



CIBC PRIVATE
WEALTH

WOOD GUNDY

ESG Investing for Municipalities

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CONFIDENTIAL



Your Team

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Group Question

By 2025 the total amount of Global investment assets under management is projected to be \$140.5 trillion. What amount of that is projected to be Environmental, Social, Governance (ESG) investment assets?

A. \$20 trillion

B. \$40 trillion

C. \$50 trillion

D. None

Source Bloomberg Intelligence ESG 2021 Midyear Outlook Report

What is ESG?

ESG explained



Environmental

- Climate change
- Environmental protection
- Water and energy use

Social

- Health and safety
- Respect for human rights
- Privacy and data

Governance

- Board
- Business ethics
- Gender diversity

Did you know?

The top issues Canadians who currently hold sustainable investments will be supporting moving forward:

66%

Climate change/environment

50%

Human rights

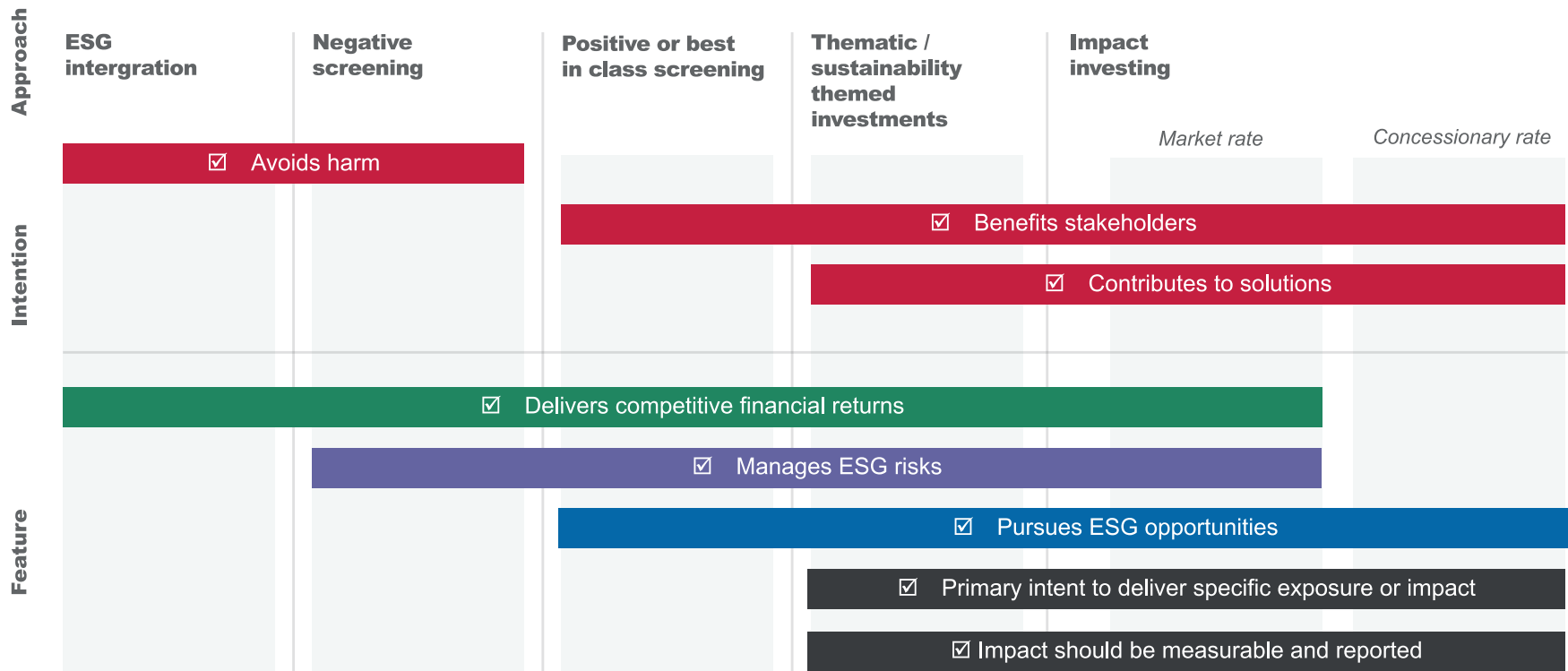
41%

Gender diversity/equality

Source: Mackenzie Investments Earth Day Study

The Sustainable Investing Approach

5 ways you can do it



Global Trends

- UNPRI signatories
- Intersectionality of biodiversity and climate crisis'
- Increased regulatory scrutiny
- Evolving asset owner and stakeholder expectations



Did you know?

The UN-supported Principles for Responsible Investment have **over 4,000 signatories** that have agreed to adhere to their six principles, including asset managers representing **over \$120 trillion of assets under management**.



