Investment Stewardship

Vote Bulletin: Charter Communications, Inc.

Company	**Charter Communications, Inc. (NASDAQ: CHTR)**
Market and Sector	United States/Media
Meeting Date	27 April 2021
Key Resolutions[1]	**Item 1d**: Elect Director Gregory B. Maffei **Item 3**: Report on Lobbying Payments and Policy **Item 4**: Require Independent Board Chair **Item 5**: Publish Annually a Report Assessing Diversity, Equity, and Inclusion Efforts **Item 6**: Report on Greenhouse Gas Emissions Disclosure **Item 7**: Adopt Policy to Annually Disclose EEO-1 Data
Key Topics	Board quality and effectiveness, human capital management, diversity, equity, and inclusion, climate risk, corporate lobbying disclosure.
Board Recommendation	The Board recommended voting FOR Item 1d, and AGAINST these shareholder proposals (Items 3-7)
BlackRock Vote	BlackRock voted AGAINST Items 1d and 4, and voted FOR the remaining proposals (Items 3, 5, 6, and 7)

Overview

Charter Communications, Inc. (Charter) is a major broadband connectivity company and cable operator.

BlackRock Investment Stewardship (BIS) has engaged with the company to discuss corporate governance issues that we believe drive long-term shareholder value. These included, among others, director commitments and sustainability reporting. Most recently, we engaged with the company and discussed the shareholder proposals included on the ballot at the 2021 annual general meeting (AGM).

We welcome the steps Charter has taken recently to strengthen its sustainability and climate disclosures. In particular, its 2020 ESG report includes disclosure in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the sector-specific standards of the Sustainability Accounting Standards Board (SASB).[2] Nonetheless, we believe there are areas where the company could improve, as discussed in further detail below.

Rationale for BlackRock's Vote

Item 1d: Elect Director Gregory B. Maffei (AGAINST)

[1] Charter Communications, Inc., "Notice of 2021 Annual Meeting of Stockholders and Proxy Statement".

[2] Charter Communications, Inc. "Environmental, Social and Governance (ESG) at Charter".

BIS voted against the re-election of this director for serving on an excessive number of public company boards, which we believe raises substantial concerns about his ability to exercise sufficient oversight on this board.

BIS has a longstanding focus on board commitments. Serving on an excess number of boards may limit a director's capacity to contribute to the work of each board, particularly if there are unanticipated events at any of the companies. As we explain in our proxy voting guidelines for U.S. securities, CEO directors should limit themselves to serving on a total of no more than two public company boards. Director Maffei currently serves on nine boards (including Charter Communications), and he serves as the CEO of Liberty TripAdvisor Holdings, Inc., Liberty Broadband Corp. and Liberty Media Corp. As a result, we voted against his re-election for being overcommitted in respect of other responsibilities at public companies.

Item 3: Report on Lobbying Payments and Policy (FOR)

BIS voted for this shareholder proposal because the company does not currently meet our expectations regarding the disclosure of lobbying and political activities.

The shareholder proposal requested that the company disclose in an annual report the policy and procedures governing direct and indirect lobbying as well as grassroots lobbying communications. The report should disclose all payments for these activities, the company's memberships, and payments to tax-exempt lobbying organizations, while also describing the oversight processes in place for making these decisions.[3]

As discussed in our commentary on our perspective on corporate political activities, BIS regularly engages with companies to understand how their activities and disclosures related to political spending and lobbying are consistent with a company's overall strategy and long-term shareholder value creation. Companies that engage in political and lobbying activities should develop and maintain robust processes to guide these activities and mitigate risks, including through effective board oversight. Companies should provide accessible and transparent disclosure so that investors and other interested stakeholders can understand how a company's political contributions or affiliations are aligned with its public messaging on strategic policy positions. Moreover, we expect companies to monitor the positions taken by trade associations of which they are active members for consistency on major policy positions and to provide an explanation where inconsistencies exist.

In accordance with our expectations, BIS supported this proposal because while Charter publicly provides some information related to lobbying activities,[4] including its Code of Conduct,[5] it does not disclose a comprehensive lobbying policy or oversight structure, nor does it disclose its federal or state lobbying expenditures on its website. Furthermore, the company does not disclose its memberships in, or payments to, trade associations and other tax-exempt entities, nor the amount used towards lobbying.

Item 4: Require Independent Board Chair (AGAINST)

BIS voted against this proposal because the company has a Lead Independent Director with sufficient independence and autonomy to challenge management.

