

Anthem, Inc.
Form PRE 14A
March 14, 2019
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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

Anthem, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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PRELIMINARY COPY SUBJECT TO COMPLETION DATED MARCH 14, 2019

2019 PROXY STATEMENT

Annual Meeting of Shareholders

Indianapolis, IN

May 15, 2019

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About Anthem, Inc.

Anthem is a leading health benefits company dedicated to improving lives and communities, and making healthcare simpler. Through our affiliated companies, we serve more than 74 million people, including nearly 40 million within our family of health plans. We aim to be the most innovative, valuable and inclusive partner. We are an independent licensee of the Blue Cross and Blue Shield Association. We serve our members as the Blue Cross licensee for California and as the Blue Cross and Blue Shield licensee for Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri (excluding 30 counties in the Kansas City area), Nevada, New Hampshire, New York (in the New York City metropolitan area and upstate New York), Ohio, Virginia (excluding the Northern Virginia suburbs of Washington, D.C.) and Wisconsin. In a majority of these service areas, we do business as Anthem Blue Cross, Anthem Blue Cross and Blue Shield, Blue Cross and Blue Shield of Georgia and Empire Blue Cross Blue Shield or Empire Blue Cross. We also conduct business through arrangements with other Blue Cross and Blue Shield licensees in Louisiana, South Carolina and western New York. Through our subsidiaries, we also serve customers in over 25 states across the country as America's 1st Choice, Amerigroup, Aspire Health, CareMore, Freedom Health, HealthLink, HealthSun, Optimum HealthCare, Simply Healthcare, and/or UniCare. We are licensed to conduct insurance operations in all 50 states and the District of Columbia through our subsidiaries. To find out more about us, go to antheminc.com.

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March 29, 2019

Dear Fellow Shareholders,

We look forward to welcoming you to our 2019 Annual Meeting, to be held at Anthem's headquarters, 220 Virginia Avenue, Indianapolis, Indiana 46204 on May 15, 2019 at 8 a.m. Eastern Daylight Time.

Our Annual Meeting is an opportunity to review our 2018 accomplishments, as well as our plans to build on the positive momentum from the past year as we look ahead to 2019 and beyond.

In 2018, Anthem delivered strong performance with income before income tax expense increasing by almost 28% year-over-year to \$5.1 billion, and operating gain growing by 30% year-over-year to \$5.4 billion. We made significant progress re-orienting Anthem for growth and improving the overall execution of the enterprise. We understand that we play an important societal role. Our mission – improving lives and communities, simplifying healthcare, and expecting more – drives our aspirations. Corporate responsibility is integral to our success as a company, and as such, we were proud to be named to the 2018 Dow Jones Sustainability Index North America for our work to empower communities, improve the sustainability of our business, operate with integrity and advance an inclusive workplace.

Looking ahead, we intend to accelerate investment in strategically important capabilities – AI, digital, clinical integration and provider collaboration – simplifying healthcare for those we serve and strengthening the impact we have on the healthcare ecosystem. Our culture – with our mission, vision and values – provides the foundation we need to deliver the next generation of growth and earnings.

Details for attending the Annual Meeting are included in this proxy statement. Please note that you must submit your request to attend the Annual Meeting on or before May 6, 2019. Also enclosed are details for how and when to vote. Your vote is very important to us so, if you are unable to attend the meeting, please vote in advance of the Annual Meeting, either online, by mail or by telephone, to ensure your shares are represented at the meeting.

Thank you for your continued investment in our Company. We appreciate your confidence in our leadership and we hope to see you in Indianapolis.

Gail K. Boudreaux
President and Chief Executive Officer

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Letter from Independent Chair of the Board

March 29, 2019

Dear Fellow Shareholders,

As your Board of Directors, we take our responsibilities very seriously and are committed to representing your interests in the long-term. We believe our shareholders are best served when the Company achieves sustainable results in a responsible manner. We are pleased with the Company's performance and are happy to share specific actions that the Board has taken in the past year.

Purpose & Culture. The Board worked collaboratively with Gail Boudreaux in 2018, her first full year as President and CEO, to update the Company's mission, vision and values. As part of our strategic oversight, we ensure that the Company's mission of improving lives and communities and simplifying healthcare is embedded in the Company's strategy and business plans. We have a special meeting each year dedicated to strategic oversight, as well as regular strategy discussions throughout the year.

The Board considers itself the guardian of the Company's culture, and recognizes the importance of culture in achieving long-term success. We are proud that the Company was recognized in 2018 as one of the World's Most Ethical Companies by Ethisphere.

