

2024 SUSTAINABILITY

REPORT



TABLE OF CONTENTS



03 A LETTER FROM OUR PRESIDENT

04 ABOUT SAGE

05 MATERIALITY MAP

06 HUMAN CAPITAL

10 GOVERNANCE

11 STEWARDSHIP

14 ENVIRONMENTAL

FROM THE TOP

On behalf of Sage Advisory, I am pleased to introduce our 2024 Sustainability Report. This year's report builds on our past achievements and highlights our commitment to sustainability and responsible business practices. As a leading investment management firm, Sage Advisory recognizes the vital role that environmental, values, and governance considerations play in our development and in securing long-term value for our clients and stakeholders. This report provides an overview of our performance, initiatives, human capital, and social engagement activities.

Over the last year, we have witnessed a significant transformation in investor attitudes regarding the value of business commitments to comprehensive sustainability and good governance practices. Amid this backdrop, we recognize the importance of actively engaging with and responding to these evolving expectations. This report reflects Sage's ongoing allegiance to corporate social responsibility through the integration of sustainable practices throughout the firm's business operations.

This report illustrates our devotion to fostering an inclusive and diverse workplace to support our growth through policies that promote a healthy work-life balance. We continue to implement business standards that prioritize the well-being of our clients and the communities we serve. This report also highlights our ongoing initiatives to promote employee well-being, cultivate a positive corporate culture, and engage in impactful philanthropic activities. Importantly, we believe that upholding the highest standards of corporate governance and ethics is instrumental in building trust with our clients and stakeholders. We prioritize transparency, accountability, and ethical decision-making throughout our organization. This report offers insights into our governance framework, compliance practices, and endeavors to become thought leaders within the responsible investing community. Our efforts were reflected in our most recent business and investment management assessment by the Principles for Responsible Investment (PRI), which accorded Sage top-decile Signatory peer reviews, and in the firm's 2024 finalist nominations for its ESG research from the respected Money Management Institute and *CIO Magazine*.

We acknowledge that effecting meaningful change requires collaboration, and Sage continues to forge strategic partnerships and engage with industry peers, NGOs, academic institutions, and community organizations to drive awareness and action toward sustainability. Sage has continued its sponsorship of sustainable finance educational programs at the Stern School of Business of New York University and at Marquette University. The firm also became a founding advisory board member for Marquette's new Sustainability Lab. We highlight these and other collaborations that have contributed to our achievements in this report and discuss our future partnership aspirations. Through these activities, we have worked to build upon our past accomplishments and strengthen our sustainable investment management practices.

As you delve into our 2024 Sustainability Report, we invite you to reflect on our progress and continued alignment with the goals we set forth in our previous annual reports. We are aware that sustainability is not a static concept, but a dynamic and continuous journey. We remain dedicated to adapting our investment strategies, setting ambitious goals, and collaborating with all our business stakeholders to drive positive change and attractive returns, and meet the rising expectations of our clients and profession.

We greatly value your feedback, insights, and questions. Your engagement is essential in holding us accountable and supporting our collective efforts to drive positive outcomes. With your support, we can continue to build a sustainable future that encompasses both environmental excellence and social responsibility. Thank you for your interest in Sage Advisory and for supporting us on this impactful journey toward a more sustainable and prosperous future.



Robert G. Smith, Sage Advisory President & Co-CIO



ABOUT SAGE

Based in Austin, Texas, Sage is a limited liability company that is majority owned and operated by Sage employees. The company was founded in 1996 with a simple mission: to better meet the unique investment management needs of institutions and individuals through industry-leading analytical services, innovative investment solutions, and an unwavering focus on risk management. Sage’s investment strategies include taxable and tax-exempt fixed income, liability-driven investing, enhanced cash management, global tactical ETF asset allocation, and responsible investing.

01

We believe in purpose-driven investment solutions.

02

We believe in simplicity, liquidity, and transparency.

03

We believe in taking a risk-conscious approach.

04

We believe in keeping our clients well informed.

