



Tess Olsen-Rong – March 2017
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Introduction to AIM

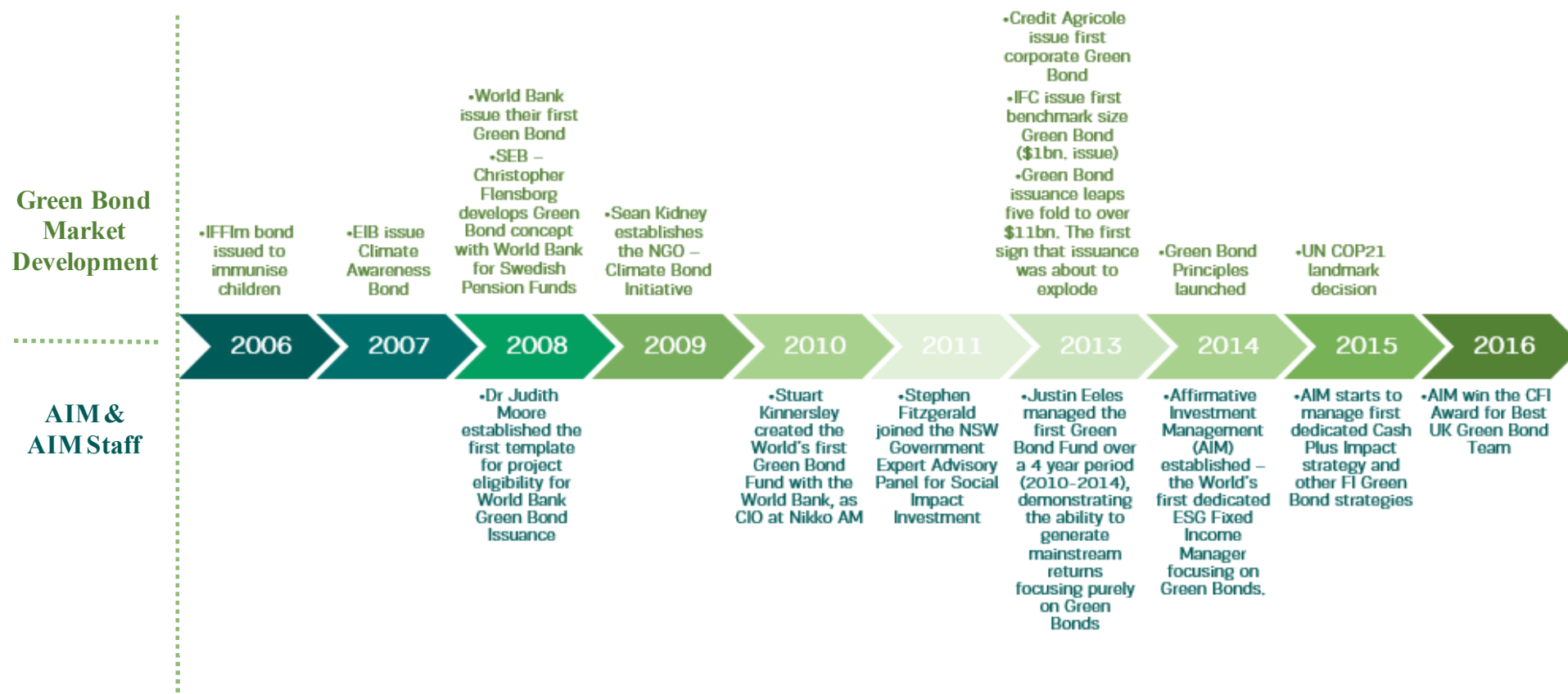
Introducing a Pure Play ESG Fixed Income approach without compromising investment returns.

