

# Disclosure is Fundamental

## We Ask Companies for Public Disclosure on Material Topics

Miller/Howard believes company transparency and public disclosure support informed investment decisions—and can reduce risk and drive improvements in the company’s operations and governance.

That’s why we take a critical and thorough look at the totality of a company, which not only includes detailed financial analysis, but also a robust evaluation of the company’s environmental, social, and governance (ESG) profile. Including ESG criteria in our research process gives us a more complete picture of the risks facing a company, the way that company manages those risks, and how it identifies and seizes opportunities.

As long-term investors, we have an eye to sustainability and an approach that prioritizes relationships and mutually beneficial outcomes. We believe disclosure can be good for both investors *and* companies.

### Ignorance of Risk Is Not Avoidance of Risk: Unknown Risks Can Jeopardize Investments

The adage “you can’t manage what you don’t measure” applies to investors as well as to companies. If material ESG data is not available to investors, they are limited in their ability to balance risk and opportunities when making their investment choices.

Ignorance does not only mean one isn’t seeing the risks; it also means one may not be seeing the company’s response to them. Many companies have good stories to tell. For example, a company might respond to a risk by developing an innovative best practice; however, if the company avoids talking about the risk, it can’t tell the story of the success.

Investors cannot adequately weigh such virtues unless they know about them.

### But Companies Say They “Follow All Applicable Laws”— Isn’t That Good Enough?

Stating that it is not breaking laws is necessary for any company that wants to remain in business over the long term. However, as a reassurance for investors, the claim is fairly tepid and sets a pretty low bar when not complemented by additional details.

For example, “abiding by laws” does not indicate the steps a company is taking to prepare for changes in its sector or market, nor does it offer the operational details needed by investors who wish to do comparative analyses of companies. How efficiently is this company mitigating risks? What opportunities has it seized or missed?

### Miller/Howard Is Bullish on Disclosure

Miller/Howard believes that baseline public disclosure builds the solid foundation that supports informed investment decisions, knowledgeable benchmarking and research, and reasonable regulations.

We will continue to ask companies to disclose on material issues, file shareholder resolutions when necessary, and prioritize collaboration as part of our long-term, relational approach to engagement.

[Read more about our commitment to ESG at mhinvest.com](https://www.mhinvest.com)

### ESG@MHI *in Brief*

- Environmental, social, and governance (ESG) risks and opportunities can impact company profitability.
- ESG disclosure is decision-useful information: Investors need to fully assess company performance, risk profile, and suitability.
- Miller/Howard has a long history of working with companies to provide disclosure on material ESG topics as part of our effort to protect and promote shareholder value, a process we believe is good for investors and companies.

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## ESG RESEARCH & ADVOCACY TEAM

Luan Jenifer, CEO & President  
Nicole Lee, Director of ESG Research  
Patricia Karr Seabrook, Shareholder Advocacy Coordinator  
Daniel Lee, ESG Research Associate

Miller/Howard Investments  
The Fuller Building  
45 Pine Grove Ave, Suite 301, Kingston, NY 12401  
Tel (845) 679-9166 | Fax (845) 679-5862  
esg@mhinvest.com  
mhinvest.com

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