Board Skills, Diversity & Refreshment. Board succession planning is also essential to the Company's success. As Chair, I have the privilege to work with a highly qualified and diverse group of board colleagues who bring thought leadership, perspective and accountability to their roles in overseeing the talented executive team at Anthem. Your Board is highly diverse in terms of background, expertise, ethnicity and gender, including four women directors and four directors from diverse ethnicities. Diverse directors hold the key leadership positions of Chair of the Board, Chair of the Audit Committee, Chair of the Governance Committee and President and CEO.

Refreshing your Board with new perspectives and ideas is critical to ensuring that it remains strategic, inclusive and forward-looking. Each year, we conduct a rigorous evaluation process, including board and individual director evaluations facilitated by an external party. Over the past couple of years, three new directors have joined the Board and two directors have retired. In addition, George Schaefer will be retiring at the Annual Meeting. The Board would like to recognize George for his significant contributions to the Company's success and his exemplary service to the Board in many roles over the years, including Independent Chair of the Board, Lead Director and Chair of the Audit Committee.

Environmental, Social & Governance (ES&G). We believe our ES&G practices promote the long-term interests of our shareholders and strengthen Board and management accountability. The Board's Governance Committee is responsible for establishing the Company's corporate governance practices, as well as monitoring the Company's social responsibility and environmental sustainability initiatives. As part of the Committee's ongoing review of our corporate governance practices, the Company's governing documents were amended last year to give shareholders the right to

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call a special meeting. We are proud that the Company was named to the 2018 Dow Jones Sustainability Index North America in recognition of our ES&G practices.

On behalf of the Board, thank you for investing in Anthem. We hope to see you at the Annual Meeting.

Elizabeth E. Tallett
Independent Chair of the Board

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Notice of Annual Meeting of Shareholders

Date and Time: Wednesday, May 15, 2019 at 8:00 a.m. Eastern Daylight Time

Location: Anthem, Inc.
220 Virginia Avenue
Indianapolis, Indiana 46204

Items of Business: To elect the two members of the Board of Directors identified in the accompanying proxy statement.

To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2019.

To hold an advisory vote to approve the compensation of our named executive officers.

To approve proposed amendments to our Articles of Incorporation to eliminate the classified board structure when permitted under our contractual obligations with the Blue Cross and Blue Shield Association.

If properly presented at the Annual Meeting, to vote on the shareholder proposal set forth in the accompanying proxy statement.

To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement.

Record Date: You can vote if you are a shareholder of record on March 8, 2019.

It is important that your shares be represented and voted at the Annual Meeting. Whether or not you plan to attend the Annual Meeting, we urge you to vote your shares as described below and in the accompanying materials.

By Order of the Board of Directors,

Kathleen S. Kiefer

Corporate Secretary

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You can vote in any of the following ways:

Scan the QR code that is located on your proxy card, E-Proxy Notice or voting instruction form to vote with your smartphone

Visit the website listed on your proxy card, E-Proxy Notice or voting instruction form to vote VIA THE INTERNET

Call the telephone number on your proxy card or voting instruction form to vote BY TELEPHONE

If you received printed proxy materials, sign, date and return your proxy card or voting instruction form in the envelope provided to vote BY MAIL

Attend the Annual Meeting to vote IN PERSON

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2019 Proxy Summary

The following is a summary of certain key disclosures in this proxy statement. This is only a summary, and it may not contain all of the information that is important to you. For more complete information, please review the entire proxy statement as well as our 2018 Annual Report on Form 10 K.

Annual Meeting of Shareholders

Wednesday, May 15, 2019 at 8:00 a.m., EDT Record Date: March 8, 2019

Anthem, Inc.

220 Virginia Avenue

Indianapolis, Indiana 46204

Proposals to be Voted on and Board Voting Recommendations

Proposals	Recommendations
Election of the following persons as directors: Bahija Jallal Elizabeth E. Tallett	FOR EACH NOMINEE FOR FOR
Ratification of Ernst & Young LLP as Auditors for 2019	FOR
Advisory vote to approve the compensation of our Named Executive Officers	FOR
Approval of proposed amendments to our Articles of Incorporation to eliminate the classified board structure when permitted under our contractual obligations with the Blue Cross and Blue Shield Association	FOR
Shareholder proposal to elect each director annually	NO RECOMMENDATION

2018 Business Highlights

*Please refer to the GAAP Reconciliation table in Annex B for information on Adjusted Net Income and Adjusted Net Income Per Diluted Share (“Adjusted EPS”).