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

AIM

- 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



Introducing SPECTRUM Bonds®

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

SUSTAINABLE

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

POSITIVE

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

EXTERNALITIES

CREDIT

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

TRANSSPARENT

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

RESPONSIBLE

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

USE OF PROCEEDS

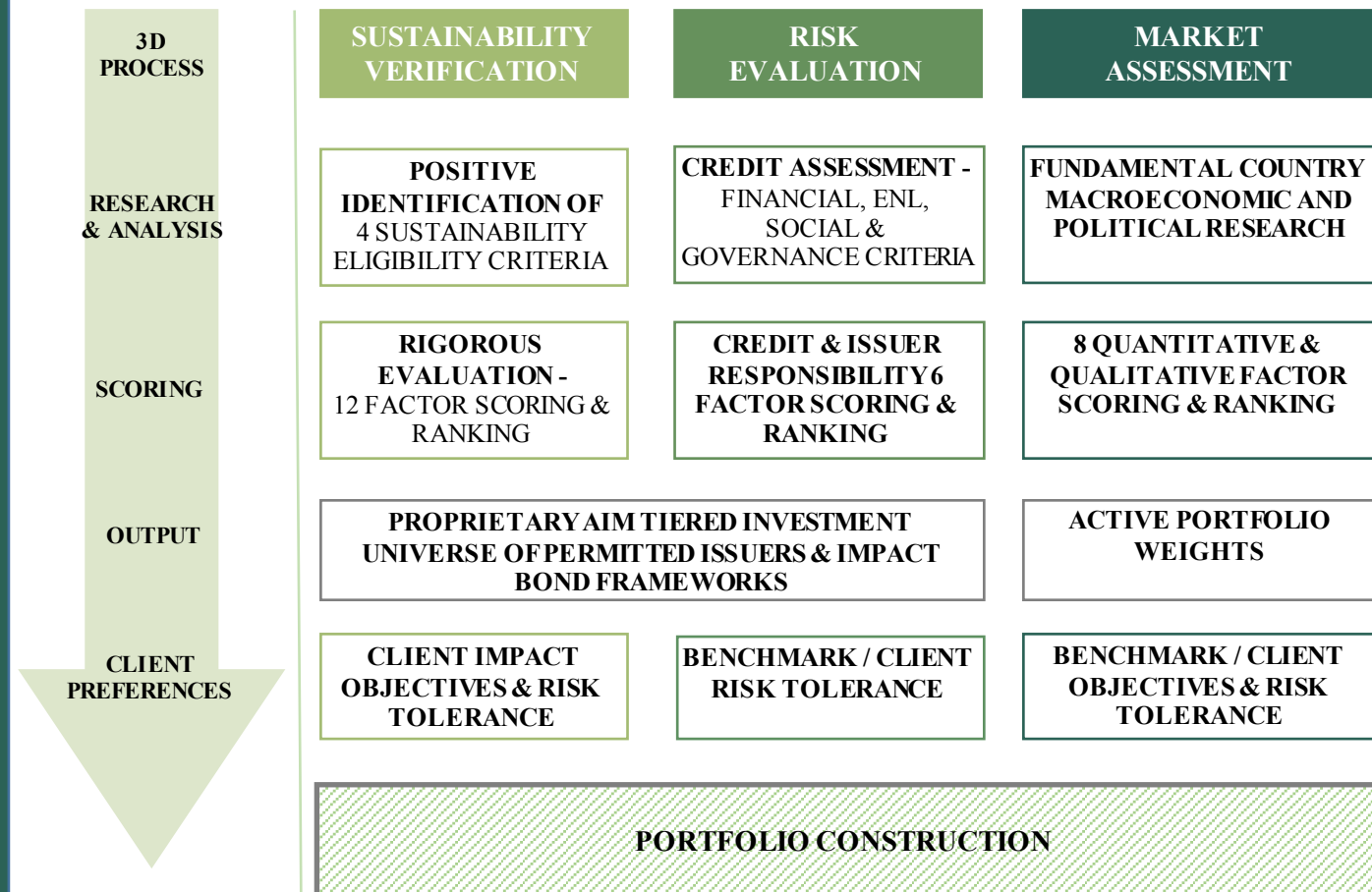
All issues to demonstrate discernible Use of Proceeds to assure funded activities meet AIM criteria

