

# Active Ownership: More of a Marathon Than a Sprint

## AT MILLER/HOWARD INVESTMENTS, ESG IS IN OUR DNA®.

With the launch of our first strategy more than 30 years ago, Miller/Howard knew that looking at a company's environmental, social, and governance (ESG) policies and practices adds value to the research, risk management, and investment processes. Our clients benefit when we understand how a company is utilizing resources. These may be natural, human, or financial capital. It's also important to assess how, or indeed whether, a company is responsibly and strategically positioning itself for the opportunities and challenges to come.

Today's decisions directly impact a company's profitability and risk profile tomorrow and into the future—key concerns for long-term investors like our clients. We believe reactive and panicked companies are at significant risk of making costly mistakes versus companies that are innovative, prudent, and forward-looking.

But ESG analysis and integration are only part of Miller/Howard's ESG program. Another component—active ownership—takes findings from our proprietary ESG analysis directly to the companies via dialogues, letters, active proxy voting, and shareholder resolutions. This is based on a theory of mutual benefit: What's good for portfolio performance (the investor) is good for company performance (the company). We are "invested" in every sense of the word, working to provide and support Sustainable Income Opportunities®.

### HOW ESG ENGAGEMENT WORKS

So, what do we want? Well, we may ask for information, improvements to policies or practices, or other actions. Our goal is to work with companies to help them improve their risk profiles, and to better prepare for current and future opportunities.

And because the investor voice is one of capital, economic activity, and ownership, companies listen...

...but not always. These lifts can be quite heavy, and sometimes the investor voice doesn't find a receptive audience. In those cases, we file shareholder resolutions to escalate the issue and give shareholders an opportunity to weigh in. **For example, years ago we were on the forefront of engaging companies to disclose the chemicals used in fracking fluids. Companies at that time insisted that those fluids were proprietary, and they were unwilling**

**to cooperate. We filed 8 resolutions between 2010-2018 asking for more transparency. Fast-forward to over a decade later, and we see the implications of our work:** A recent study showed that "transparency in hydraulic fracturing operations leads to less pollution" and better water quality for communities\*.

Our efforts may be undertaken alone like a canary in a coal mine or among a group of independent actors who have identified a shared objective. The impacts? They come not only from our direct communication with company management but also from the millions of shares voted in support of our resolutions and the collaboration of networks such as Ceres, the Interfaith Center on Corporate Responsibility, and the UN Principles for Responsible Investment.

Sometimes we don't know which or whether any single thing finally met the corporate threshold for action, but we know that our efforts supported leaders within the company who both envisioned and enacted improvements.

### PART OF THE CHORUS

Miller/Howard is a proud and active participant in the Climate Action 100+ initiative, which brings investors from around the world together to engage "the world's largest corporate greenhouse gas emitters" on climate action and the energy transition, as well as the United Nations' Principles for Responsible Investment and other collaborative work.

### LONG-TERM INVESTOR, LONG-TERM ENGAGEMENT

**Another example comes from the energy world:** We began, the better part of a decade ago, asking an energy company to acknowledge the importance of methane and emissions management. Over the years, and every year, we have engaged this company on its management of ESG issues, working with investor collaborators or alone, pushing it to continuously improve. Now, the company not only acknowledges the importance of ESG issues, but it publishes thorough and transparent reports about its management of those issues. It is a resource to other companies in its sector, proving itself a leader and innovator.

**Read more about these and other engagements in our annual ESG Reports.**

\*Source: Energy Policy Institute at the University of Chicago: Transparency in Hydraulic Fracturing Operations Leads to Reduced Pollution / Feb 2023

---

## 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

---

All investments carry a certain degree of risk, including possible loss of principal. It is important to note that there are risks inherent in any investment, and that there can be no assurance that any asset class will provide positive performance over any period of time. This presentation is to report on the investment strategies of Miller/Howard Investments and is for illustration purposes only. The information contained herein has been obtained from sources and data we believe to be reliable, but we make no guarantee as to its adequacy, accuracy, timeliness, or completeness. Information has not been verified by the brokerage firm, and may differ from documents created by the brokerage firm. This article represents our current opinion, which is subject to change without notice. This is not a recommendation to buy, hold, or sell. For a complete list of recommendations for the last 12 months, contact [compliance@mhinvest.com](mailto:compliance@mhinvest.com). The returns on a portfolio that utilizes environmental, social, or governance (ESG) criteria for stock selection may be lower or higher than portfolios where ESG factors are not considered, and the investment opportunities available to such portfolios may differ.