Other highlights include:

- Income before income tax expense increased by almost 28% to approximately \$5.1 billion for 2018, as compared to approximately \$4.0 billion for 2017, while operating gain increased by 30% to approximately \$5.4 billion for 2018, as compared to approximately \$4.2 billion for 2017. Please refer to the GAAP Reconciliation table in Annex B for information on operating gain.
 - Our closing stock price increased by approximately 17% from \$225.01 on December 29, 2017, the last trading day of 2017, to \$262.63 on December 31, 2018. Additionally, the Company paid cash dividends totaling \$3.00 per share in 2018.
 - Medical membership was steady at approximately 40 million members.
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2019 Proxy Summary (continued)

- Anthem was named to the 2018 Dow Jones Sustainability Index North America.
- Anthem was recognized in 2018 by Ethisphere as one of the World's Most Ethical Companies.
- Anthem was included in the FTSE4Good Developed 100 Index for 2018.
- Our strong performance is reflected in the compensation that our Named Executive Officers earned for 2018.

Our Vision, Mission and Values

Compensation Highlights

- Pay-for-performance - To align the interests and rewards of our Named Executive Officers ("NEOs") with the long-term interests of our shareholders and drive the achievement of our vision and mission, while operating within our values, our Total Rewards program emphasizes performance-based compensation in the form of our Annual Incentive Plan ("AIP") and equity grant programs under our Incentive Compensation Plan ("Incentive Plan" or "LTIP"). In 2018, we exceeded our Incentive Plan financial metrics and met some, but not all, of our operational metrics, resulting in an AIP funding slightly below target at 98.7% and a funding of the 2016-2018 performance stock units of 106.9%.
- Balanced mix of financial and operational metrics - The Compensation Committee used a balanced scorecard for the AIP for our executive officers, with an 80% weighting for Operating Gain and a total of 20% weightings for operational performance metrics, namely, provider collaboration (5%), quality – Medicare and Medicaid (10%) and service excellence (5%). Our performance stock units granted under the Incentive Plan in 2018 use Operating Revenue and Adjusted Net Income as performance metrics. Please refer to the GAAP Reconciliation table in Annex B for information on Operating Gain and Adjusted Net Income.
- Reward long-term growth and sustained success – The majority of our executive officers' compensation is in equity awards, which encourages long-term growth and sustained success.

Primary Components of 2018 Target Compensation

(Data for Other NEOs is an Average for Other NEOs Still Serving as of December 31, 2018)

AIP and LTIP percentages are based on achievement of an award equal to 100% of target.

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2019 Proxy Summary (continued)

Corporate Governance Highlights

Our corporate governance policies and practices reflect our commitment to effective corporate governance and high ethical standards:

	Independent Chair of the Board
Board Independence	Nine out of ten directors are independent
	Only independent directors serve on the Audit, Compensation and Governance Committees
	Four out of ten directors are women
Board Diversity	Four out of ten directors are ethnically diverse
	Balanced director tenure, with the average tenure being approximately 7 years
	Board composition is also diverse in age, geographic location, skills and experiences
	Proxy access for shareholder-nominated director nominees
	Majority voting for uncontested director elections
Shareholder Rights	Shareholders have the right to call a special meeting of shareholders
	Shareholders can amend our Bylaws, with certain exceptions
	Long-standing practice of shareholder engagement on governance, compensation and sustainability issues
Compensation Practices	Rigorous establishment and oversight of incentive metrics, goals and pay/performance relationship
	Say-on-pay advisory vote conducted annually
	Significant director and executive officer stock ownership requirements
	Limited executive perquisites
	Clawback policy for executive officers' incentive compensation
	Double-trigger change-in-control provisions
	No excise tax gross-ups

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No short sales, hedging or pledging of our stock is permitted by our officers or directors

No compensation plans which encourage excessive risk taking
Annual Board, committee and individual director performance evaluations, including evaluations led by an external party

Board oversees director refreshment and succession planning and executive officer succession planning

Directors are not eligible for election if 72 years of age or older

Directors may serve on no more than three other public company boards

Our CEO may serve on no more than one other public company board

Other Leading Governance Practices

Executive sessions of independent directors are held at each in-person Board meeting

Board and committee oversight of risk, including risks relating to financial reporting, compensation practices and cybersecurity

Governance Committee monitors our corporate social responsibility and environmental sustainability initiatives

Our Annual Report on Political Contributions and Related Activities is available on our website

Our Corporate Responsibility Report is prepared in accordance with the Global Reporting Initiative (GRI) Core Reporting Guidelines and is available at www.anthemcorporateresponsibility.com.

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2019 Proxy Summary (continued)

Director Skills, Experiences and Attributes

The following matrix provides summary information about our directors' skills, experiences and attributes. More detailed information is provided under the description of the "Governance Committee" beginning on page 6 and in each director's biography beginning on page 19.

