Triodos Investment Management

COGNIZANT TECHNOLOGY SOLUTIONS CORP

MEETING DATE	Tue, 05 Jun 2018 8:30 am	TYPE	AGM	ISSUE DATE	Mon, 21 May 2018
MEETING LOCATION	Teaneck Marriott at Glenpointe, 100 Frank W. Burr Blvd., Teaneck, NJ 07666				
CURRENT INDICES	S&P500				
SECTOR	Computer programming services				

	PROPOSALS	ADVICE
1a	**Elect Director Zein Abdalla** Independent Non-Executive Director.	**For**
1b	**Elect Director Betsy S. Atkins** Independent Non-Executive Director. However, there are concerns over the director's potential aggregate time commitments.	**Abstain**
1c	**Elect Director Maureen Breakiron-Evans** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board. She is chair of the Audit committee which is not fully independent which Triodos does not support.	**Oppose**
1d	**Elect Director Jonathan Chadwick** Independent Non-Executive Director.	**For**
1e	**Elect Director John M. Dineen** Independent Non-Executive Director.	**For**
1f	**Elect Director Francisco D'Souza** Chief Executiv	**For**
1g	**Elect Director John N. Fox, Jr.** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board. He is chair of the Remuneration committee which is not fully independent which Triodos does not support.	**Oppose**
1h	**Elect Director John E. Klein** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	**For**
1i	**Elect Director Leo S. Mackay, Jr.** Independent Non-Executive Director.	**For**
1j	**Elect Director Michael Patsalos-Fox** Independent Non-Executive Director. He is chair of the Nomination Committee and less than 20% of the Board are women which Triodos does not suppor	**Oppose**
1k	**Elect Director Joseph M. Velli** 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**

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.

Awarded pay for the CEO was aligned with companies of a similar market capitalisation. However, rewarded executive compensation was above peer group averages. There are important concerns over certain features of the equity awards. RSUs vest in quarterly installments over a 3-year period from the date of grant based on continued employment. The use of time-vesting equity is not considered acceptable in linking pay with performance. Also, the Company uses revenue as a performance metric for both the long and short term incentive, allowing executives to be rewarded twice for the same performance.

The compensation rating is: CDC.

Triodos opposes this resolution.

3 Ratify PricewaterhouseCoopers LLP as Auditors **Oppose**

PwC proposed. Non-audit fees represented 25.25% of audit fees during the year under review and 22.80% on a three-year aggregate basis. This level of non-audit fees raises some concerns about the independence of the statutory auditor. 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.

4 Amend Qualified Employee Stock Purchase Plan **For**

The Board is seeking the approval to the amendment and restatement of the 2004 Employee Stock Purchase Plan so that the Company has enough shares of common stock available for distribution. The amendment will increase the number of shares of common stock reserved for issuance under the ESPP from 28,000,000 shares to 40,000,000 shares, resulting in approximately 13,600,000 shares available for issuance. The increase represents 2% of the total outstanding shares of the common stock.

It is considered that it is in the best interests of the company and its shareholders to provide employees with an opportunity to benefit from business success and increase their share ownership through payroll deductions. As the Plan is open to the majority of employees and is capped at purchase price of no less than 90% of fair market value, Triodos supports this resolution.

5a Eliminate Supermajority Vote Requirement to Amend the By-laws **For**

The Board is seeking to amend Article VII of the Certificate of Incorporation to eliminate the supermajority vote requirement for shareholders to amend the by-laws. More specifically, the amendment will eliminate the 66% supermajority vote currently required for shareholders to amend the by-laws.

It is considered to be best practice that shareholders should have the right to approve most matters submitted for their consideration by a simple majority of the shares voted. There are concerns that the supermajority provisions which relate to the Company's corporate governance documents could frustrate attempts by the majority of shareholders to make the Company more accountable or strengthen the independence of the Board.

Triodos supports this resolution.

5b Eliminate Supermajority Vote Requirement to Remove a Director **For**

The Board is seeking to amend paragraph 3 of Article VIII of the Certificate of Incorporation to eliminate supermajority vote requirement to remove a director. More specifically, the amendment will eliminate the 66% supermajority vote currently required for shareholders to remove a director.

It is considered to be best practice that shareholders should have the right to approve most matters submitted for their consideration by a simple majority of the shares voted. There are concerns that the supermajority provisions which relate to the Company's corporate governance documents could frustrate attempts by the majority of shareholders to make the Company more accountable or strengthen the independence of the Board.

