

# AIM Modern Slavery Statement

This statement is made on behalf of Affirmative Investment Management (“AIM” or “we”) pursuant to Section 54(1) of the Modern Slavery Act 2015.<sup>1</sup> It describes the steps AIM has taken during the financial year 1 January 2020 and ending 31 December 2020 to seek reassurance that modern slavery and human trafficking are not taking place in any part of its own business or in any of its supply chains.

This is the first statement that we have issued. While AIM does not meet the minimum threshold requirement to issue this statement, we are doing so as a responsible company.

## Our organisation, business and supply chain

We are a specialist impact fixed income manager. We are an independent, private company majority owned by our employees. In July 2020 we announced a strategic alliance and proposed capital investment with Sumitomo Mitsui Financial Group, Inc (“SMFG”). This was approved by the FCA in October 2020.

AIM is a private company incorporated in England and Wales, registered with the FCA. AIM consists of Affirmative Investment Management Partners Ltd (UK Parent entity) and 100% owned subsidiaries: Affirmative Investment Management US Limited, Affirmative Investment Management Australia Pty Ltd, AIM US\$ Liquid Impact Fund LLC and AIM Japan Inc.

Founded in 2014, our mission is to manage fixed income portfolios that generate positive environmental and social impact without compromising financial returns. Our focus is on fixed income and cash instruments that deliver both competitive returns and generate meaningful positive environmental and social outcomes. It is our belief that investments should not only deliver strong financial performance, but also solutions to the world’s most pressing environmental and social challenges. We promote robust verification, reporting and active engagement, to generate consistent performance and sustainable impact in accordance with the international climate agreements and the Sustainable Development Goals.

We are strongly opposed to slavery and are committed to acting ethically and with integrity in all of our business dealings and relationships. This commitment is embedded in our culture through our vision and mission.

As a dedicated impact fixed income specialist, the way we run our business is aligned with how we invest. This shapes our approach to our people, our clients and our community, including our suppliers and partners. We recognise that our greatest risk of exposure to modern slavery and human trafficking is through the investments we hold in our portfolios. In that regard, our investment process includes the application of our proprietary [SPECTRUM Bond® criteria](#), which fully integrates environmental, social and governance (ESG) factors to determine eligibility for our investment universe. These ESG criteria include an assessment of any involvement in modern slavery and human trafficking, particularly through our human rights and international labour relations criteria. For more information on our approach, please see our website, <https://affirmativeim.com/>.

We have a relatively straight forward and short supply chain and therefore the risks of modern slavery or human trafficking occurring in our business or supply chains is low. The majority of our suppliers are financial and professional service organizations, including banks and financial institutions, fund accounting firm, compliance firm, third party administrators and custodians, accountancy and law firms, insurers and recruitment agents. Other suppliers include providers of IT, office and stationary supplies, catering, office cleaning and other facilities management. Our suppliers are businesses who specialize in servicing asset managers. They are based in the UK, Europe and North America.

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<sup>1</sup> <https://www.legislation.gov.uk/ukpga/2015/30/section/54/enacted>

## Our policies

We act with the highest standards across all our operations and are committed to integrating responsible business practices throughout our operations. We are committed to applying to ourselves the same high standards that we use in our selection of investments. We strive for social and environmental best practice in our daily operations and hold our governance practices to strong principles of integrity and transparency.

Environmental, Social and Governance (ESG) considerations and the assessment of measurable and material impact are embedded within our investment process under our SPECTRUM Bond® criteria. Failure to meet these criteria will render the security ineligible for the investment universe.

For our investments, we have the following policies in place:

- Responsible Investment Policy
- Engagement Policy
- ESG Policy
- Exclusionary Criteria
- Divestment Criteria

We view the prevention of modern slavery and human trafficking both as important parts of good corporate governance and as part of our investment process, specifically with regard to our responsible issuer ESG assessment and under our credit assessment of ethics and issuer conduct.

During 2020 we have continued to review how modern slavery issues are addressed within our business and have sought to enhance our policies to reflect this.

We continue to integrate modern slavery and human trafficking considerations into our verification process, specifically under our responsible issuer analysis.

Our outsourcing policy identifies corporate responsibility as a key factor which we consider for each outsourcing engagement. This sits alongside our other policies such as anti-bribery, fraud and corruption.

Our people policy sets out expectations for our team regarding collaboration and teamwork while acknowledging the importance of having a safe, respectful and inclusive environment.

## Our due diligence

As a firm we operate an outsourcing model as a means of accessing specialist expertise, reducing key person risk, and providing efficiency and quality of non-core functions. We conduct thorough due diligence on all service providers and ensure that all of our service providers have a modern slavery statement in place.

We will not work with any third parties where we believe there is a risk of modern slavery or human trafficking.

## How we assess and manage risks

We carry out risk assessments of our suppliers, which includes an evaluation of environmental, social and governance factors.

## Effectiveness of measures

Given the sector in which we operate and the location of our offices, suppliers and contractors, it is our determination that we are at a low risk of any connection to modern slavery and human trafficking. It is our assessment that our suppliers are low risk as they are mostly professional services firms, which include banks, financial institutions, third party administrators and custodians, and accountancy and law firms.

## Training our people

As a specialist impact fixed income investor, our people are aware of the importance of assessing modern slavery risks and of our commitment to fair employment practices. All members of the firm have access to all our policies and undertake compliance training on an annual basis.

## Next steps

As our funds under management grow, our impact and commitment will also expand. We acknowledge addressing modern slavery risk is an ongoing process. We intend to build on our current process to address the modern slavery risks in our investments and our supply chain.

In regard to our fixed income portfolios and investments, we will continue the process of systematically integrating norms-based screening into our responsible issuer analysis and expand our assessment regarding those sectors particularly at risk from modern slavery.

Within our supply chain, we will continue to assess the potential for modern slavery risks and integrate this as part of our onboarding process.