MATERIALITY MAP

Sage’s annual Sustainability Report considers the perspective of all our stakeholders – clients, consultants, and financial advisors, as well as our employees and shareholders. For this report, the work of the Sustainability Accounting Standards Board (SASB)* guides our process and inclusion of the most material sustainability factors relevant to Sage as an asset manager. Among these factors, “human capital” – our people – are the most important asset Sage has. Therefore, as an organization much of our focus is on fostering an environment that promotes diversity of thought, preserving a healthy workplace, and upholding the highest standards of fiduciary duty and client service.

*SASB Standards are part of the IFRS Foundation

Code of Ethics

- Unwavering commitment to strong corporate governance and carrying out our fiduciary duty
- Reviewing regularly our compliance processes and employee training
- Focusing on long-term company sustainability

Risk Management

- Continuing focus on data security and processes, and training
- Ongoing independent third-party, operational audits
- Maintaining the relationship between the research, investment committee, and portfolio management teams to identify investment risks and opportunities

Corporate Engagement

- Updating annual stewardship activities and reporting
- Regularly engaging with all stakeholders; i.e., clients, issuers, ETF providers, employees
- Publishing an annual survey of ETF providers

Human Capital Management

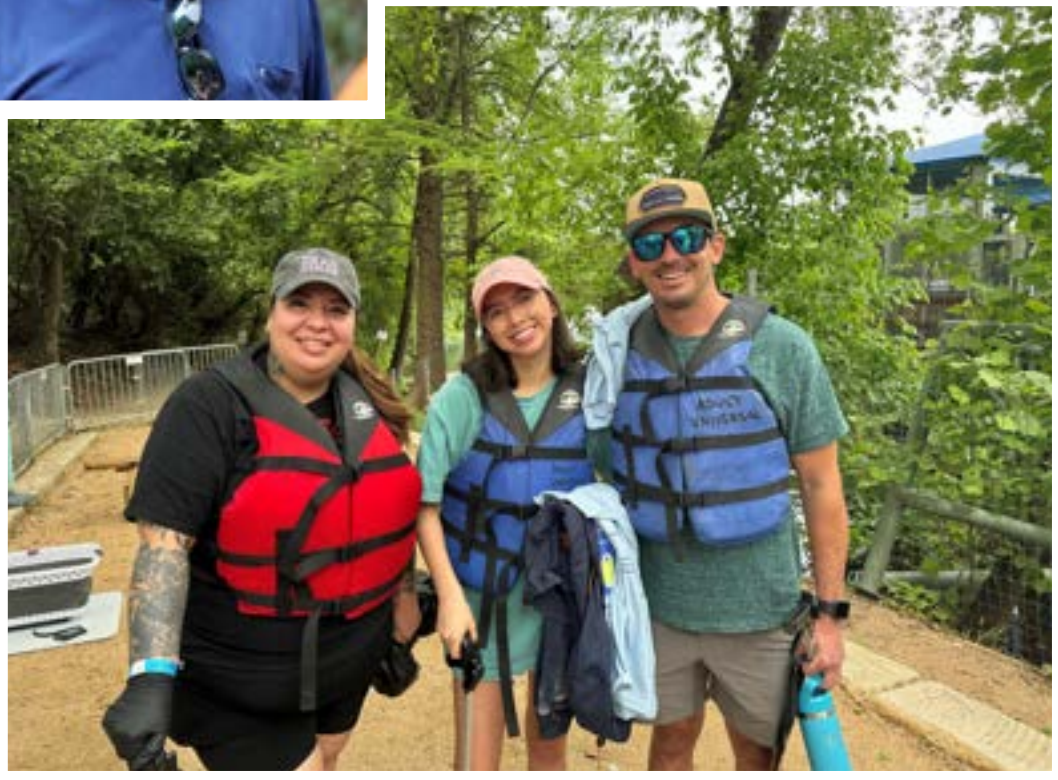
- Strengthening our Sage ENGAGE Committee to support our people and culture
- Ongoing focus on improving employee engagement
- Fostering employee sustainability efforts

