



2025

The background of the slide features a photograph of a modern building with a large glass facade. The glass is arranged in a grid pattern, and the building is surrounded by green trees with dense foliage. The lighting suggests it's daytime, and the overall aesthetic is clean and professional.

# 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

As we present our 2025 Sustainability Report, we do so in a year marked by shifting policy signals, persistent macro uncertainty, and accelerating environmental risks — a backdrop that favors investors and managers who can balance resilience with action. Across markets, sustainability strategies are moving from broad pledges to measurable implementation and stronger risk management, driven by stricter disclosures and rising demands for evidence of outcomes. Independent analyses show fragmented policy approaches even as transition finance and adaptation continue to advance — conditions that, in our view, reward disciplined governance and a focus on financial materiality.

Against this backdrop, our stewardship priorities remain consistent: transparency, fiduciary duty, and research-led engagement. Our 2025 Stewardship Policy details how we escalate with debt issuers, deepens engagement with reporting standard setters, and articulates our approach to emerging “voting choice” programs among ETF providers — while reaffirming that any action we take must align with clients’ best interests. This framework is paired with client-facing reporting anchored in our Sage Leaf Score®, refined in 2025 to integrate industry-level risk analysis with issuer-specific assessment for more consistent cross-sector comparisons and portfolio insights.

Market behavior in 2025 reinforced the importance of this discipline. Capital continued to flow into credible sustainable fixed income solutions, even as investors applied tougher scrutiny to labels, data quality, and governance. Despite policy uncertainty and shifting regulatory priorities, sustainable debt issuance held in line with 2024 levels and is expected to remain near that pace in 2026. Institutional demand remains resilient for green, social, and sustainability bonds where use-of-proceeds frameworks and reporting are clearly defined, alongside rising expectations for sustainability-linked structures.

At the same time, clients are seeking more precise, data-driven insight into climate risk and values alignment. In response, we expanded climate and values-alignment reporting across strategies, integrating scenario metrics, portfolio-level emissions, and issuer-level carbon-risk ratings into ongoing monitoring and client reports. Fully integrated alongside the Leaf Score®, these analytics strengthen our ability to identify transition and physical risks and refine engagement priorities.

These shifts are reshaping how capital is allocated and assessed. Investors are increasingly rewarding stronger KPI design, more robust step-up mechanics, and clearer alignment to financially material risks, while pressing managers for decision-useful data, disciplined controversy governance, and transparency into how sustainability analysis informs outcomes.

Sage’s platform is built for this moment. In 2025 we continued to deepen the resources behind our sustainable fixed income strategies and climate analytics, leveraging scale, team tenure, and process discipline to deliver risk-conscious solutions across the yield curve. As of year-end 2025, we served a diversified client base with a multi-strategy fixed income offering designed to generate consistent income and actively manage risk through cycles, with expanded SDG-aligned impact views and portfolio diagnostics across strategies.

Alongside these advances, expectations around “real-world impact” also evolved. Investors increasingly expect managers to demonstrate how engagement and capital allocation support decarbonization pathways and resilient supply chains — without losing sight of fiduciary obligations or the trade-offs inherent in transition finance. Our approach emphasizes materiality, time-bound progress, and transparent reporting on where we see traction and where further action is needed.

Looking ahead, our focus remains unchanged. Thank you for your continued trust in Sage. We will keep investing in the research, tools, and partnerships that help our clients navigate a complex environment with confidence — measuring success by the clarity of our reporting, the rigor of our process, and the outcomes we help deliver over full cycles.



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



“

We believe that upholding the highest standards of corporate governance and ethics is instrumental in building trust with our clients and stakeholders.”

**Robert Smith**  
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 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 25% of non-executive management identify as female.

**22%**

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

**22%**

of Sage employees speak more than one language.

**9 years**

is the average tenure at Sage, with investment professionals averaging 13 years.

**29%**

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

**61%**

of Sage employees are parents.

Sage is proud to have a long-tenured employee culture; 23 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 <ul style="list-style-type: none"> <li>• Gym facility</li> <li>• Massage therapy</li> </ul>		Company-organized team building & social events

# SAGE ENGAGE



At Sage, we prioritize human capital because we understand that investing in our people is investing in our future. We remain committed to fostering an environment where employees can succeed, grow, and lead, and where our clients consistently feel valued and supported. This year has been another exceptional chapter in strengthening our relationships — with clients, colleagues, and the communities we serve.

We proudly volunteered with organizations such as the Central Texas Food Bank, Girls Empowerment Network, We Are Blood, The Trail Conservancy, Urban Roots Farm, and Foster Village — demonstrating our shared dedication to service and impact. We also celebrated together throughout the year at our 6th Annual Crawfish Boil, Summer Potluck, Lake Travis Boat Day, Colors Day, Halloween Costume Contest, and Holiday Parties.

This year reinforced our unity and performance, not only through what we accomplished, but through the purpose, trust, and shared commitment that connect us as a team. As we look ahead, I am grateful for the relationships we've built and energized by the opportunities before us. Together, we will continue to grow, innovate, and achieve even more in 2026!

*Kari Edgar, Sage ENGAGE Director*

“Our culture is something you won’t find anywhere else!”

