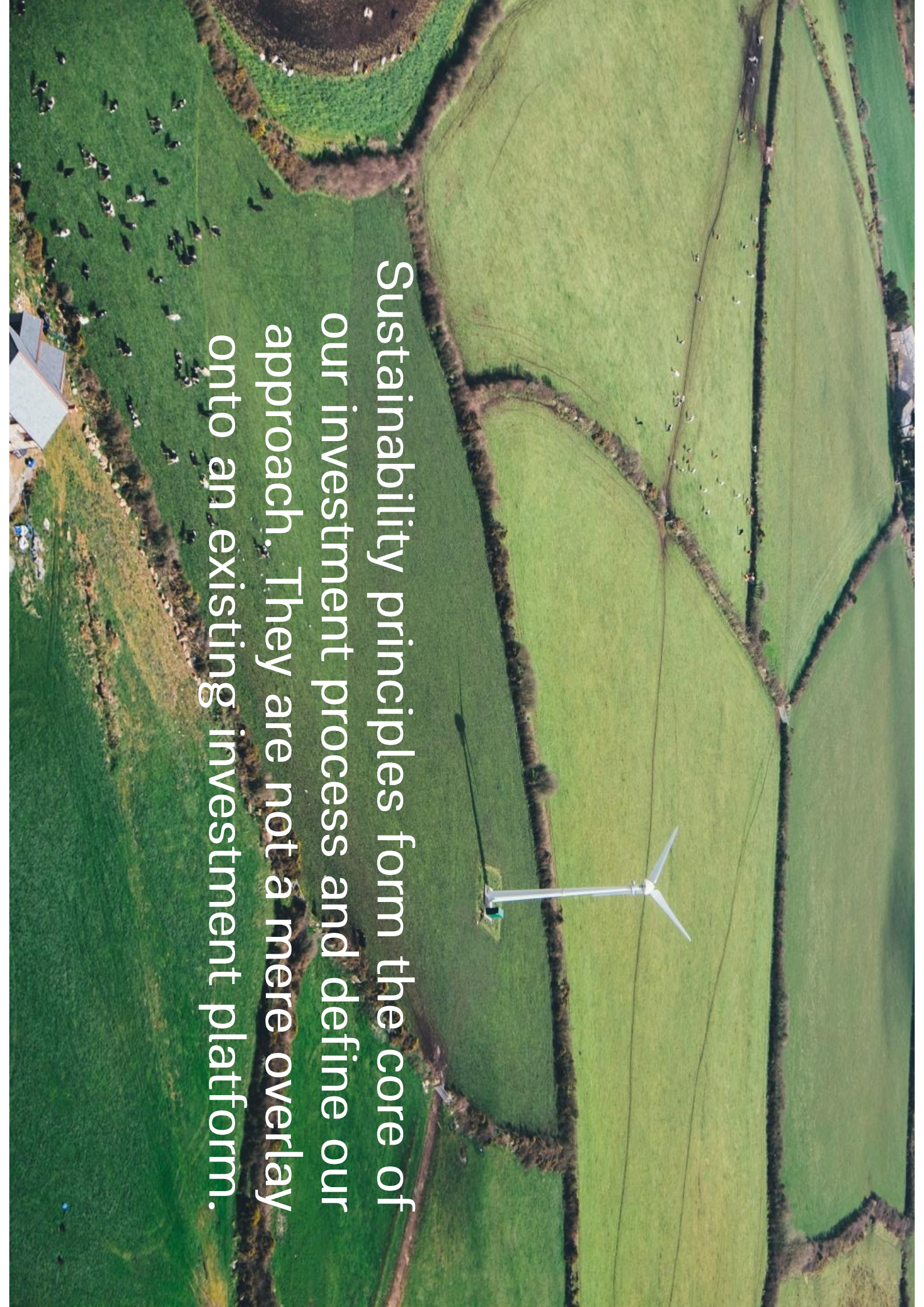




Tess Olsen-Rong – December 2016
Tess.Olsen-rong@affirmativeim.com

An aerial photograph of a lush green landscape. In the center, a white wind turbine stands on a small patch of land. To the left, a large herd of black and white cows is grazing in a field. The landscape is divided into various green fields by dark, winding lines representing hedgerows or roads. The overall scene is a mix of natural beauty and sustainable technology.