Sustainable Integration

- Ongoing evaluation of sustainable risks and opportunities for investment portfolios
- Expanding our sustainable research and engagement efforts
- Maintaining relationships with key sustainability organizations and staying current with their reporting policies for the benefit of our responsible investing clients

Reporting & Transparency

- Maintaining clear product labeling and transparency
- Ongoing timely communication of changes to products and/or services
- Responsible Investing client reporting includes Sage Leaf Scores®



33%

of Sage employees identify as female. 7% of executive management and 27% of non-executive management identify as female.

24%

of Sage employees identify as an ethnic minority. 13% of executive management and 27% of non-executive management identify as a minority.

30%

of Sage employees identify as either first-generation or second-generation immigrants.

26%

of Sage employees speak more than one language.

9 years

is the average tenure at Sage, with investment professionals averaging 12 years.

62%

of Sage employees are parents.

Sage is proud to have a long-tenured employee culture; 22 of 58 employees have been with Sage for 10-plus years. Sage prioritizes cultivating a work culture that is inclusive, where our employees feel that their work is valued and their voices heard. We believe that the more inclusive and supportive our culture is, the more engaged our employees will be.

OUR PEOPLE

EMPLOYEE ENGAGEMENT

Our people are important to us. Sage seeks to offer each employee an accommodative work/life balance and a number of competitive benefits. Somewhat unique in today’s environment, Sage is proud to sponsor medical, dental, and vision insurance for employees and their families. To build community, Sage provides paid time off for volunteer activities and regularly hosts company gatherings that include employees’ families.



WE’RE PROUD TO OFFER



Company-paid medical, dental & vision insurance



Competitive 401k matching



Sponsored professional development



12-week paid parental leave policy



Paid time off to volunteer



On-site recycling program



Gift match up to \$1,000 per employee annually to a 501(c)(3)



Competitive paid time off



Disability insurance policy



Flexible work-from-home schedule



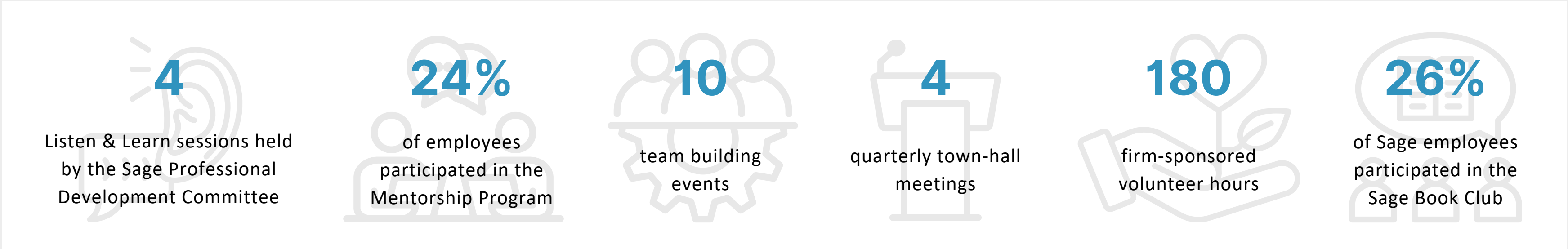
On-site health & wellness

- Gym facility
- Massage therapy



Company-organized team building & social events

SAGE ENGAGE



Sage maintains a steadfast commitment to learning and growth through support for both professional and personal development. In the third year of the Sage ENGAGE program, our focus was on enhancing existing initiatives, reinvesting in the community, and fostering peer connections. For each of our three program committees, we made the following progress:

Professional Development: The firm expanded its rotational training and mentorship programs, for which more than half of employees participate. Valuable insights were gained during Listen and Learn sessions from industry leaders, including the executive director of the San Luis Obispo County Pension Trust (SLOCPT) and a managing director at Goldman Sachs. Quarterly Town Hall Meetings ensured that we remain connected and well-informed about developments in the market and within our organization. This year, Sage has supported the growth of our individual 401k accounts not only through employer matching contributions but also by providing assistance from a financial advisor.