Triodos supports this resolution.

5c Eliminate Supermajority Vote Requirement to Amend Certain Provisions of the Certificate of Incorporation **For**

The Board is seeking to amend Article XI of the Certificate of Incorporation to eliminate supermajority vote requirement to amend certain provisions of the certificate of incorporation. More specifically, the amendment will eliminate the 66% supermajority vote currently required for shareholders to amend certain provisions of the Certificate of Incorporation.

It is considered to be best practice that shareholders should have the right to approve most matters submitted for their consideration by a simple majority of the shares voted. There are concerns that the supermajority provisions which relate to the Company's corporate governance documents could frustrate attempts by the majority of shareholders to make the Company more accountable or strengthen the independence of the Board.

Triodos supports this resolution.

6 Shareholder Resolution: Provide Right to Act by Written Consent **Oppose**

Proposed by: James McRitchie and Myra K. Young.

The Proponents request that the Board undertake such steps as may be necessary 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.

Proponent's Supporting Argument: The Proponents argues that a shareholder right to act by written consent and to call a special meeting are two complimentary ways to bring an important matter to the attention of both management and shareholders outside the annual meeting cycle. Also, the Proponents argues that a shareholder right to act by written consent is one method to equalise the Company's limited provisions for shareholders to call a special meeting.

Board's Opposing Argument: The Board recommends shareholders oppose and argues that written consent can result in an unfair, secret and unsound process and is unnecessary given the ability of shareholders to call special meetings. The Board believes that action by written consent, where there is no open meeting, disclosure and debate, is an unfair, secretive and unsound process. Also, the Board argues that the Company's existing corporate governance practices and policies already ensure shareholder democracy and Board accountability.

PIRC Analysis: Action by written consent would circumvent the important deliberative process of a shareholder meeting. As a result, shareholders could be prevented from voting, or even receiving accurate and complete information, on important pending actions. 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.

7 Shareholder Resolution: Reduce Ownership Threshold for Shareholders to Call Special Meeting **For**

Proposed by: John Chevedden.

The Proponent requests that the Board takes the steps necessary to amend the bylaws and each appropriate governing document to give holders in the aggregate of 10% of the outstanding common stock the power to call a special shareholder meeting.

Proponent's Supporting Argument: The Proponent argues that special meetings allow shareholders to vote on important matters, such as electing new directors that can arise between annual meetings. The Proponent argues that currently it would take 25% of shares (instead of the 10% called for in Delaware law) and then all shares held for less than one continuous year would be disqualified. Thus in order to obtain the 25% requirement it could take the holders of 51% of CTSH shares (minus perhaps 26% of shares that were held for less than one continuous year) to obtain the 25% that represented one-year of continuous holdings.

Board's Opposing Argument: The Board is against this proposal as the current special meeting right was overwhelmingly supported by shareholders. The 25% special meeting ownership threshold is consistent with or superior to the practices of the overwhelming majority of S&P 500 companies. In addition to this, the 25% ownership threshold provides a procedural safeguard against abuse, corporate waste and activist investors with short-term goals. Lastly, the Baord claims that the existing corporate governance practices and policies already ensure stockholder democracy and Board accountability.

PIRC 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 requested threshold recommended by the proponent is considered acceptable.

Triodos supports this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: C- Annual cash incentives are based on revenue, non-GAAP income from operations and days sales outstanding (DSO). The Company granted long-term incentives in the form of performance stock units (PSUs) and restricted stock units (RSUs). PSUs are based on revenue and non-GAAP earnings per share (EPS). There is no disclosure of the targets for the PSUs. Also, the targets were set to non-GAAP standards, which allows the Company discretion in adjusting the final level of achievement.

Balance: D- Awarded pay for the CEO was aligned with companies of a similar market capitalisation. However, rewarded executive compensation was above peer group averages. There are important concerns over certain features of the equity awards. RSUs vest in quarterly installments over a 3-year period from the date of grant based on continued employment. The use of time-vesting equity is not considered acceptable in linking pay with performance. Also, the Company uses revenue as a performance metric for both the long and short term incentive, allowing executives to be rewarded twice for the same performance.

Contract: C- There is a clawback policy in place, which is considered best practice and "double trigger" provisions in a change in control.

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