ANTHEM INC

MEETING DATE	Thu, 21 May 2020 8:00 am	TYPE	AGM	ISSUE DATE	Mon, 18 May 2020
MEETING LOCATION	Virtual Meeting Only: www.meetingcenter.io/215428040				
CURRENT INDICES	S&P500				
SECTOR	Hospital and medical service plans				

	PROPOSALS	ADVICE
1.1	**Elect Director Gail K. Boudreaux** Chief Executive. Acceptable service contract provisions.	**For**
1.2	**Elect Director R. Kerry Clark** Independent Non-Executive Director.	**For**
1.3	**Elect Director Robert L. Dixon, Jr.** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is sufficient independent representation on the Board. However he is a non-independent member of two committees which does not meet Triodos guidelines.	**Oppose**
2	**Advisory Vote on Executive Compensation** The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The Company uses adjusted performance metrics for most elements of compensation. The Company included non-financial metrics into the annual bonus structure, which is considered best practice. For the year under review, annual bonus payouts are considered to be excessive as they represent more than 200% of base salary. Awards under the annual-incentive plans are tied to multiple performance conditions, which is considered best practice. Performance measures attached to long-term incentives do not duplicate those attached to other awards, which is considered acceptable practice. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Retention awards made up less than one-third of the awards granted to executives, which is considered best practice. The minimum performance period prior to vesting is less than three years. The compensation rating is: ACB Due primarily to excessiveness concerns Triodos opposes this resolution.	**Oppose**
3	**Appoint the Auditors** EY proposed. No non-audit fees were paid to the auditors in the past three years. This approach is commended. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.	**Oppose**

4 Shareholder Resolution: Right to Call Special Meetings **For**

Proponent's argument Classified boards have been found to be one of 6 entrenching mechanisms that are negatively related to company performance according to "What Matters in Corporate Governance" by Lucien Bebchuk, Alma Cohen and Allen Ferrell of the Harvard Law School. Supermajority requirements are used to block initiatives supported by most shareowners but opposed by a status quo management. A 10% stock ownership threshold is also important because the current 20% stock ownership threshold for shareholders to call a special meeting may be unreachable due to time constraints and the detailed technical requirements that can trip up half of shareholders who want a special shareholder meeting. Thus the 20% stock ownership threshold to call a special meeting can be a 40% stock ownership threshold to call a special meeting for all practical purposes.

Company's response The Board also believes that the current 20% ownership threshold is more appropriate than the requested 10% threshold based on feedback from our outreach to our twenty largest shareholders that own, in the aggregate, approximately 50% of our outstanding common stock. The holders of a majority of these shares expressed support for the current 20% threshold and opposed lowering the threshold to 10%. By way of comparison to market practices, over 80% of S&P 500 companies that allow shareholders to call special meetings have a threshold that is equal to or higher than our current 20% threshold. Furthermore, over one-third of S&P 500 companies do not permit shareholders to call special meetings at all.

PIRC's analysis: The right to call a special shareholder meeting provides shareholders with a way of communicating with the Board and debating and voting on issues with the rest of shareholders which in itself enhances shareholders' rights. The 10% threshold recommended by the Proponent is considered acceptable. Support is recommended.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: A The Company has provided the level of fees paid to the Compensation Consultants. The disclosure of these fees is encouraged in the interests of greater transparency. The peer groups used for the purpose of pay comparison have been fully disclosed by the Company. The grant of performance awards was based on the achievement of set levels of specific performance targets: Total Operating Revenue, Net Income Per Diluted Share and Adjusted Net Incomed Per Diluted Share.

Balance: C The Company uses adjusted performance metrics for most elements of compensation. The use of non-GAAP metrics prevents shareholders from being able to assess fully whether the performance targets are sufficiently challenging. The Company included non-financial metrics into the annual bonus structure, which is considered best practice. For the year under review, annual bonus payouts are considered to be excessive as they represent more than 200% of base salary. Awards under the annual-incentive plans are tied to multiple performance conditions, which is considered best practice. Performance measures attached to long-term incentives do not duplicate those attached to other awards, which is considered acceptable practice. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Retention awards made up less than one-third of the awards granted to executives, which is considered best practice. The minimum performance period prior to vesting is less than three years, which is considered to be short term. Five-year vesting would be preferred. Performance shares have a three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Executive compensation is aligned with peer group averages.

Contracts: B The Company maintains a supplemental executive retirement plan for the benefit of certain officers; which is not in line with best practice. Potential severance entitlements in a change of control scenario are considered excessive as they exceed three times the base salary. Change-in-control payments are subject to double-trigger provisions. Good reason has been appropriately defined. Equity awards are subject to pro-rata vesting, which is line with best practice. The claw-back policy is considered appropriate as it applies to short- and long-term incentives, and is not limited to cases of financial misstatement.

Rating: ACB

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Researcher: Bianca Gill
Email: pircresearch@pirc.co.uk

Pensions & Investment Research Consultants Limited
8th Floor, Suite 8.02, Exchange Tower
2 Harbour Exchange Square
E14 9GE

Tel: 020 7247 2323
Fax: 020 7247 2457
http://www.pirc.co.uk

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