Community Service: Volunteer efforts increased, with contributions to The Trail Conservancy for Earth Day, We Are Blood, Central Texas Food Bank, and the Book Spring book drive and sorting event. A total of 110 community service hours were given back to the community by Sage employees, and we saw high participation through our Matching Gift Program.

Team Building: We celebrated International Women’s Day, and Asian American and Pacific Islander (AAPI) and Jewish American Heritage months. We hosted cultural events, including our annual Color’s Day BBQ to inaugurate the college football season, the 5th Annual Crawfish Boil, a monthly Book Club, and a family summer pickleball and putt putt golf event at Dreamland. Holidays were marked by a Halloween Costume Contest, a Thanksgiving virtual food drive, and a holiday party at The Austin Trail of Lights.

Special acknowledgment is extended to the Sage ENGAGE committee chairs, Lily Tu (Professional Development), Lily Atilano (Community Service), and Jessica Hernandez (Team Building), along with the committee members for their planning and efforts throughout the year. New initiatives for the year are already underway, and I look forward to our achievements in 2025!

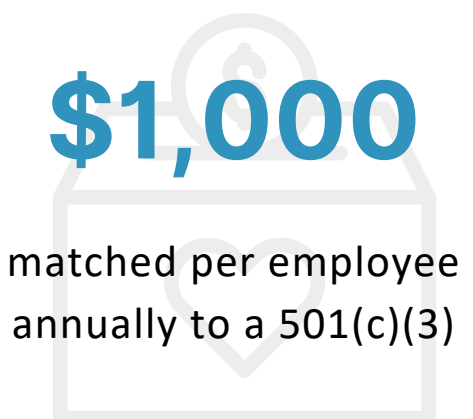
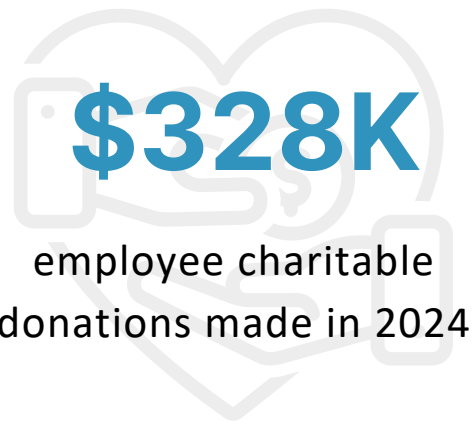
Kari Edgar, Sage ENGAGE Director

“
I truly believe the culture at Sage is one-of-a-kind.”

Kari Edgar
Sage ENGAGE Director

COMMUNITY REINVESTMENT

Sage encourages employees to give back to our communities, and in 2023 we adopted food insecurity as our just cause. The pandemic highlighted the severity of worldwide hunger, a crisis that is No. 2 on the United Nations-supported Sustainable Development Goals (SDGs). Sage looks forward to finding solutions to this unfortunate widespread problem, as we believe increasing global risks will further hone the need for them. The following summarizes employee commitment to community service.



**Data was collected via an anonymous survey administered by the Sage ENGAGE Director with 79% participation. The survey data is statistically representative and proportionally adjusted to accurately reflect the entire workforce.*

01

**Disaster Recovery
Policy**

Sage's emergency response plans are designed to ensure the safety of employees and company assets, and the continuity of client service data and systems.

02

**Cyber Security
Policy**

The policy describes the technology and information assets that we must protect and illustrates that we've identified many of the threats to those assets.

03

**Code of Ethics
& Compliance**

Sage is committed to an active compliance program designed to ensure that we as a firm and as individuals adhere to federal and state laws.

04

**Whistleblower
Policy**

All Sage employees are protected by the Sage Whistleblower Policy. Sage believes that protecting whistleblowers is part of having a strong ethical approach to corporate culture.