Shareholder Engagement

We believe that building positive relationships with our shareholders is critical to our long-term success. For this reason, we spend significant time meeting with our shareholders, listening to their concerns and responding to their feedback. Through our robust outreach and engagement program in 2018, we engaged with our largest shareholders, representing a majority of our outstanding shares in the aggregate. Topics discussed included corporate governance practices, environmental and social sustainability initiatives, Board composition and refreshment and executive compensation. In addition, our management team regularly meets with shareholders to discuss our strategic plan, consolidated business results and capital structure, and other topics of interest to shareholders. We value our relationship with our shareholders and believe that we strengthen our ability to lead the Company by constructively discussing our business and strategy.

We were pleased that our shareholders overwhelmingly approved the non-binding advisory vote on our executive compensation in 2018, as approximately 94% of votes cast were voted in favor of the proposal. Nevertheless, we continue to examine our executive compensation program to assure alignment between the interests of our executive officers and our shareholders.

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Annual Meeting Materials

Purpose of the Meeting and Annual Meeting Materials

You are invited to attend the 2019 Annual Meeting of Shareholders (the “annual meeting”) of Anthem, Inc. (“Anthem,” the “Company,” “we,” “us” or “our”) to be held at 8:00 a.m., Eastern Daylight Time, on Wednesday, May 15, 2019, at our headquarters, 220 Virginia Avenue, Indianapolis, Indiana 46204, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. You will be able to vote on the proposals described in this proxy statement if you were an Anthem shareholder on the record date for the annual meeting, March 8, 2019. The Board of Directors of Anthem (the “Board”) is soliciting proxies to be voted at the annual meeting, including any postponements or adjournments. Shareholders will be admitted to the annual meeting beginning at 7:30 a.m., Eastern Daylight Time. You must have an admission ticket, as well as a form of government-issued photo identification, in order to be admitted to the annual meeting. For instructions on requesting admission tickets, see page 74 of this proxy statement.

This proxy statement and our Annual Report on Form 10-K for the year ended December 31, 2018 (the “2018 Annual Report on Form 10-K”) are being made available to shareholders on or about March 29, 2019. On or about March 29, 2019, we mailed a printed copy of our proxy materials to our shareholders who had requested them and mailed a notice of internet availability of proxy materials, which contains instructions on how to access and review these materials and vote online, to all of our other shareholders. If you requested printed versions of our proxy materials by mail, these printed proxy materials also include a proxy card or voting instruction form for the annual meeting.

Governance of the Company

Our business is managed under the direction of the Board. The Board has responsibility for establishing broad corporate policies and for our overall performance. We believe that the only results worth achieving are those achieved with integrity and a commitment to excellence. Accordingly, we have long recognized the importance of, and have always placed a high priority upon, having good corporate governance measures in place.

Board Leadership Structure

The Board has the flexibility to establish a leadership structure that works best for the Company at a particular time and reviews that structure periodically. At times during our past, the positions of Chair of the Board and Chief Executive Officer (“CEO”) have been held by two different people and, at other times, the positions have been combined and held by the same person. The Board believes that it is important to implement an effective and efficient leadership structure that provides stability, while maintaining strong oversight of management.

In November 2017, the Board appointed Gail K. Boudreaux as President and CEO. In May 2018, Elizabeth E. Tallett became the independent Chair of the Board. Prior thereto, Joseph R. Swedish was the non-independent Chair of the Board and George A. Schaefer, Jr. was the Lead Director. Given that Ms. Boudreaux has recently joined the Company, the Board believes that having an independent Chair of the Board allows her to concentrate on overseeing the management of our business, while Ms. Tallett oversees the functioning of the Board and our corporate governance.

Our Corporate Governance Guidelines require that our independent directors elect a Lead Director annually when the positions of Chair and CEO are filled by the same person or when the Chair is not an independent director. There is currently no Lead Director since we have an independent Chair. The Board also recognizes the important leadership roles played by the Chair of each of the committees of the Board. The Board evaluates its leadership structure from time to time and changes it as circumstances warrant.

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Governance of the Company (continued)

Board Role in Risk Oversight

Our management is responsible for the day-to-day management of the risks facing the Company, and the Board as a whole has responsibility for risk oversight. We have an Enterprise Risk Council to oversee our enterprise risk management activities. The Enterprise Risk Council is comprised of members of our senior leadership team and the Chief Risk Officer, who serves as the head of the internal enterprise risk management function. Management, together with the Enterprise Risk Council, designs and implements processes by which we assess, monitor and manage our exposure to major risks. The Board oversees these processes to determine whether these processes are functioning as intended and are consistent with our business and strategy. The Board reviews and approves certain risk tolerance levels and action plans regarding major risks. The Board also receives periodic reports from management on various risks, including risks facing our businesses or developments that could affect our risk profile.

