

SGA Modern Slavery Statement



February 2022

Modern slavery describes a range of labor rights abuses including slavery, servitude, human trafficking and forced labor. Sustainable Growth Advisers (“SGA”) is committed to implementing policies that reduce the risk of modern slavery and contribute towards the eradication of modern slavery in our society. Given the complexity and delicacy of global supply chains, and the communities they impact, we expect the transition to a world free of slavery to be gradual.

SGA is an investment management firm specializing in large cap growth equities. SGA was formed in 2003 and is a registered investment advisor under the Investment Advisers Act of 1940. SGA is a private partnership incorporated in the U.S.A. with primary operations in Stamford, Connecticut and client service operations in the United Kingdom and Australia. SGA is owned by Virtus Investment Partners, a NASDAQ-listed platform of individual affiliated managers, and current employees. SGA does not control any other entities or subsidiaries. SGA’s business operations include the provision and delivery of investment management services. SGA offers portfolios of listed global equity securities in companies that can generate predictable, sustainable, above-average growth over a long period of time. SGA offers five flagship portfolios: U.S. Large Cap Growth, Global Growth, Emerging Markets Growth, International Growth and Global Mid Cap Growth. SGA’s portfolios can invest broadly across both Developed and Emerging Markets, subject to individual portfolio and client constraints. As at December 31, 2021, SGA had USD \$26.9 billion in assets under advice. SGA’s client base is comprised predominantly of institutional investors domiciled in the U.S, U.K, Europe, Asia, Australia, and the Middle East. SGA complies with relevant employment legislation across its offices and believes that, within its own operations, employees are not subject to any form of modern slavery.

SGA has a relatively small supply chain, consisting predominantly of financial and professional services of companies located in North America and other major developed markets. The types of goods and services procured include financial services, software and data, insurance, information technology, payroll and healthcare, amongst others. Generally, relationships with suppliers are of a stable longer-term nature and administered through strict contracts. SGA believes the sector and locations of its operations represent a relatively low risk of modern slavery.

SGA’s Compliance & Legal team is responsible for governance and reporting of modern slavery risks within business operations. This team reports into SGA’s Executive Committee comprised of SGA’s three Founding Principals. Should modern slavery issues arise, SGA’s Executive Committee, Chief Operating Officer and/or General Counsel would review, document and assess any such risks on a case-by-case basis. As it relates to SGA’s investment activities, there is risk of modern slavery in the operations and supply chains of the companies SGA invests into. This is, in part, due to the complexity and limited transparency of large organizations and global supply chains. Naturally, the risks of modern slavery increase deeper into the supply chain as visibility increases. This holds particularly relevant to SGA’s investments in the apparel, consumer food products, technology hardware and e-commerce industries given the complexity of supply chains which span both developed and developing nations.

To assess the risks of modern slavery within client portfolios, the SGA Investment Team adheres to the four-step PRI framework including “Identify” (which ESG issues are likely to materially impact the company’s main value drivers?), “Assess” (what is the company’s ability to manage the risks and opportunities appropriately?), “Model” (how can these risks and opportunities impact the financial model?), and “Engage” (how will SGA engage with management to raise concerns and encourage them to better manage the risks and opportunities identified?). SGA maintains and utilizes a proprietary ESG scoring system where modern slavery risks are captured in the ‘Social’ score. These scores are reviewed periodically and form input to investment decisions.

SGA believes engagement and proxy voting is fundamental to the remediation of ESG-related risks, including modern slavery. Given the complexity of these issues, SGA seeks to be an ‘agent for change’ by engaging in longer-term oriented discussions with company management teams to encourage transition towards more sustainable supply chains and eradication of human rights abuses. Assessing the effectiveness of engagement requires a multi-period time frame to monitor the progress of companies in improving the sustainability of their supply chains. Accordingly, all engagement activity is reported, logged and discussed by SGA’s Investment Committee. Such discussions can result in a change to company cash flow projections, risk ratings, and ultimately buy and sell decisions.