and maintenance of facilities or systems dedicated to low carbon transport such as:</p> <ul style="list-style-type: none"> <li>• Private Transport: electric vehicles, hybrid vehicles (with CO<sub>2</sub> emission threshold of &lt;75gCO<sub>2</sub>/p-km), or charging stations</li> <li>• Public Transport: train (rolling stock and vehicles for electrified public transport, such as electrified rail, trams and trolleybuses), buses with no direct emissions (electric or hydrogen), hybrid buses (with CO<sub>2</sub> emission threshold of &lt;75gCO<sub>2</sub>/p-km), or transportation infrastructure (expansion of metro/train network, station upgrade)</li> </ul>	 
Sustainable water and waste water management	<p>Proceeds may be allocated to activities that improve water quality, efficiency and conservation such as:</p> <ul style="list-style-type: none"> <li>• Water treatment infrastructure including water recycling and wastewater treatment systems</li> <li>• Infrastructure for flood prevention, flood defence or storm water management</li> <li>• Water metering activities to support conservation initiatives</li> <li>• Water capture and storage infrastructure, including storm water management systems, water distribution systems, aquifer storage, and sewer systems</li> </ul>	 

Eligible categories	Description	UN SDGs alignment
Green buildings	<p>Proceeds may be allocated to the development, construction, acquisition, operation and maintenance of residential or commercial buildings that have:</p> <ul style="list-style-type: none"> <li>Received, or expect to receive based on design or construction, certification according to third party verified building standards, including Leadership in Energy and Environmental Design (LEED) Gold or Platinum or equivalent levels in other certification programs such as BOMA BEST, BREEAM or ENERGY STAR</li> </ul>	

## 2.3. Project evaluation and selection process

A CIBC Green Bond Council (the “Council”), comprised of representatives from specialist teams in Treasury, Environmental Risk Management, Commercial Banking and Capital Markets will be responsible for:

- Review and approval of the Framework
- Review and approval of the pool of Eligible Assets
- Review and approval of the annual reporting
- Review of the Post Issuance External Verification Report and resolution of any issues therein
- Monitoring ongoing Green Bond market practices

All Eligible Assets will be screened for compliance with CIBC’s Lending Guidelines, Environmental Risk Policy, and any other applicable environmental and social risk management policies.

## 2.4. Management of proceeds

CIBC will track, on an annual basis, the allocation of the net proceeds from Green Bonds to Eligible Assets. The net proceeds from any Green Bond issue will be deposited in CIBC’s General Fund account and an amount equal to the net proceeds will be earmarked for allocation to Eligible Assets in accordance with the Framework.

CIBC’s objective is for Green Bond proceeds to be fully allocated within 18-months of any Green Bond issue. Any portion of the Green Bond net proceeds that have not been allocated to Eligible Assets will be invested in accordance with CIBC Treasury’s existing liquidity management procedures.

Green Bonds will be tracked and contain relevant information to identify each Bond and the assets allocated to it, including at a minimum the dollar amount, and applicable eligibility category. The Green Bond Council will ensure this information is updated annually. This information will form the basis for CIBC’s annual Allocation Reporting and Impact Reporting.

Payment of principal and interest on any Green Bond issuance will be made from CIBC’s General Fund account and will not be directly linked to the performance of any Eligible Asset nor will there be Eligible Assets ring-fenced as collateral to the specified unsecured bonds.

Until the maturity of the relevant Green Bond(s), in case of divestment or cancellation of an allocated asset, or if an allocated asset no longer meets the eligibility criteria, the Council commits to reallocate the proceeds within a reasonable time frame to other Eligible Assets depending on availability. These changes would be tracked thoroughly and included in reporting to maximize transparency and to prevent double counting.

## 2.5. Reporting

### Allocation reporting

CIBC will report on the use of proceeds annually, as long as there are Green Bonds outstanding. The reporting will include the allocation of proceeds by category per the Eligibility Criteria and will be published on CIBC’s website.

Annually, CIBC’s external auditor will provide reasonable assurance that the processes, policies and systems for managing CIBC’s eligible lending from the Green Bond are in accordance with this Framework (“Reasonable Assurance”).

### Impact reporting

To the extent available, CIBC will report on an annual basis further information on relevant environmental impacts including quantitative performance measures as described below:

Eligible categories	Potential quantitative performance measures
Renewable energy	CO <sub>2</sub> emission avoided (tCO <sub>2</sub> e) Total installed capacity (MW)
Energy efficiency	CO <sub>2</sub> emission avoided (tCO <sub>2</sub> e) Expected energy savings per year (MWh)
Pollution prevention and control	CO <sub>2</sub> emission avoided (tCO <sub>2</sub> e) Waste diverted from landfill (tonnes)
Environmentally sustainable management of living natural resources and land use	Total surface financed (hectares), with reference to specific certification schemes where relevant
Terrestrial and aquatic biodiversity conservation	Total surface financed (hectares), with reference to specific certification schemes where relevant
Clean transportation	CO <sub>2</sub> emission avoided (tCO <sub>2</sub> e) New clean transportation infrastructure built (km)
Sustainable water and wastewater management	Volume of water saved/reduced/treated (m <sup>3</sup> ) Total Population served by the system
Green buildings	<ul style="list-style-type: none"> <li>• Energy savings (kWh)</li> <li>• CO<sub>2</sub> emission avoided (tCO<sub>2</sub>e), with reference to specific certification schemes where relevant</li> <li>• Floor space of green real estate (m<sup>2</sup>)</li> </ul>

## 2.6. External review

Sustainalytics, an independent provider of and global leader in ESG research, analysis and services to investors, has provided a second party opinion on this framework, which can be found at <https://www.sustainalytics.com/sustainable-finance/our-work/>. This opinion provides an independent assessment of the Framework and ensures alignment with the transparency and reporting requirements of the Green Bond Principles.

CIBC intends to undertake an annual compliance review of allocated assets with Sustainalytics or another external reviewer (the “External Reviewer”) as long as there are Green Bonds outstanding. The External Reviewer will review allocated assets in order to determine whether they meet the Eligibility Criteria in the Framework. As part of the annual compliance review, the External Reviewer will undertake a review and analysis of the loans, projects and assets to which the Green Bond proceeds have been allocated.

## 2.7. Amendments to this Framework

The Council will review this Framework on a regular basis, including its alignment to updated versions of the Green Bond Principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates will be subject to the prior approval of CIBC and the External Reviewer. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by the External Reviewer. The updated Framework, if any, will be published on CIBC’s website and will replace this Framework.

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