GOVERNANCE

At Sage, we believe strong corporate governance is essential to the operation of a healthy and sustainable company. Governance considerations are core to our business and built into the policies and principles that guide our firm. Business ethics and risk management are financially material governance factors directly related to the industry in which we operate and are key focus areas at Sage. We strive to maintain robust risk management and business ethics practices to operate a strong and sustainable company over the long-term.



[View our Governance Policies](#)

STEWARDSHIP

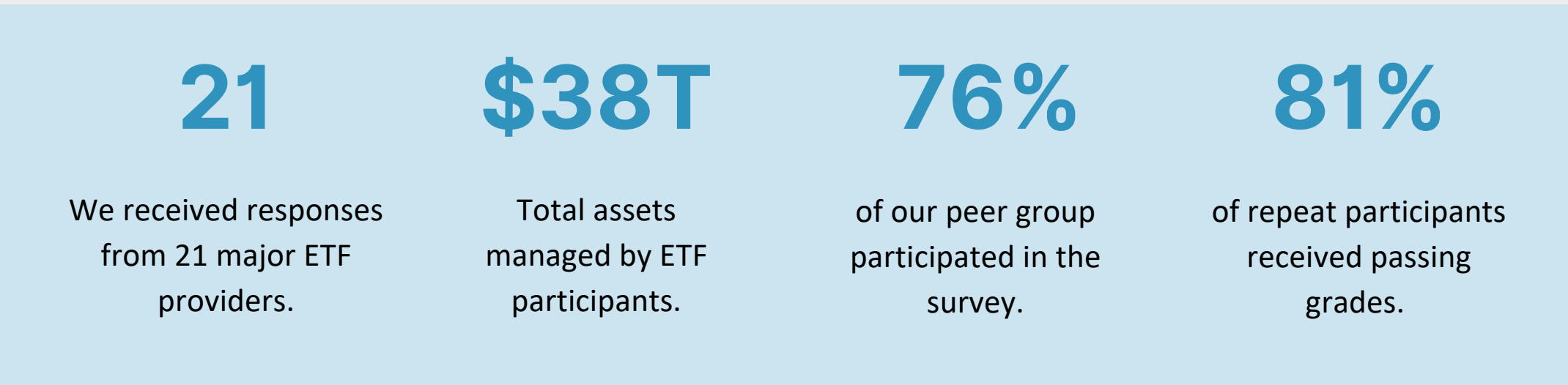
In our role as financial stewards, Sage actively participates in meaningful dialogues with issuers and stakeholders, delving into discussions on strategy, risk, financial performance, and sustainable policies and practices. At Sage, we employ a multifaceted approach to implement financial stewardship, leveraging tools such as original research, educational presentations, informational podcasts, and videos, along with active engagement with issuers and other stakeholders.

[→ View our Responsible Investing Compendium](#)

Annual Stewardship Report

Through an annual survey, we review leading ETF Providers’ investment processes, security research efforts, and overall performance. Our goal is to identify trends or changes occurring within the industry and share best practices with the broader ETF Provider peer group. Our Annual ETF Stewardship Survey helps drive understanding of how ETF Sponsors develop and execute their core fiduciary policies and stewardship practices.

[→ View our 2024 Stewardship Report](#)



ENGAGEMENT AT A GLANCE

-  Webcasts with sustainability-focused partners and peers on current trends
-  Engagement with key organizations that shape sustainability reporting practices & policies
-  One-on-one meetings with the companies in which we invest
-  Surveys of the organizations that choose investments on our behalf
-  Thought leadership pieces on themes that are important to investors
-  Public educational presentations

ENGAGEMENT

Sage is committed to participating in and shaping industry-wide initiatives that accelerate the adoption of sustainability policies and practices.

Intentional Endowments Network (IEN)

As a member of IEN, Sage joins other endowment fiduciaries and financial advisors to navigate the complex and dynamic trends related to investing for long-term financial, environmental, and social success.