Sustainability principles form the core of our investment process and define our approach. They are not a mere overlay onto an existing investment platform.

Introduction to AIM

Introducing a Pure Play
ESG Fixed Income
approach without
compromising
investment returns.

AIM provides a turn key
solution to convert
conventional fixed
income exposures into
positive impact
portfolios.

- Affirmative Investment Management (AIM) is a **dedicated Fixed Income Manager**, focusing solely on bond and cash investments that generate positive environmental & social externalities.
- AIM's approach is a fusion of mainstream portfolio management and sustainability principles.
- We are the only investment manager where all of our investments **focus on building resilient communities and shifting to low carbon economies**, have a positive environmental and/or social ambition, possess at least some disclosure of use of proceeds and generate a tangible impact.
- AIM's corporate DNA and ethos is in tune with changing global best practice and consistent with our underlying investment goals.
- Our approach is both unique and new but based on a **foundation of experienced professionals**, leading innovators and best in class industry support providers.

AIM Staff and the Evolution of the Green Bond Market

Green Bond Market Development

- World Bank issue their first Green Bond
- SEB – Christopher Flensburg develops Green Bond concept with World Bank for Swedish Pension Funds
- Sean Kidney establishes the NGO – Climate Bond Initiative
- Credit Agricole issue first corporate Green Bond
- IFC issue first benchmark size Green Bond (\$1bn. issue)
- Green Bond issuance leaps five fold to over \$11bn. The first sign that issuance was about to explode
- Green Bond Principles launched
- UN COP21 landmark decision