The Board delegates to its committees responsibility for assisting in the oversight of categories of risk within their areas of responsibility, as follows:

- The Audit Committee receives quarterly reports from the Chief Risk Officer and reviews and discusses our enterprise risk management framework, processes and governance structure. The Audit Committee reviews and approves the annual audit plan for our internal audit function, with a priority on areas based on their potential risk. The Audit Committee reviews and discusses with management and the independent auditor our accounting, financial reporting and internal audit controls and procedures, our financial statements and the independent audit thereof. The Audit Committee oversees our compliance activities and receives quarterly reports from the Chief Compliance Officer. The Audit Committee also reviews and discusses our major financial risk exposures. The Audit Committee regularly meets privately with representatives from the Company's independent registered public accounting firm, our Chief Risk Officer, our Chief Compliance Officer, our Chief Financial Officer ("CFO") and our General Counsel.
- The Compensation Committee oversees the risks associated with our compensation policies, practices and plans.
- The Governance Committee oversees Board processes and corporate governance-related risk, monitors our corporate social responsibility and environmental sustainability initiatives, reviews, at least annually, our political strategy, contributions and activities, and oversees compliance with our policies and procedures regarding political contributions and activities.

For those areas in which committees have risk oversight responsibilities, the chairs of the committees regularly report to the full Board regarding the significant risks facing the Company, as identified by management, and the measures undertaken by management to monitor, control and mitigate those risks. A description of the enterprise risks facing us is included in Part I, Item 1A "Risk Factors" in our 2018 Annual Report on Form 10 K.

Corporate Governance Policies and Practices

Our corporate governance policies reflect our goal of adopting best practices to promote a high level of performance from the Board and management. We believe our corporate governance practices promote the long-term interests of our shareholders and strengthen Board and management accountability.

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Governance of the Company (continued)

Among the practices we adhere to are the following:

	Independent Chair of the Board
Board Independence	Nine out of ten directors are independent
	Only independent directors serve on the Audit, Compensation and Governance Committees
	Four out of ten directors are women
Board Diversity	Four out of ten directors are ethnically diverse
	Balanced director tenure, with the average tenure being approximately 7 years
	Board composition is also diverse in age, geographic location, skills and experiences
	Proxy access for shareholder-nominated director nominees
	Majority voting for uncontested director elections, with directors who fail to receive a majority vote required to tender their resignation for consideration by the Board
	No supermajority voting requirements in our Articles of Incorporation
Shareholder Rights	Opted out of the Indiana Control Share Acquisition Statute
	Shareholders have the right to call a special meeting of shareholders
	Shareholders can amend our Bylaws, except for those provisions required by our licenses with the Blue Cross and Blue Shield Association
Other Leading Governance Practices	Long-standing practice of shareholder engagement on governance, compensation and sustainability issues
	Annual Board, committee and individual director performance evaluations, including evaluations led by an external party
	Board oversees director refreshment and succession planning and executive officer succession planning, addressing both emergency and long-term succession
	Directors are not eligible for election if 72 years of age or older
	Directors may serve on no more than three other public company boards
	Our CEO may serve on no more than one other public company board
	Rotation of lead partner of our independent registered public accounting firm at least every five years

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The Board and its committees have the authority to engage consultants and advisors at our expense

Executive sessions of independent directors are held at each in-person Board meeting

Strong compensation governance practices as discussed in the Compensation Discussion and Analysis

Board and committee oversight of risk, including risks relating to financial reporting, compensation practices and cybersecurity

Governance Committee monitors our corporate social responsibility and environmental sustainability initiatives, including our Corporate Responsibility Report which is prepared in accordance with the GRI Core Reporting Guidelines.

Governance Committee monitors our political strategy, contributions and activities, including our Annual Report on Political Contributions and Related Activities

The Board encourages directors to participate in continuing education programs and reimburses directors for the expense of such participation

Several avenues for shareholders to communicate with the Board and management, including periodic investor days, earnings release conference calls and dedicated email addresses for the Board and for the committee chairs

Due to our existing contractual obligations with the Blue Cross and Blue Shield Association (“BCBSA”), we are required to maintain a classified board structure. However, our Corporate Governance Guidelines provide that, if the BCBSA requirement for a classified board structure is eliminated or is no longer applicable to us, the Board will submit amendments to our Articles of Incorporation (“Articles”) recommending approval by the shareholders to eliminate the classified board structure. In addition, we have included in this proxy statement a proposal to amend our Articles to eliminate the classified board structure and phase in the annual election of directors over a three-year period when permitted under our contractual obligations with the BCBSA. If the amendments to our Articles are approved, the Board expects to amend our Bylaws and Corporate Governance Guidelines to include provisions similar to the amended Articles regarding the elimination of our classified board structure. See Proposal No. 4 – Approval of Proposed Amendments to Our Articles of Incorporation to Eliminate the Classified Board Structure When Permitted Under Our Contractual Obligations with the Blue Cross and Blue Shield Association.