The shareholder proposal requested that the Board "take the steps necessary to adopt a policy to require that the Chairman of the Board shall be an independent member of the Board. This policy would be phased in for the next CEO transition."[6] Board quality and effectiveness is one of our top engagement priorities. In our experience, most governance issues, including how material sustainability issues are managed, require effective board

[3] See previous footnote.

[4] Charter Communications, Inc., "Notice of 2021 Annual Meeting of Stockholders and Proxy Statement".

[5] Charter Communications, Inc., "Code of Conduct".

[6] Charter Communications, Inc., "Notice of 2021 Annual Meeting of Stockholders and Proxy Statement".

leadership and oversight. As discussed in our market-level voting guidelines for U.S. securities and Global Principles, we believe that independent leadership is important in the boardroom, and that the board is better able to fulfill its fiduciary duty when there is an independent, senior non-executive board chair or, where the chairman is also the CEO (or is otherwise not independent), a strong Lead Independent Director. BIS will look to support the board in the structure of its choice, so long as we have confidence that the Lead Independent Director is appropriately challenging management and demonstrating independence.

In the absence of a significant governance concern, we defer to boards to designate the most appropriate leadership structure to ensure adequate balance and independence. We are currently satisfied with the board's leadership structure. The company has a Lead Independent Director, and its combined chair and CEO role is a structure that is appropriate for Charter at this time.[7]

Item 5: Publish Annually a Report Assessing Diversity, Equity, and Inclusion Efforts (FOR)

BIS voted for this shareholder proposal because it is consistent with our expectations of companies to disclose the actions that they are taking to advance diversity, equity, and inclusion (DEI) and to cultivate an engaged workforce.

The shareholder proposal requested that Charter publish a report annually assessing the company's diversity and inclusion efforts, including "the process that the Board follows for assessing the effectiveness of its diversity, equity and inclusion programs," as well as "the board's assessment of program effectiveness, as reflected in any goals, metrics, and trends related to its promotion, recruitment and retention of protected classes of employees."[8]

As discussed in our commentary, "Our approach to engagement on human capital management," in evaluating human capital management practices, BIS is focused on understanding the effectiveness of a company's board and management in supporting the needs and meeting the expectations of its workforce. Through our analysis of a company's disclosures and engagement with management, we aim to understand its commitments to advancing DEI, including its efforts to recruit, retain, and develop diverse talent; create an inclusive workplace for all workers; support executive training for underrepresented groups; and address any compensation gaps across different workforce demographics. We also ask that companies provide details of any relevant goals and targets so shareholders can measure progress.

Although the company has disclosed updates regarding its diversity and inclusion efforts in its ESG report,[9] we believe that investors would benefit from a better understanding of how these efforts are resulting in a more diverse and engaged workforce. Moreover, BIS believes that the proposal is not overly prescriptive or unduly constraining for management.

Item 6: Report on Greenhouse Gas Emissions Disclosure (FOR)

BIS voted for this shareholder proposal because, while recognizing the company's efforts to date, supporting the proposal may further accelerate the company's progress on climate risk management.

The shareholder proposal requested an advisory shareholder vote on the company's decarbonization plan, i.e., a "say on climate." Specifically, it requested that the board annually disclose a report on the company's

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[7] As discussed in our U.S. proxy voting guidelines, we believe that independent leadership is important in the boardroom. There are two commonly accepted structures for independent board leadership: 1) an independent chairman; or 2) a lead independent director when the roles of chairman and CEO are combined. Within Charter's Corporate Governance Guidelines, it is stated that at any time the Chairman of the Board is also the CEO, and that a Lead Independent Director shall be selected annually from among the independent directors by a majority of the independent directors. They also outline the duties and responsibilities of the Lead Independent Director in the Corporate Governance Guidelines.

[8] Charter Communications, Inc., "Notice of 2021 Annual Meeting of Stockholders and Proxy Statement".