MATERIAL IMPACT

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

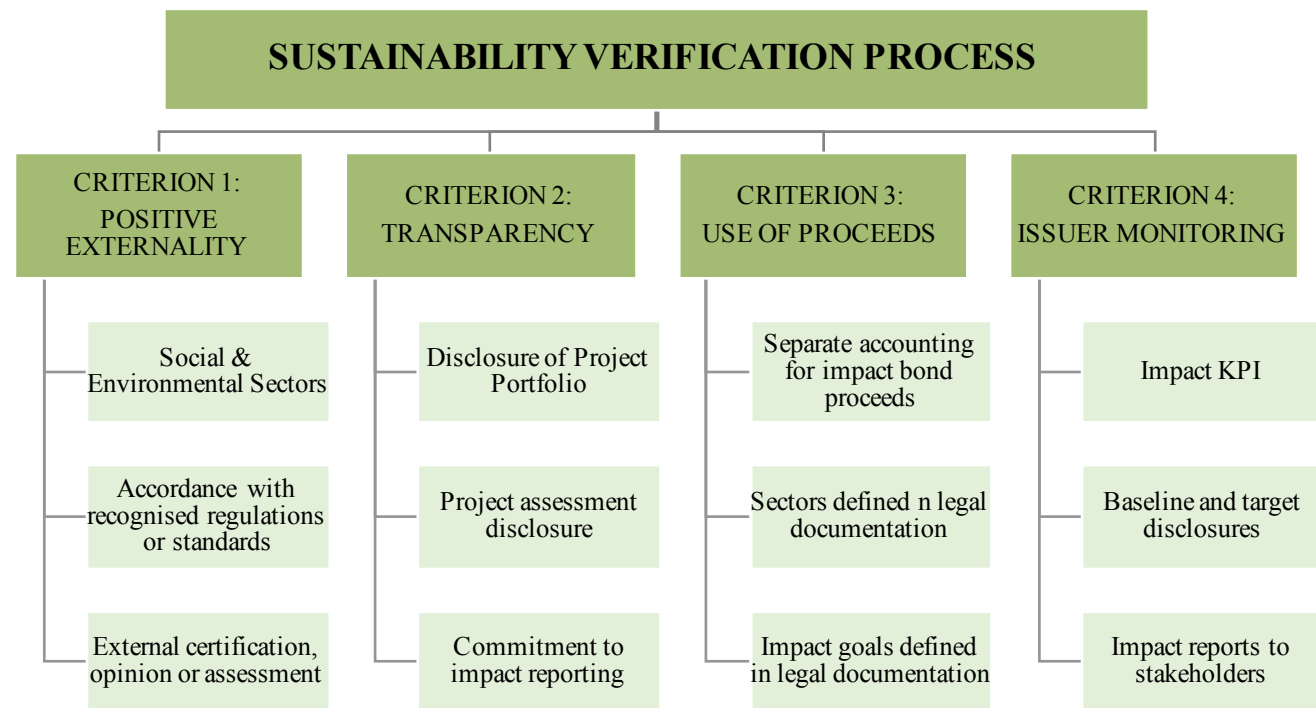
The AIM Three Dimensional Investment Process