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Governance of the Company (continued)

Current versions of the following documents are available on our website at www.antheminc.com:

	Articles of Incorporation
	Bylaws
	Corporate Governance Guidelines
	Standards of Director Independence
Governance Documents at www.antheminc.com	Standards of Ethical Business Conduct
	Insider Trading Policy
	Board Committee Charters
	Annual Report on Political Contributions and Related Activities

We will continue to assess and refine our corporate governance practices and share them with you.

Environmental and Social Sustainability

We are committed to the future health and well-being of the world around us and are proud of our many sustainability initiatives and recognitions. Our Corporate Responsibility Report provides information on our environmental, social and governance (ES&G) practices and performance related to our governance, our workplace, community health and the environment. It is prepared in accordance with the GRI Core Reporting Guidelines and is available at www.anthemcorporateresponsibility.com. Our Governance Committee monitors our corporate social responsibility

and environmental sustainability initiatives and performance.

Highlights of our recent progress and recognitions include:

- Named to the 2018 Dow Jones Sustainability Index North America (the “DJSI”). The DJSI, a highly regarded standard for corporate sustainability, is based on an analysis of corporate economic, environmental and social performance.
- Recognized by Ethisphere as one of the 2018 honorees for the World’s Most Ethical Companies award. This prestigious award analyzes an organization’s strength in its Ethics and Compliance Program, Culture of Ethics, Corporate Citizenship and Responsibility, Corporate Governance, Leadership, and Innovation and Reputation.
- Included in the 2018 DiversityInc Top 50 Companies for Diversity, which recognizes organizations that hire, retain and promote women, minorities, people with disabilities, LGBTQ+ and veterans.
- Received a 2018 Top 125 award from Training magazine recognizing our talent development model and programs.
- Joined the Science Based Targets initiative and reduced scope I and II greenhouse gas emissions intensity by 23% compared to our baseline year 2013.
- Reduced our water usage by 36% compared to our baseline year 2013.
- Achieved a 2018 recycling rate of approximately 59% for Anthem managed buildings.
- Continued to improve community health with \$23 million in new 2018 grants that support the Anthem Foundation’s Healthy Generations Program. The Healthy Generations Program addresses social determinants and improves critical health measures by focusing on healthy hearts, cancer prevention, healthy maternal practices, diabetes prevention, active lifestyles, behavioral health and programs that impact individuals with disabilities. The Healthy Generations Program has helped:
 - o Train over 10 million people in Hands-only CPR;
 - o Connect 4,500 low-income residents to cessation coaching, which will reduce exposure to second-hand smoke for nearly 1.5 million residents; and
 - o Engage with 16 million kids through healthy lifestyle programming.

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Board and Committee Membership

As reflected in our Corporate Governance Guidelines, our business, property and affairs are managed under the direction of our Board. Members of our Board stay informed of our business through discussions with our CEO and other officers, by reviewing materials provided to them, by visiting our offices, by participating in meetings of the Board and its committees and through their own industry knowledge and inquiries.

Director Independence

Our Board has adopted standards to assist it in making determinations of independence and whether or not a director or director nominee has a material relationship with us. These standards are available on our website at www.antheminc.com under “Investors — Corporate Governance — Governance & Corporate Documents.” Our Board has determined that all of our directors and director nominees, other than Ms. Boudreaux, meet these standards, have no material relationship with us and are “independent” as defined by the New York Stock Exchange (“NYSE”) listing standards and the rules of the Securities and Exchange Commission (“SEC”).

Meetings and Committees of the Board

During 2018, the Board held eight meetings. The non-employee directors met in executive session without management at all in-person meetings. Our Board committees also conduct executive sessions that are presided over by the Chair of the respective committee. Each current director attended at least 75% of the total meetings of the Board and each committee on which he or she served.

There are three standing committees of the Board. From time to time, the Board, in its discretion, may form other committees. The following table provides membership information for each of the Board standing committees as of March 29, 2019, including each non-executive Chair.

Directors	Audit Committee	Compensation Committee	Governance Committee
Gail K. Boudreaux			
R. Kerry Clark			
Robert L. Dixon, Jr.			
Lewis Hay, III		Chair	
Julie A. Hill			Chair
Bahija Jallal			
Antonio F. Neri			
Ramiro G. Peru	Chair		
George A. Schaefer, Jr.			
Elizabeth E. Tallett			

Set forth below are the primary responsibilities of each of the standing committees as described more fully in their charters, which are available on our website at www.antheminc.com under “Investors — Corporate Governance — Governance & Corporate Documents.”