[9] Charter Communications, Inc. "Environmental, Social and Governance (ESG) at Charter".

greenhouse gas (GHG) emissions in a manner that is consistent with the Task Force on Climate-related Financial Disclosure (TCFD) recommendations as well as any strategy that the company may have adopted or will adopt to reduce emissions in the future, "and provide shareholders with the opportunity, at each such annual meeting, to express non-binding advisory approval or disapproval of the Reduction Plan."[10]

As mentioned, Charter included the information requested by this proposal in its most recent ESG report,[11] including a dedicated TCFD-focused section. In addition, the company plans to participate in the Carbon Disclosure Project's (CDP) scoring project this year.[12] However, while recognizing these efforts, BIS voted for this proposal because it addresses our expectations that companies should have clear policies and action plans to manage climate risk and provide a roadmap towards stated climate ambitions and targets. We believe that an annual advisory shareholder vote on the company's carbon emissions plan can be an effective channel to provide feedback on its management of climate risk and help accelerate progress on this issue.

As we set out in our Global Principles, we expect companies to articulate how they are aligned to a scenario in which global warming is limited to well below 2° C, consistent with a global aspiration to reach net zero GHG emissions by 2050. We discuss in our commentary, "Climate risk and the transition to a low carbon economy," that investors and other stakeholders will look at companies' disclosures to analyze how climate risk is integrated into their long-term strategies and evaluate their preparedness for a transition to a low-carbon economy.

While BIS supported this proposal at Charter for the reasons stated above, we will continue to take a case-by-case approach to "say on climate" proposals more broadly. We did not vote against any members of the Board, which would be our standard course of action where we have significant concerns about a company's management of material ESG issues such as climate risk management.

Item 7: Adopt Policy to Annually Disclose EEO-1 Data (FOR)

BIS voted for this shareholder proposal because the company currently does not meet our expectations for disclosure of material DEI policies and supporting data.

The proposal requested that the board adopt a policy requiring the company to "disclose on its website the annual Consolidated EEO-1 Report," no later than 60 days following the date of submission to the EEOC.[13]

The company disclosed workforce diversity metrics in its more recent ESG report.[14] However, it did not include data in line with the Equal Employment Opportunity Commission's EEO-1 Survey.[15] BIS supported this proposal because it is consistent with our expectations for companies to disclose the actions that they are taking to advance DEI and support an engaged workforce. This includes asking companies in the U.S. to report on diversity of their workforce, including demographics such as race, gender, and ethnicity through the disclosure of EEO-1 data. We believe that an inclusive, diverse, and engaged workforce contributes to business continuity, innovation, and long-term value creation.

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[10] Charter Communications, Inc., "Notice of 2021 Annual Meeting of Stockholders and Proxy Statement".

[11] Charter Communications, Inc. "Environmental, Social and Governance (ESG) at Charter".

[12] See previous footnote.

[13] Charter Communications, Inc., "Notice of 2021 Annual Meeting of Stockholders and Proxy Statement".

[14] Charter Communications, Inc. "Environmental, Social and Governance (ESG) at Charter".

[15] More information is available at: https://www.eeoc.gov/employers/eeo-1-survey.

About BlackRock Investment Stewardship (BIS)

BlackRock Investment Stewardship (BIS) plays a key role in our fiduciary approach. As an essential component of our responsibility to our clients, we engage with companies to advocate for the sound corporate governance and business practices that drive the sustainable, long-term financial returns that enable our clients to meet their investing goals.

Our approach is from the perspective of long-term, minority shareholders in public companies on behalf of our clients. We look to boards and executive management to serve the interests of long-term shareholders and other stakeholders. Our active and ongoing dialogue with the leaders of these companies gives us a valuable perspective on their long-term strategies, financial performance, and the business challenges they face.

As stewards of our clients' assets we have a responsibility to make sure companies are adequately managing and disclosing environmental, social and governance (ESG) risks and opportunities that can impact their ability to generate long-term financial performance — and to hold them accountable if they are not. Engaging with companies is how BIS builds an understanding of a company's approach to governance and sustainable business practices, how we communicate our views, and how we ensure companies understand our expectations. If a company falls short of our expectations and we have been given the authority to vote the company's shares, we would hold them accountable by voting in the best long-term economic interests of those clients that have given us proxy voting authority. As detailed in our Global Principles, proxy voting involves logistical issues which can affect BlackRock's ability to vote such proxies, as well as the desirability of voting such proxies. As a consequence, BlackRock votes proxies on a "best-efforts" basis.

We are committed to transparency in our stewardship practices. Our vote bulletins provide detailed explanations of key votes relating to a range of business issues including ESG matters that we consider, based on our Global Principles, market-level voting guidelines, and engagement priorities, material to a company's sustainable long-term financial performance. We publish select vote bulletins after the shareholder meeting to provide transparency for clients and other stakeholders into our approach to the votes that we believe require more detailed explanation.