

#### 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.

- positive environmental & social externalities. Manager, focusing solely on bond and cash investments that generate Affirmative Investment Management (AIM) is a dedicated Fixed Income
- sustainability principles. AIM's approach is a fusion of mainstream portfolio management and
- economies, have a positive environmental and/or social ambition, on building resilient communities and shifting to low carbon We are the only investment manager where all of our investments focus tangible impact. possess at least some disclosure of use of proceeds and generate a
- 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



# The AIM Three Dimensional Investment Process

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

> SUSTAINABILITY **VERIFICATION**

**PROCESS** 

**EVALUATION** 

RISK

**ASSESSMENT** MARKET

**IDENTIFICATION OF 4 SUSTAINABILITY POSITIVE** 

& ANALYSIS RESEARCH

**ELIGIBILITY CRITERIA** 

FINANCIAL, ENL, SOCIAL & CREDIT ASSESSMENT -**GOVERNANCE CRITERIA** 

FUNDAMENTAL COUNTRY MACROECONOMIC AND POLITICAL RESEARCH

RIGOROUS EVALUATION

12 FACTOR SCORING & RANKING

SCORING

OUTPUT

PROPRIETARY AIM TIERED INVESTMENT UNIVERSE OF PERMITTED ISSUERS & IMPACT BOND FRAMEWORKS

**FACTOR SCORING & RESPONSIBILITY 6 CREDIT & ISSUER** RANKING

QUALITATIVE FACTOR **SCORING & RANKING** 8 QUANTITATIVE &

**OBJECTIVES & RISK** CLIENT IMPACT **TOLERANCE** 

**PREFERENCES** 

CLIENT

BENCHMARK / CLIENT RISK TOLERANCE

ACTIVE PORTFOLIO WEIGHTS

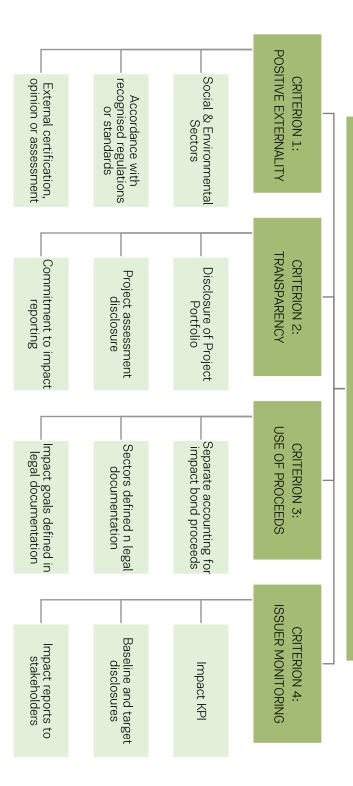
BENCHMARK / CLIENT **OBJECTIVES & RISK** TOLERANCE

PORTFOLIO CONSTRUCTION



# 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.



SUSTAINABILITY VERIFICATION PROCESS



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

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, 1 on 1 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

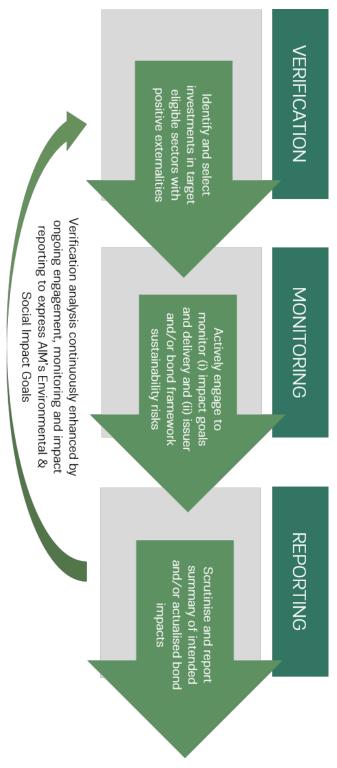
- · Moody's
- S&P Trucost



# Transparency & Impact Reporting are key to Verification

Ongoing sustainability verification throughout investment cycle.

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





## Impact Reporting: in more detail

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

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

The Impact Report will include, where possible:

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

Expectations from green and social bond issuers:

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



<sup>\*</sup> As supplied by issuer and analysed by AIM, including consultation with technical experts.

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#### Contact:

E: info@affirmativeim.com













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