CFA Institute

The CFA Institute recognizes that diversity, equity, and inclusion are crucial elements in the future of the investment industry and the success of investment firms. As a signatory, we have committed to the principles and provisions of the DEI Code.

Principles for Responsible Investment (PRI)

As a signatory of the PRI, Sage is publicly committed to the six Principles for Responsible Investment. [View our 2023 results here.](#)

Interfaith Center on Corporate Responsibility

Sage supports ICCR's initiatives to encourage portfolio companies to be positive actors, prioritizing people, planet, and long-term sustainability over short-term profits.

IFRS Foundation

As a member of the IFRS Sustainability Alliance, Sage shares the belief that today's capital markets need standardized sustainability disclosure for the benefit of both companies and investors.

Climate Action 100+

Climate Action 100+ is an initiative to ensure that the world's largest corporate greenhouse gas emitters take action on climate change.

Net Zero Asset Managers Initiative

As a signatory of the Net Zero Asset Managers Initiative, Sage aligns its investment process with the goal of reaching net zero greenhouse gas emissions by 2050 for its clients that are sensitive to net zero considerations.



REPORTING & TRANSPARENCY



Stewardship Policy

Sage's Stewardship Policy outlines our approach to stewardship, including our engagement policy and commitment to industry initiatives. The policy illustrates current practices that affirm Sage's commitment to act in the best interest of its clients.

➔ View our [Stewardship Policy](#).

Client Reporting

Sage consistently provides clients with insight regarding portfolio trades, internal personnel changes, and monthly portfolio statements. The research team delivers commentary following each ETF portfolio trade, and our marketing team communicates all internal changes with clients via press releases and email communication. Our Sage Leaf Score® is included on Responsible Investing client statements, as we believe that the evaluation of sustainable factors is an added layer of fundamental research and an important risk mitigation tool that these clients deserve.

Responsible Investment Policy

Sage's Responsible Investment Policy outlines the responsibilities of both the Investment Committee and Research & Risk Analysis Team, and the sources of sustainability information and research utilized by Sage.

➔ View our [Responsible Investment Policy](#).

Sage Leaf Score®

Sage applies a custom framework, called the Sage Leaf Score®, that assesses each company in terms of its preparedness and performance across a range of sustainability indicators. The Sage Leaf Score® framework is used to ensure that Sage Responsible Investment portfolios include the best-performing issuers with respect to material sustainable factors.

➔ Learn more about [the Sage Leaf Score®](#)

ENVIRONMENTAL OVERVIEW



541

Trees saved annually
through recycling
program*

208,401

Gallons of water saved
annually through
recycling program*

*Shred-it as of 12/16/2024

Climate Risk Assessment

Sage developed a climate reporting process for our clients that evaluates climate risk in issuers and enables clients to see how Sage’s portfolios are aligned with climate goals. Our Climate Risk Assessment seeks to identify companies that are prepared to effectively manage climate change risk and integrate sustainable climate initiatives to grow their enterprise value. Our assessment uses the ISS Climate Impact Report and includes both quantitative and qualitative analysis of industry-specific climate risks and a company’s individual climate-related performance. Climate analysis is incorporated into our Sage Leaf Score® evaluation and helps to shape our outlook of industry and company risk. Throughout our climate reports, we have chosen to highlight various climate-specific metrics that illustrate the climate risks within a portfolio. We provide an analysis on the following risks; carbon risk rating, portfolio-level carbon emissions, emissions attribution, climate scenario analysis, and the physical impacts of climate risks.

Engagement

As a fixed income investor, engagement is the primary way to enact active ownership practices, and therefore corporate engagements should include discussions on all pertinent risks. As we look forward to 2025, we plan to actively engage with companies on various climate-related issues, including water risks, biodiversity risks, climate adaptation, and the clean energy transition.



Sage Advisory Services, Ltd. Co. is a registered investment adviser that provides investment management services for a variety of institutions and high net worth individuals. For additional information on Sage and its investment management services, please view our website at www.sageadvisory.com, or refer to our Form ADV, which is available upon request by calling 512.327.5530.