

Q3 2023

## CORPORATE ENGAGEMENT PROGRESS REPORT: CIBC

### Sector

Financial services

### Focus theme; sub-theme(s)

Net-zero alignment; Inequality; Human rights; Nature

### Related UN Sustainable Development Goal(s)



### Engagement activity

Solo

### Responsiveness

Highly responsive

### Holding status (subject to change without notice)

NEI Canadian Bond Fund, NEI Canadian Dividend Fund, NEI Fixed Income Pool, NEI ESG Canadian Enhanced Index Fund

**Objective:** Discuss material risks facing the bank, such as those connected to net-zero alignment and inequality in the context of a rising cost of living.

CIBC reached out to NEI for feedback on what we believe are the near-term material risks facing the bank, the potential financial impacts, and the likelihood of those impacts materializing. The bank regularly assesses its material risks and given the long-standing relationship we have with CIBC, we look forward to this collaborative touchpoint. The issues we raised align with our focus themes.

As with many companies these days, and certainly with all banks, we consider the energy transition and tracking toward net zero to be a high impact concern. Given their critical role in the transition to


a low-carbon economy, banks should demonstrate a credible transition plan, take concrete steps in client engagement, and leverage opportunities in sustainable finance.

We also highlighted inequality as a material risk, specifically when considering the pay gap between executives and regular employees. This is familiar territory for our conversations with financial institutions, but it has taken on greater urgency in the context of higher inflation and the rising cost of living, making it a high impact issue in our view. We appreciate that CIBC has made wage commitments (minimum \$25/hr by the end of 2025), but we believe the bank (and its peers) should also adopt a cap on executive compensation to address the growing risks of inequalities.

Further, we stressed that we view nature-related risks as being relatively near-term, and that if not addressed, may have a high impact on the bank and its peers. As with the Task Force on Climate-related Financial Disclosures' primary focus on financial materiality, the Taskforce on Nature-related Financial Disclosures also addresses financial materiality in its approach to natural capital analysis. It is important to understand how banks can influence the allocation of capital within their lending portfolios to mitigate nature-related risks and capitalize on opportunities. CIBC has demonstrated the need to tackle these emerging topics and we welcomed the two-way conversation.

We also emphasized the long-running theme of human rights in lending, specifically with the prominent use of artificial intelligence. CIBC further developed its data ethics impact and risk assessment processes in 2022 to minimize bias, and we encouraged them to provide more disclosure on the findings.

**Next steps:** We will continue to track CIBC's progress on these topics, especially as they enhance their disclosures.



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