

# CIBC SUSTAINABLE INVESTMENT SOLUTIONS FRAMEWORK



CIBC Sustainable Investment Solutions is a family of funds that incorporates responsible investing principles into its fundamental objectives. The *CIBC Sustainable Investment Solutions Framework* outlines the multifaceted environmental, social and governance (ESG) criteria used for these solutions, which are designed to consider the concerns of socially responsible investors.

## CIBC Sustainable Investment Solutions

- CIBC Sustainable Canadian Core Plus Bond Fund
- CIBC Sustainable Canadian Equity Fund
- CIBC Sustainable Global Equity Fund
- CIBC Sustainable Conservative Balanced Solution
- CIBC Sustainable Balanced Solution
- CIBC Sustainable Balanced Growth Solution

In partnership with Sustainalytics<sup>1</sup>, CIBC Asset Management developed the ESG analytical structure for CIBC Sustainable Investment Solutions. This structure uses responsible investing principles to evaluate specific sectors and/or companies to determine investable securities for the solutions. Sustainalytics is responsible for assessing the performance of companies against this framework and keeps us informed of material changes that may alter a company's eligibility. We may modify or add to this framework at our discretion, to reflect any changing views on ESG criteria.

The CIBC Sustainable Investment Solutions Framework includes:

- 1** Business area exclusionary screening
- 2** Inclusionary screening
- 3** Responsible investment methodology

## Business area exclusionary screening

This type of screening is used to exclude companies that manufacture, sell or provide services related to products that socially responsible investors may wish to avoid. Our screening criteria considers involvement in the areas of:

- Weapons
- Alcohol
- Recreational cannabis
- Tobacco
- Adult entertainment
- Gambling
- Nuclear power
- Fossil fuels

Most exclusions are based on a threshold of involvement that is defined in terms of percentage of annual revenues at the time of purchase. Our screening criteria considers a company's direct involvement and may consider indirect involvement through subsidiaries, where applicable.

CIBC Sustainable Investment Solutions will avoid investing in the securities of companies meeting any of the criteria listed below.

Business areas	Screening criteria 1	Screening criteria 2	Screening criteria 3
<b>Weapons</b>	<p>The company develops and/or manufactures military weapons and/or small arms and 5% or more of its revenue comes from this activity.</p> <p>The company manufactures weapons-delivery systems (such as jet fighters, battleships, military submarines, tanks, and armored personnel carriers) and 5% or more of its revenue comes from these activities.</p> <p>The company designs and/or manufactures specialized components of weapons and 5% or more of its revenue comes from these activities.</p>	<p>The company derives 10% or more of its revenue from the design and/or manufacture of non-specialized weapon components or of components/parts for weapons delivery systems. This may include the indirect involvement through a subsidiary.</p> <p>The company derives 10% or more of its revenue from the provision of support services for weapons delivery systems (like the repair and overhaul of jet fighters, military flight training services, etc.). This may include the indirect involvement through a subsidiary.</p> <p>The company is involved in the manufacturing of controversial weapons (tailor-made and non-tailor-made) or related components or services, either directly or through a subsidiary.</p> <p>The company is involved in the manufacturing of protection equipment and/or riot control weapons, either directly or through a subsidiary.</p>	<p>The company derives 10% or more of its revenue from the retail sales of small arms.</p>
<b>Alcohol</b>	<p>The company is directly involved in the production of alcoholic beverages, and 5% or more of its revenue comes from this activity.</p>	<p>The company derives 10% or more of its revenue from activities related to the production of alcoholic beverages. This may include indirect involvement through a subsidiary.</p>	<p>The company derives 10% or more of its revenue from the sale of alcoholic beverages.</p>
<b>Recreational cannabis</b>	<p>The company manufactures recreational cannabis products, and 5% or more of its revenue comes from this activity.</p>	<p>The company derives 10% or more of its revenue from the production of recreational cannabis-related products. This may include indirect involvement through a subsidiary.</p>	<p>The company derives 10% or more of its revenue from the sale of recreational cannabis products.</p>
<b>Tobacco</b>	<p>The company manufactures tobacco products, and 5% or more of its revenue comes from this activity.</p>	<p>The company derives 10% or more of its revenue from the production of tobacco-related products. This may include the indirect involvement through a subsidiary.</p>	<p>The company derives 10% or more of its revenue from the sale of tobacco products.</p>
<b>Adult entertainment</b>	<p>The company is directly involved in the production of pornographic materials, and 5% or more of its revenue comes from this activity.</p>	<p>The company derives 10% or more of its revenue from the production of goods and services related to pornography. This may include indirect involvement through a subsidiary.</p>	<p>The company derives 10% or more of its revenues from the sale of pornographic materials.</p>

Business areas	Screening criteria 1	Screening criteria 2	Screening criteria 3
<b>Gambling</b>	The company is directly involved in the gaming or lottery industries, and 5% or more of its revenue comes from this activity.	The company derives 10% or more of its revenue from the production of goods and services related to gaming or lottery industries. This may include indirect involvement through a subsidiary.	N/A
<b>Nuclear power</b>	The company is directly involved in nuclear power production, and 5% or more of its revenue comes from this activity.	<p>The company derives 10% or more of its revenue from the production of goods and services supporting nuclear power. This may include indirect involvement through a subsidiary.</p> <p>The company derives 10% or more of its revenue from nuclear power distribution. This may include indirect involvement through a subsidiary.</p>	N/A
<b>Fossil fuels</b>	<p>The company derives more than 0% of its revenues from any of the following activities:</p> <ul style="list-style-type: none"> <li>▪ Arctic oil and gas exploration</li> <li>▪ Oil and gas exploration, production, power generation and refining</li> <li>▪ Oil sands extraction</li> <li>▪ Shale energy extraction</li> <li>▪ Thermal coal extraction and power generation</li> </ul>	<p>The company derives 10% or more of its revenues from oil and gas supporting products/services (this refers to any tailor-made product and/or service provided by third parties to support the oil and gas exploration, production, power generation and refining process).</p> <p>The company derives 25% or more of its revenues from storage and transportation (i.e. railways, etc.).</p> <p>The company is a significant owner of ineligible companies.</p>	N/A

## Inclusionary screening criteria

Our approach considers inclusionary screening criteria that may select companies that have a positive environmental and/or social impact. This means our process may include investments in companies which had greater than 70% of their revenues generated through renewable energy at the time of purchase. We may also consider investments in issuers of green, social and sustainability bonds. The application of inclusionary screening criteria may qualify companies that were disqualified in the business area exclusionary screening process.

## Responsible investment methodology

As part of our robust investment process, we incorporate proprietary ESG analysis in collaboration with Sustainalytics. This approach evaluates a company's ESG risk ratings and compares each company's record to that of their industry peers. This helps to ensure that the companies that form the investable universe of CIBC Sustainable Investment Solutions adhere to best practices within their respective industries.

## Our commitment to responsible investing

At CIBC Asset Management, we're committed to helping you achieve your long-term financial goals. Part of that commitment includes helping to ensure sustainability is at the heart of what we do. We integrate sustainability into many aspects of our business, focusing on ESG factors that matter to our clients.

Sustainability is reflected within our responsible investment philosophy. To do this, we integrate ESG factors into many of our investment decisions.

We analyze financial and ESG risks to attain a deeper understanding of our investments. This helps us manage risk and identify opportunities to generate sustainable, long-term investment returns for you.

<sup>1</sup>Sustainalytics is a global leader in ESG and Corporate Governance research and ratings. Sustainalytics supports hundreds of the world's foremost investors who incorporate ESG and corporate governance insights into their investment processes.

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