BlackRock

Investment Stewardship

Vote Bulletin: Anthem, Inc.

Company	**Anthem, Inc. (ANTM)**[1]
Market and Sector	United States | Health Care Providers and Services
Meeting Date	18 May 2022
Key Resolutions[2]	**Item 5:** Shareholder Proposal to Prohibit Political Funding **Item 6:** Shareholder Proposal Requesting a Racial Impact Audit and Report
Key Topics	Corporate political spending; diversity, equity and inclusion; company impacts on people
Board Recommendation	The board recommended shareholders vote AGAINST items 5 and 6
BlackRock Vote	BlackRock voted AGAINST item 5 and FOR item 6

Overview

Anthem, Inc. (Anthem) is one of the largest health benefits companies in the United States, serving over 45 million people through their affiliated health plans.[3] Anthem is an independent licensee of the Blue Cross and Blue Shield Association, an association of independent health benefit plans.

BlackRock Investment Stewardship (BIS) engages with companies to provide a long-term investor perspective on corporate governance best practices and to better understand how company leadership identifies and manages material risks and opportunities – including those related to environmental, social, and governance (ESG) factors – that we believe can impact their ability to deliver sustained financial performance for long-term investors like BlackRock's clients.

Recent engagements with Anthem's management team and members of the board of directors have included dialogue around governance topics such as the company's long-term strategy and board quality and effectiveness. BIS has also sought better understanding of various ongoing initiatives - such as Anthem's enhanced focus on community health and their diversity, equity, and inclusion (DEI) efforts - that support the company in driving long-term value for shareholders.

Among the matters to be voted on at Anthem's 2022 annual general meeting (AGM) were two shareholder proposals – one to prohibit political funding and another requesting a racial impact audit and report. Consistent with our fiduciary approach, BIS takes a case-by-case approach to assessing shareholder proposals, evaluating

[1] On May 18, 2022, the shareholders of Anthem, Inc. approved a proposal to amend the company's articles of incorporation to change the name of the company to Elevance Health, Inc. The company's name change became effective in June 2022, and thereafter, common stock began trading under the NYSE symbol, "ELV." For the purposes of this vote bulletin, we will refer to the company as "Anthem."
[2] Anthem, Inc. "2022 Notice of Annual Meeting of Shareholders and Proxy Statement." April 1, 2022.
[3] Anthem, Inc. "2021 Annual Report on Form 10-K" for the fiscal year ended December 31, 2021 (filed with the SEC on February 16, 2022).

each proposal on its merit and with a singular focus on its implications for long-term value creation. We consider the business and economic relevance of the issue raised, as well as its materiality and the urgency with which we believe it should be addressed. While we may not agree with all aspects of a shareholder proponent's views or all facets of the proponent's supporting statement, we may still support proposals that address material business risks where we believe it would be helpful for shareholders to have more detailed information on how those risks are identified, monitored, and managed to support a company's ability to deliver long-term financial returns. We are unlikely to support shareholder proposals that in our determination are overly prescriptive in nature, unduly constraining on management, or are focused on issues already appropriately addressed by the company's existing practices and disclosure.[4]

Rationale for BlackRock's vote

Item 5: Shareholder Proposal to Prohibit Political Funding (AGAINST)

On BIS' assessment, Anthem has sufficient oversight processes and disclosures to allow investors to understand the company's policies and procedures – including board oversight – regarding corporate political contributions and activities. Further, we considered this proposal to be overly prescriptive and unduly constraining on the decision-making of the board and management. Accordingly, BIS did not support the proposal.

The shareholder proposal requested that the board of directors "adopt a policy prohibiting the use of corporate or PAC[5] funds for direct or indirect contributions to candidates."[6]

In the BIS commentary on our perspective on corporate political activities, we acknowledge that companies may engage in political activities, within legal and regulatory limits, in order to have a voice in public policy matters, to maintain and/or promote the economic interests of companies and their shareholders by helping elect candidates to office, and promote policy initiatives to support strategic business interests. After closely analyzing the proponent's request, we considered the proposal to be overly prescriptive and unduly restricting on management's ability to make business decisions. A policy that would prohibit the company and the company's political action committee (PAC) from contributing to political candidates would hinder their ability to potentially support public policy matters that are material to the company's long-term strategy and shareholder value. Accordingly, BIS did not support this shareholder proposal.

Relatedly, we believe that Anthem provides sufficient transparency of the company's political activities.[7] In addition, the Governance Committee of the board reviews, at least annually, the company's political strategy, contributions, and activities, and oversees compliance with the company's policies and procedures regarding political contributions and activities. We will continue to monitor how Anthem's corporate political activities further public policy matters material to the company's long-term strategy and shareholder value.

[4] For more information, visit our 2022 Global Principles.

[5] As defined by Britannica, a political action committee (PAC) is an organization whose objective is to raise and distribute campaign funds to candidates seeking political office in the United States. PACs are generally formed by corporations, labor unions, trade associations, or other organizations or individuals and channel the voluntary contributions they raise to candidates for elective offices, primarily in the U.S. House of Representatives and the U.S. Senate.

[6] Anthem, Inc. "2022 Notice of Annual Meeting of Shareholders and Proxy Statement." April 1, 2022.

