Triodos Investment Management

COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION

MEETING DATE	Wed, 15 Jun 2016 9:30 am	TYPE	AGM	ISSUE DATE	Thu, 09 Jun 2016
MEETING LOCATION	Cognizant Technology Solutions Corporation, Glenpointe Centre West, 500 Frank W. Burr Blvd., Teaneck, NJ 07666				
CURRENT INDICES	S&P500				
SECTOR	Computer programming services				

	PROPOSALS	ADVICE
1a	**Elect Zein Abdalla** Independent Non-Executive Director. He is newly appointed to the Board and his appointment does not improve the gender balance on the Board which Triodos does not suppor	**Oppose**
1b	**Elect Maureen Breakiron-Evans** Independent Non-Executive Director. She is chair of the Audit committee which is not fully independent which Triodos does not support.	**Oppose**
1c	**Elect Jonathan Chadwick** Independent Non-Executive Director. He is newly appointed to the Board and his appointment does not improve the gender balance on the Board which Triodos does not suppor	**Oppose**
1d	**Elect Francisco D'Souza** Chief Executive Officer.	**For**
1e	**Elect John N. Fox, Jr.** Independent Non-Executive Director.	**For**
1f	**Elect John E. Klein** Non-Executive Chairman. Not considered independent owing to a tenure of over nine years. There is sufficient independent representation on the Board. He is chair of a committee which is not fully independent which Triodos does not support.	**Oppose**
1g	**Elect Leo S. Mackay, Jr.** Independent Non-Executive Director.	**For**
1h	**Elect Lakshmi Narayanan** Executive Vice Chairman.	**For**
1i	**Elect Michael Patsalos-Fox** Independent Non-Executive Director.	**For**
1j	**Elect Robert E. Weissman** Non-Executive Director. Not considered independent as he was the former Chairman and CEO. There is sufficient independent representation on the Board. He is chair of the Nomination Committee and less than 20% of the Board are women which Triodos does not suppor	**Oppose**
1k	**Elect Thomas M. Wendel** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is sufficient independent representation on the Board.	**For**

2 Advisory Vote on Executive Compensation **Oppose**

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 compensation rating is: CEC.

The Company uses revenue as a performance metric for both long- and short-term incentives. With respect to PSUs, one year performance measurement determines the number of shares that vest. RSUs are granted with no performance conditions and vest quarterly over three years from grant date subject to continued employment. Based on these concerns, Triodos opposes this resolution.

3 Appoint the Auditors **Oppose**

PwC LLP proposed. Non-audit fees represented 34.35% of audit fees during the year under review and 34% on a three-year aggregate basis. This level of non-audit fees does raises concerns about the independence of the statutory auditors. 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. Triodos opposes this resolution.

4 Shareholder Resolution: Written Consent **Oppose**

Proposed by: James McRitchie and Myra K. Young. The Proponents request the Board of Directors to permit written consent by shareholders entitled to cast the minimum number of votes that would be necessary to authorise the action at a meeting at which all shareholders entitled to vote thereon were present and voting.

Supporting Argument: The Proponents argues that a shareholder right to act by written consent is one method to equalize the Company's limited provisions for shareholders to call a special meeting (25% of shareholders, from only those shareholders with at least one-year of continuous stock ownership, call a special meeting).

Opposing Argument: The Board recommends shareholders oppose and argues that substantially identical proposals were rejected by the Company's shareholders in 2013 and 2015. The Board argues that allowing shareholders to act by written consent could lead to a disordered state of corporate affairs, distract the Board and management, and impose significant financial and administrative burdens on the Company. Also, the Board argues that the Company's existing corporate governance practices and policies already ensure shareholder democracy and the accountability of the Board.

Analysis: Action by written consent would circumvent the important deliberative process of a shareholder meeting. While it is considered that the Board should remain accountable to its shareholders, regardless of the method of communication chosen, there are concerns that using written consent could lead to minority shareholders losing the ability to have their say on matters affecting the company. Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

The Company has achieved: an average level of disclosure; a very poor balance for rewards; and an average approach to contracts with executives.

Disclosure: C- Annual cash incentives are based on revenue (50%), non-GAAP income from operations (40%) and days sales outstanding (DSO) (10%). The Company granted long-term incentives in the form of performance-based stock units (PSUs) (65%)and restricted stock units (RSUs) (35%). PSUs are based on 2016 revenue (75%) and non-GAAP earnings per share (EPS) (25%). The Company has disclosed the financial targets for its short-term incentives but has not disclosed the targets for the performance-based stock units. None of the Named Executive Officers (NEOs) participated in any defined benefit pension plans in 2015.

Balance: E- For fiscal year 2015, annual cash awards were not excessive and no payout exceeded 200% of base salary. However, the absence of non-financial metrics attached to annual cash incentives is not best practice. Based on the 2015 performance, performance under the annual cash incentive program was achieved at a level equal to 142% of the target award. Also, there are concerns over certain features of the 2012 Share and Incentive Plan. Maximum long-term award opportunities are not limited to 200% of base salary. The Company uses revenue as a performance metric for both long- and short-term incentives. With respect to PSUs, one year performance measurement determines the number of shares that vest. RSUs are granted with no performance conditions and vest quarterly over three years from grant date subject to continued employment.

Contract: C- There is potential for excessive payouts in the event of a change in control. Good reason is not appropriately defined.

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