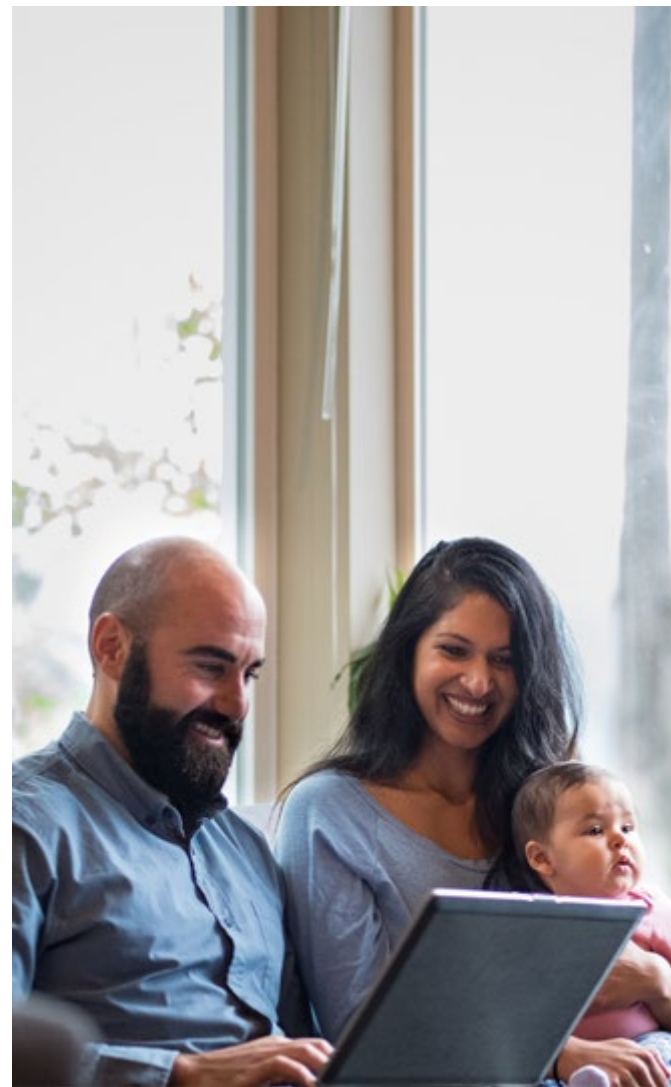
What Others Are Doing

Managing Stakeholder Concerns

- Stakeholders are increasingly aware of ESG issues
- Pressure is mounting to have organizational values reflected in Investment Policy Guidelines

How does an organization get in front of this?

- ✓ What outcomes are most important to the organization?
- ✓ Ensure values and beliefs are stated and reflected within the IPG
 - ✓ How does this impact available investments?
 - ✓ Are concessions necessary and does this match financial objectives?
 - ✓ What is an acceptable level of restrictiveness?
- ✓ How important is stewardship and ESG reporting?
- ✓ Remember – this is a journey not an overnight exercise



Example Investment Policy Statement Inclusion

“We believe environmental, social, and governance (ESG) factors create risks and opportunities for investors, and it’s in the best interest of our stakeholders to consider these factors when making investment decisions. To assess the long-term viability and success of a company’s business model, it’s important to evaluate its impact on the communities and economies where it operates. It’s our belief that ESG factors play a crucial role in the long-term health and stability of a company.

Investment Managers must integrate ESG considerations into their research when assessing the value and performance of an investment over the medium and longer term. They must be UNPRI signatories in good standing and disclose their efforts at least annually.”



How We Can Help

- Consulting with stakeholders to determine what an organization's ESG strategy could look like based on your organizations value set.
- Reviewing and updating Investment Policy Statements to assist the organization in articulating these ESG objectives.
- Reviewing and analyzing current investment holdings and provide you with a view on the sustainability of your current portfolio.



Investment Opportunities for Municipalities

Green Bonds

Ensuring your Municipalities Dollars Are Focused on Green Initiatives

Debt instruments issuer to raise capital for projects that have Environmental benefits, while maintaining the risk/reward of traditional fixed income.

Eligible categories include renewable energy, energy efficiency, sustainable waste management, sustainable land use, biodiversity conservation, clean transportation and clean water.

Rapidly growth space with increasing institutional and retail demand. Current market in Canada is over \$37 Billion.

Current example is Province of Ontario 1.55%, 11/01/29. Proceeds of this bond are used for Clean Transportation, Energy Efficiently and Conservation, Clean Energy and Technology, Forestry, Agriculture and Land Management, and Climate Adaptation and Resilience.



Group Question

Principal Protected Notes are Guaranteed Investments that have a variable coupon that can be tied to what underlying asset classes:

- A. Interest rates
- B. Commodities
- C. Stocks
- D. All of the above

Source Bloomberg Intelligence ESG 2021 Midyear Outlook Report

Learn More About Principal Protected Notes

Tap into the benefits of innovative investment solutions that effectively combine the characteristics of bonds (protection with income potential), and equities (growth potential).