Audit Committee

The Audit Committee met eight times during 2018. The Audit Committee represents and assists the Board in its oversight of our accounting, financial reporting and internal controls over financial reporting. In its oversight of our financial statements and the independent audit thereof, the Audit Committee is responsible for the selection, evaluation and, where deemed appropriate, replacement of the independent registered public accounting firm, and for the evaluation of the independence of the independent registered public accounting firm. The Audit Committee is also directly involved in the selection of the auditor's lead engagement partner.

The Audit Committee is also responsible for the oversight of our compliance program and Standards of Ethical Business Conduct, as well as assisting the Board in overseeing the processes by which we assess, monitor and manage our exposure to major risks. The Chief Compliance Officer facilitates our compliance program and reports independently to the Audit Committee. The Audit Committee regularly receives a detailed report from

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Board and Committee Membership (continued)

the Chief Compliance Officer regarding our compliance program activities. See “Audit Committee Matters — Audit Committee Report” and “Governance of the Company — Board Role in Risk Oversight.”

The Audit Committee met separately at each in-person meeting during 2018 with executive management (including the General Counsel), the head of internal audit, the Chief Risk Officer, the Chief Compliance Officer and the independent registered public accounting firm. The Board has determined that each of the members of the Audit Committee is “independent” as defined by the rules of the SEC and the NYSE listing standards and that each of the members is an “audit committee financial expert” as defined by the SEC’s rules.

Compensation Committee

The Compensation Committee met five times during 2018. The Compensation Committee assists the Board in discharging its responsibilities relating to compensation and benefits provided to our executive officers (which are determined by the Compensation Committee in its sole discretion), including overseeing an assessment of the risks related to our compensation policies and practices. See “Executive Compensation — Assessment of Compensation-Related Risks.” The Compensation Committee sets the compensation level of our CEO and other executive officers based on an evaluation of the executive’s performance in light of our goals and objectives. The Compensation Committee may take into consideration when setting the compensation levels of the executive officers (other than the CEO) any recommendations of the CEO with respect to the other executive officers.

In addition, the Compensation Committee has directly engaged Semler Brossy Consulting Group LLC (“Semler Brossy”), an outside compensation consultant, to assist in the evaluation of CEO and executive officer compensation, as authorized under its charter. Semler Brossy reports directly to the Compensation Committee, participates regularly in Compensation Committee meetings and advises the Compensation Committee with respect to compensation trends and best practices, plan design and the reasonableness of individual compensation awards. Semler Brossy does not provide any other services to the Company. The Compensation Committee assessed the independence of Semler Brossy pursuant to, and based on the factors set forth in, the SEC’s and NYSE’s rules and concluded that no conflict of interest exists that would prevent Semler Brossy from independently advising the Compensation Committee.

All members of the Compensation Committee are “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Tax Code”), “non-employee directors” within the meaning of Section 16b-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and “independent” within the meaning of the NYSE listing standards. None of the Compensation Committee members is or has been an officer or employee of the Company or was involved in a relationship requiring disclosure as an interlocking director or under Item 404 of Regulation S-K.

Governance Committee

The Governance Committee met four times in 2018. The Governance Committee assists the Board in discharging its responsibilities relating to Board composition and evaluations, non-employee director compensation and corporate governance by identifying and recommending individuals for nomination as members of the Board, recommending to the Board the overall non-employee director compensation policy and developing and recommending to the Board a set of corporate governance guidelines. The Governance Committee also is responsible for reviewing, at least annually, our political strategy, contributions and activities and overseeing compliance with our policies and procedures regarding political contributions and activities. In addition, the Governance Committee monitors the

Company's corporate social responsibility and environmental sustainability initiatives.

The Governance Committee has directly engaged Compensation Advisory Partners LLC ("CAP"), an outside compensation consultant, to assist in the evaluation of director compensation, as authorized under its charter. CAP reports directly to the Governance Committee. During 2018, CAP advised the Committee with respect to director compensation trends and best practices, plan design and the reasonableness of director compensation. CAP does not provide any other services to the Company. The Governance Committee assessed the independence of CAP pursuant to, and based on the factors set forth in, the SEC's and NYSE's rules and concluded that no conflict of interest exists that would prevent CAP from independently advising the Governance Committee.

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Board and Committee Membership (continued)

The Board has determined that each of the members of the Governance Committee is “independent” as defined by the NYSE listing standards.