[7] Anthem, Inc. "2021 Political Contributions & Related Activity Report."

Item 6: Shareholder Proposal Requesting a Racial Impact Audit and Report (FOR)

BIS supported this shareholder proposal because, in our view, undertaking the requested audit could help Anthem identify and mitigate potential material risks of the company's operations on internal and external stakeholders – including the more than 45 million customers served through Anthem's family of health plans, as well as the company's employees and supplier base serving these customers. In addition, we do not believe the proposal is overly prescriptive or unduly constraining for management.

The shareholder proposal requested that the board of directors "oversee a third-party audit (within a reasonable time and at a reasonable cost) which assesses and produces recommendations for improving the racial impacts of [the company's] policies, practices, products and services" and prepare a report on the audit's findings.[8]

Anthem has disclosed that DEI is one of the company's five values. [9] The company has also recognized health equity and DEI as core areas to support long-term strategy. To that end, the company has expanded policies and practices that advance DEI and promote health equity within Anthem's workforce and across their customer and supplier base, two key stakeholders as identified by the company. The company has launched a Diversity, Equity and Inclusion Council, consisting of executive leaders, that meets quarterly and oversees the implementation of the company's DEI efforts. The company also conducted a third-party gender and racial pay equity analysis in 2020 that did not reveal any material pay gaps.[10] In addition, amongst other commitments, the company has made a U.S. $50 million pledge in 2020 to address racial injustice, strengthen under resourced communities, and tackle health inequities over the next five years.[11]

We recognize and support the considerable efforts Anthem has made to date on these issues. While we have no specific concerns about the efforts made to date, BIS believes an independent audit at a company such as Anthem, one of the largest health companies in the U.S., presents an opportunity for Anthem to identify and mitigate any potential racial impact-related risks in connection with the company's products and services, as well as assess the effectiveness of their ongoing programs and initiatives to advance DEI and promote health equity. Given that the company has clearly articulated that employees, customers, and suppliers are critical stakeholders to drive long-term value, BIS supported the proposal because we believe that the inherent DEI risks are potentially diverse, difficult to identify, and material to the business and key stakeholders. By way of example, these risks may include areas such as algorithmic bias and inequity in customers' access to care. As such, an audit could provide meaningful value in assisting management and the board in identifying potential material impacts of the company's operations on internal and external stakeholders.

As opposed to the shareholder proposal seeking to prohibit political funding (item 5 above), we did not consider this proposal to be unduly burdensome, nor overly prescriptive or unduly constraining for management. The proposal does not ask Anthem to undertake any new DEI efforts, support additional work, or advocate for a different approach to DEI and racial equity at the company. This is consistent with our approach to shareholder proposals as described in the overview section of this Vote Bulletin. BIS will continue to engage with Anthem and monitor the company's progress on matters related to human capital management and DEI through regular engagements with firm executives and directors.

[8] Anthem, Inc. "2022 Notice of Annual Meeting of Shareholders and Proxy Statement." April 1, 2022.
[9] Anthem, Inc. "Whole Health 2021: ESG Report."
[10] Anthem, Inc. "2022 Notice of Annual Meeting of Shareholders and Proxy Statement." April 1, 2022.
[11] Business Wire. "Anthem and the Anthem Foundation Stand in Solidarity with Communities Across the Country." June 8, 2020.

About BlackRock Investment Stewardship (BIS)

Our clients depend on BlackRock to help them achieve their investment goals. These clients include public and private pension plans, governments, insurance companies, endowments, universities, charities and ultimately individual investors, among others. Consistent with BlackRock's fiduciary duty as an asset manager, BIS' purpose is to support companies which we invest for our clients in their efforts to create long term durable financial performance.

BIS serves as an important link between our clients and the companies they invest in – and the trust our clients place in us gives us a great responsibility to advocate on their behalf. That is why we are interested in hearing from companies about their strategies for navigating the challenges and capturing the opportunities they face. As we are long-term investors on behalf of our clients, the business and governance decisions that companies make will have a direct impact on our clients' investment outcomes and financial well-being.

We look to boards and executive management to demonstrate that they are taking into consideration the interests of long-term shareholders and other stakeholders. Our, often multi-year, dialogue with the leaders of these companies provides us the opportunity to improve our understanding of, and provide feedback on, the governance and sustainability (ESG) risks and opportunities that are material to their businesses and thus to their ability to generate long-term returns for our clients. For those clients who have given us authority, we vote proxies in their best long-term financial interests, in line with our public voting guidelines and informed by our analysis of company disclosures and, where relevant, our engagements.[12]

To support investors' assessment, it is helpful when companies provide timely, accurate, and comprehensive disclosure on all material governance and business matters, including sustainability-related issues. This transparency allows shareholders to better understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or we believe the approach taken may be inconsistent with sustainable, long-term value creation, we will engage with a company and/or vote in a manner that signals our concerns.

We are committed to transparency in the stewardship work we do on behalf of clients. We inform clients about our engagement and voting policies and activities through direct communication and through disclosure on our website. For shareholder meetings where a vote might be of particular interest to clients, we may publish a vote bulletin after the meeting, disclosing and explaining how we voted on key proposals.

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[12] 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.