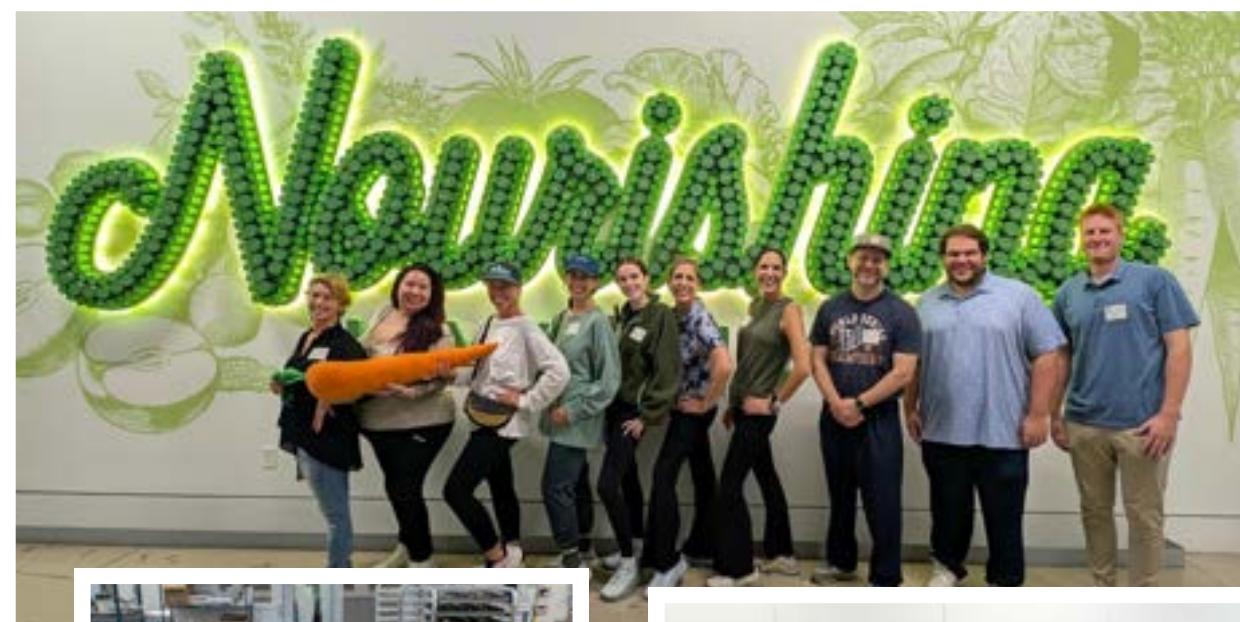


**Kari Edgar**

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 71% 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](#)

## Corporate Engagement in Our Investment Approach

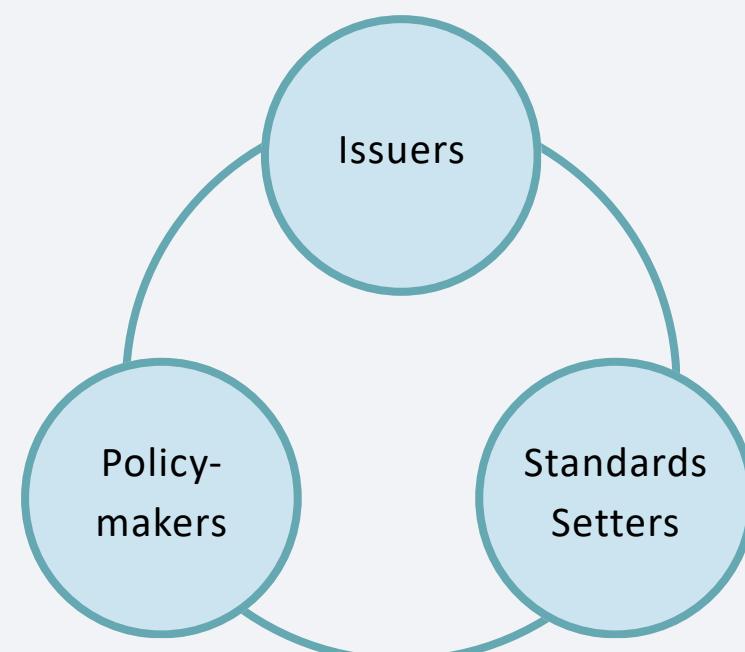
When we think about engagement, we focus on three key groups: issuers, policymakers, and standards setters. In 2025, we continued regular discussions with companies on financially material topics and emphasized dialogue with policymakers and standards setters.

### Policymakers

This year, we concentrated on maintaining a robust investment process that accounts for material risk factors, even amid a shifting regulatory environment. We participated in engagements through the Freedom to Invest Coalition, which included conversations relevant to values-based and faith-driven investors.

### Standards Setters

Sage joined the Interfaith Center on Corporate Responsibility (ICCR)'s Bondholder Working Group, collaborating with other asset managers to help shape practical guidelines for bondholders seeking constructive engagement with issuers.



## 2026: Deepening Issuer Engagement

In 2026, we will build on our engagement efforts by concentrating on areas that are most relevant to long-term value creation and risk management. Our engagement topics will include:



**Data Centers:** Energy efficiency, Water stewardship, Community engagement, Innovation in design



**Biodiversity:** Habitat protection, Conservation of endangered species, Sustainable land use



**Water:** Corporate water risk assessment and disclosure, Efficient water use, Pollution prevention and water quality, Water reuse and desalination tech



**Circular Economy:** Innovative product design to reduce waste, Technological advancements in recycling and upcycling, Metrics and reporting for a circular economy

# ENGAGEMENT

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

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## **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.

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## **CFA Institute**

The CFA Institute recognizes that inclusion is a crucial element 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 Inclusion Code.

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## **Principles for Responsible Investment (PRI)**

As a signatory of the PRI, Sage is publicly committed to the six Principles for Responsible Investment. [View our 2025 results here.](#)

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## **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.

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## **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.

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## **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.

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## **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.

# 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



**233**

Trees saved annually  
through recycling  
program\*

**95,813**

Gallons of water saved  
annually through  
recycling program\*



\*Shred-it as of 12/11/2025

## 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](http://www.sageadvisory.com), or refer to our Form ADV, which is available upon request by calling 512.327.5530.