Triodos Investment Management

COGNIZANT TECHNOLOGY SOLUTIONS CORP

MEETING DATE	Tue, 02 Jun 2020 9:30 am	TYPE	AGM	ISSUE DATE	Wed, 27 May 2020
MEETING LOCATION	www.virtualshareholdermeeting.com/CTSH2020				
CURRENT INDICES	S&P500				
SECTOR	Computer programming services				
FYE	31 Dec 2019				

	PROPOSALS	ADVICE
1a	**Elect Director Zein Abdalla** Independent Non-Executive Director.	**For**
1b	**Elect Director Vinita Bali** Independent Non-Executive Director. Triodos supports this resolution.	**For**
1c	**Elect Director Maureen Breakiron-Evans** Non-Executive Director. Not considered independent owing to a tenure of over nine years. Although there is sufficient independent representation on the Board she is a non-independent member of the committee which Triodos does not support.	**Oppose**
1d	**Elect Director Archana Deskus** Independent Non-Executive Director. Support is recommended.	**For**
1e	**Elect Director John M. Dineen** Independent Non-Executive Director. Support is recommended.	**For**
1f	**Elect Director John N. Fox, Jr.** Non-Executive Director. Not considered independent owing to a tenure of over nine years. Although, there is sufficient independent representation on the Board he is chair of the remuneration committee which is not fully independent.	**Oppose**
1g	**Elect Director Brian Humphries** Chief Executive.	**For**
1h	**Elect Director Leo S. Mackay, Jr.** Independent Non-Executive Director. Triodos supports this resolution.	**For**
1i	**Elect Director Michael Patsalos-Fox** Independent Non-Executive Director.	**For**
1j	**Elect Director Joseph M. Velli** Independent Non-Executive Director.	**For**
1k	**Elect Director Sandra S. Wijnberg** Independent Non-Executive Director.	**For**

2 Advisory Vote on Executive Compensation **Abstain**

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 performance metrics used to award the Annual bonus have not been disclosed. The company does not consider non-financial metrics in its assessment of performance. For the year under review, annual bonus payouts are considered to be excessive as they represent more than 200% of base salary. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure.

The compensation rating is: BCA

Triodos abstains this resolution.

3 Appoint the Auditors **Oppose**

Pwc proposed. Non-audit fees represented 30.66% of audit fees during the year under review and 32.28% 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.

Triodos opposes this resolution.

4 Shareholder Resolution: Written Consent **Oppose**

Triodos would prefer a Special General Meeting to discuss topics in-between AGMs as Acting by Written Consent does not encourage and facilitate broader and responsible participation of shareholders in decision-making, as there is no meeting open to all shareholders and the company to discuss the topic. The practice disadvantages minor or retail shareholders. Furthermore, Acting by Written Consent may be used to force hostile take-overs, which is not considered appropriate.

Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: B 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 were based on the achievement of set levels of specific performance targets for 2019 based on Adjusted EPS. The performance metrics used to award the Annual bonus have not been disclosed.

Balance: C The company does not consider non-financial metrics in its assessment of performance. For the year under review, annual bonus payouts are considered to be excessive as they represent more than 200% of base salary. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Performance shares have a three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Retention awards made up less than one-third of the awards granted to executives, 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. Executive compensation is not aligned with peer group averages. Awards under the annual-incentive plans are tied to multiple performance conditions, which is considered best practice.

Contract: A Cash severance is limited to three times base salary; which is welcomed. 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.

Proposal 4 - Shareholder Resolution: Written Consent

Proponent's argument: John Chevedden request that the board of directors 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 authorize the action at a meeting at which all shareholders entitled to vote thereon were present and voting. This written consent is to be consistent with giving shareholders the fullest power to act by written consent consistent with applicable law. This includes shareholder ability to initiate any appropriate topic for written consent. Cognizant shareholders, who own their shares for less than one continuous year, cannot participate in calling for a special meeting. Hundreds of major companies enable shareholder action by written consent. Taking action by written consent in place of a meeting is a means shareholders can use to raise important matters outside the normal annual meeting cycle.

Company's response: According to the board, the company's current practice with respect to shareholder action by written consent is consistent with market practice. An overwhelming majority of S&P 500 companies, 70%, either do not permit shareholders to act by written consent or require that any shareholder action by written consent be unanimous (which is effectively the same as not permitting action by written consent for a large public company). As such, most other large public companies in fact do not permit the kind of shareholder action by written consent requested by the proponent and the board believes that the company's current practice is consistent with market practice. The company's existing corporate governance practices already ensure shareholder democracy and board accountability. Implementation of this proposal is unnecessary given the company's other governance practices, including our by-law provisions that (i) permit shareholders owning 10% of our common stock for one year to call special meetings, and (ii) permit shareholder proxy access, meaning a group of shareholders who have owned at least 3% of the company's stock for at least three years may submit up to 2 director nominees or 25% of the board, whichever is greater, for inclusion in the proxy statement. The board recommends voting against this proposal.

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