Shareholder Recommendations of Director Candidates

The Governance Committee considers and recommends candidates for the Board. It reviews all nominations submitted to the Company as described below under “Identifying and Evaluating Nominees for Directors,” including individuals nominated by shareholders to be included in our proxy statement. In evaluating such nominations, the Governance Committee seeks to achieve a balance of skills, qualifications and attributes on the Board and to address the membership criteria set forth below under “Director Qualifications.” Any shareholder recommendations proposed for consideration by the Governance Committee must include the nominee’s name and qualifications for Board membership and must be addressed to our Secretary at Anthem, Inc., 220 Virginia Avenue, Mail No. IN1-4WS-19, Indianapolis, Indiana 46204. Following verification that the persons recommending director candidates are shareholders, recommendations are aggregated and considered by the Governance Committee at a regularly scheduled meeting. If any materials are provided by shareholders in connection with the recommendation of a director candidate, such materials are forwarded to the Governance Committee.

In addition, any shareholder who wishes to nominate a director candidate at our annual meeting or for inclusion in our proxy statement may do so by following the procedures and providing the information set forth in “Shareholder Proposals and Nominations for Next Year’s Annual Meeting” on page 75 and in Sections 1.5, 1.6 and 1.16 of our Bylaws. Our Bylaws are available on our website at www.antheminc.com under “Investors — Corporate Governance — Governance & Corporate Documents.” Any materials provided by shareholders in connection with the nomination of a director candidate are forwarded to the Governance Committee. Following verification that the persons recommending director candidates are shareholders, and verification that any other required information has been properly submitted by such persons, nominations are reviewed and discussed by the Governance Committee and the Board at a regularly scheduled meeting.

Identifying and Evaluating Nominees for Directors

The Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Governance Committee assesses the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Governance Committee considers, subject to the restrictions in our Bylaws, whether the vacancy should be filled and if so, various potential candidates for director. Candidates may come to the attention of the Governance Committee through current Board members, management, professional search firms, shareholders or other persons. These candidates are evaluated at regular or special meetings of the Governance Committee and may be considered at any point during the year.

Director Qualifications

The Governance Committee periodically evaluates the size and composition of the Board to assess the skills, qualifications and attributes of Board members, and compares them with those skills, qualifications and attributes that might prove valuable in the future, considering the circumstances of the Company and the then-current Board membership. This assessment enables the Board to consider whether the identified skills, qualifications and attributes continue to be appropriate as the Company’s needs evolve over time. On an ongoing basis, the Governance Committee

will evaluate candidates who possess qualifications and attributes that meet our strategic needs and have diverse experiences in key business, financial and other challenges that face a publicly-held health benefits company. We believe that an effective board consists of a diverse group of individuals who bring a variety of complementary skills and a range of tenures.

The Governance Committee developed and maintains a skills matrix to assist it in considering the appropriate balance of skills, qualifications and attributes required of a director and to be represented on the Board as a whole. The skills matrix contains both required characteristics that every member of the Board should meet and desired skills, experiences and attributes to be represented collectively on the Board.

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Board and Committee Membership (continued)

Required Characteristics

The following are the required characteristics that should be satisfied by each director or nominee:

Integrity and Accountability	Risk Oversight Ability
Financial Literacy	Mature Confidence
Informed Judgment	High Performance Standards

Desired Skills, Experiences and Attributes

The following matrix summarizes the desired skills, experiences and attributes to be represented collectively on the Board and the most significant skills, experiences and attributes that each director possesses. Additional information is provided in each director's biography beginning on page 19.

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Board and Committee Membership (continued)

Our Corporate Governance Guidelines provide that our Governance Committee is to take into account the overall diversity of the Board when identifying possible nominees for director, including gender, ethnicity, age, tenure, and geographic location. The Governance Committee implements that policy, and assesses its effectiveness, by examining the diversity of all of the directors on the Board when it selects nominees for directors. Currently, the Board has four women directors, one African-American director, one Hispanic director, one Latino director and one North African director. In total, 70% of our directors are diverse based on gender and/or ethnicity. In addition, the diverse directors hold key leadership positions, with each of the Chair of the Board, Chair of the Governance Committee and CEO being a woman, and the Chair of the Audit Committee being Hispanic.

The Governance Committee, in recommending the nominees for election as directors and in concluding that the continuing directors should serve as directors, considered the items set forth above. The Governance Committee believes that each director and director nominee satisfies the required criteria in the skills matrix and brings his or her own particular skills, experiences and attributes, giving the Board, as a whole, competence and experience in a wide variety of areas. Additional biographical and other information concerning the qualifications, skills and experience of the directors and nominees for director can be found under “Proposal No. 1 – Election of Directors – Nominees for Director” and “– Directors Continuing in Office.”

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Board and Committee Membership (continued)

Director Evaluation Process

Board, committee and individual director evaluations play a critical role in ensuring the effective functioning of our Board. Each year our Board conducts a rigorous evaluation process, including an evaluation of the full Board, committee evaluations, director self-evaluations and peer evaluations. The evaluation process is multi-faceted and can be summarized as follows: