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

**AIM & AIM Staff**

- 2006: Dr. Judith Moore established the first template for project eligibility for World Bank Green Bond Issuance
- 2007: Dr. Christopher Franks developed Green Bond concept with World Bank for Swedish Pension Funds
- 2008: World Bank issues their first Green Bond
- 2009: AIM & AIM Staff
- 2010: Stuart Kinnionsley created the World's first Green Bond Fund with the World Bank, as COO at Nikko AM
- 2013: Justin Esles 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
- 2014: Affirmative Investment Management (AIM) established – the World’s first dedicated ESG Fixed Income Manager focusing on Green Bonds
- 2015: AIM wins the CFI Award for Best UK Green Bond Team
- 2016: Aim starts to manage first dedicated Cash Plus Impact strategy and other fixed income strategies
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 EXTERNALITIES

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

CREDIT

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

TRANSPARENT

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

**Verifying**
- Identify and select investments in target eligible sectors with positive externalities

**Monitoring**
- Actively engage to monitor (i) impact goals and delivery and (ii) issuer and/or bond framework sustainability risks

**Reporting**
- Scrutinise and report summary of intended and/or actualised bond impacts

Verification analysis continuously enhanced by ongoing engagement, monitoring and impact reporting to express AIM’s Environmental & Social Impact Goals
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.

**Disclosure & Tools used in the Verification of Green Bonds**

- **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
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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Affirmative Investment Management Partners Limited
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Registered in England & Wales no. 09077671
Registered Office; 150 Aldersgate Street, London EC1A 4AB

Contact:
E: info@affirmativeim.com

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