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



Sustainability Verification Criteria at AIM

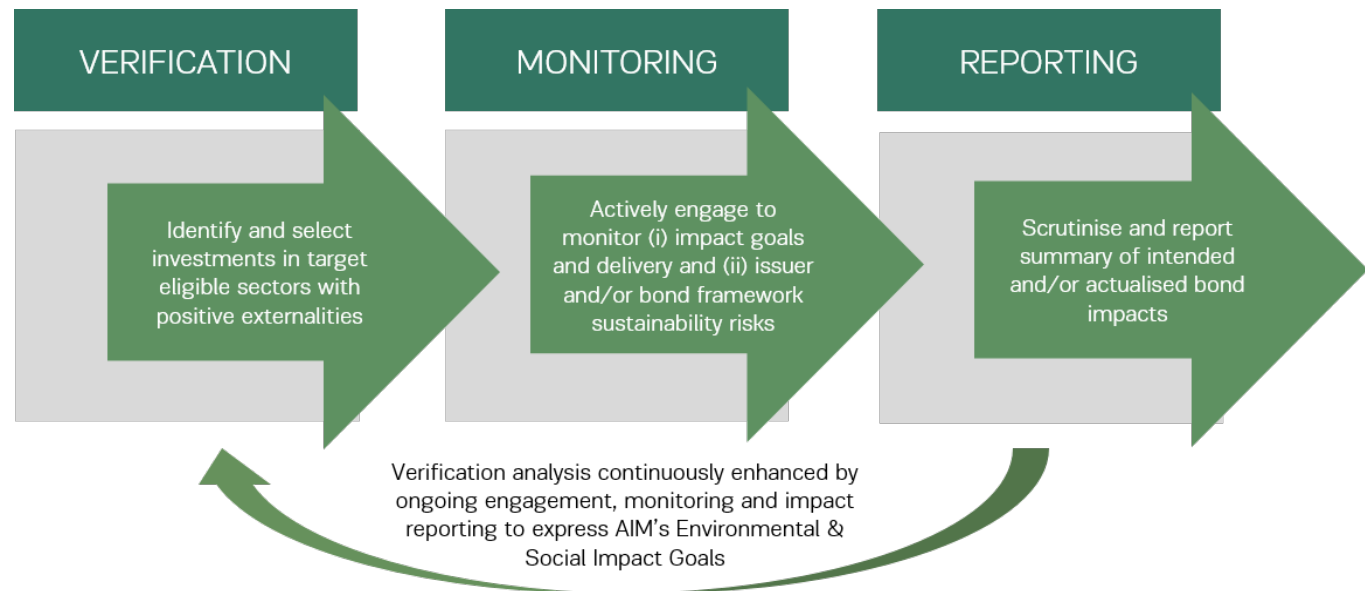
Each criterion score is an average of the three sub-criteria scores below, which are scored within a range of 1-5, with 5 representing the best possible score.



Transparency & Impact Reporting are key to Verification

On-going monitoring of green and social bonds is central to AIM's verification process.

Ongoing sustainability verification throughout investment cycle.



Disclosure & Tools used in the Verification of Green Bonds

Green bonds tend to adopt a use of proceeds bond structure, therefore provide additional details on the environmental aspects of the projects and assets financed through the bond sale.

- **Transparency: best practice disclosure**
 - Green Bond Principles (Voluntary guidelines)
 - Engagement with issuers (Roadshows, 1on1 meetings, etc)
- **Second Party Opinion (SPO)**
 - Additional disclosure
 - Analysis of environmental and social aspects of underlying projects
- **Certification and Standards**
 - Climate Bonds Standards
 - Certification Schemes: green buildings - LEED, BREEAM and energy star (etc).
- **Green Bond Ratings**
 - Moody's
 - S&P Trucost

Impact Reporting: in more detail

AIM's reporting commitments include corporate responsibility, financial performance and portfolio impact.

AIM will provide annual impact reports for all our portfolios. Impact reporting is an evolving field, therefore our approach is focused on transparency of reported outcomes rather than prescriptive KPIs.

The Impact Report will include, where possible:

1. Use of proceeds: amounts invested
2. Key investment outputs/sectors
3. Key impact performance indicators*

Expectations from green and social bond issuers:

- Periodic disclosure (min. annual)
- Allocation of proceeds (best practice- assurance by third party): qualitative description of geography & sector
- Outcomes: impact data (e.g. estimated GHG avoided) and related methodology.

* As supplied by issuer and analysed by AIM, including consultation with technical experts.

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