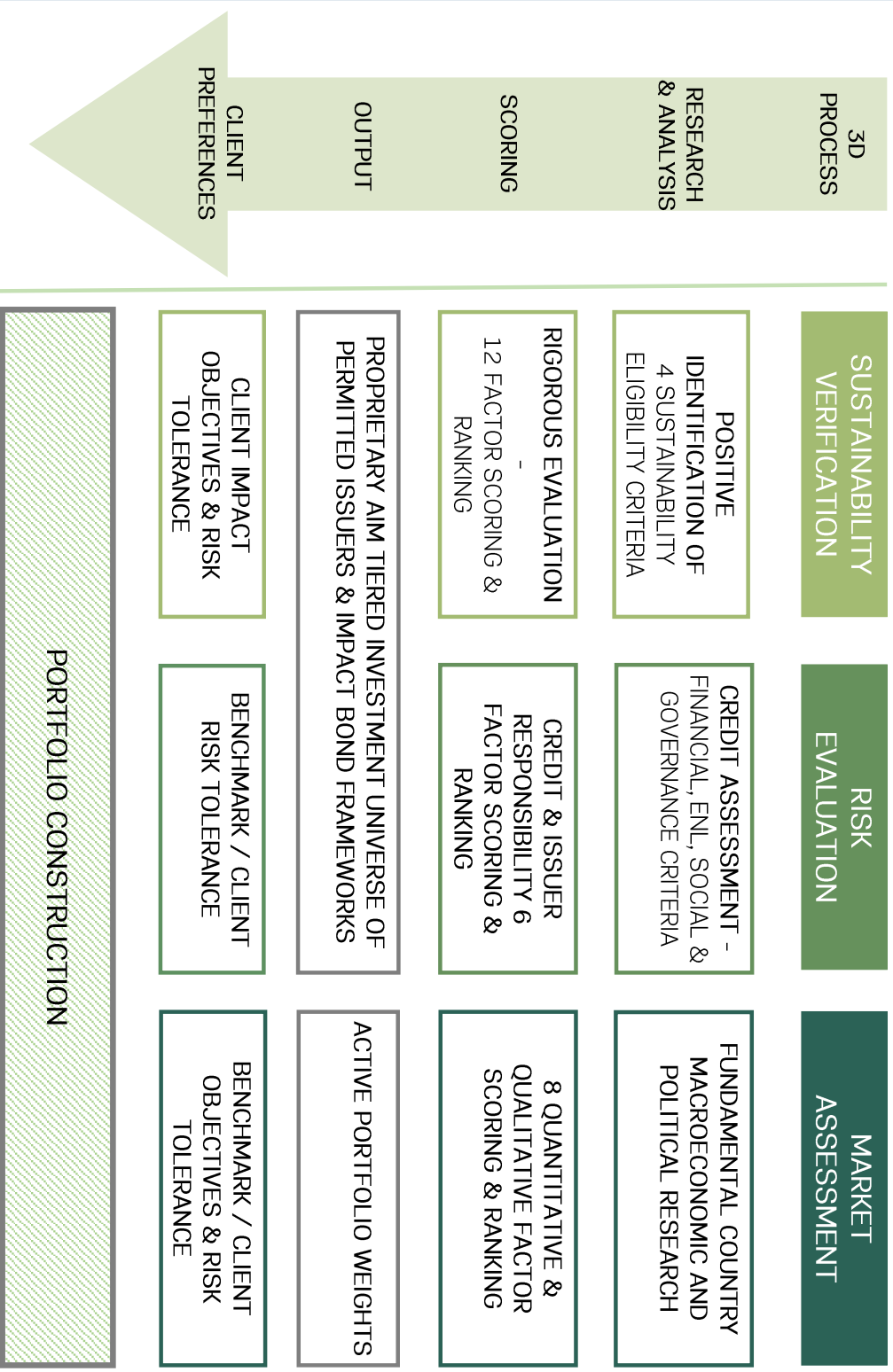


AIM & AIM Staff

- Dr Judith Moore established the first template for project eligibility for World Bank Green Bond Issuance
- Stuart Kinnersley created the World's first Green Bond Fund with the World Bank, as CIO at Nikko AM
- Stephen Fitzgerald joined the NSW Government Expert Advisory Panel for Social Impact Investment
- Justin Feles managed the first Green Bond Fund over a 4 year period (2010-2014), demonstrating the ability to generate mainstream returns focusing purely on Green Bonds
- Affirmative Investment Management (AIM) established – the World's first dedicated ESG Fixed Income Manager focusing on Green Bonds.
- AIM starts to manage first dedicated Cash Plus Impact strategy and other FI Green Bond strategies
- AIM win the CFI Award for Best UK Green Bond Team

The AIM Three Dimensional Investment Process

The AIM team has developed a unique three dimensional investment approach which embeds key sustainability criteria at the core of the overall process.



Introducing SPECTRUM Bonds®

Affirmative Investment
Management only invest
in SPECTRUM Bonds®
that fulfil 6 eligibility
criteria.

S USTAINABLE

Bonds by responsible issuers with attributes that support our mission to help build a sustainable, resilient and low-carbon economy

P OSITIVE

All issues must have a clear Positive Environmental and/or Social Externality associated with its issuance, over and above the mainstream financial return

E XTERNALITIES

C REDIT

Issuer must be credit worthy from both a financial and broader Environmental, Social and Governance perspective

T RANSSPARENT

All issues must have clear investment policies and processes in place pertaining to reporting and disclosure

R ESPONSIBLE

Issuers who uphold strong integrity, with a clear commitment to a sustainable business model