What is a Principal Protected Note?

Debt instruments that pay a return based on the performance of an underlying reference asset(s).

Payments are the obligation of CIBC and will depend on the creditworthiness of CIBC

PPNs are “structured” by CIBC with features tailored to specific market views, return profiles and time horizons

Notes can be linked to various asset classes including equities, indices, ETFs, F/X, rates, and commodities

Benefits and potential features:



Enhanced income and growth potential

- PPNs can be designed to generate minimum guaranteed returns, enhanced income or long-term growth potential depending on your needs



Capital preservation

- 100% principal protection at maturity



Diversification

- PPNs can be linked to a variety of asset classes to further diversify portfolios and complement long-term plans



Liquidity

- PPNs may be sold prior to maturity in a daily secondary market¹

CIBC ESG Structured Notes (*Double Green Impact*)



Investors can benefit from the performance of ESG indices

ESG Indices available for Canadian, US and European markets

Indices are dynamic to reflect changes in company behaviour

Performance and index composition are publicly available and third-party calculated



Clients obtain exposure to an ESG Index via CIBC Principal Protected Notes



Proceeds allocated to finance or refinance loans consistent with our Sustainability objectives




Proceeds of each note tracked with unique identifiers

Annual reporting available to demonstrate how funds are being allocated

Annual audit to provide reasonable assurance that processes, policies and systems are in accordance with Sustainability Framework

CIBC ESG Indices

Summary of Potential ESG Indices

	S&P 500 ESG Index	EURO STOXX 50 ESG Index	CIBC Can. Large Cap ESG Index			
Geographic Coverage						
Launch Date / Geographic Cov.	January 28, 2019	April 30, 2019	April 16, 2021			
No. of Constituents / Avg. Size	306 / US\$74.0B	50 / €41.0B	58 / \$23.9B			
Top 5 Sectors¹	Sector	Weight	Sector	Weight	Sector	Weight
	Technology	28.3%	Technology	15.9%	Financials	38.7%
	Health Care	17.1%	Consumer Disc.	13.6%	Energy	16.4%
	Financials	11.6%	Financials	10.8%	Non-Energy Mater.	12.4%
	Consumer Disc.	8.4%	Chemicals	10.2%	Industrials	12.3%
	Communication	7.5%	Industrials	9.3%	Telecom.	5.6%
Ann. Performance L5Y²	10.74% ³	4.48% ⁴	6.44% ⁴			

Sources: S&P Down Jones Indices, Qontigo and Solactive.

¹ S&P 500 ESG Index and EURO STOXX 50 ESG breakdown as of September 30, 2022. CIBC Canadian Large Cap ESG Breakdown as of October 27, 2022.

² Total return may include back-tested data.

³ Last 5 years as of December 30, 2022. Sources: S&P Down Jones Indices

⁴ Last 5 years as of December 30, 2022. Sources: Bloomberg

CIBC ESG Structured Notes

Issuer:	CIBC
Status:	Deposit Notes rank equally with all other direct, unsubordinated and unsecured indebtedness of CIBC
Reference Index:	CIBC Canadian Large Cap ESG Index
Term / Currency:	5 years / CAD
Variable Return at Maturity:	105% participation in the positive price return of the Reference Asset over the term of the Note
Principal Protection:	100% principal protection at maturity

Hypothetical Examples

	Index Return	Note Return at Maturity
Bullish Example	+60.00%	+63.00%
Moderate Example	+20.00%	+21.00%
Bearish Example	-30.00%	+0.00%

The above examples demonstrate how the Variable Return will be calculated and are included for illustration purposes only. The performances of the Reference Index used to illustrate the calculation of the Variable Return at maturity are hypothetical and are not estimates or forecasts of future performances or the amount payable at maturity. The actual performance of the Reference Index will be different from these examples and the differences may be material.

Questions

Comparison to GICs

	PPNs	GICs
Principal Protection	At maturity	Throughout term (cashable only)
Form	Senior Deposit Note	<u>GIC</u>
Return Potential	Income, Income and Growth and Growth options available	Fixed or Variable
Underlying Asset	Interest Rates, Equities, Equity Indices, ETFs	Interest Rates
Customization Capabilities	Yes	No
Minimum Tenor	~1.5 years+	Options for as low as 30 days
Investment Size	~1MM+	Low
Liquidity:	Secondary market available	Non-Redeemable prior to maturity and/or cashable after 30 days
Origination Timeline	~1-2 weeks to issue into the client's account	Usually within one business day.

Capital Markets – WSG Contacts

For more information visit us at notes.cibc.com

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