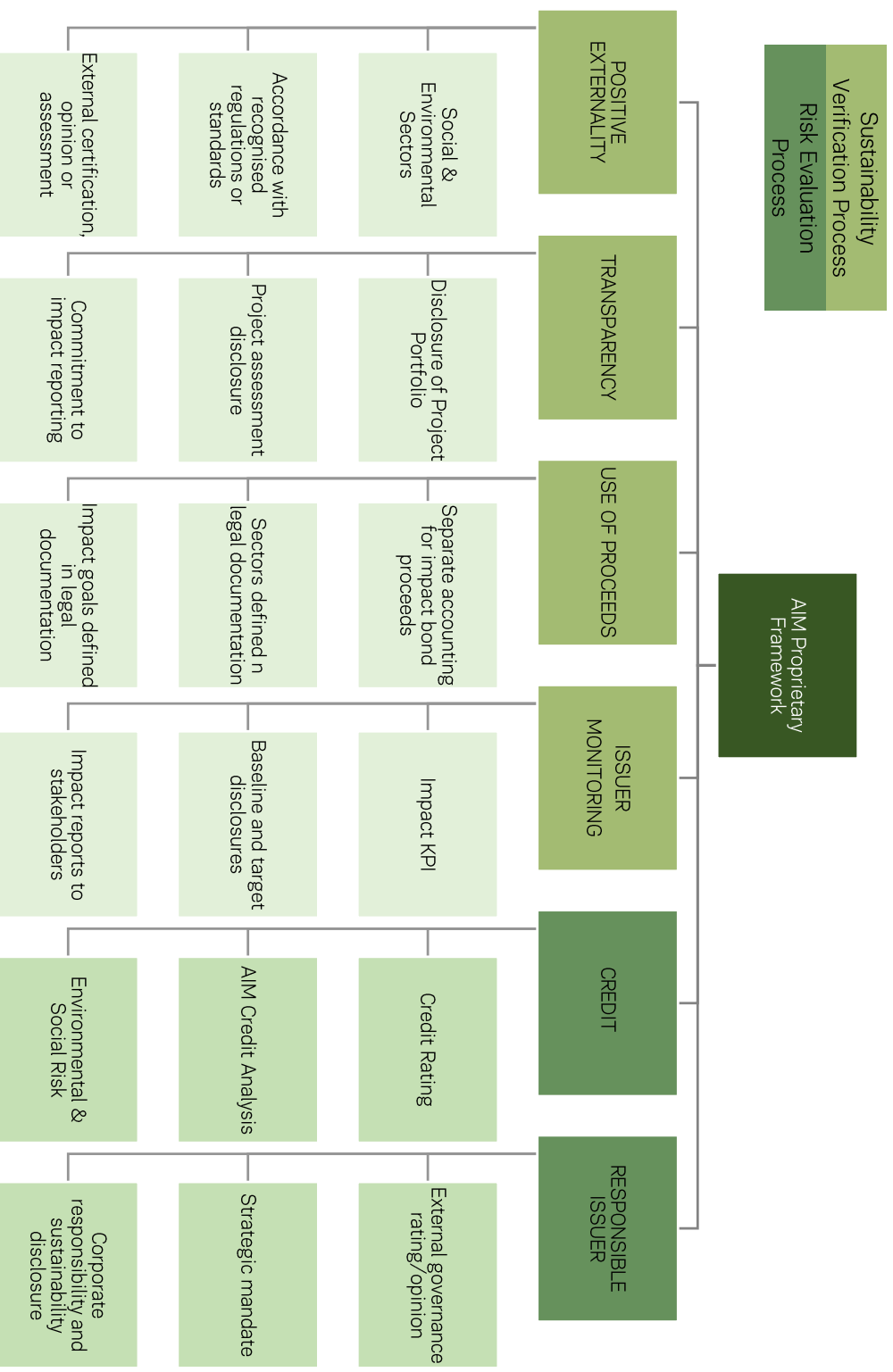
U SE OF PROCEEDS

All issues to demonstrate discernible Use of Proceeds to assure funded activities meet AIM criteria

M ATERIAL IMPACT

All issues to offer Mainstream Market yields and provide reporting on the Material Environment and Social impacts

Implementing the Spectrum Bond Process



We combine our Sustainability Verification and Risk Evaluation processes in our proprietary analytical framework.

Verification & Scoring

AIM scores each of the 18 sub-criteria in the proprietary framework to determine 6 average criteria scores. This formulates the Overall Sustainability and Credit Risk Score for the impact bond programme, which determines which tier the bond programme belongs in.

AIM only accepts impact bond programmes or pure-play issuers which achieve an Overall AIM Score at/or above 3 and groups issuers and/or bond frameworks into 3 investible tiers.

In-house and external technical experts provide insight into the scoring process. Issuers may have more than one impact bond programme, all of which are assessed independently.

AIM INVESTMENT UNIVERSE

EXCELLENT

Overall AIM Score 4 or higher, and all criteria scoring 4 or higher

SUPERIOR

Overall AIM Score 3 or higher. Only one criterion score below 3 permitted.

STANDARD

Overall AIM Score 3 or higher.

Following the AIM framework scoring, only issuers and impact bond programmes that are expected to have positive impacts on the environment and/or society are admitted into the AIM investment universe.

Reject: Overall AIM Score Less Than 3



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